

**Press release, February 23 2009**

## **Orexo acquires a UK drug delivery company**

Orexo AB (publ) (Orexo) (NASDAQ-OMX:ORX) today announced the acquisition of PharmaKodex Ltd (PharmaKodex), a UK drug delivery company with expertise in the reformulation and development of prescription and consumer health medicines containing small molecule drugs. The company has a number of ready to partner preclinical and early clinical projects focused on improving oral, sublingual and transdermal medication.

Orexo will acquire the company for a consideration payable in two tranches, with the first tranche paid in new Orexo shares and the second tranche payable either in new Orexo shares or cash at Orexo's option. As consideration for the first tranche, the board of directors has today resolved in accordance with the authorization from the Annual General Meeting held on 3 April 2008, to issue 843,992 new Orexo shares to the former shareholders of PharmaKodex. Additional Orexo shares, representing the same total value in Sterling as the first payment, may be issued in August 2009 unless Orexo opts to pay the second tranche amount in cash. The transaction also provides for further conditional payments, based on the financial profits from licenses of existing PharmaKodex programs and technologies and certain milestones, but no royalties will be due on such programs or technologies.

The company's pipeline includes a preclinical program for rapid, sustained relief of migraine, in addition to its clinical stage lead program PKX219 which is a fast-acting, easy-to-use combination of buprenorphine and naloxone for opioid-addiction therapy, with clinical studies ongoing in 2009 and a prospective launch date subject to the necessary approvals of 2010/2011.

The acquisition is part of Orexo's fundamental strategy to develop superior drug products using well established, effective drug molecules by applying the very best technology to make delivery of those drugs faster, safer and/or more effective.

In the integration of PharmaKodex, five employees are included. The acquired company currently has sufficient cash to cover all of its costs in 2009 and into 2010, by which time additional license income on certain of the acquired technologies is anticipated.

***Torbjörn Bjerke, President and CEO of Orexo, said:***

"I am delighted to announce our acquisition of PharmaKodex, a drug delivery company with some excellent technologies which enhance Orexo's ability to continue to provide truly superior products able to become first choice therapies for large unmet medical needs. This represents an expansion of Orexo's original business model, which is to develop the optimum

product for existing well-defined drug molecules, to solve safety, delivery or clinical needs with those molecules in order to create better and more competitive drug products. This is the philosophy that lies behind the development of Abstral™ and Sublinox™, and will underpin Orexo's growth over the next few years.

Orexo has identified a number of both problematic and unmet medical needs for which a combination of Orexo and PharmaKodex technologies make a fast drug formulation possible, and we will be pursuing these opportunities from the first day. These include major new product opportunities for some of the world's largest pharmaceutical and consumer health companies, providing excellent chances of enhancing Orexo's profitability within 12 months and probably within 2009.

PharmaKodex preclinical and early clinical programs will enhance Orexo's pipeline in the areas of pain and opioid addiction, and provide opportunities for new product launches in 2010/2011, subject to the relevant approvals. This agreement adds to the three other partnerships made by Orexo this year for Abstral™ in China and in Israel and on Ox17 for GERD, and is an important element for Orexo in becoming a sustainably-profitable pharmaceutical company as soon as possible."

***Rod Richards, PharmaKodex, said:***

"PharmaKodex has built dynamic capabilities in sublingual and oral delivery. Our early development programs and intellectual property are very synergistic with the broad pipeline and technologies of Orexo. We believe that this transaction is the ideal opportunity to accelerate these development programs and that it provides value for PharmaKodex shareholders and employees."

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**Webcast telephone conference**

A webcast telephone conference will take place today, 23 February, at 10:00 a.m. CET. Access the webcast on: <http://webcast.zoomvision.se/clients/orexo/090223/>. It is also possible to participate by telephone on +44 203 043 24 36 (International) or +1 866 458 40 87 (USA) or +46 (0)8 505 598 53 (Sweden). For further information please visit [www.orexo.com](http://www.orexo.com)

### **More about PharmaKodex**

PharmaKodex was spun out from Vectura Group plc and Unilever plc in May 2006 to develop the proprietary formulation and delivery product assets from both companies. PharmaKodex is privately owned and funded by a syndicate of blue chip International investors including Apposite Capital, SROne and Unilever Ventures. The company is based in Bath, UK.

Like Orexo, PharmaKodex exploits its proprietary drug delivery and formulation technologies to develop improved medicines using existing drug molecules, for example by providing faster acting, safer and/or more effective products as well as identifying novel synergistic combinations, which are protected by strong intellectual property.

PharmaKodex has two main delivery technology families derived from its original parent companies and further developed by the company. First, its oral platform, 'Accustar' comprises a number of novel technologies including: i) 'Solid Syrup' for improved mouthfeel and capable of rapid dissolution as well as controlled drug delivery; ii) 'Taste Transformation' for neutralizing bitter tasting drugs without delaying absorption and iii) 'Xerosol' aimed at improving transmucosal drug delivery via the sublingual or buccal routes. Second, its transdermal platform, 'Panderma', is a 'patch-free' unit dose transdermal delivery system capable of delivering high drug payloads in metered doses and with controllable skin fluxes. In addition, PharmaKodex has two enabling technologies and a novel oral controlled-release platform. All of the intellectual property associated with these technologies will become the property of Orexo as part of the transaction.

### **About Orexo**

Orexo is a pharmaceutical company focusing on developing treatments for pain and inflammation. The company has three products on the market as well as a competitive product portfolio in late stages of development. Sales and product development are mainly carried out through worldwide partnership agreements with larger pharmaceutical companies. Orexo has 128 employees, and has its head office located in Uppsala, Sweden. More information can be found at [www.orexo.com](http://www.orexo.com)

**Note:**

*This is information that Orexo AB (publ) is required to disclose pursuant to the Swedish Securities Markets Act. The information was provided for public release on February 23 at 08:00 a.m. CET.*