Interim report, January-March 2013

Unless otherwise stated in this report, all data refers to the Group. Figures in parentheses relate to the corresponding period in 2012.

The transition to a commercial and profitable pharmaceutical company continues

During the period

- Net revenues amounted to MSEK 139.8 (83.6).
- Revenues from launched products increased by 281 percent to MSEK 136.4 (35.8).
- Earnings after tax were MSEK 27.5 (-16.2).
- Earnings per share were SEK 0.95 (-0.54).
- Cash flow from operating activities amounted to MSEK -5.0 (-32.9).
- Cash and cash equivalents amounted to MSEK 218.9 (212.4).
- Nikolaj Sørensen was appointed new CEO and Martin Nicklasson Executive Chairman.
- Orexo sold Abstral® in the USA to Galena Biopharma, Inc. for USD 15 million and royalties.
- A research agreement was entered into with AstraZeneca regarding OX-CLI, for the treatment of respiratory tract diseases.
- Collaboration with Novartis AG regarding OX17, for the treatment of GERD, was terminated.
- Preparations for the launch of Zubsolv continue as planned.

After the end of the period

- All members of the Board were re-elected at the Annual General Meeting on April 11.

MSEK	**2013**	**2012**	**2012**
	Jan-Mar	**Jan-Mar**	**Jan-Dec**
Net revenues	139.8	83.6	326.3
Revenues from launched products	136.4	35.8	267.1
EBIT	30.2	-14.1	-79.4
EBIDTA	31.5	-12.1	-62.1
Earnings after tax	27.5	-16.2	-85.9
Earnings per share	0.95	-0.54	-2.92
Cash flow from operating activities	-5.0	-32.9	28.7
Cash and cash equivalents	218.9	212.4	228.1
Equity/assets ratio %	47	61	40

Teleconference
CEO Nikolaj Sørensen and CFO Carl-Johan Blomberg will present the report at a teleconference today at 10:30 a.m. CET. Presentation slides are available via the link and on the website.
Internet: http://financialhearings.nu/130426/orexo/
Telephone: SE: +46-850556483, UK: +44-2076602077, US: +1-8776792993

CEO's comments

2013 has started at a fast pace. After the agreement with ProStrakan in 2012, we have evaluated the commercial alternatives for Abstral® on the US market. In March, we were pleased to present the result – the sale of the Abstral rights in the USA to Galena Biopharma, Inc., a committed partner that is well-positioned to achieve similar sales growth for Abstral in the USA as in Europe.

The sale of Abstral means that we initially received USD 10 million and will receive a further USD 5 million within twelve months. In addition, there will be future royalties and milestone payments. The agreement with ProStrakan from June 2012 has been central for the financing of the development and commercialization of Zubsolv™ and will give us net payments of over MSEK 700. At the same time, we are very satisfied that the success of Abstral in Europe has continued with unabated strength. Sales increased by 26 percent compared with the corresponding period in 2012.

Our most important strategic and operational objective for the year is a successful launch Zubsolv™ in the USA. We expect that the FDA's decision regarding approval will be notified at the beginning of July and, as previously announced, we are planning for a launch in September. In order to prepare the launch, we initiated manufacturing at our contract manufacturer's facility in the USA during the first quarter. In addition we are entering into the necessary agreements for sales and distribution in order to secure that deliveries can start as soon as the product is approved. We are preparing the launch in the USA and are discussing different partnership solutions. The feedback from customers in the US market is very positive to Zubsolv and in September, irrespective of the structure, we will be ready for the most important launch in the history of Orexo.

Two generic Suboxone tablets have been launched on the American market during the first quarter. This was expected and does not change our launch plans or the anticipated market share. We still believe that our formulation has such great advantages for the patients that our vision of Zubsolv becoming a leading product and of reaching a turnover of MUSD 500 is unchanged. The competition from the two generic products is so far negligible, with list prices currently twenty percent higher than the price of the branded Suboxone Film. The Suboxone Film today accounts for 85% of the total market and will be main competitor of Zubsolv.

During the first quarter we have continued our work of developing further taste alternatives and further strengths for Zubsolv in order to strengthen the product's long-term competitive advantage and to create a broad selection of product variants that will suit all patients.

With this quarter showing a positive EBIT, we have taken an important step forward towards reaching a sustainable profitability at the end of the year.

I eagerly look forward to the near-term strategic events when Orexo begins its new commercial phase, something that we are well equipped for, both in terms of competence and financially.

Nikolaj Sørensen
President and CEO

Development programs

Zubsolv™ – opioid dependence
In September 2012 a New Drug Application was submitted in the USA to the U.S. Food and Drug Administration, FDA. The estimated approval date is July 6, 2013. If this time plan is followed, a product launch is planned for September 2013.

In addition to the work at our production unit in Uppsala, our contract manufacturer in the US has begun production of Zubsolv ahead of the planned launch in September. Furthermore, we have developed child-resistant packages and systems that will enable traceability of the Zubsolv tablets on the market. This has been done to increase safety and to reduce the risk of diversion and abuse of Zubsolv. The entire distribution chain is being put into place and irrespective of the commercialization structure in the US, we are ready to supply patients with the product in September 2013.

During the fourth quarter of 2012, a comparative acceptance study between Zubsolv and Suboxone® Film was carried out. The study showed that 9 out of 10 participants would choose Zubsolv rather than Suboxone Film for daily treatment. This important study for Orexo will be presented at the end of April in Chicago at the largest and most important congress of the year for specialists in dependence medicine in the USA, ASAM (American Society of Addiction Medicine).

In parallel with the New Drug Application in the USA, Orexo is further developing Zubsolv. Three clinical studies are being initiated during the first half of 2013 to investigate the potential of using Zubsolv in initiation of treatment, and how well patients comply with the Zubsolv treatment, but also to further document patients' preference and health economic aspects. These studies will be ongoing during the launch of Zubsolv and the results are expected during 2014. With these studies, the documentation of Zubsolv och thus the advantages of Orexo formulation were strengthened.

Orexo assesses that Zubsolv has great market potential due to its unique properties in a rapidly growing market with great medical needs and a positive view of politicians and authorities in the USA regarding the medical treatment of opioid dependence. The company estimates that the product's market potential corresponds to annual sales of up to USD 500 million.

In February the American government classified opioid dependence as "essential healthcare" which should be covered by all insurance companies in the US. American experts assess that this, in combination with the ongoing healthcare reform in the USA, will double the number of patients receiving treatment for their dependence during 2014*. As only 10% of Americans who are opioid-dependent receive adequate treatment today, we assess that the market will grow rapidly during the coming years. There are already more than 5 million Americans who today are opioid-dependent and access to paid diagnosis and treatment is important for the continued development of the market.

**Source: Health law could overwhelm addiction services, Associated Press, April 16, 2012.*

OX51 – prevention of acute episodes of intense pain
OX51 is a proprietary sublingual tablet formulation of alfentanil, the first oral alfentanil product for the prevention of acute intense pain episodes in connection with diagnostic and therapeutic procedures. A clinical study was performed during the first half of 2012 where the results confirmed the choice of formulation for the ongoing phase II study, which was begun during autumn 2012. The study comprises approximately 200 patients undergoing prostate biopsies. It is estimated that the results from this European study will come during the summer of 2013 and will be important data for future development.

OX27 – breakthrough pain in cancer patients
OX27 is designed to improve the treatment of breakthrough pain in cancer patients. The preparation is a fast-acting sublingual formulation of an existing treatment.

The OX27 project has been dormant since the spring of 2012 and will not be pursued during 2013. The reason is that the company's resources have to a large extent been focused on Zubsolv™ and its further development.

Collaboration projects

OX-MPI – PGE2 inhibition (Prostaglandin E2)
The aim is to develop a completely new pharmaceutical class based on Orexo's prostaglandin research. The OX-MPI project is in the preclinical phase and evaluation of potential clinical strategies is ongoing. Boehringer Ingelheim has sole responsibility for all research and development and commercialization of future products. Boehringer Ingelheim will make payments to Orexo as and when certain milestones are achieved. In addition to this, royalty is to be paid on future sales.

OX-CLI – respiratory diseases
Orexo entered into a collaboration agreement with AstraZeneca in January 2013 regarding OX-CLI, a preclinical program for potential new treatment of respiratory tract diseases. Under the agreement AstraZeneca gains the rights to perform extensive preclinical research and evaluation of substances in Orexo's OX-CLI program. AstraZeneca also has an option to acquire all substances linked to the program. Transfer and a licensing agreement will then be agreed on by the parties, whereby Orexo will receive milestone payments during the development phase and royalty payments based on future revenues. AstraZeneca is responsible for all development costs for the project.

OX17 – gastroesophageal reflux disease (GERD)
The licensing agreement regarding OX17, which was entered into by Novartis AG and Orexo in 2009, was terminated in February 2013. Orexo will not continue development of the program.

Launched products

Abstral®

In March Orexo sold Abstral in the USA to Galena Biopharma, Inc. Orexo initially received USD 10 million and will receive a further USD 5 million within twelve months. Furthermore, low double digit royalties will be paid, and payments will be made when certain milestones based on predetermined sales levels are reached. This sale means that Orexo has secured net payments related to Abstral of more than MSEK 700 over the past twelve months. To this should be added future milestone and royalty payments.

Abstral continues its positive development in Europe and grew by 26% during the first quarter compared with the corresponding period in 2012. At the present sales rate Orexo will receive royalties for Abstral in Europe during 2013, for sales exceeding EUR 42.5 million.

Furthermore, Orexo will also receive royalties for Abstral in the future from other markets where the product is approved. We expect that Abstral will be launched shortly in additional markets. Next in line is Japan, where Orexo's partner Kyowa Hakko Kirin submitted a New Drug Application for KW-2246 (Abstral) at the end of 2012.

Edluar™

Sales of Edluar grew during the first quarter by 50% in the USA and Canada. Edluar is planned to be launched in Europe during 2013 by our global collaboration partner Meda AB.

The interim period January-March in figures

Revenues

Launched products

Total revenues from Orexo's launched products increased during the period January-March 2013 by 281 percent, to MSEK 136.4 (35.8), compared with the same period the previous year. These include revenues of MSEK 64.3 related to the sale of Abstral® in the USA.
Royalty revenues from Abstral® amounted to MSEK 59.8 (19.4).

Royalty revenues from Edluar™ amounted to MSEK 1.8 (1.2) during the period.

Kibion's sales during the period were MSEK 10.5 (10.5). The Middle East and the EU are Kibion's largest markets.

Revenues related to development projects

Revenues related to development projects amounted in all to MSEK 1.6 (36.7). MSEK 36.7, a portion previously recognized as deferred revenue, was taken up as revenue during the first quarter of 2012 in connection with the discontinuation of the OX-CLI project with Janssen Pharmaceuticals, Inc.

Total revenues during the period amounted to MSEK 139.8 (83.6), an increase of 67 percent compared with the same period the previous year.

Net revenues were distributed as follows:

MSEK	Jan-Mar 2013	Jan-Mar 2012	Jan-Dec 2012
Abstral royalties	59.8	19.4	175.2
Milestone payment Abstral	64.3	-	29.3
Edluar royalties	1.8	1.2	6.3
ProStrakan AB joint venture 50%	-	4.7	8.0
Kibion	10.5	10.5	48.3
Total revenue from launched products	***136.4***	***35.8***	***267.1***
Partner-financed R&D costs	1.8	11.6	23.8
Licensing revenue for development projects	1.6	36.7	36.7
Other	-	-0.5	-1.3
Total	**139.8**	**83.6**	**326.3**

Costs and earnings

Selling expenses
Selling expenses amounted to MSEK 18.9 (13.0) for the period January-March 2013. The increased expenses are primarily due to marketing activities for the coming commercialization of Zubsolv™.

Administrative expenses
Administrative expenses for the period January-March 2013 amounted to MSEK 34.6 (13.6). Administrative expenses include non-recurring expenses related to the sale of Abstral® in the USA and to the evaluation of the commercialization strategy in the USA amounting to MSEK 13.9. Other increases in expenses are attributable to the company's ongoing patent litigation regarding Edluar™ in the US.

Research and development costs
For the period January-March 2013, research and development costs amounted to MSEK 46.6 (56.2), of which MSEK 1.8 (11.6) has been covered by the collaboration partner Kyowa Hakko Kirin. The costs are mainly attributable to activities related to clinical studies in the Zubsolv program and to preparations for production of Zubsolv.

Other income and expenses
Other income and expenses amounted to MSEK -2.5 (-8.0) during the period January-March 2013. Other expenses include expenses of MSEK 3.5 attributable to staff change that has been carried out. The remainder of other income and expenses comprises primarily exchange-rate gains/losses.

Depreciation and amortization
Depreciation and amortization amounted to MSEK 1.3 (1.9) for the period January-March 2013.

Net financial items
Net financial items for the period January-March 2013 amounted to MSEK -2.7 (-2.1). Net financial items include interest expenses of MSEK 3.0 for convertible debentures.

Earnings
Operating earnings for the period January-March 2013 were MSEK 27.5 (-14.1).

Financial position

At March 31, 2013, cash and cash equivalents amounted to MSEK 218.9 (212.4) and interest-bearing liabilities to MSEK 113.9 (109.4). This includes a convertible bond amounting to MSEK 111, which has a conversion price of SEK 47.50, maturing on March 31, 2015.

Cash flow from operating activities for the period January-March 2013 was MSEK -5.0 (-32.9).

A resolution was adopted at the Extraordinary General Meeting of shareholders on July 13, 2012 to introduce a buyback program of the company's own shares. A maximum of 10 percent of the shares outstanding can be bought back up until the next Annual General Meeting. Up until March 31, 2013, 1,121,124 shares, corresponding to 3.7 percent of the number of shares outstanding, had been bought back for a value of MSEK 53. No shares were bought back during the period January to March.

Shareholders' equity at March 31, 2013 was MSEK 236.9 (296.5). The equity/assets ratio was 47 (61) percent. The royalty payment in accordance with the Abstral agreement, which has been received but not yet recognized as revenue, has affected the equity/assets ratio negatively by approximately 4 percentage units.

The valuation of derivatives intended to hedge future cash flows has been done at current market prices.

Investments in fixed assets

Gross investments in tangible and intangible fixed assets amounted to MSEK 5.1 (1.2) for the period January-March 2013 and mainly concerned production equipment for Zubsolv.

Parent Company

Most of the Group's business is carried out in the Parent Company, Orexo AB. Net revenues for the period January-March 2013 amounted to MSEK 129.4 (59.7) and earnings after financial items were MSEK 27.7 (-60.5). Investments amounted to MSEK 5.1 (1.2). As of March 31, 2013, cash and cash equivalents in the Parent Company amounted to MSEK 200.5 (167.4).

Future reporting dates

Interim report, January – June 2013	July 12, 2013
Interim report, January – September 2013	October 23, 2013
Year-end report for the 2013 financial year	January 30, 2014

Interim reports are covered in a conference call on the date of publication. Details on how to access the calls are provided in each report and on Orexo's website.

Uppsala, April 26, 2013
Orexo AB (publ)

Nikolaj Sørensen
President and CEO

For further information, please contact:
Nikolaj Sørensen, CEO, tel: +46 (0)703 50 78 88, e-mail: nikolaj.sorensen@orexo.com
Carl-Johan Blomberg, CFO, tel: +46 (0)706 33 67 11, e-mail: carl-johan.blomberg@orexo.com

Consolidated statement of operations

MSEK	Notes	3 months 2013 Jan-Mar	3 months 2012 Jan-Mar	12 months 2012 Jan-Dec
Net revenues		139.8	83.6	326.3
Cost of goods sold	2	-6.9	-6.9	-27.9
Gross profit		**132.9**	**76.7**	**298.4**
Selling expenses	2	-18.9	-13.0	-62.0
Administrative expenses	2	-34.6	-13.6	-82.6
Research and development costs	2	-46.6	-56.2	-216.2
Other operating income and expenses	2	-2.5	-8.0	-17.1
Operating earnings		**30.2**	**-14.1**	**-79.4**
Financial items – net		-2.7	-2.1	-8.2
Earnings before tax		**27.5**	**-16.2**	**-87.6**
Income tax		-	-	1.7
Net earnings for the period[1)]		**27.5**	**-16.2**	**-85.9**

Consolidated statement of comprehensive income

MSEK	3 months 2013 Jan-Mar	3 months 2012 Jan-Mar	12 months 2012 Jan-Dec
Earnings for the period	**27.5**	**-16.2**	**-85.9**
Other comprehensive income			
Items that may subsequently be reversed to the statement of operations:			
Cash flow hedge	16.3	-	14.4
Exchange-rate differences	-0.9	-0.1	-0.6
Other comprehensive earnings for the period, net after tax	**15.4**	**-0.1**	**13.8**
Total comprehensive earnings for the period [1)]	**42.9**	**-16.2**	**-72.1**
Earnings per share, before dilution, SEK	0.95	-0.54	-2.92
Earnings per share, after dilution, SEK	0.86	-0.54	-2.92

[1)] All equity and earnings for the respective period are attributable to the Parent Company's shareholders. There are no non-controlling interests.

Consolidated balance sheet

MSEK	Notes	2013 Mar 31	2012 Mar 31	2012 Dec 31
ASSETS				
Fixed assets				
Tangible fixed assets		33.5	39.0	35.1
Goodwill		25.3	33.3	25.8
Acquired research and development		106.2	116.5	106.2
Other intangible fixed assets		8.7	0.9	3.1
Financial assets		39.4	-	18.5
Total fixed assets		**213.1**	**189.7**	**188.7**
Current assets				
Inventories		41.6	30.2	28.3
Accounts receivable and other receivables		29.1	56.1	36.7
Cash and cash equivalents		218.9	212.4	228.1
Total current assets		**289.6**	**298.7**	**293.1**
Total assets		**502.8**	**488.4**	**481.8**
SHAREHOLDERS' EQUITY AND LIABILITIES	3			
Total shareholders' equity		**236.9**	**296.5**	**191.2**
Long-term liabilities				
Provisions		5.7	0.6	4.0
Long-term liabilities, non-interest bearing		3.9	4.2	4.1
Long-term liabilities, interest bearing		102.9	103.5	109.5
Deferred tax liability		8.7	1.8	4.1
Total long-term liabilities		**121.2**	**110.1**	**121.7**
Current liabilities				
Current liabilities, non-interest bearing		133.6	75.9	157.8
Current liabilities, interest bearing		11.1	5.9	11.1
Total current liabilities		**144.7**	**81.8**	**168.9**
Total liabilities		**265.9**	**191.9**	**290.6**
Total shareholders' equity and liabilities		**502.8**	**488.4**	**481.8**

Consolidated changes in shareholders' equity

MSEK	2013 Mar 31	2012 Mar 31	2012 Dec 31
Opening balance, shareholders' equity	**191.2**	**311.1**	**311.1**
Total comprehensive earnings for the period	42.9	-16.3	-72.1
Employee stock options, vested amount	0.7	1.7	4.3
Buyback of shares	-	-	-53.0
New share issues	2.1	0.0	0.9
Closing balance, shareholders' equity	**236.9**	**296.5**	**191.2**

Consolidated cash-flow statements

MSEK	Notes	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
Operating earnings		30.2	-14.0	-79.4
Financial income and expenses		-1.9	-1.4	-5.1
Adjustment for non-cash items	4	3.1	2.8	23.5
Cash flow from operating activities before changes in working capital		**31.4**	**-12.6**	**-61.0**
Changes in working capital		**-36.4**	**-20.3**	**89.7**
Cash flow from operating activities		**-5.0**	**-32.9**	**28.7**
Acquisition of machinery and equipment		-5.1	-1.2	-5.8
Sale of machinery and equipment		0.1	-	0.6
Sale JV		-	-	12.1
Cash flow from investing activities		**-5.0**	**-1.2**	**6.9**
New share issue		2.1	-	0.8
Amortization of loans		-0.6	-	-2.3
Buyback of shares		-	-	-53.0
Cash flow from financing activities		**1.5**	**-**	**-54.5**
Cash flow for the period		**-8.5**	**-34.1**	**-18.9**
Cash and cash equivalents at the beginning of the period		**228.1**	**246.9**	**246.9**
Exchange-rate difference in cash and cash equivalents		-0.7	-0.4	0.1
Changes in cash and cash equivalents		-8.5	-34.1	-18.9
Cash and cash equivalents at the end of the period		**218.9**	**212.4**	**228.1**

Key figures

	3 months 2013 Jan-Mar	3 months 2012 Jan-Mar	12 months 2012 Jan-Dec
Operating margin, %	22	-17	-24
Return on equity, %	14	-5	-33
Net debt, MSEK	-104,9	-103,0	-107,5
Debt/equity ratio, %	48	37	63
Equity/assets ratio, %	47	61	40
Number of shares, before dilution	28,881,458	29,865,495	28,825,208
Number of shares, after dilution	31,792,173	32,366,333	31,645,177
Earnings per share, before dilution, SEK	0.95	-0.54	-2.92
Earnings per share, after dilution, SEK	0.86	-0.54	-2.92
Number of employees at the end of the period	90	116	92
Shareholders' equity, KSEK	236,893	296,499	191,194
Capital employed, KSEK	350,829	405,928	397,174

Definitions of key figures are presented on the final page of this report.

Parent Company statement of operations

MSEK	Notes	3 months 2013 Jan-Mar	3 months 2012 Jan-Mar	12 months 2012 Jan-Dec
Net revenues		129.4	59.7	272.0
Cost of goods sold		-1.7	-	-
Gross profit		**127.7**	**59.7**	**272.0**
Selling expenses		-14.9	-7.2	-46.8
Administrative expenses		-33.6	-49.5	-114.2
Research and development costs		-45.0	-52.9	-206.7
Other operating income and expenses		-2.3	-8.3	-19.3
Operating earnings		**31.9**	**-58.2**	**-115.0**
Interest income and expenses		-2.9	-2.3	-9.1
Impairment of shares in subsidiaries		-1.3	-	-29.1
Sales joint venture		-	-	-3.9
Financial items - net		**-4.2**	**-2.3**	**-42.1**
Earnings before tax		**27.7**	**-60.5**	**-157.1**
Tax		-	-	-
Earnings for the period		**27.7**	**-60.5**	**-157.1**

Parent Company balance sheet

MSEK	Notes	2013 Mar 31	2012 Mar 31	2012 Dec 31
ASSETS				
Fixed assets				
Tangible and intangible fixed assets		42.1	39.0	38.0
Shares in subsidiaries/joint ventures		170.8	230.1	172.2
Total fixed assets		**212.9**	**269.1**	**210.2**
Current assets				
Inventories		31.0	15.5	18.5
Accounts receivable and other receivables		56.3	90.2	55.6
Cash and bank balances		200.5	167.4	216.6
Total current assets		**287.8**	**273.1**	**290.7**
Total assets		**500.7**	**542.2**	**500.9**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES				
Shareholders' equity		**157.9**	**273.4**	**127.3**
Long-term liabilities		**103.1**	**94.9**	**107.3**
Current liabilities		**239.7**	**173.9**	**266.3**
Total liabilities		**342.8**	**268.8**	**373.6**
Total shareholders' equity and liabilities		**500.7**	**542.2**	**500.9**
Pledged assets		**43.1**	**44.0**	**44.0**
Contingent liabilities		**11.2**	**11.3**	**8.4**

Notes

1. Accounting policies

- This interim report was prepared pursuant to IAS 34. Orexo applies IFRS as approved by the EU.
- The accounting policies stated below are identical to those applied in the preparation of the 2012 Annual Report.
- The Parent Company's financial statements were prepared in accordance with RFR 2, (Swedish Financial Reporting Board's recommendation) and Chapter 9 of the Swedish Annual Accounts Act.

New and amended accounting policies as of 2013

- No new or amended International Financial Reporting Standards have come into effect that have any significant impact on the Group.

2. Costs distributed by type of cost

	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
Raw materials and supplies	7.0	9.4	37.4
Other external costs	71.4	43.4	221.3
Personnel costs	32.4	44.7	138.1
Depreciation/amortization and impairment	1.3	1.9	17.3
Total	**112.1**	**99.4**	**414.1**

Research and development costs encompass costs for personnel, premises, external costs for clinical trials, pharmaceutical registration and laboratory services, and the depreciation/amortization of equipment, acquired patents and other intangible assets. All development costs recognized in the balance sheet pertain to assets that were acquired through business combinations.

3. Shareholders' equity

Shares outstanding
The number of shares outstanding as of March 31, 2013 was 30,002,582, all of which were common shares. All shares carry entitlement to one vote each.

Number of shares outstanding at January 1, 2013	29,946,332
Subscription for shares through exercise of employee stock options	56,250
Shares outstanding at March 31, 2013	30,002,582

4,750 employee stock options were exercised during the period. These have not yet been registered as shares.

1,121,124 shares were bought back during 2012. These are included in the total number of shares outstanding and are owned by Orexo.

Options

As of March 31, 2013, a total of 2,263,109 options were outstanding that carry rights to new subscription of 2,219,835 shares in Orexo and the exchange of 43,274 options for shares in Orexo. Each option issued by Biolipox AB provides entitlement to the exchange of one share in Orexo AB, and a corresponding number of shares are held by the independent company Pyrinox AB.

The list below shows the change in the number of options during the period distributed by category.

Options to employees and Board members	**Opening, Jan 1, 2013**	**Change**	**Closing, Mar 31, 2013**
Of which:			
Approved and allotted employee stock options	1,500,469		1,500,469
Exercised		-32,818	-32,818
Approved and allotted Board options	288,085		288,085
Approved and allotted warrants	10,000		10,000
Employee stock options approved by the 2011 AGM, unallotted	380,000		380,000
Warrants held by subsidiaries as cash-flow hedging for social security fees	117,373		117,373
Total number of options outstanding	**2,295,927**	**-32,818**	**2,263,109**

During the period January-March, a total of 32,818 employee stock options from Orexo's options program were exercised.

Convertible bond

The outstanding convertible bond amounting to MSEK 111 matures on March 31, 2015. If converted, this would increase the number of shares outstanding by 2,340,000.

Number of shares after full dilution

Shares outstanding at March 31, 2013	30,002,582 [1)]
Shares not yet registered	4,750
Employee stock options allotted	1,765,736
Employee stock options not yet allotted	380,000 [2)]
Warrants for cash-flow hedging for social security fees	117,373
Convertible bond (upon conversion)	2,340,000
	34,610,441

[1)] Including 1,121,124 repurchased shares, owned by Orexo.

[2)] Can be allotted during the current year.

4. Cash flow

Adjustment for non-cash items

MSEK	**2013 Jan-Mar**	**2012 Jan-Mar**	**2012 Jan-Dec**
Depreciation/amortization and impairment	1.3	1.9	17.3
Estimated costs for employee stock options program	2.6	1.6	9.3
Financial expenses, convertible bond	-0.8	-0.7	-3.1
Total	**3.1**	**2.8**	**23.5**

5. Pledged assets and contingent liabilities

As the Inflazyme project has been discontinued, the entire supplementary purchase consideration of MSEK 43.1 is recognized as a contingent liability.

Warrants were issued to Pyrinox AB as cash-flow hedging for social security fees pertaining to the employee stock options issued by Biolipox. Orexo has pledged to handle any deficits exceeding the cover provided by the warrants during their lifetime through December 31, 2016.

Orexo acquired the UK drug company PharmaKodex in February 2009. This acquisition included conditional payments based on Orexo's possible use of the PharmaKodex technology in product development. As this has not been the case, these are not recognized as a liability.

Operations in PharmaKodex are being closed down. The acquired technology was written down in its entirety during 2011 and 2012.

6. Significant risks and uncertainties

Significant risks and uncertainties are presented in the Annual Report for 2012. The financial risk has decreased since the beginning of the year through the sale of Abstral® in the USA. There have been no other significant changes. The planned launch of Zubsolv in the USA during 2013 will entail risk exposure of an operational nature.

Definitions of key figures

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

Number of shares after dilution	Shares at the end of the period adjusted for the dilutive effect of potential shares.
Return on shareholders' equity	Net earnings for the period as a percentage of average shareholders' equity.
Net debt	Current and long-term interest-bearing liabilities including pension liabilities, less cash and cash equivalents.
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.
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.
Operating margin	Operating earnings as a percentage of net revenues.
Debt/equity ratio	Interest-bearing liabilities divided by shareholders' equity.
Equity/assets ratio	Shareholders' equity as a percentage of total assets.
Capital employed	Interest-bearing liabilities and shareholders' equity.

Please note
Orexo AB publ discloses the information provided herein pursuant to the Securities Markets Act. The information was provided for public release on April 26, 2013, at 8:00 a.m. This report has been prepared in both Swedish and English. In the event of any discrepancy in the content of the two versions, the Swedish version shall prevail.