ANNUAL REPORT 2019

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camurus.

Camurus is an international science-led biopharmaceutical company committed to developing and commercializing innovative medicines for the treatment of severe and chronic conditions. New drug products with best-in-class potential are conceived based on the company's proprietary FluidCrystal® drug delivery technologies and its extensive R&D and sales expertise. Camurus' clinical pipeline includes product candidates for the treatment of cancer, endocrine diseases, pain and addiction, which are developed in-house and in collaboration with international pharmaceutical companies. Camurus' shares are listed on Nasdaq Stockholm under the ticker CAMX. For more information, visit **camurus.com**

Approved medicines

- Weekly and monthly Buvidal® for the treatment of opioid dependence

Own commercial organization

- Established commercial infrastructure in Europe and Australia

Broad and diversified R&D pipeline with two Phase 3 programs

- Late-stage pipeline of innovative product candidates in addiction, pain, oncology, endocrine and cardiovascular disease

Strategic partnerships

- R&D collaborations, licensing and royalty arrangements, and regional distribution agreements with numerous international pharma and biotech companies

Unique FluidCrystal® nanotechnologies

- New generation long-acting depot technology with strong patent protection
- Validated by marketed products and results from 20 clinical trials
- Broad applicability for peptides, proteins and small molecules

Experienced management and dedicated teams

- Strong experience and international expertise across all disciplines and phases of drug development and commercialization

2019

Q1

Treatment of opioid dependence

- Buvidal® launched as the first long-acting opioid dependence treatment in the EU

Pipeline

Organizational development

- Completion of a rights issue of SEK 403 million for continued Buvidal market expansion in the EU and Australia and investment into clinical development of CAM2029 and CAM2043

Q2

- Positive Phase 3 study results of Buvidal in opioid dependence treatment published in the leading scientific journal Addiction. Results show long-term safety, good treatment efficacy and high rates of patient satisfaction

- Completion of a 52-week Phase 3 long-term safety extension study of CAM2038 (buprenorphine) in patients with chronic pain
- Pivotal Phase 3 study of CAM2029 (octreotide) for treatment of acromegaly initiated following IND acceptance by the FDA

Q3

- Buvidal listed for price and reimbursement in Norway, Australia, Scotland, Wales and Northern Ireland. Australian Minister of Health announces AUD 40 million investment into treatment with Buvidal (and one other medication)
- Buvidal® launched in Australia

- Initiation of 52-week long-term safety study of CAM2029 in newly recruited patients and rollover patients from the pivotal study
- Ra Pharmaceuticals and Camurus enter an exclusive license agreement for FluidCrystal® extended release formulation of zilucoplan
- episil® for the treatment of oral mucositis launched in China and Australia by Camurus' distribution partners Solasia Pharma and BTC Health

- Fully established commercial infrastructure in first wave Buvidal markets in the EU and Australia

Q4

- FDA granted Braeburn's Citizens Petition allowing Brixadi™ to be available in the US from 1 December 2020
- Positive topline results reported from DEBUT study meeting the primary efficacy endpoint and showing superior patient reported outcomes of Buvidal versus standard of care, as well as significantly better efficacy for several other secondary treatment outcomes

- Completion of SEK 300 million directed share issue for market preparations for CAM2038 in chronic pain and pivotal studies of CAM2029 for the treatment of neuroendocrine tumors
- Distribution agreement with NewBridge Pharmaceuticals for marketing and sales of Buvidal in 12 countries in the Middle East and North Africa

Financial summary

Total revenues
SEK 105.6 million
+114%

Product sales
SEK 72.1 million
+538%

OPEX
SEK 442.3 million
+34%

Operating result
SEK -360.0 million
-25%

Cash position
SEK 358.7 million
+167%

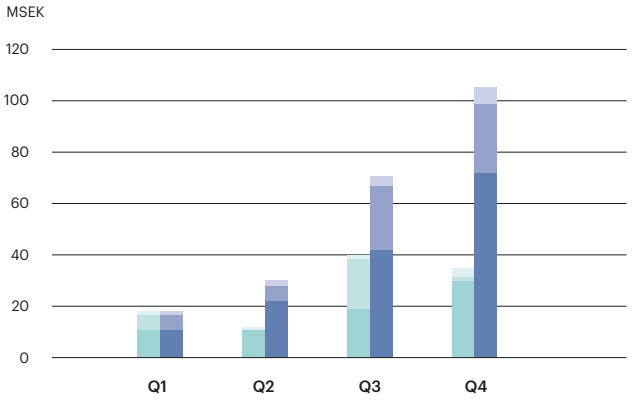
- Total revenues of SEK 105.6 million (49.3)
- Product sales were SEK 72.1 million (11.3)
- Operating expenses SEK 442.3 million (329.8)
- Operating result of SEK -360.0 million (-287.2)
- Result for the year of SEK -289.9 million (-234.7), corresponding to a result per share, before and after dilution, of SEK -6.23 (-5.77)
- Cash position SEK 358.7 million (134.4)

Financial Outlook 2020

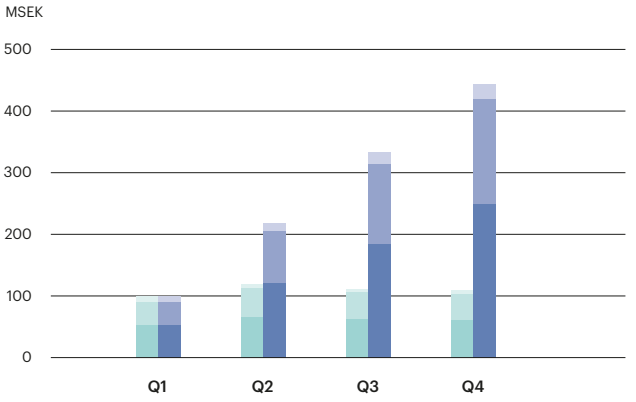
- Expected net revenues* **SEK 290 - 330 M** whereof product sales of **SEK 240 - 280 M**
- Expected full year OPEX **SEK 570 - 610 M**

(excl milestone payments relating to Brixadi™)

Total revenues

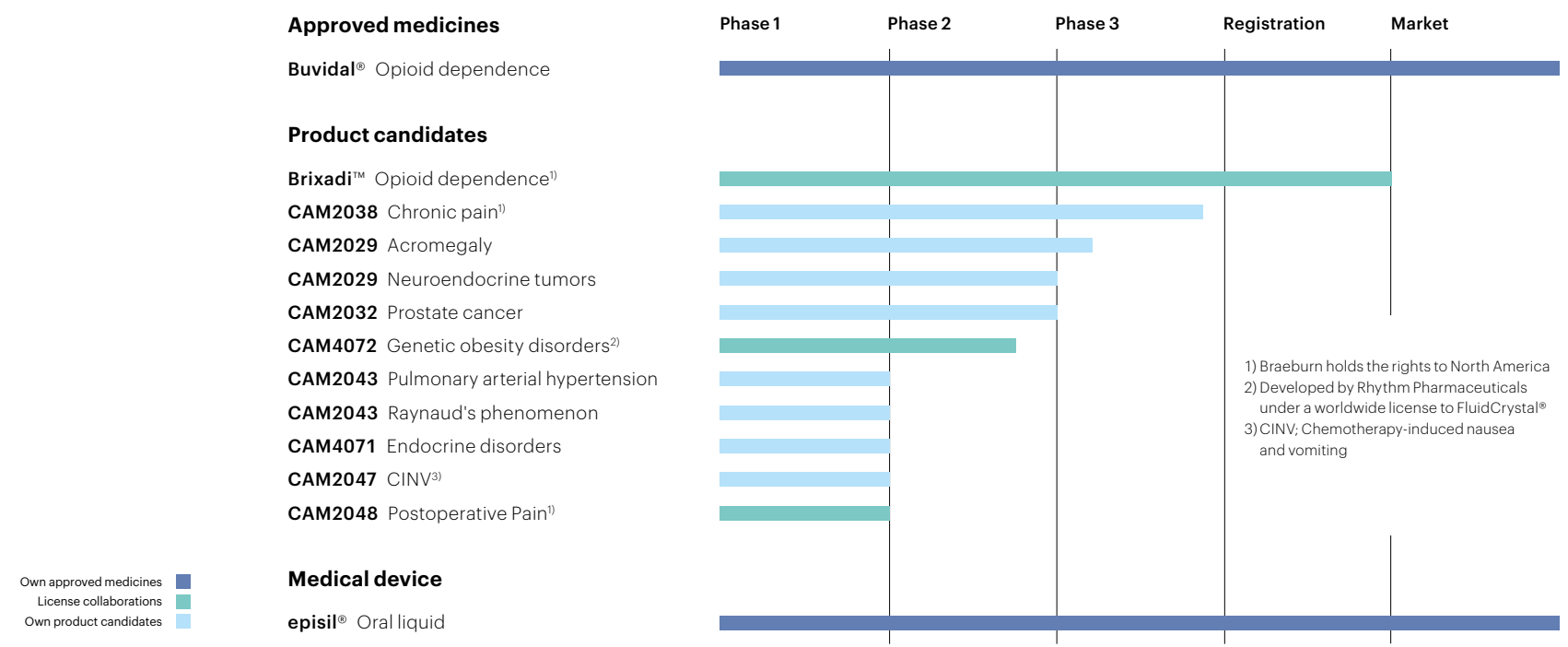


Operating expenses



Products and Pipeline

Camurus' has a broad and diversified product pipeline of innovative medicines for treatment of serious and chronic disease, from early to late stage of development. Product candidates are developed in-house or together with partners under license agreements. The aim is to develop treatments that can truly make a difference for patients, care givers, healthcare systems and society and contribute to substantial improvements of treatment outcomes, increased quality of life and effective utilization of resources.



Growth and global expansion

2019 was a groundbreaking year for Camurus as we launched our first in-house developed medicine, Buvidal®. The response from patients and healthcare providers has been and continues to be very positive, as were the results from two comparative clinical studies. In the US, the exclusivity situation concerning Brixadi™ was resolved, allowing both the weekly and monthly products to be marketed from 1 December 2020. In addition, we continued to lay the foundation for our company's growth journey. We completed a Phase 3 long-term safety study of CAM2038 in patients with chronic pain, started two new Phase 3 studies of CAM2029 in patients with acromegaly, entered into new and important partnerships, raised SEK 703 million to support further market expansion of Buvidal and continued our work to bring new pipeline products to registration.

With the launch of Buvidal, the first long-acting treatment of opioid dependence in the EU and Australia, we took the definitive step from a pure R&D organization to an international pharmaceutical company with our own commercial organization. Through diligent planning and the establishment of effective distribution channels, we were able to launch Buvidal in January 2019, within two months of the European approval. Buvidal was successfully launched in Finland, the UK, Sweden, Germany and Denmark, followed by Norway and Australia after receiving price and reimbursement in the third quarter. In Australia, Health Minister Greg Hunt announced a government investment of AUD 40 million to give patients free access to Buvidal (and one other medication) through the pharmaceutical benefits scheme.

"Less than a year after launch, Buvidal became the leading treatment in our first market, Finland"

After several years of intense development work, clinical studies and cooperation with regulatory authorities, we finally reached our goal to give patients with opioid dependence access to an effective, evidence based treatment which can significantly improve treatment outcomes, decrease treatment burden and increase quality of life. In addition, Buvidal can eliminate the risks of diversion and misuse associated with current daily medications. We see a large and growing interest in Buvidal across our markets. The recent COVID-19 situation has highlighted the need to decrease non-essential clinic visits and put the spotlight on some of the important benefits of long-acting treatments.

Growing sales and positive patient responses

I am proud of what we achieved with Buvidal during the past year and how our teams successfully put everything in place for the launch, including manufacturing, an effective supply chain, price and reimbursement, safety reporting systems and customer facing teams. First year sales were within the predicted range, despite external delays in reimbursement decisions and legislation changes, and sales in the new year have shown strong progress during the first quarter.

Less than a year after launch, Buvidal became the leading treatment in our first market, Finland, with an impressive market share of more than 40 percent in the buprenorphine segment. We saw a similar strong sales growth after launch in Norway and Australia in the third quarter. Even though the market dynamics and initial patient uptake in other markets, such as the UK, Germany and Sweden, have been more modest, we now see a good acceleration in these markets as our teams address access limitations and other temporary market barriers.

With about 4,000 patients in Buvidal treatment at year end, and coming launches in several new important markets, we have built a solid foundation for Buvidal and anticipate continued strong growth and significant market share capture during 2020.

We have a positive view on the future prospects of Buvidal based on the consistently positive response on the value the product brings to patients, healthcare providers and other stakeholders. Buvidal has been life changing and created stability in an otherwise chaotic life, with an increased quality of life and reduced treatment burden associated with daily, often supervised, medication with buprenorphine or methadone. During the year I visited several clinics and met amazing people who shared stories about how Buvidal has significantly contributed to managing their dependence condition and improving wellbeing – often after years of struggling with substance misuse, discontinued treatments and relapses.

Superior treatment outcomes with Buvidal compared to standard of care

During the year we continued to build the evidence base for Buvidal completing two clinical studies with Buvidal in real-life treatment conditions. The DEBUT study is the first randomized, controlled trial comparing patient reported outcomes (PROs) between a long-acting buprenorphine injection and standard of care in a head-to-head study. The study was conducted at six clinics in Australia including 120 patients with opioid dependence. Buvidal met the primary endpoint and demonstrated superior patient satisfaction and significant improvements in treatment burden, quality of life and other secondary endpoints with Buvidal compared to daily standard of care. In total, 88 percent of the randomized patients receiving Buvidal completed the 24 week treatment, which, in

“Superior patient satisfaction with Buvidal compared to daily standard of care”

this therapy area, is considered a very high retention rate. The results from DEBUT are in agreement with earlier published results from our Phase 3 long-term safety study and the positive anecdotal feedback from patients using Buvidal and physicians in real-life clinical settings.

In parallel, the UNLOC-T study, sponsored by NSW Health, comparing weekly and monthly Buvidal to oral methadone in seven prisons in New South Wales, Australia, was conducted. In this study, treatment with Buvidal was compared to daily standard treatment with methadone in regard to safety, treatment outcome and cost effectiveness. Positive preliminary results were presented at the Lisbon Addiction Conference in October 2019. Results from both DEBUT and UNLOC-T were accepted for presentation at the leading addiction conferences College for Problem Drugs and Dependence scheduled to be held in Florida, June 2020. We will continue to have a high medical affairs activity and disseminate the strong results from our recent clinical studies at key conferences and in leading scientific journals during the year.

Global expansion

In connection with the tentative approval in December 2018, Brixadi monthly product was blocked from the US market by a 3-year exclusivity which the FDA granted Sublocade™. Our partner Braeburn filed an action to the federal district court for the District of Columbia which resulted in the court requesting that FDA reconsider the exclusivity decision. In parallel, Braeburn also filed a Citizen Petition to eliminate the risk of further exclusivities connected to the Orphan Drug status previously granted to Sublocade. Consequently, in November 2019, the FDA revoked, with immediate effect, the orphan designation for Sublocade. We are looking

"We initiated two pivotal Phase 3 studies of CAM2029 in acromegaly in 2019"

forward to Brixadi becoming available to US patients from 1 December 2020. With more than 2 million diagnosed patients[1] and nearly 50,000 opioid overdose deaths in the US in 2018[2], the need for new and effective treatments of opioid dependence is immense. The market potential for Brixadi in the US is estimated to be USD 600 to 1,200 million[3] based on a 5–10 percent share of buprenorphine patients by 2026.

Outside the EU, Australia and the US, we see significant opportunities for Buvidal in other markets. At the end of 2019 we entered into a strategic distribution agreement with NewBridge Pharmaceuticals for commercialization of Buvidal in 12 countries in the Middle East and North Africa. NewBridge has a strong presence in the region and has already started preparations for registration and sales in several markets. In Israel, the collaboration with Medison continues and in other markets discussions with potential partners are ongoing, with the overriding goal of making Buvidal available to the many people around the world suffering from opioid dependence.

Effective manufacturing and distribution tested under difficult conditions

During 2019 we established an effective manufacturing and distribution chain for Buvidal covering all present and future markets in the EU and Australia. The distribution chain is adopted to each market's specific conditions and needs. It is a complex process and our dedicated expert teams have made an excellent effort to ensure that we can deliver Buvidal to clinics and patients within 24 hours. In connection to the COVID-19 pandemic we performed a risk analysis regarding raw material supply, manufacturing and distribution. The analysis resulted in the conclusion that the pandemic was unlikely to affect product supply in our markets, and we continue to carefully monitor the situation and are implementing new measures, such as increased stock volumes, to ensure that medications are available to healthcare professionals and patients.

Registration application for CAM2038 in chronic pain

During 2019, we continued to prepare for market authorization applications for CAM2038 for the treatment of chronic pain. We completed a 12-month Phase 3 study of long-term safety and efficacy. The results from the study met the overall endpoints of safety, tolerability and efficacy and complemented the previously reported positive results from the pivotal Phase 3 efficacy study of CAM2038. Discussions are now ongoing with regulatory authorities before a planned submission during the third quarter of 2020, with a possible approval during 2021.

At the same time, we are updating our market analyses to investigate questions on product profile, price and reimbursement in our key markets. There is a large medical need for new and improved treatments for chronic pain and a significant potential for CAM2038 in attractive market segments.

New progress for CAM2029 with start of Phase 3 studies in acromegaly

Since 2017, we have accelerated and expanded the development program for our subcutaneous, long-acting injection of octreotide which can be self-administered by the patient, giving an enhanced systemic octreotide exposure compared to current treatment options. After completion of four Phase 1 and 2 studies with positive results, we initiated two pivotal Phase 3 studies of CAM2029 in acromegaly in 2019. The studies, which will include about 140 patients distributed over 60 specialist clinics in the US and Europe, were expected to be fully recruited in 2020 with results in 2021.

"Very positive assessment of the market potential of CAM2029 in the US and Europe"

However, in light of the current development of the COVID-19 pandemic, we will likely see some delays of study timelines as well as costs. We have implemented mitigation measures and do not expect significant impacts on the overall development program.

In parallel with these studies, where the medication is administered with a prefilled syringe, the development of an autoinjector to further simplify patient self-administration is ongoing. The start of a bridging clinical pharmacokinetic study is planned during the second or third quarter of 2020, to facilitate initiation of a planned Phase 3 study of CAM2029 in patients with neuroendocrine tumors at the end of 2020/beginning of 2021.

Detailed market analyses of CAM2029 for the treatment of acromegaly and neuroendocrine tumors, as well as in further indications, were performed during the year by external analysts. This comprised comprehensive interview material with key opinion leaders and other stakeholders and resulted in a very positive assessment of the market potential of CAM2029 in the US and Europe, with an estimated peak sales potential of between USD 600 to 1,200 million[4] provided the autoinjector is available. Current market size for products based on the first generation somatostatin analogues is USD 2.8 billion.[5]

Early stage pipeline and partnerships

In 2019 we continued preparations for the clinical program of our long-acting treprostinil depot, CAM2043, which is being developed for the treatment of pulmonary arterial hypertension (PAH) and Raynaud's phenomenon. During the fourth quarter we submitted a clinical trial application for a Phase 2a study of CAM2043 in patients with Raynaud's phenomenon. The clinical trial application was granted in February 2020 and the study start is now planned for the second half of 2020. In parallel, a Phase 2 study of CAM2043 for the treatment of PAH is being planned.

In collaboration with Rhythm Pharmaceuticals, a weekly setmelanotide depot, CAM4072, for the treatment of genetic obesity disorders is being developed. A Phase 2 study is currently ongoing with more than 70 patients with obesity recruited to date. Results from the study, which is designed to evaluate the pharmacokinetics, pharmacodynamics, and safety of CAM4072 after 3 months treatment, are expected in 2020. In parallel, manufacturing preparations for the start of the pivotal study program are ongoing.

After positive preclinical results in an initial research collaboration with Ra Pharmaceuticals on the development of a long-acting zilucoplan, CAM4083, for the treatment of complement C5 mediated disorders, we entered during the third quarter into a license agreement for further development and commercialization. In October 2019, it was announced that the Belgian pharmaceutical company UCB has bid to acquire Ra, [which is expected to be approved early 2020]. Development of CAM4083 has continued

"In 2020, we can look forward to delivery of strong results, a high growth rate and a positive news flow"

according to plan and a clinical study program is expected to be initiated during the second half of 2020.

Groundbreaking development in 2019 lays the foundation for continued expansion and growth

During 2019, the establishment of our own commercial infrastructure on our markets in the EU and Australia was completed, which was critical to the successful launch of Buvidal. We now continue at full force to: increase access to Buvidal for patients in our current markets, expand sales to new markets and to patients currently not in treatment, and establish Buvidal as the evidence based first choice for treatment of opioid dependence. Following the successes with Buvidal during 2019, we look forward to Brixadi becoming available for US patients at the end of 2020.

In addition to these commercial achievements, during the year we completed a Phase 3 study in chronic pain, started two pivotal Phase 3 studies in acromegaly, entered into a strategic partnership with Ra Pharmaceuticals, and advanced several early stage pipeline projects.

References

1. SAMHSA, 2018 NSDUH Annual National Report, 2019. **2.** Centers for Disease Control and Prevention, https://www.cdc.gov/drugoverdose/index.html , Accessed on 2020-03-27. **3.** Opioid Use Disorder: Opportunity Analysis and Forecasts to 2027, GlobalData 2018. **4.** Globe Life Sciences reports, 2019, data on file. **5.** GlobalData, 2020

I would like to send my special thanks to all patients and healthcare providers who are involved in our clinical studies and treatment and who inspire us in our daily work. I would also like to thank my engaged and skilled co-workers and our Board, and, of course, our shareholders for their continued support. Despite the considerable challenges that follow the ongoing COVID-19 pandemic, it is my firm belief that Camurus now stands stronger than ever. In 2020, we can look forward to delivery of strong results, a high growth rate and a positive news flow.

Fredrik Tiberg
President and CEO

Our Vision

To improve treatment outcomes and patients' quality of life through simpler, smarter, and safer medications

Our Mission

To spearhead development of advanced drug delivery systems and innovative medical products to improve the treatment of patients with severe and chronic diseases

Our Values

Innovation We encourage innovation and new ways of thinking
Expertise We leverage the combined expertise of our employees and partners
Passion We are passionate about realizing our ideas and goals
Quality We strive for excellence in everything we do and produce
Ownership We take individual and collective ownership of what we do and how we do things
Sustainability We have a long-term commitment to improving treatment outcomes for patients and promoting effective utilization of resources in society

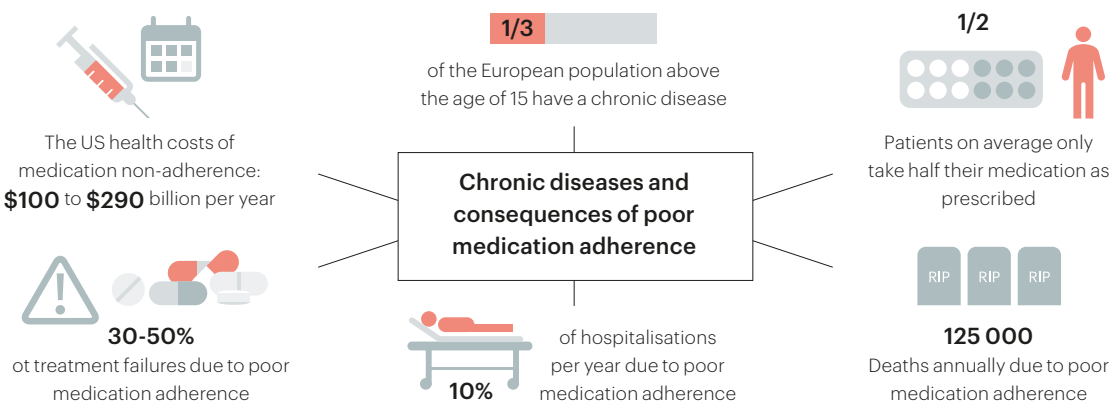
Delivering on strategy

	Achievements 2019	Goal 2020
Commercialization	• Successful launch of Buvidal® in the EU and Australia • Distribution agreement with NewBridge Pharmaceuticals for Buvidal in MENA	• More than 15,000 patients in treatment with Buvidal • Expansion into new markets in the EU, US and Middle East • Establish Buvidal as a first-line treatment of opioid dependence
Advancing product pipeline and launches of new products	• Start of pivotal Phase 3 program for CAM2029 in acromegaly • Preparation of market authorization applications for CAM2038 in chronic pain	• Readiness to start pivotal Phase 3 program for CAM2029 in NET • EU market authorization application for CAM2038 in chronic pain • Phase 2a study of CAM2043 • New clinical program started
Value creating partnerships	• Partnership with Ra Pharma for long-acting zilucoplan	• Final approval of Brixadi for treatment of opioid use diorder • License agreement for internal project
Leading drug delivery technology	• FluidCrystal® injection depot validated by positive patient and HCP experiences on the market	• New partnership for the FluidCrystal technology • Granted patents in major markets

Long-acting medicines address key challenges in chronic disease management

For people suffering from chronic and severe conditions, for whom lifelong medication has become a reality, there is much to be gained from improving treatments – in terms of efficacy, but also in terms of how the treatments are administered. Often, existing daily administered medications may result in suboptimal exposure profiles and poor treatment compliance, which can negatively affect treatment outcomes. In fact, lack of patient adherence to their prescribed drug regimen is a common problem, also for chronically ill patients, and result in more outpatient medical visits and hospitalizations, increasing the healthcare costs[1-3]. In the US alone, poor adherence is estimated to cause 125,000 deaths, incurring avoidable costs of USD 100 billion annually, with a considerable percentage coming from chronic diseases.[4]

Reasons for lack of treatment adherence include disease characteristics and severity, treatment factors (such as treatment duration, number of medications, frequency of administration and cost) and drug-related side effects.[5] Hence, there is a strong need to develop safer and simpler delivery technologies to deliver effective and user friendly long-acting medications that are easy to administer by patients themselves.



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1. Osterberg, L and Blaschke, T. N. Engl. J. Med., 2005, vol. 353(5):487–497,
2. C. House, 'WORLD HEADQUARTERS 10 G Street, NE, Suite 500 Washington, DC 20002', p. 3, 2013. **3.** Pan, F et al. J. Gen. Intern. Med., 2008, vol. 23(5):611–614
4. M. Viswanathan et al., Ann. Intern. Med., 2012, vol. 157(11):785–795
5. Vermeire, E. et al., J. Clin. Pharm. Ther., 2001, vol. 26(5):331–342

Our business model

We use our strong R&D expertise and world-leading FluidCrystal® technology to develop innovative long-acting treatments with the goal to significantly improve the lives of patients with severe and chronic diseases. Innovative medicines are developed in-house or in partnerships with international pharmaceutical companies.

To maximize the value of our pharmaceutical products, we have established an effective commercial organization with focus on the opioid dependence markets in Europe and Australia, and other therapy areas with suitable dynamics and a concentrated prescriber base.

Model	Business concept	Key revenue streams
Own product development and commercialization	Development and commercialization of innovative specialty pharmaceuticals	• Product sales
Product development in partnerships	Non-clinical and clinical development of novel pharmaceutical products	• Licence payments and development milestones • Royalty and sales milestones
Technology collaborations	Product specific licenses to FluidCrystal® technology	• Formulation design and early stage product evaluations

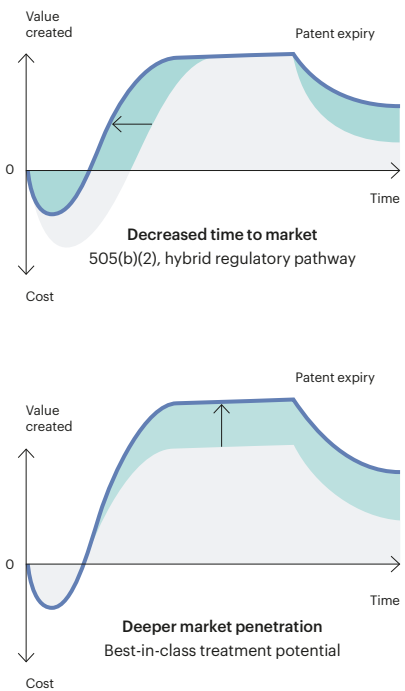
Own sales

Partnerships

Streamlined development of innovative medicines

FluidCrystal® is Camurus' unique patent-protected technology that, when combined with marketed active pharmaceutical compounds or new chemical entities, creates innovative and convenient treatments to help patients with serious and chronic diseases live better lives. We always start from patients' needs and work from there.

Significant value created by Camurus' development model



New pipeline projects

Camurus continuously assesses new opportunities where we can make the most of our development expertise and validated FluidCrystal technology to develop innovative and improved medicines. Every new product candidate is carefully evaluated with a focus on five key criteria:

1. Clear unmet medical needs
2. Technology match
3. Streamlined clinical development
4. Market exclusivity and patent protection
5. Market potential

If these criteria are met, the product candidate is evaluated in preclinical studies against the target product profile in terms of drug loading, manufacture, stability and drug release in vitro and in vivo.

Streamlined development

Using established pharmaceutical compounds with documented clinical efficacy and safety profiles streamlines development and facilitates the use of abbreviated regulatory pathways such as the 505(b)(2) process in the US, and hybrid application in the EU. Time-consuming and costly development phases can therefore be shortened substantially, and the risks associated with clinical development are significantly reduced.

Improved treatment outcomes

The method of administration of existing medications may result in suboptimal exposure profiles and poor treatment compliance, which negatively affect treatment outcomes. The FluidCrystal technology is designed to address these limitations and improve therapeutic performance and treatment adherence, thereby improving treatment outcomes, benefiting patients and the healthcare system.

FluidCrystal® injection depot – Long-acting release with user-friendly administration

FluidCrystal® injection depot provides treatment efficacy over extended periods with a single subcutaneous injection. It can thereby reduce the burden of frequent dosing and provide controlled exposure of the active ingredient over time, which can lead to improved treatment adherence and outcomes, and ultimately improve quality of life for patients.

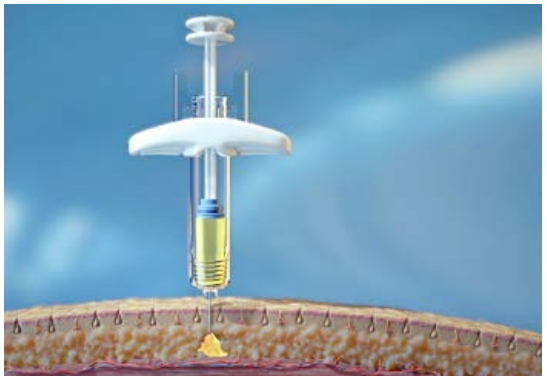
FluidCrystal injection depots comprise a liquid lipid-based solution with a dissolved active pharmaceutical ingredient that can easily be injected subcutaneously using a conventional syringe with a thin needle.

Upon contact with tissue fluids, the lipid solution transforms into a liquid crystalline gel, which effectively encapsulates the active ingredient. The pharmaceutical compound is then slowly released at a controlled rate as the depot gradually biodegrades in the tissue. This release can be controlled, from several days to weeks or months, depending on the choice of lipid composition and other factors. No chemical modification of the pharmaceutical substance is necessary, and even short-acting compounds can be made long-acting provided they are potent enough.

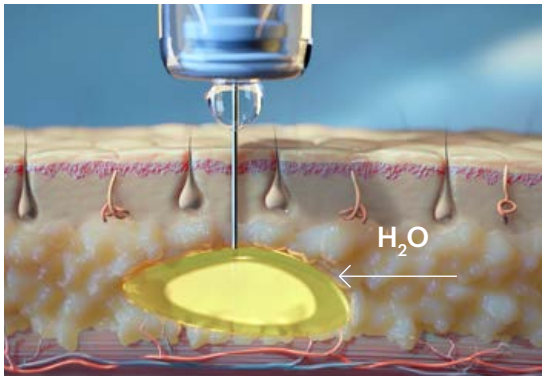
Through the simplicity of the formulation and the spontaneous self-association to a functional structure in the body, medicines based on the FluidCrystal injection depot can easily be administered by the patients themselves or by healthcare professionals without time-consuming or complicated mixing steps.

Key attributes

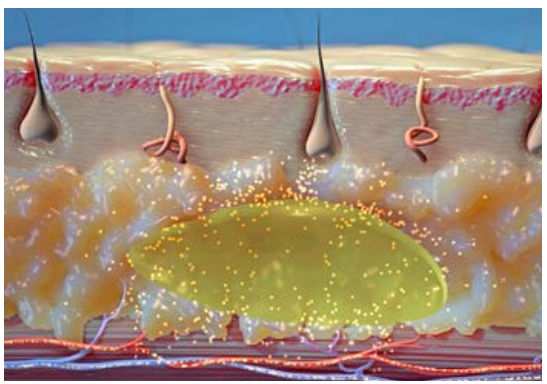
- Easy and convenient administration
- Improved treatment adherence
- Adapted to pre-filled syringes and autoinjectors
- Long-acting release of active pharmaceutical ingredient
- Small injection volume with a thin needle
- Manufacturing by standard processes
- Suitable for biological peptides as well as small molecules



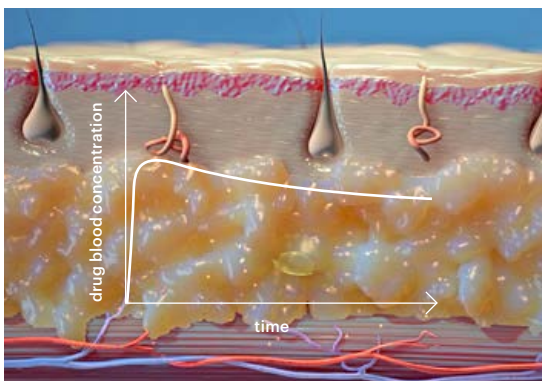
1. Injection of liquid formulation using prefilled syringe or autoinjector



2. Encapsulating liquid crystal gel triggered by water uptake



3. Slow release of drug



4. Drug release and biodegradation of gel matrix to full resolution

In addition to the injection depot, the FluidCrystal technologies also comprise FluidCrystal topical bioadhesive and FluidCrystal nanotechnologies for topical or parenteral administration.

During 2019 important advancements have been made further validating our FluidCrystal technology for long-acting medicines. The first pharmaceutical product based on the FluidCrystal injection depot, Buvidal®, was launched in the EU and Australia. In addition, several clinical studies were performed and their positive results published, and new projects and partnerships were initiated.

"On contact with water from the tissue, the polar lipids in FluidCrystal are self-associating to form a liquid crystal nanostructure"


WILL, AGE 37
BUVIDAL PATIENT

Will started using drugs when he was 17 years old; he describes himself as a functioning drug user until he was in his 30s:

"It got to the point where I thought if I carry on the way I'm going I'll probably be dead before I'm half-way through my 40s"

"I was holding down a job and living a normal life, while keeping my habit down to just a couple of bags of heroin a day." But Will's life took a downturn when he split from his little boy's mum. ***"I moved into a flat and got to know a lot of homeless drug users,"*** he admits.

Will's drug habit escalated; he lost his flat and started living on the streets. It was while Will was sharing a tent with another addict that Robin, a key worker from a local drug rehabilitation clinic, found him and convinced Will to start on a daily methadone treatment program. But Will was honest with her from the outset: for him, methadone was simply a free drug that meant he didn't have to start begging until the afternoon, and he had no plans to stop taking heroin.

Will struggled to make it to the clinic every day, because he was homeless and didn't always wake up in time. Unsurprisingly, he fell out of methadone treatment and sadly Robin lost contact with him. But after searching the streets she found Will again – and he had a change of heart. ***"It got to the point where I thought if I carry on the way I'm going I'll probably be dead before I'm half-way through my 40s. Or I could stop and have another 25 years,"*** explains Will.

"For the first couple of days after the injection I felt a bit rough, but after that I basically felt clean"

As the methadone program hadn't worked for Will, a new treatment option was needed. In the past Will had tried daily buprenorphine treatment, but this also hadn't been successful, as he says the temptation of missing a dose to get high on heroin was too great for him. So Will was keen to try Buvidal, which, with its long duration of action, removes this daily temptation.

Initially Will had an injection of weekly Buvidal, and then moved on to the monthly formulation. ***"For the first couple of days after the injection I felt a bit rough, but after that I basically felt clean. The hardest part is dealing with your emotions coming back, to be honest with you,"*** he says. On the day of the interview, he was on his way to his first job interview in many years.

SOPHIE, AGE 34
BUVIDAL PATIENT

From the outside Sophie's upbringing may seem enviable – a middle-class family with two loving parents and a private school education. However, behind the scenes it looked different.

"As a teenager I worked in different bars and clubs. Alcohol was on the scene and I started drinking early. My first boyfriend took cocaine and I was dragged into it without thinking that I would end up putting needles in my arm."

Sophie describes her youth as being surrounded by destructive relationships with boys, alcohol and drugs. How, during a first date, she was introduced to heroin, yet how she had a successful life abroad, managing two restaurants, driving a lovely car, living in a beautiful home before everything went wrong. A bad break up with her boyfriend saw her moving back to the UK, penniless and dependent on alcohol and drugs.

Since then, Sophie has spent time living on the streets and has had a stint in prison for a drugs-related offence. She has tried methadone and oral buprenorphine treatments without success and has been in and out of rehabilitation centers.

"The first time I went to rehab I managed to come off drugs and felt like I'd been given another chance. I got a flat, a job, started to take care of myself. I had my whole life back and I was enjoying it. But the problem is I can't stay away from drugs in the community", she admits.

At first, Sophie didn't want to try Buvidal. But, without money to buy more drugs, she took the treatment – and is pleased she did: ***"Buvidal took away my choice to skip treatment and use drugs instead, because it's in you for a long time, which is really what I need to stay away from drugs."***

Sophie's family has noticed the difference in her since starting Buvidal. ***"I'm not frazzled out anymore. My mum says to me 'I can have a conversation with you, I can see in your eyes, they're clear – I've got Sophie back again',"*** she says.

"For me, Buvidal is a revelation. I know that as long as I stay on Buvidal I've got a chance."

"Buvidal took away my choice to skip treatment and use drugs instead, because it's in you for a long time"

"For me, Buvidal is a revelation. I know that as long as I stay on Buvidal I've got a chance"

Opioid dependence

Opioid dependence is a serious, chronic, relapsing disease that can affect all aspects of a person's daily life.

53 million
individuals globally used opioids in 2017[1]

46,800 overdose
deaths from opioids in the US in 2017[2]

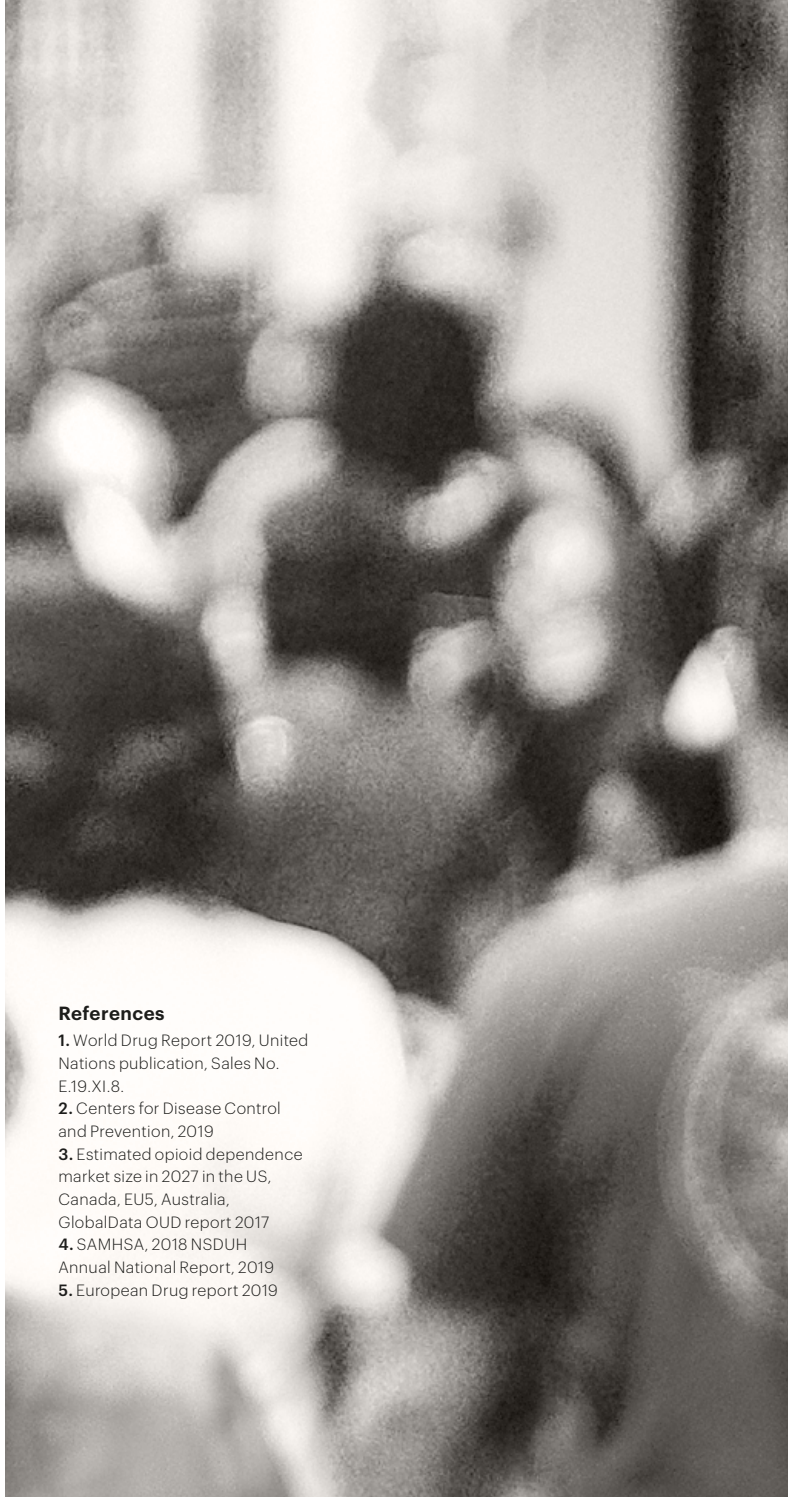
Most common
cause of death for people under 50 in the US[2]

USD 4.8 billion
estimated opioid dependence market size in 2027[3]

Opioid dependence is a serious, chronic, relapsing disease, commonly diagnosed by signs and symptoms of compulsive and harmful (psychologically, socially, physically) ongoing use of opioids even when there is a strong desire to cease their use. There are clear changes in the brain involved with cognition, memory, rewards in both conscious and unconscious circuits that underlie opioid dependence.

Opioid dependence is an escalating global health problem, contributing to significant adverse mental, physical, and social consequences, including unemployment, criminal activity, incarceration, transmission of infectious diseases, unintentional overdose and death.

With 35 million opioid users worldwide, opioids are the largest burden on society of all drugs.[1] In the US, approximately 2 million people were diagnosed with opioid use disorder[4] and almost 50,000 people died from opioid overdoses in 2018, making it the number one cause of death for people the age of 50.[2] In Europe, there are about 1.3 million high risk users of opioids, and only 650 000 of these get medical treatment.[5] More than 9,000 Europeans die every year from drug related overdoses with the majority of these caused by opioids.[5]



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2. Centers for Disease Control and Prevention, 2019
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4. SAMHSA, 2018 NSDUH Annual National Report, 2019
5. European Drug report 2019

Buvidal® – a game changing treatment of opioid dependence

2019 saw the successful launch of Buvidal® – the first long-acting treatment for opioid dependence in the EU and Australia. At year end, around 4,000 patients in seven countries were in treated with Buvidal, a number which has grown rapidly with an increased awareness and availability of the treatment in the EU and Australia.

Medical treatment with daily doses of methadone or buprenorphine is the current standard of care in most conties. In the European Union. However, these daily treatments have significant limitations, including diversion, misuse and overdose. Poor treatment retention is also a major issue, with the burden and stigma of daily medication being a key factor in therapy drop-out rates. This is also the underlying reason why many patients do not enter treatment[5] – in the EU and Australia alone, an estimated 230,000 patients are not in treatment because of the burden of stringent daily treatment rules.[4]

Individualized treatment for therapeutic dosing with the patient in focus

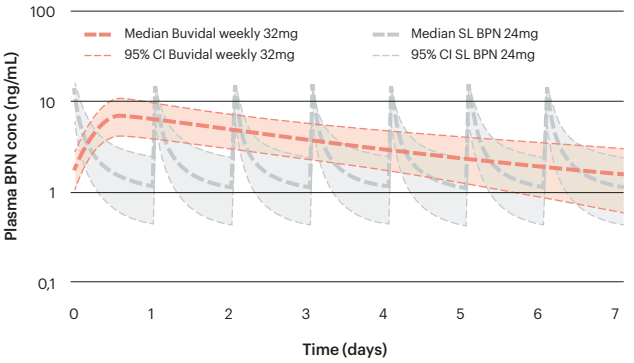
Buvidal, long-acting buprenorphine, provides the opportunity for patients and healthcare professionals to focus on recovery instead of spending time and resources on supervised medication. With the availability of both weekly and monthly formulations as well as multiple dose options, treatment can be tailored to each patient's specific needs and circumstances. Buvidal gives both a fast onset and a long-acting effect and effectively reduces withdrawal symptoms and cravings for opioids. Should the patient temporarily relapse and take heroin or other opioids, Buvidal blocks the opioid effect and could protect against overdose.

Patients can begin medical treatment of opioid dependence with Buvidal from day 1, or switch from their current daily standard therapy with sublingual buprenorphine directly onto Buvidal, according to a dose conversion table. It is also possible for patients previously treated with methadone to switch to Buvidal.

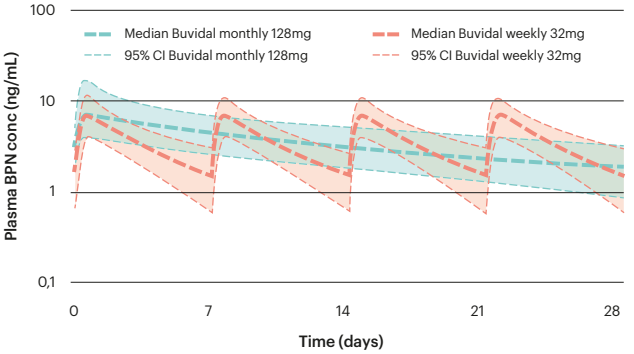
Strong scientific evidence base

Buvidal has been studied in an extensive clinical development program. In addition to demonstrating its safe use and a statistical superiority in treatment effect compared to daily sublingual buprenorphine,[6] studies have shown an increased quality of life and less burden of treatment for patients taking

Weekly Buvidal vs. daily sublingual buprenorphine



Weekly vs. monthly Buvidal



Population pharmacokinetic analysis and modelling based on data from four clinical studies showing plasma concentrations of buprenorphine within the exposure interval of previously approved daily sublingual buprenorphine. Through the slow buprenorphine release, large daily fluctuations in plasma concentration are avoided.

Buvidal. Studies have also shown high retention in treatment, which is being observed in clinical practice with the positive anecdotal feedback from patients and physicians from the markets where Buvidal has been launched. Results from the study program have been published in leading scientific journals and presented on numerous conferences and meetings during 2019, see page 33 for more information.

Buvidal access for patients in Europe and Australia

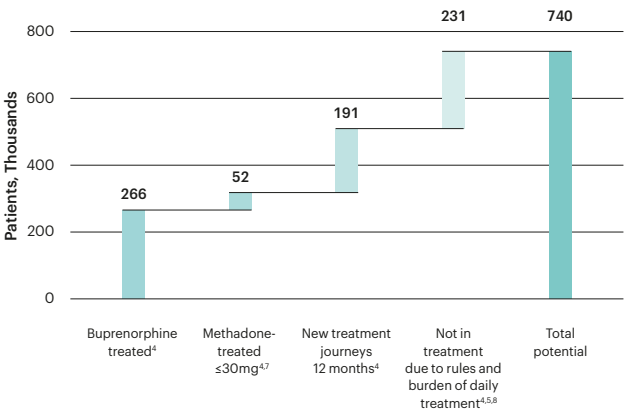
Buvidal has been available since 2019 for patients in Finland, Sweden, Denmark, Norway, Germany, the UK and Australia. In 2020, Buvidal will be launched in second wave markets, which include additional EU countries and the MENA region, and the launch of Brixadi (US tradename for Buvidal) is expected by the end of 2020.

Camurus estimates that there are about 740,000 people with opioid dependence in the EU and Australia that may be suitable for treatment with Buvidal – and the ambition is to make Buvidal accessible to all of these people. The peak market potential of Buvidal in the EU and Australia is approximately €300 million.

Brixadi™ on track for approval in the US

In connection with a tentative approval in December 2018, Brixadi monthly product was blocked from the US market by a 3-year exclusivity which the FDA granted Sublocade™. Camurus partner, Braeburn, can launch Brixadi in the US after expiration of the exclusivity period on 1 December 2020. Brixadi™ is the US trade name for Buvidal®.

Buvidal addresses medical need for up to 740,000 patients in the EU and Australia



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4. European Drug Report 2019
5. Benyamina and Stover, Heroin Addict Relat Clin Probl 2012; 14(4): 65-80
6. Buvidal Summary of Product Characteristics (SmPC), 2018
7. https://www.aihw.gov.au/reports/alcohol-other-drug-treatment-services/nopsad-2018/contents/introduction%C2%A0, Acessed 2020-04-02
8. Camurus data on file 2018, Patient qualitative study.

Securing supply to healthcare providers and patients supply to the patients

Camurus has established a robust and streamlined manufacturing and supply chain for Buvidal. Raw materials, including formulation and injection device components, are purchased from well-established suppliers in the EU and US, and delivered to the company's contract manufacturing organization where they undergo quality testing before use. The Buvidal formulation is produced using conventional aseptic techniques and filled in syringes equipped with a safety device, all in accordance with Good Manufacturing Practice (GMP). Each batch is quality checked, before being labeled and packaged.

There are currently about 80 different configurations of Buvidal, comprising different doses and labeling for specific countries. These are shipped by either road or air to Camurus' logistics and distribution partner in the respective region. Pharmacies and clinics receive the product via a wholesaler. It takes a maximum of 24 hours for Buvidal to be available from the time a new prescription is issued, but often clinics have their own stock for immediate use. Actual sales versus stock levels are monitored daily to ensure that Buvidal is always available when needed by a patient.

Raw materials

- Purchasing raw materials from suppliers

Manufacture

- Manufacturing Buvidal formulation and filling in syringes
- Warehousing of unlabeled product

Labeling and packaging

- Labeling and packaging for respective market
- Shipping to logistics and distribution partners

Distribution

- Distribution to wholesalers
- Distribution to pharmacies and clinics to fulfil Buvidal prescriptions

Growing evidence base for Buvidal

Scientific publications 2019

- Long-term safety of a weekly and monthly subcutaneous buprenorphine depot (CAM2038) in the treatment of adult out-patients with opioid use disorder. F*rost M, Bailey GL, Lintzeris N, Strang J, Dunlop A, Nunes EV, Jansen JB, Frey LC, Weber B, Haber P, Oosman S, Kim S, Tiberg F. Addiction. 2019 Aug;114(8):1416-1426.*
- What place for prolonged-release buprenorphine depot formulations (Buvidal®) in the treatment arsenal of opioid dependence? Insights from the French experience on buprenorphine. *Vorspan F, Hjelmström P, Simon N, Benyamina A, Dervaux A, Brousse G, Jamain T, Kosim M, Rolland B. Expert Opinion on Drug delivery 2019 Sep;16(9):907-914*
- Opioid users' willingness to receive prolonged-release buprenorphine depot injections for opioid use disorder. *Tompkins CNE, Neale J, Strang J. J Subst Abuse Treat. 2019 Sep;104:64-71.*
- Successful Treatment of Opioid Dependence with Flexible Doses of Injectable Prolonged Release Buprenorphine. *D'Agnone O. Case Rep Psychiatry. 2019 Jul 10;2019:9381346.*
- Depot buprenorphine injections for opioid use disorder: Patient information needs and preferences. *Neale J, Tompkins CNE, Strang J. Drug Alcohol Rev. 2019 Jul;38(5):510-518.*
- Prolonged-release opioid agonist therapy: qualitative study exploring patients' views of 1-week, 1-month, and 6-month buprenorphine formulations. *Neale J, Tompkins CNE, Strang J. Harm Reduct J. 2019 Apr 3;16(1):25.*

Presentations at scientific conferences 2019

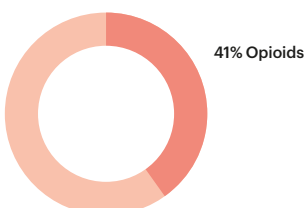
- 4th prison medicine days, *5-6 Dec, Frankfurt, Germany*
- 28th congress of German addiction society, *1-3 Nov, Berlin, Germany*
- AAAP American Academy of Addiction Psychiatry, *5-8 Dec, San Diego, USA*
- APSAD Australian Professional Society on Alcohol and other Drugs, *10-13 Nov, Hobart, Australia*
- ASAM American Society for Addiction Medicine, *4-7 Apr, Orlando, USA*
- ATHS, Addictions Addiction Hepatitis AIDS, *1-4 Oct, Biarritz, Frankrike*
- BVKA Meeting, *27-28 May, Mainz, Germany*
- CPDD College on Problem Drugs and Dependence, *15-19 June, San Antonio, USA*
- Health without barriers, *21-22 Oct, Lissabon, Portugal*
- International Medicine in Addiction Conference, IMIA, *3 Mar, Melbourne, Australia*
- Interdisciplinary congress for addiction medicine, *4-6 July, München, Germany*
- ISAM, International Society of Addiction Medicine, *13-16 Nov, New Dehli, India*
- ISPOR, *18-22 May, New Orleans, USA*
- Israeli Addiction Society Meeting *12-14 Dec, Haifa, Israel*
- Lisbon addictions, *23-25 Oct, Lissabon, Portugal*
- RCGP 7th Health and Justice Summit, *25-26 Nov, Bristol, UK*
- RCPsych addiction faculty conference, *30 Apr-1 May, London, UK*
- SiPAD Italian Society of Addiction Diseases, *11-13 Nov, Rom, Italien*
- SSA, Society for the Study of Addiction, *7-8 Nov, Newcastle upon Tyne, UK*
- Swedish Society of addiction medicine and Swedish association of alcohol and drug research, *7-8 Nov, Skövde, Sweden.*

New and effective long-acting treatment of chronic pain

Chronic pain management is a major clinical challenge in medicine today, with limited treatment options available, a high unmet medical need and the risk of developing dependence and diversion of medication. In clinical studies, weekly and monthly CAM2038 have been shown to provide an effective pain relief with potential for improved treatment adherence and reduced risks of tolerance development, dependence, abuse, diversion and overdose.

1 million
patients with chronic low back pain are treated with very high opioid doses (> 99MME/day)[4]

Global market for chronic pain USD 23.3 billion[5]



Chronic pain is a global health problem, causing deterioration in general health, reduced quality of life, decreased work capacity and dependence and misuse of strong opioids. The associated costs to society in the US – including the costs of healthcare and lost productivity – are estimated to be USD 600 billion annually.[1]

Opioids in chronic pain treatment

Opioids are used for the management of moderate to severe pain that cannot be adequately controlled by other pain medications. However, use of opioid analgesics may result in dependence, overdose and death, which is drastically illustrated by the ongoing global opioid crisis.

Buprenorphine is an effective opioid analgesic at least 30 times more potent than morphine. As a partial agonist, buprenorphine gives dose dependent pain relief and has a ceiling effect on respiratory depression. Buprennorphine is therefore considered to be one of the safest opioids, with a low risk of overdose.[2,3] Buprenorphine is currently available in short-acting injectable formulations, transmucosal tablets for moderate to severe acute pain and transdermal patches for chronic pain. These products are associated with low buprenorphine plasma concentrations, which may result in inadequate analgesic effect for patients requiring high doses.

CAM2038 for effective treatment of chronic pain

CAM2038 has been successfully evaluated in two Phase 3 studies in opioid experienced patients with chronic low-back pain. The efficacy study met its primary and first secondary endpoints by demonstrating that treatment with CAM2038 for 12 weeks resulted in significantly improved relief of both the average and worst pain intensity compared to placebo. A 12 month long-term safety and efficacy study was completed during 2019 and met the safety, tolerance and efficacy objectives.

CAM2038 is being developed as a safer treatment option for patients treated with high-dose opioids. There are about 1 million chronic low back pain patients in the US, Japan and EU5 who are treated with an opioid dose of more than 99MME/day.[4] CAM2038 may offer this patient group round-the-clock pain relief, while decreasing the risk of respiratory depression and fatal overdoses associated with full μ-opioid receptor agonists and at the same time safe-guard against misuse, abuse and illicit diversion.

Preparations for the marketing authorization application in the EU are on-going with a planned regulatory submission in the third quarter of 2020.

In the US, CAM2038 for the treatment of moderate to severe chronic pain in opioid tolerant patients is being developed in collaboration with Camurus' partner Braeburn.

CAM2038 – Key target attributes

- Round-the-clock pain relief
- Dose-proportional long-term buprenorphine exposure
- Improved treatment adherence
- Reduced number of administrations
- Reduced risk of misuse, abuse and diversion
- Reduced risk of overdose compared with full μ-opioid receptor agonists

References

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2. Dahan A, et al. Br J Anaesth. 2005;94:825-34
3. Tompkins DA, et al. J Pharmacol Exp Ther. 2014;348(2):217-26
4. Chronic Lower Back Pain. Market Insights, Epidemiology, and Market Forecast-2028 in the US, EU5 and Japan, Delveinsight, 2019
5. Disease Landscape and Forecast Chronic Pain, Decision Resources 2015

CAM2029 – A new innovative treatment of acromegaly and neuroendocrine tumors

There is a significant need for a patient friendly long-acting octreotide treatment for convenient self-administration by patients and potential for enhanced treatment outcomes and quality of life for patients

Acromegaly and neuroendocrine tumors (NET) are rare, chronic, life-limiting diseases which are frequently diagnosed late in the disease progression. While the most effective option for a complete cure is surgery, for the majority of patients this is not possible. The standard medical therapy is somatostatin analogues (SSAs), such as octreotide or lanreotide. Currently marketed long-acting SSAs are refrigerated, have a complex reconstitution procedure and a long injection time. They are administered by a healthcare professional either via an intra-muscular or deep subcutaneous injection with a relatively thick needle, which can be painful. The treatment burden for patients – and the healthcare system – is therefore significant.

"Patients need a new treatment option, which meets their needs and doesn't disrupt their lives," explains Dr Simron Singh, Associate Professor at the University of Toronto, Canada and Medical Oncologist at the Sunnybrook Odette Cancer Center/Susan Leslie Clinic for Neuroendocrine Cancers. "Patients with NET can live normal lives with this type of cancer, with the right treatment."

Reducing the treatment burden and improving treatment outcomes

CAM2029 is a ready-to-use, long-acting subcutaneous depot of the active substance octreotide, a synthetic peptide analogue of the natural peptide hormone somatostatin. It has been designed for easy self-administration by patients themselves using a prefilled syringe or an autoinjector. Keeping patients away from the doctor and hospital when they need their medication is great news for both the patient and healthcare system, points out Dr Singh: "This will empower patients, helping them to be more engaged with their treatment as they take control of the disease into their own hands."

Dr Simron Singh

Another benefit to treatment with CAM2029 is its 500% higher bioavailability of octreotide in comparison to the current market leader, Sandostatin® LAR®, which may improve treatment efficacy in some patients.

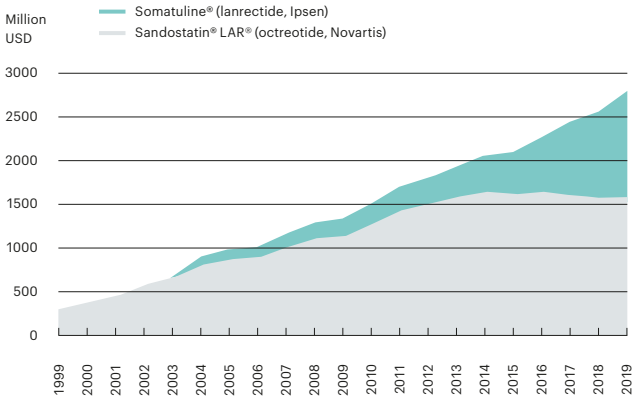
"With current therapies NET can progress, and so some patients need to move on to more expensive medications with significant side effects," explains Dr Singh. "CAM2029 delivers a higher dose of octreotide which potentially stabilizes the disease, reducing its progression and enabling patients to live better."

Phase 3 clinical development program

CAM2029 has been evaluated in four clinical Phase 1 and 2 trials and demonstrated positive results in a multicenter study in patients with acromegaly and NET, with well-maintained or improved biochemical control in patients with acromegaly and symptom control in patients with functioning NET after switching from Sandostatin LAR.

During 2019, the pivotal Phase 3 program for CAM2029 was initiated with a randomized, double blind, placebo-controlled, multinational, multi-center study in patients with acromegaly previously treated with long-acting somatostatin analogues. The patients are randomized to receive either CAM2029 or placebo for 24 weeks, and the primary efficacy readout is biochemical response, as measured by insulinlike growth factor 1 (IGF-1) levels. The pivotal study program was expanded with a 52 week Phase 3 long-term safety study including both newly-recruited patients as well as rollover patients from the ongoing pivotal efficacy study. The studies were expected to be fully recruited during 2020 and results are expected in 2021. However, some delays are expected due to the Covid-19 pandemic. In parallel, as a complement to the current prefilled syringe device, Camurus is developing an autoinjector to further simplify and enhance patient self-administration.

Growing somatostatin analogue sales[2]



The company is also preparing for the start of the pivotal study program for CAM2029 in NET, which is planned to start around year-end 2020.

"CAM2029 is well tolerated by patients, has minimal side effects and requires fewer visits to the hospital. This treatment therefore benefits both patients and the health-care system. I believe this could be the new standard of care for these chronic diseases," adds Dr Singh.

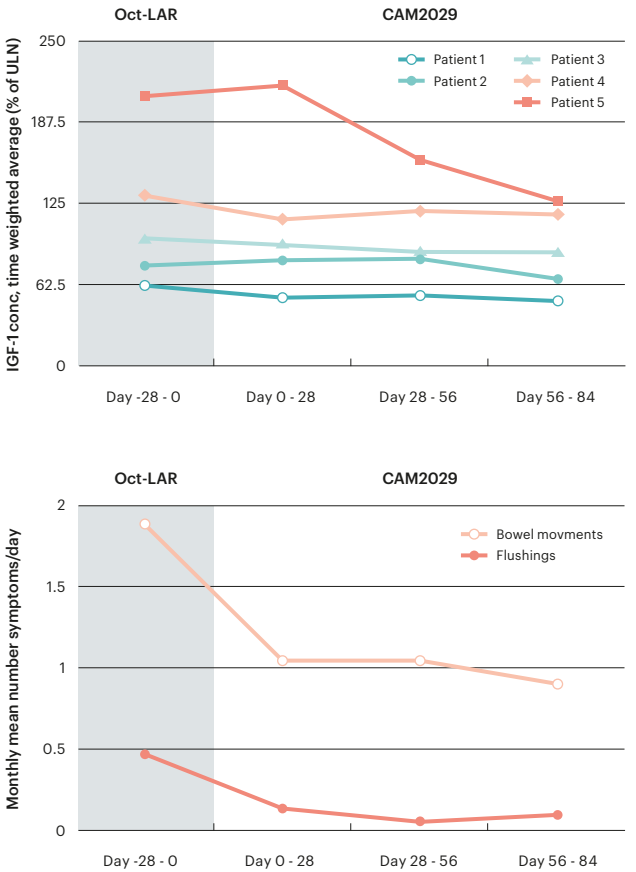
The peak market potential for CAM2029 is estimated to be between USD 600 to 1,200 million per year assuming that the autoinjector is available.[1] The total market size for somatostatin analogues in 2019 was USD 2.8 billion.[2]

CAM2029 – Key target attributes

- Subcutaneous long-acting octreotide with fast onset
- Ready-for-use in prefilled syringes for easy self-administration
- Autoinjector option
- High bioavailability – 500% higher than Sandostatin LAR, with potential for better treatment effects in some patients

Acromegaly: a hormonal disorder, in which the pituitary gland produces excessive amounts of growth hormone. Often caused by benign tumors on the pituitary, acromegaly can lead to type 2 diabetes, high blood pressure, arthritis and increased risk of cardiovascular disease.

Neuroendocrine tumors (NET): a group of rare tumors, originating from regulatory hormone-producing neuroendocrine cells that can arise throughout the body. Most NET are malignant and have often spread to other parts of the body by the time of diagnosis.



Time weighted average IGF-1 concentration for acromegaly patients treated with Sandostatin® LAR® and switched to CAM2029 (top). Average number of symptoms per day for NET patients treated with Sandostatin® LAR® and switched to CAM2029 (bottom)

References

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2. GlobalData 2020

CAM2029 scientiic publiations

Octreotide SC depot in patients with acromegaly and functioning neuroendocrine tumors: a phase 2, multicenter study
Pavel M, et al. Cancer Chemotherapy and Pharmacology. 2019; 83:375–385
Octreotide s.c. depot provides sustained octreotide bioavailability and similar IGF1 suppression to octreotide LAR in healthy volunteers
Tiberg F, et al. Br J Clin Pharmacol. 2015; 80:460-472

CAM2043 – Sustained release subcutaneous treprostinil

Pulmonary arterial hypertension – A progressive and life-threatening disease

Pulmonary arterial hypertension (PAH) is a rare and severe progressive disease characterized by elevated blood pressure in the pulmonary arteries.[1] Prostacyclin analogs, such as treprostinil, are known to be efficacious, and parenteral therapy is recommended by guidelines for patients with severe or rapidly progressing disease. However, parenteral delivery is associated with risks of serious bloodstream infections and infusion site pain and reactions which can be intolerable.

Raynaud's phenomenon

Raynaud's phenomenon (RP) is a condition characterized by episodes of pallor followed by cyanosis of fingers or toes when exposed to cold or stress. Secondary Raynaud's phenomenon is caused by an underlying disease, eg scleroderma or systemic lupus eythematosus, and can cause skin thickening, digital ulcers and necrosis.

Patient-friendly treatment of PAH and RP

CAM2043 is a long-acting treprostinil formulation, based on Camurus' FluidCrystal injection depot technology, being developed as a patient-friendly treatment option for PAH and RP. CAM2043 is a ready-to-use subcutaneous injection which is self-administered by the patient via a prefilled syringe or an autoinjector as a small dose volume (≤1 mL). This long-acting subcutaneous formulation offers the convenience of once-weekly administration, reduces the risks associated with parenteral administration of current products such as of infusion-related infections, and eliminates the need to carry an external pump.

Clinical development

In an open-label Phase 1 study of single and repeated dosing of CAM2043, study results demonstrated a dose-proportional treprostinil plasma exposure and release profile suitable for weekly, or less frequent, dosing. The tolerability of CAM2043 was generally acceptable with no observations of unexpected or serious adverse events.

Phase 2 trial preparations for CAM2043 for the treatment of PAH and RP are ongoing. A Clinical Trial Application has been submitted and the first study is expected to start in 2020.

Attractive product profile for CAM2043

- Easy dosing without the need for continuous infusion and complicated pump systems
- Steady plasma profiles with the potential for improved treatment results versus oral and inhaled prostacyclin products
- No risk of infusion-related bloodstream infections
- Potential for significantly enhanced quality of life for patients

References

1. D'Alonso G. et al; Ann. Intern. 1991;115:343-349.

episil® – effective pain relief for patients with oral mucositis

Formulated using Camurus' FluidCrystal® topical bioadhesive technology, episil® provides fast pain relief and protection of sore and inflamed mucosal surfaces.

Oral pain and cancer therapies

Oral mucositis is a painful inflammation and ulceration of the oral mucosa. It is a common side effect of radiotherapy and chemotherapy affecting the majority of head and neck cancer patients who receive radiotherapy and 30-75% of patients undergoing chemotherapy for other types of cancer, including breast cancer.[1] In severe cases, oral mucositis may restrict primary cancer treatment, requiring a reduction in dosage or postponement of therapy. Advanced stages of oral mucositis can be extremely painful, preventing the patient from eating and leading to hospitalization for rehydration, nutrient supply and opioid analgesia. Destruction of the protective oral mucosa also leaves patients with an increased risk of infection.[2]

episil for oral pain relief

episil is applied as a liquid which transforms into a thin bioadhesive film when in contact with the buccal membrane, alleviating pain by protecting mucous membranes. In clinical trials, episil has been proven to reduce pain in the mouth by up to 40%, with a long-lasting effect of up to 8 hours.[3,4]

episil is CE-marked and registered as a medical device class 1 in Europe and under a 510k clearance for medical device in the US. episil is currently being marketed in Europe, the US, Japan, China and Australia.

Sales and distribution are conducted via in-house marketing in Sweden, Denmark, Norway, and the UK, and by a number of distribution partners in various countries. In 2019, episil was launched in China by Camurus' distribution partner Solasia Pharma and in Australia by BTC Health.

episil® key attributes

- Rapid pain relief within 5 minutes
- Effective oral pain relief lasting up to 8 hours
- Convenient, ready-to-use, pocket-sized device
- Food and drinks can be consumed 5 minutes after application

References

1. Carulli et al, Hematol Rep. 2013 Jan 25; 5(1): 21–25.
2. Al-Ansari S, et al. Curr Oral Health Rep. 2015;2: 202-11.
3. Tiberg F, et al. Support Care Cancer. 2009;17:918.
4. Cheng Y, et al. Onco Targets and Therapy. 2018:11:8555-8564.

Additional product candidates

CAM4072

CAM4072 is a weekly formulation of the MC4 agonist setmelanotide developed together with our partner Rhythm Pharmaceuticals for the treatment of rare genetic obesity disorders. The product candidate is currently being studied in a Phase 2a study in participants with obesity, which expected to be completed in 2020.

CAM4083

CAM4083 is a long-acting formulation of the complement component C5 inhibitor zilucoplan, which is being developed together with our partner Ra Pharmaceuticals for the treatment of generalized myasthenia gravis and other serious tissue-based complement-mediated disorders.

CAM4071

CAM4071 is a long-acting formulation of pasireotide. Pasireotide is currently approved for the treatment of Cushing's syndrome and acromegaly as a second-line treatment. CAM4071 has completed a dose escalating Phase 1 study of pharmacokinetics, pharmacodynamics and safety in healthy volunteers.

CAM2032

CAM2032 is a long-acting subcutaneous leuprolide depot for the treatment of prostate cancer. CAM2032 is developed for convenient self-administration by patients, and has been successfully evaluated in two Phase 2 studies in prostate cancer. Additional potential indications for CAM2032 include endometriosis and precocious puberty.

CAM2047

CAM2047 is along-acting subcutaneous granisetron depot for in development for the treatment of acute and delayed chemotherapy-induced nausea and vomiting, a side effect experienced by the majority of cancer patients undergoing chemotherapy treatment.

CAM2048

CAM2048 is a buprenorphine depot formulation for the treatment of postoperative pain providing rapid onset of action and therapeutic buprenorphine plasma levels over a couple of days. CAM2048 is being developed in collaboration with Braeburn Pharmaceuticals.

Active patent strategy

Camurus has an active intellectual property strategy covering all major geographic markets. The company's patent portfolio covers its technology platforms as well as our products and product candidates and currently consists of about 340 issued patents.

Camurus is currently actively prosecuting about 130 pending patent applications worldwide and is continuously filing new applications to protect our innovations and products. New drug candidates are protected by existing technology patents, supplemented by product-specific patent applications.

The patent life and duration varies depending on the product, application and geography. In the US, the earliest patent expirations are expected in 2027, while key technology aspects and products are protected to 2033, with potential to further extension by pending applications. The company also has extensive know-how of all critical aspects of its formulation technology, including the components, manufacturing, devices, packaging and stability.

Partnerships

To further enhance our development capacity and commercial reach, we enter into strategic partnerships with biotech and pharmaceutical companies with leading positions or a strategic focus on relevant markets and therapeutic areas.

braeburn

Braeburn holds the rights to Brixadi™ (CAM2038) for the treatment of opioid dependence in North America and optional rights to China, Japan, South Korea and Taiwan.

Braeburn also holds the North American rights to CAM2038 for treatment of chronic pain (Phase 3), and CAM2048 for the treatment of postoperative pain (Phase 2).

NEWBRIDGE PHARMACEUTICALS

NewBridge Pharmaceuticals has exclusive distribution rights to Buvidal® (CAM2038) in 12 countries in the MENA region.

MEDISON

Medison has exclusive distribution rights to Buvidal (CAM2038) in Israel.

rhythm

Rhythm Pharmaceuticals holds the global rights to CAM4072, a once-weekly formulation of setmelanotide for the treatment of genetic obesity (Phase 2).

Ra Pharma

Ra Pharmaceuticals has an exclusive license to develop, manufacture and commercialize a long-acting formulation of zilucoplan, which is being developed for treatment of several serious blood and tissue disorders.

Solasia

Solasia Pharma has exclusive distribution rights to episil® in Japan, China and South Korea. episil was launched in Japan in 2018 and China in 2019 and Solasia plan to launch this product in South Korea during 2020.

Highly skilled and creative employees are the core of Camurus' operations

Camurus values diversity, equality and responsibility. The company is an agile organization with a shared ambition for growth and an innovative and collaborative culture. During 2019 the number of employees increased from 94 to 120, as the company continued to grow and build its European and Australian commercial organization.

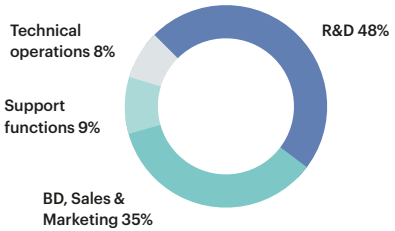
Knowledge, engagement and entrepreneurship

Camurus is a workplace where all employees' knowledge, passion, creativity, and skills are vital components to securing long-term success of the company. The company's operations are conducted from modern, state of the art laboratories and offices at our headquarters in Lund, Sweden. Camurus is currently present in 10 countries in Europe and Australia, with regional offices in Cambridge, UK; Mannheim, Germany; and Sydney, Australia. Approximately half of the company's employees work in research and development, including medical information, safety and quality. The other half are active within manufacturing, marketing and sales, and HQ support functions.

At Camurus, we work in effective, cross-functional teams creating a professional innovation and company culture. Active knowledge sharing through our internal and external networks and collaborations, both in industry and academia, support individual development of our employees. The continued expansion of Camurus' organization in Europe and Australia, offers employees a unique opportunity to develop their expertise and contribute to the company's vision to develop new and innovative pharmaceuticals that can improve treatment and quality of life for patients with chronic and serious disease.

120 employees at the end of 2019
74 women
46 men
42% PhD out of R&D

Personnel distribution



Sustainability – the key to long-term success

Working towards sustainable results with its social and environmental actions is a natural and vital aspect of Camurus' business, its values and social responsibility. Through a clear focus on sustainability, Camurus will ensure the long-term successful development of its business, to the benefit of patients, healthcare systems, employees and shareholders.

In 2015, the United Nations created 17 Sustainable Development Goals addressing the global challenges of today. Camurus is dedicated to supporting the third goal, to "Ensure healthy lives and promote well-being for all at all ages", which includes making sure everyone has health coverage and access to safe and effective medicines. The company's mission is to improve the quality of life of patients suffering from serious and chronic diseases by providing new and improved treatment solutions. Furthermore, a target of the United Nations third Sustainable Development Goal is to strengthen the prevention and treatment of substance abuse. Camurus' focus on long-acting treatment options for opioid dependence can make a significant contribution towards this goal.

Sustainable development is only possible if Camurus continues to embrace its social and environmental responsibilities, and in so doing helps to ensure the long-term health of people and the planet.

Social responsibility

Social responsibility at Camurus focuses on three main areas: employee development and wellbeing, patient safety, and business ethics.

Employee development and wellbeing

Camurus' greatest asset is its employees. The company values diversity, equality and responsibility. It is its employees' knowledge, passion, creativity and skills which drive the company's success and builds its innovative corporate culture. With the continued growth and development of the organization, Camurus is dedicated to further building upon the positive corporate culture, and providing a secure and safe workplace and opportunities for development. Guidelines and procedures have been implemented to integrate health and safety aspects in all business activities, and to prevent patients, employees or collaboration partners from being exposed to unnecessary risks.

Patient safety

Patient safety will always remain Camurus' highest priority. The company follows all relevant laws and regulations in its research and development, manufacture, storage and distribution activities, including the disclosure of information regarding the safety of its pharmaceutical products. Camurus reports any side effects related to compounds in clinical development as required by relevant laws and regulations. The company tracks and monitors products already on the market for side effects and new and unexpected safety signals and notifies regulators about relevant data in accordance with applicable regulations.

Business ethics

Camurus is committed to upholding the highest standards of integrity and honesty. The company operates within a strictly regulated industry, where government bodies routinely demand information through audits, evaluations and inspections. Camurus adheres to all relevant laws and guidelines with regard to all of its interactions with regulatory bodies and healthcare professionals. The company utilizes the services of healthcare professionals or organizations when there is a justifiable need. Compensation, if relevant, is in line with local legislation.

Clinical research to evaluate the safety and efficacy of medicines is a necessary component of pharmaceutical development. Camurus is committed to protecting the patients and healthy volunteers who participate in its clinical trials, upholding the highest ethical, scientific, and clinical standards in all its research, and communicating clinical trial results in a timely, accurate and transparent way.

Camurus is committed to providing accurate and non-misleading information about its products and their use, and does not offer gifts or other compensation to influence decisions.

The company's suppliers play an important role in its research, development and pharmaceutical sales. Camurus selects its suppliers based on objective criteria with the expectation that they act in a manner that corresponds to the company's commitment to adhering to relevant laws and ethical business practices.

Environmental responsibility

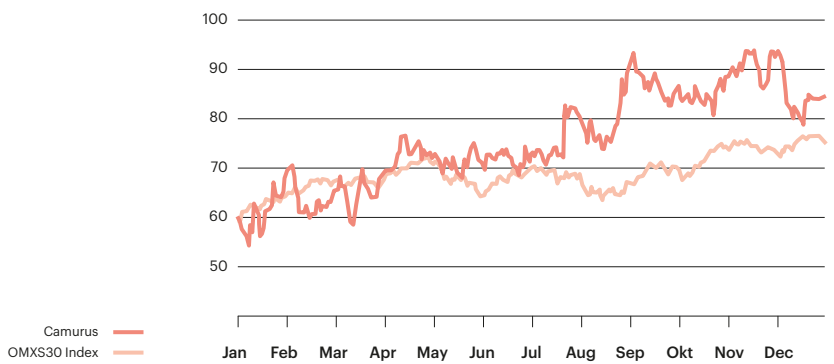
Camurus strives to continually reduce waste and energy consumption, and to minimize the environmental impact of its research and development, products and work. Environmentally friendly ingredients, processes and transportation are chosen whenever possible, and regional supply chains are established wherever practicable. Furthermore, Camurus expects its suppliers to strive towards reducing their environmental footprint. To read Camurus' Code of Conduct, visit **camurus.com**.

Positive development of Camurus' share in 2019

Camurus' share is listed on Nasdaq Stockholm Mid Cap list under the ticker CAMX. At the end of 2019, the closing price of the share was SEK 84.50.

Camurus' initial public offering on Nasdaq Stockholm in December 2015 was an important step in the strategy to build a successful, long-term profitable pharmaceutical company. Since then, Camurus has continued to buld a broad pipeline of innovative ptroducts, including approved mediciones, and established an effectivecommercial organization and suppply chain in Europe and Australia. The company has also continued tro strengthen its late-stage development capabilities to take new innovative products to the market.

Share performance from 1 January 2019 to 30 December 2019



Share price trend

Camurus' shares increased by 38% during 2020. The closing price on 30 December 2019 was SEK 84.5. The highest price was SEK 95.20 (4 September 2019) and the lowest was SEK 54.66 (8 January 2019). At the end of the year, market capitalization was SEK 4,363 million.

Rights issue in March 2019

In March 2019, Camurus successfully completed a rights issue of 9,595,372 shares, with gross proceeds amounting to SEK 403 million before issuance cost. The total number of shares after the issue was 47,976,858.

Directed share issue

In December 2019, Camurus completed a directed share issue of 3,660,000 shares, raising proceeds of approximately

SEK 300 million before issuance cost. The sssue entailed a dilution of approximately 7% of the share capital and voting rights. Total number of shares after the issue was 51,636,858.

Ownership structure

At the end of 2019, Camurus AB had 6,748 shareholders, of whom 539 comprised financial and institutional investors with holdings amounting to 82% of the share capital and votes, and 6,209 comprised private individuals with holding totaling 18% of the share capital and votes. Foreign shareholders accounted for 5% of the capital and votes. The ten largest shareholders accounted for 71% of the capital and votes.

Share capital and capital structure

At the year's end, the share capital was SEK 959,537; distributed among 51,636,858 shares with a quota value of SEK 0.025. In accordance with the Articles of Association, the share capital shall comprise a minimum of SEK 500,000 and a maximum of SEK 2,000,000, divided among a minimum of 20,000,000 shares and a maximum of 80,000,000 shares. Camurus' Articles of Association contains a record day provision, and the Company's shares are registered with Euroclear Sweden AB who administer the Company's shareholder register and registers the shares of individuals and organizations. All shareholders are entitled to an equal share in the Company's profits and a percentage of the surplus in the event of liquidation.

Incentive program

Presently Camurus has three long-term incentive programs active. In accordance with a decision by the Annual General Meeting in May 2017, May 2018 and May 2019, subscription warrant programs for the Company's employees, has been introduced. The warrants are valued by an independent institute in accordance with the Black&Scholes model and were acquired by the participants at market value. As part of the program, the participants receive a three-piece stay-on bonus in the form of gross salary addition from the Company, equivalent to the amount paid by the participant for its subscription warrants. As the stay-on bonus is conditional on continued employment, costs including social security fee, are expensed over the vesting period and a liability is calculated at each balance sheet date based on how much has been earned. Expenses are recognized as personnel expense in the income statements. All three programs vest in three years. In total they represent a total maximum of 1,921,294 shares, or 3.7 per cent of the total number of shares in the Company. For more information, see Note 24.

Shareholders as of 31 December 2019

	Numbers of shares	% of capital	% of votes
Sandberg Development AB	22,200,692	43.0	43.0
Gladiator	4,242,652	8.2	8.2
Fjärde AP-Fonden	3,250,676	6.3	6.3
Fredrik Tiberg, CEO	1,703,188	3.3	3.3
Avanza Pension	1,472,103	2.9	2.9
Backahill Utveckling AB	1,176,491	2.3	2.3
Catella Fondförvaltning	1,060,570	2.1	2.1
Svenskt Näringsliv	725,000	1.4	1.4
Camurus Lipid Research Foundation	505,250	1.0	1.0
Nordnet Pensionsförsäkring	426,642	0.8	0.8
Other shareholders	14,873,594	28.8	28.8
	51,636,858	**100.0**	**100.0**

Ownership Distribution size classes as of 31 December 2019

	Numbers of shareholders	Numbers of shares	% of capital	% of votes
1 - 500	4,638	714,327	1.4	1.4
501 - 1,000	797	619,491	1.2	1.2
1,001 - 5,000	976	2,117,796	4.1	4.1
5,001 - 10,000	143	1,042,443	2.0	2.0
10,001 - 15,000	48	596,920	1.2	1.2
15,001 - 20,000	27	472,210	0.9	0.9
20,001 -	119	46,073,671	89.2	89.2
Total	**6,748**	**51,636,858**	**100.0**	**100.0**

Ownership Distribution as of 31 December 2019

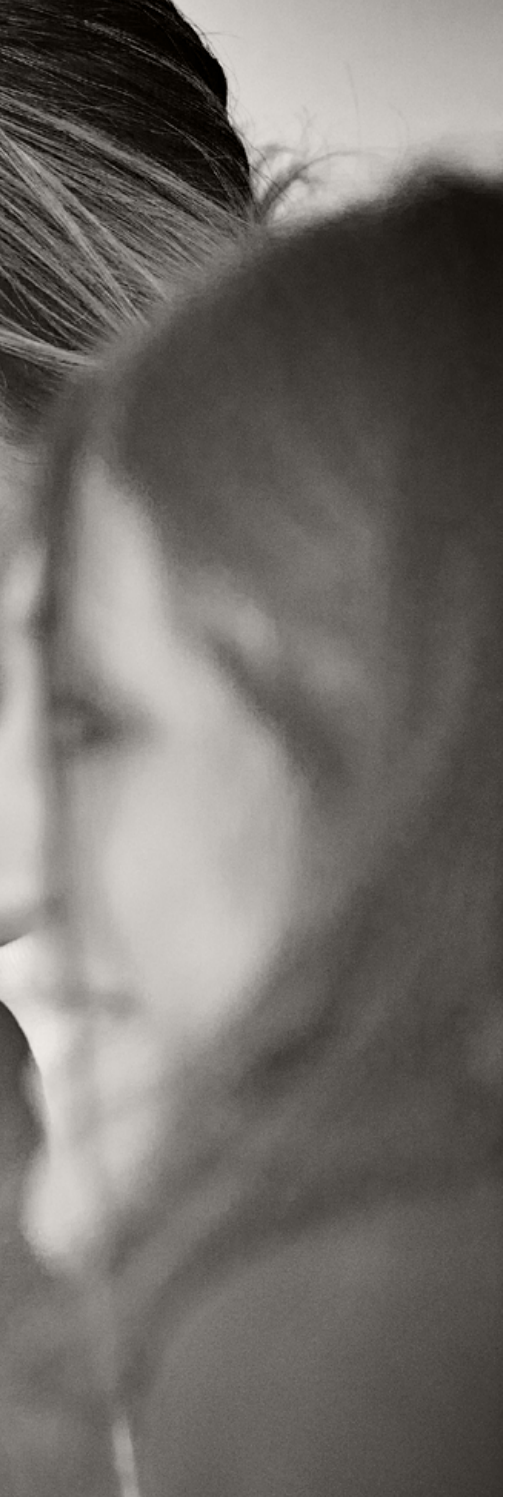
	% of votes	% of capital	Numbers of shareholders	Numbers of shares
Swedish Institutions	77.6	77.6	296	40,089,983
Foreign Institutions	4.4	4.4	243	2,278,226
Swedish private shareholders	17.2	17.2	6,148	8,891,286
Foreign private shareholders	0.7	0.7	61	377,363
	100.0	**100.0**	**6,748**	**51,636,858**

Dividend policy and proposed dividend

In accordance with the dividend policy adopted by the Board of Directors, Camurus will continue to focus on developing and expanding the Company's business and clinical project portfolio of innovative medicines for serious and chronic disease. Available financial resources will be utilized to finance this strategy. Consequently, the Board of Directors does not intend to propose any dividend to shareholders until Camurus generates sustainable profitability. The Board of Directors proposes that the Annual General Meeting pass a resolution to not issue any dividends for the fiscal year.

GLOSSARY

505(b)(2) US submission which contains full reports of investigations of safety and effectiveness, where at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference or use
Acromegaly A disorder caused by overproduction of growth hormones resulting in abnormal body growth
Agonist A drug or other substance that binds to and blocks a receptor and thereby stimulates the activity of the receptor
Analog Similar molecular structure
Bioadhesive A substance that is adhesive to biological surfaces
Bioavailability The degree and rate at which a substance (as a drug) is absorbed by the body
Buprenorphine Active ingredient that is strongly analgesic and that may be used for treatment of opioid dependence
CE marking CE marking of a product is used within the EU/EEA to show that the manufacturer or importer has followed the essential requirements regarding safety, health, performance etc. that are outlined in the applicable EU directives
CINV Chemotherapy-induced nausea and vomiting
Clinical trials Investigations performed in humans in order to study the properties of an investigational product
CTA Clinical trial application
Endocrine diseases Diseases affecting the endocrine system, i.e. the body's production, secretion and response to hormones
Endometriosis A disease in which tissue that normally grows inside the uterus (endometrium) grows outside the uterus
EU5 France, Germany, Italy, the UK and Spain
FDA Food and Drug Administration, the US food and drug authority
GMP Good Manufacturing Practice
IGF-1 Insulin-like Growth Factor 1
In vitro Biological process that takes place outside a living cell or organism
IND Investigational New Drug, classification that is required for development of a new drug in the US
Intramuscular injection Injection of a drug in a muscle, eg the gluteal muscle
Leuprolide Active ingredient used for the treatment of eg prostate cancer
Lipids Group of compounds consisting of fat or fat-like substances
MENA Middle East and North Africa
Milestone payment Economic compensation obtained within a framework of a partner program when a specific goal has been achieved
MME Morphine milligram equivalents
Nanoparticle Microscopic particle that behaves as a whole unit
NET Neuroendocrine tumors, a group of different kinds of hormone producing tumors
Octreotide Active ingredient used for the treatment of eg cancer
Oral mucositis Inflammation of the oral mucosa that leads to ulcers and pain in the oral cavity
Orphan drugs Drugs intended to treat serious or life-threatening diseases that are so rare that pharmaceutical companies are reluctant to develop them for economic reasons
PAH Pulmonary arterial hypertension
Peptide Molecule consisting of a chain of amino acids
Pharmacodynamics The biochemical and physiological effects of a drug on the body
Pharmacokinetics The fate of a drug within the body (ie the absorption, distribution, metabolism and excretion)
Pre-clinical studies Studies performed in model systems, ie not in humans
Reconstitution Preparation of a drug before administration; often the addition of a diluent to a powder
RP Raynaud's phenomenon
Setmelanotide A MC4 receptor agonist peptide for the treatment of rare genetic disorders of obesity
SSA Somatostatin Anologues, the standard for safe and effective medical therapy for acromegaly and symptom control in NETs
Subcutaneous injection Injection of a drug under the skin
Sublingual Under the tongue
Transdermal A route of administration where active ingredients are delivered across the skin for systemic distribution, eg via patches or ointments
Viscosity A measure of the thickness of a fluid; a fluid's internal resistance to flow
WHO World Health Organization



Financial Reports

Group and Parent Company

The Board of Directors and Chief Executive Officer of Camurus AB (publ), with its registered office in Lund and company registration number 556667-9105, hereby present the Annual Report for the 2019 financial year, for the Group and the Parent Company. The annual accounts and the auditor's report are presented on pages 54-115. The earnings from the year's activities and the Parent Company's and the Group's financial position are presented in the director's report and the subsequent income statement and balance sheet, comprehensive income statement, statement of cash flow, statement of changes in equity as well as supplementary disclosures and notes, all of which collectively constitute the annual accounts.

Financial summary

- Total revenues of SEK 105.6 M (49.3), an increase of 114 percent
- Product sales were SEK 72.1 M (11.3), an increase of 538 percent
- Operating result of SEK -360.0 M (-287.2)
- Result for the year of SEK -289,9 M (-234,7), corresponding to a result per share, before and after dilution, of SEK -6.23 (-5.77)
- Cash position SEK 358.7 M (134.4)

Highlights of the year

Treatment of opioid dependence

- Buvidal® launched as the first long-acting opioid dependence treatment in the EU
- Positive Phase 3 study results of Buvidal in opioid dependence treatment published in the leading scientific journal Addiction. Results show long-term safety, good efficacy and high rates of patient satisfaction
- Buvidal listed for price and reimbursement and launched in Norway, Australia, Scotland, Wales and Northern Ireland. Australian Minister of Health announces AUD 40 million investment into treatment with Buvidal (and one other medication)
- Buvidal launched in Australia
- FDA granted Braeburn's Citizens Petition allowing Brixadi™ to be available in the US in December 2020
- Positive topline results reported from DEBUT study, meeting the primary efficacy endpoint and showing superior patient reported outcomes of Buvidal versus standard of care, as well as significantly better efficacy for several other secondary treatment outcomes

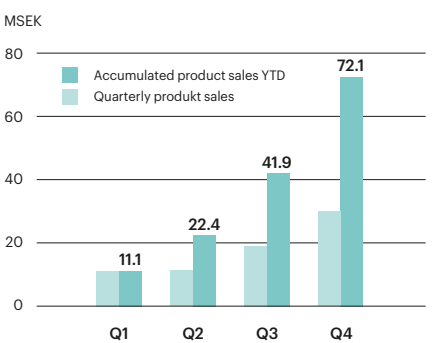
Pipeline

- Completion of a 52-week Phase 3 long-term safety extension study of CAM2038 in patients with chronic pain
- Pivotal Phase 3 study of CAM2029 in acromegaly initiated following IND acceptance by the FDA
- Initiation of 52-week long-term safety study of CAM2029 in newly-recruited patients and rollover patients from the pivotal study
- Ra Pharmaceuticals and Camurus enter an exclusive license agreement for FluidCrystal® extended release formulation of zilucoplan
- episil® for the treatment of oral mucositis launched in China and Australia by Camurus' distribution partners Solasia Pharma and BTC Health , respectively

Financials

MSEK	2019	2018
Net Revenue	105.6	49.3
– Whereof Product sales	72.1	11.3
Operating result	-360.0	-287.2
Result after tax	-289.9	-234.7
Result per share, before and after dilution, SEK	-6.23	-5.77
Cash position	358.7	134.4

2019 Product sales



Organizational development

- Rights issue and directed share issue of MSEK 703 before issuance costs, completed for continued Buvidal market expansion in Europe and Australia and investments into clinical development of CAM2029 for treatment of acromegaly and CAM2043 for treatment of pulmonary arterial hypertention and Raynaud's phenomenon, market preparations in chronic pain and pivotal studies of CAM2029 for the treatment of neuroendocrine tumors
- Fully established commercial infrastructure in first wave Buvidal markets in the EU and Australia
- Distribution agreement with NewBridge Pharmaceuticals for marketing and sales of Buvidal in 12 countries in the Middle East and North Africa

Camurus' operations

Camurus is an international science-led biopharmaceutical company committed to developing and commercializing innovative medicines for the treatment of severe and chronic conditions. New drug products with best-in-class potential are conceived based on the company's proprietary FluidCrystal® drug delivery technologies and its extensive R&D and sales expertise. Camurus' clinical pipeline includes product candidates for the treatment of cancer, endocrine diseases, pain and addiction, which are developed in-house and in collaboration with international pharmaceutical companies.

Camurus' shares are listed on Nasdaq Stockholm under the ticker CAMX. For more information, visit camurus.com.

Growth and global expansion

2019 was a groundbreaking year for Camurus as the first in-house developed medicine, Buvidal® was launched. The response from patients and healthcare providers has been and continues to be very positive, as were the results from two comparative clinical studies. In the US, the exclusivity situation concerning Brixadi™ was resolved, allowing both the weekly and monthly products to be marketed from 1 December 2020. In addition, a Phase 3 long-term safety study of CAM2038 in patients with chronic pain was completed, two new Phase 3 studies of CAM2029 in patients with acromegaly started, new and important partnerships were enterd into, SEK 703 million was raised to support further market expansion of Buvidal and work to bring new pipeline products to registration continued.

With the launch of Buvidal, the first long-acting treatment of opioid dependence in the EU and Australia, the definitive step from a pure R&D organization to an international pharmaceutical company with own marketing and sales organization was taken. Through diligent planning and the establishment of effective distribution channels, launch of Buvidal in our first market was enabled already in January 2019, shortly after the European approval. Buvidal was successively launched in the UK, Sweden, Germany and Denmark, followed by Norway and Australia after receiving price and reimbursement in the third quarter. In this last marke Australian Health Minister Greg Hunt announced a government investment of AUD 40 million to give patients free access to Buvidal (and one other medication) through the pharmaceutical benefits scheme.

After several years of intense development work, clinical studies and cooperation with regulatory authorities, Camurus finally reached its goal to give patients with opioid dependence access to an effective, evidence based treatment which can significantly improve treatment outcomes, decrease treatment burden and increase quality of life. In addition, Buvidal can eliminate the risks of diversion and misuse associated with current daily medications.

Growing sales and positive patient responses

During the past year our teams successfully put everything in place for the launch, including manufacturing, an effective supply chain, price and reimbursement and safety reporting systems. First year sales were within the predicted range, despite delays in reimbursement decisions and legislation changes, and sales in the new year has started out strong.

Less than a year after launch, Buvidal became the leading treatment in our first market, Finland, with an impressive market share of more than 40 percent in the buprenorphine segment. Similar strong sales growth was also seen after launch in Norway and Australia in the third quarter. Even though the market dynamics and initial patient uptake in other markets, such as the UK, Germany and Sweden, have been more modest, good acceleration is now seen in these markets as access limitations and other temporary market barriers are being adressed.

With about 4,000 patients in Buvidal treatment at year end, and several new important markets in which to launch, continued strong growth and significant market share during 2020 is anticipated.

Camurus' view on the future pros-

pects of Buvidal is based on the consistently positive response from patients, healthcare providers and other stakeholders. Often, this is about how the treatment has been life changing and created stability in an otherwise chaotic life, with an increased quality of life and reduced treatment burden associated with daily, often supervised, medication with buprenorphine or methadone.

Superior treatment outcomes with Buvidal compared to standard of care

During the year two clinical studies of Buvidal in real-life treatment conditions were completed. The DEBUT study is the first randomized, controlled trial comparing patient reported outcomes (PROs) between a long-acting buprenorphine injection and standard of care in a head-to-head study. The study was conducted at six clinics in Australia including 120 patients with opioid dependence. Buvidal met the primary endpoint and demonstrated superior patient satisfaction and significant improvements in treatment burden, quality of life and other secondary endpoints compared to daily standard of care. In total, 88 percent of the randomized patients receiving Buvidal completed the 24 week treatment, which, in this therapy area, is considered a very high retention rate. The results from DEBUT are in agreement with earlier published results from our Phase 3 long-term safety study and the positive anecdotal feedback from patients using Buvidal and physicians in real-life clinical settings.

In parallel, the UNLOC-T study comparing weekly and monthly Buvidal to oral methadone in seven prisons in New South Wales, Australia, was conducted. In this study, treatment with Buvidal was compared to daily standard treatment with methadone inn regard to safety, treatment outcome and cost effectiveness. Positive preliminary results were presented at the Lisbon Addiction Conference in October 2019. Results from both DEBUT and UNLOC-T were accepted for presentation at the leading addiction conferences College for Problem Drugs and Dependence scheduled to be held in Florida, June 2020. Along with many planned scientific meetings and conference, this meeting is now in the process of being rescheduled due to COVID-19.

Global expansion

In connection with the tentative approval in December 2018, Brixadi monthly product was blocked from the US market by a 3-year exclusivity which the FDA granted Sublocade™. Our partner Braeburn filed an action to the federal district court for the District of Columbia which resulted in the court requesting that FDA reconsider the exclusivity decision. In parallel, Braeburn also filed a Citizens Petition to eliminate the risk of further exclusivities connected to the Orphan Drug status previously granted to Sublocade. Consequently, in November 2019, the FDA revoked, with immediate effect, the orphan designation for Sublocade while the 3-year market exclusivity remained. Camurus is now looking forward to Brixadi becoming available to US patients from 1 December 2020. With almost 50,000[1] opioid overdose deaths in the US in 2018, the need for new and effective treatments of opioid dependence is immense. The market potential for Brixadi in the US is estimated to be USD 600 to 1,200 million based on a 5–10 percent share of buprenorphine patients by 2026.[2]

Outside the EU, Australia and the US, significant opportunities for Buvidal are also seen in other world markets. At the end of 2019 a strategic distribution agreement was signed with NewBridge Pharmaceuticals for commercialization of Buvidal in 12 countries in the Middle East and North Africa. NewBridge has a strong presence in the region and has already started preparations for registration and sales in several markets. In Israel, the collaboration with Medison continues and in other markets discussions with potential partners are ongoing, with the overriding goal of making Buvidal available to the many people around the world suffering from opioid dependence.

Effective manufacturing and distribution tested under difficult conditions

During 2019 an effective manufacturing and distribution chain was established for Buvidal covering all present and future markets in the EU and Australia. The distribution chain is adopted to each market's specific conditions and needs. It is a complex process and Camurus' dedicated expert teams have made an excellent effort to ensure supply of Buvidal to clinics and patients within 24 hours. In connection to the COVID-19 pandemic a risk analysis regarding raw material supply, manufacturing and distribution was performed. The analysis resulted in the conclusion that the pandemic was unlikely to affect product supply in current markets. Camurus continues to carefully monitor the situation and are implementing new measures to ensure that patients are not affected by shortage of Buvidal.

Registration application for CAM2038 in chronic pain

During 2019, preparations for market authorization applications for CAM2038 for the treatment of chronic pain continued. A 12 month Phase 3 study of long-term safety and efficacy was completed. The results from the study met the overall endpoints of safety, tolerability and efficacy and complemented the previously reported positive results from the pivotal Phase 3 efficacy study of CAM2038. Discussions are now ongoing with regulatory authorities before a planned submission during the second or third quarter of 2020, with a possible approval during 2021.

New progress for CAM2029 with start of Phase 3 studies in acromegaly

The work to developing a subcutaneous, long-acting injection of octreotide which can be self-administered by the patient, giving an enhanced systemic octreotide exposure compared to current treatment options have been ongoing for a long time. After completion of four Phase 1 and 2 studies with positive results, two pivotal Phase 3 studies of CAM2029 in acromegaly in 2019 was started. The studies, which will include about 140 patients, distributed over 60 specialist clinics in the US and Europe, were expected to be fully recruited in 2020 with results in 2021. However, in light of the current development of the COVID-19 pandemic, some delays of study timelines are expected. Mitigation measures are implemented and significant impacts on the overall development program are not expected.

In parallel with these studies, where the medication is administered with a prefilled syringe, the development of an autoinjector to further simplify patient self-administration is ongoing. The start of a bridging clinical pharmacokinetic study is planned during the second or third quarter of 2020, to facilitate initiation of a planned Phase 3 study of CAM2029 in patients with neuroendocrine tumors at the end of 2020/beginning of 2021.

Detailed market analyses of CAM2029 for the treatment of acromegaly and neuroendocrine tumors, as well as in further indications, were performed during the year by external analysts. This comprised comprehensive interview material with key opinion leaders and other stakeholders and resulted in a very positive assessment of the market potential for CAM2029 in the US and Europe, with an estimated peak sales potential of between USD 600 to 1,200 million provided the autoinjector is available. Current market size for the first generation somatostatin analogues is USD 2.6 billion[3].

Early stage pipeline and partnerships

In 2019 preparations for the clinical program of Camurus' long-acting treprostinil depot, CAM2043 continued. CAM2043 is being developed for the treatment of pulmonary arterial hypertension (PAH) and Raynaud's phenomenon. During the fourth quarter a clinical trial application for a Phase 2a study of CAM2043 in patients with Raynaud's phenomenon was submitted. The application was granted in January 2020 and the study start is now planned for the second half of 2020. In parallel, a Phase 2 study of CAM2043 for the treatment of PAH is being planned.

In collaboration with Rhythm Pharmaceuticals, a weekly setmelanotide depot, CAM4072, for the treatment of genetic obesity disorders is being developed. A Phase 2 study is currently ongoing with more than 70 patients with obesity recruited to date. Results from the study, which is designed to evaluate the pharmacokinetics, pharmacodynamics, and safety of CAM4072 after 3 months treatment, are expected in 2020. In parallel, manufacturing preparations for the start of the pivotal study program are ongoing.

After positive preclinical results in an initial research collaboration with Ra Pharmaceuticals on the development of a long-acting zilucoplan, CAM4083, for the treatment of complement C5 mediated disorders, we entered during the third quarter into a license agreement for further development and commercialization. In October 2019, it was announced that the Belgian pharmaceutical company UCB has bid to acquire Ra, which is expected to be approved early 2020. Development of CAM4083 has continued according to plan and a clinical study program is expected to be initiated during the second half of 2020.

Further information about ongoing development programs are found on pages 58-62.

Groundbreaking development in 2019 lays the foundation for continued expansion and growth

During 2019, the establishment of Camurus' own commercial infrastructure on first wave markets in the EU and Australia was completed, which was critical for the successful launch of Buvidal. With full force work is ongoing to increase access to Buvidal for patients in our current markets, expand sales to new markets and to patients currently not in treatment, and establish Buvidal as the evidence based first choice for treatment of opioid dependence.

Research and development

Research and development are key strategic priorities for Camurus. The company's longterm success is highly dependent on continuing innovation and the development of technologies as well as new and important pharmaceutical products. Camurus currently has, either itself or together with partners, several projects in clinical or pre-clinical development phase.

Camurus' research and development organization include pre-clinical, pharmaceutical and analytical, as well as clinical and regulatory functions. The company's research and development expenditure in 2019 amounted to MSEK 249.2 (207.7), corresponding to 56 percent (63) of the operating expenses. Alongside our clinical success and regulatory progress in the opioid dependence area, we have also been busy advancing other important clinical and early phase programs, both on our own and with our partners.

Buvidal® – weekly and monthly buprenorphine depots for treatment of opioid dependence

Opioid dependence is a serious, chronic, relapsing disease and a growing global health problem. Pharmacological treatment with daily buprenorphine and methadone is the current standard of care, effectively reducing withdrawal and cravings, misuse and spread of diseases. However, these treatments are also associated with limitations such as poor treatment adherence, misuse, medication diversion, and accidental pediatric exposure.

Buvidal (CAM2038) weekly or monthly subcutaneous injectable formulation of buprenorphine is developed to promote compliance and eliminate the risk of abuse and diversion compared to current daily treatments. A comprehensive clinical development program comprising five Phase 1 and 2 studies, and two Phase 3 studies have proven Buvidal having superior treatment effect compared to daily sublingual buprenorphine. Buvidal gives healthcare providers the possibility to individualize treatment according to the patient's needs and is designed to mirror the dosing regimen of daily buprenorphine, allowing for direct transition from daily buprenorphine therapy. Buvidal relieves the patient from the daily reminder and burden of the disease and allows the healthcare provider to focus on treating the disease and counseling the patient rather than policing medical compliance.

Buvidal is available for patients in Finland, Sweden, Denmark, Norway, Germany, the UK and Australia since 2019. During 2020, additional launches are planned in second wave markets in the EU and the Middle East. Towards the end of the year, Camurus partner Braeburn Pharmaceuticals is planning for lauch of Brixadi™ (the US trade name for Buvidal) in the US.

CAM2038 – Round-the-clock relief from chronic pain

Chronic pain is a global health problem, causing deterioration in general health, reduced quality of life, decreased work capacity and dependence and misuse of strong opioids. CAM2038 is being developed to provide round-the-clock pain relief, while decreasing the risk of respiratory depression and fatal overdoses associated with full μ-opioid agonists, and at the same time protect against misuse, abuse and illicit diversion. CAM2038 has been evaluated in two Phase 3 studies in opioid experienced patients with chronic low-back pain. Preparations are ongoing for a marketing authorization application in the EU, with a planned submission during the second or third quarter of 2020.

CAM2029 – improved treatment for patients with acromegaly and NET

CAM2029 is formulated with Camurus' patented FluidCrystal® Injection depot and contains the active ingredient octreotide, which is a synthetic peptide analogue of the natural peptide hormone somatostatin and used for treatment of acromegaly and neuroendocrine tumors (NET). The current market leading somatostatin analog product Sandostatin® LAR® needs to be reconstituted in several steps before intramuscular injection by healthcare professionals. CAM2029 is developed as a pre-filled syringe equipped with an automatic needle-stick prevention device and can easily be injected subcutaneously, also by patients themselves, without need for complex reconstitution before administration. Also, CAM2029 has higher bioavailability in comparison to Sandostatin LAR, which may improve treatment efficacy for patients not responding satisfactory to current therapies. CAM2029 has been evaluated in four clinical Phase 1/2 trials and has demonstrated positive results in a Phase 2 multicenter study in patients with acromegaly and NET, including well maintained or improved biochemical control in patients with acromegaly and symptom control in patients with functioning NET after switch from Sandostatin LAR

Approved medicines

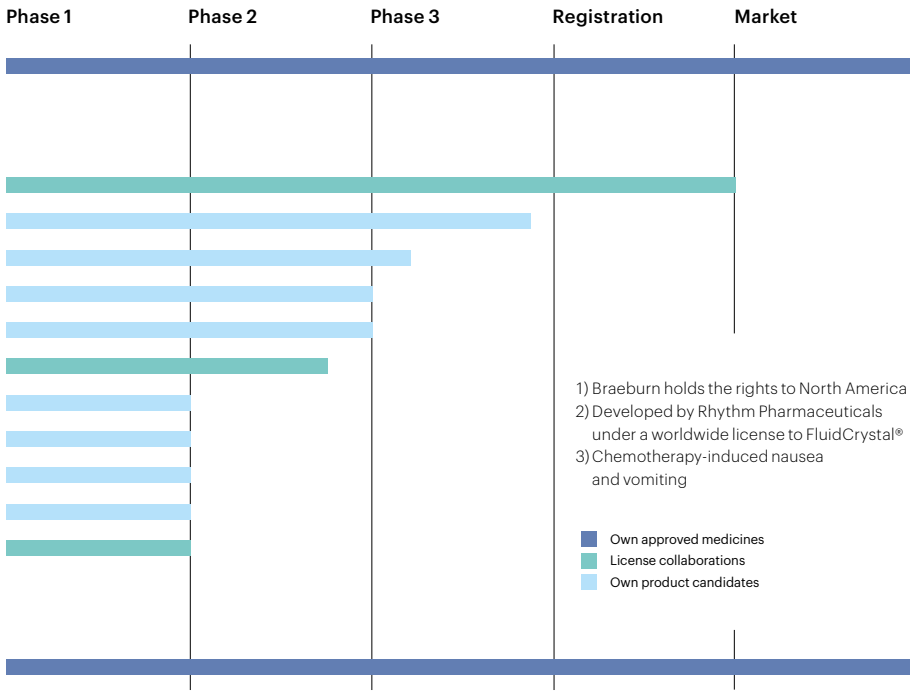
Buvidal® Opioid dependence

Product candidates

Brixadi™ Opioid dependence[1)]
CAM2038 Chronic pain[1)]
CAM2029 Acromegaly
CAM2029 Neuroendocrine tumors
CAM2032 Prostate cancer
CAM4072 Genetic obesity disorders[2)]
CAM2043 Pulmonary arterial hypertension
CAM2043 Raynaud's phenomenon
CAM4071 Endocrine disorders
CAM2047 CINV[3)]
CAM2048 Postoperative Pain[1)]

Medical device

episil® Oral liquid



In 2019, two Phase 3 studies of CAM2029 for the treatment of acromegaly were initiated. In total, the studies are planned to include about 140 patients distributed over 60 specialist clinics in the US and Europe, and be fully recruited during 2020 with results delivered in 2021.

CAM2043 – long-acting treatment of PAH and Raynauds phenomenon

Pulmonary arterial hypertension (PAH) is a rare and severe progressive disease characterized by elevated blood pressure in the pulmonary arteries. Prostacyclin analogs, such as treprostinil, are known to be efficacious, and parenteral therapy with these is recommended for patients with severe or rapidly progressing disease. However, parenteral delivery is associated with risks of serious bloodstream infections or with infusion site pain and reactions which can be intolerable. Raunaud's phenomenon (RP) is a condition characterized by episodal attacks

References
1) Centers for Disease Control and Prevention, https://www.cdc.gov/drugoverdose/index.html, Accessed on 2019-03-27. **2)** Opioid Use Disorder: Opportunity Analysis and Forecasts to 2027, GlobalData 2018. **3)** GlobalData 2020

of pallor followed by cyanosis of fingers or toes when exposed to cold or stress. Secondary Raunaud's phenomenon is caused by an underlying disease, e.g. scleroderma or systemic lupus erythematosis (SLE), and can causeskin thickening, digital ulcers and necrosis.

CAM2043 is a long-acting subcutaneous treprostinil formulation developed as a patient-friendly treatment option for PAH and RP. CAM2043 is a ready-to-use subcutaneous injection which is self-administered as a small dose volume (≤1 mL) with a prefilled syringe or an autoinjector. Besides providing less frequent administration, CAM2043 can reduce the risks associated with current parenteral products, such as infusion related reactions, or the need to continuously carry an infusion pump.

CAM2043 has been studied in an open-label Phase 1 trial demonstrating a doseproportional treprostinil plasma exposure and a release profile suitable for weekly, or less frequent, dosing. Preparations for Phase 2 studies of CAM2043 for the treatment of PAH and RP are ongoing. A clinical trial application is sbmitted and the first study is expected to be initiated in early 2020.

Other projects based on FluidCrystal® in clinical development

Camurus has several other product candidates in clinical development. CAM2032 is a long-acting formulation of leuprolide for treatment of prostate cancer developed for patient self-administration using a prefilled syringe or autoinjector, without the need for complicating reconstitution steps or conditioning. CAM2047 is developed as a long-acting subcutaneous granisetron depot for treatment of both acute and delayed chemotherapy-induced nausea and vomiting (CINV) - a common side effect in cancer treatment. CAM2048 is a long-acting buprenorphine depot for treatment of post-operative (acute) pain. CAM2048 has a rapid onset while keeping therapeutic buprenorphine levels over a couple of days. CAM2048 is being developed in collaboration with Braeburn Pharmaceuticals. CAM4071 is a long-acting formulation of the somatostatin analogue pasireotide studied in a completed Phase 1 trial. CAM4072 is a weekly depot of the MC4 agonist setmelanotide for treatment of rare genetic obesity disorders. CAM4072 has been studied in a completed Phase 1 trial and since 2019 a Phase 2 trial is ongong in patient with obesity. Results are expected during 2020.

Early stage development projects

Early stage projects

Several new product candidates, selected with support of market analyses, are being evaluated in pharmaceutical and pre-clinical studies. The projects comprise formulation optimization with regard to release of the active substance, stability, and as well as pharmacological and toxicological properties defined by the target product profiles.

Partner projects

Camurus has several ongoing projects with pharma and biotech partners where the FluidCrystal technology is being evaluated with different active ingredients. The project include both marketed active ingredients, where the collaboration with Camurus can be part of a life cycle management strategy, and new chemical entities where FluidCrystal is used as an enabling technology.
After receiving positive results in an initial preclinical evaluation together with Ra Pharma, a licence agreement was entered in July 2019 for the development and commercialization of a long-acting zilucoplan, CAM4083, for treatment of complement C5 mediated disorders. Ra plans to initiate clinical development of CAM4083 during second the half of 2020.

In-house development

Camurus' R&D team is continuously evaluating new opportunities to broaden the company's development pipeline with new products based on the FlyidCrystal® technology. Every new product candidate is carefully evaluated with a focus on five key criteria: clear unmet medical needs, technology match, streamlined clinical development, market exclusivity and patent protection and market potential. If these criteria are met, the product candidate is evaluated in preclinical studies against the target product profile in terms of drug loading, manufacture, stability and drug release in vitro and in vivo.

Medical device product episil® - oral liquid for effective oral pain relief

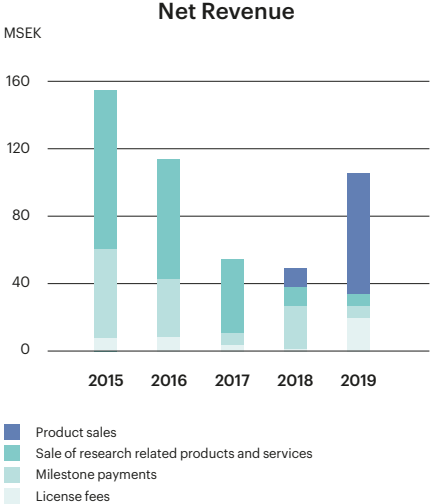
episil® oral liquid is a medical device for the treatment of inflammatory and painful conditions in the oral cavity,

Five-year summary, Group[1)]

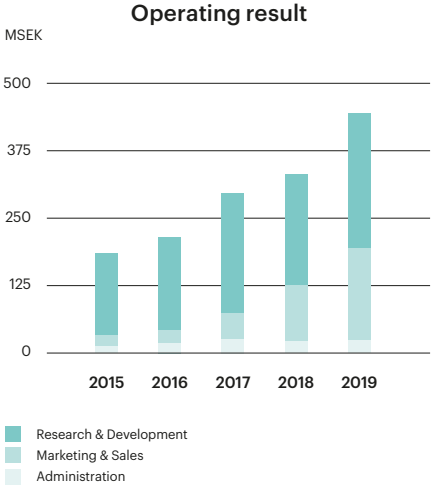
MSEK	2019	2018	2017	2016	2015
Net revenue	105.6	49.3	54.3	113.7	154.8
Operating result before items affecting comparability	-360.0	-287.2	-243.5	-102.5	-30.
Operating result	-360.0	-287.2	-243.5	-102.5	-204.1
Net financial items	-1.5	0.2	0.2	-0.9	-0.2
Result for the period	-289.9	-234.7	-190.6	-81.0	-159.5
Earnings per share before dilution, SEK	-6.23	-5.77	-5.11	-2.17	-6.02
Earnings per share after dilution, SEK[1)]	-6.23	-5.77	-5.11	-2.17	-6.02
Equity ratio in Group, %	82%	69%	81%	88%	78%
Equity	631.6	252.3	385.0	564.4	640.6
Cash and cash equivalents	358.7	134.4	314.5	508.6	716.1
Number of employees at end of period	120	94	71	62	48
Number of employees in R&D at end of period	67	58	48	44	35

1) The dilutioneffect is calculated according to IAS 33

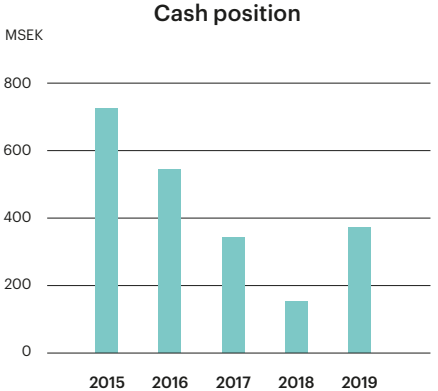
Net Revenue



Operating result



Cash position



currently being marketed in Europe, the US and other territories. The product provides fast pain relief and protection of sore and inflamed mucosal surfaces caused, for example, by oral mucositis, a common and serious side effect of cancer treatment. When in contact with the buccal membrane, episil® transforms into a thin protective layer of gel, offering effective pain relief for up to 8 hours. episil® oral liquid is based on Camurus' FluidCrystal® topical bioadhesive technology.

Sales and distribution of are conducted via in-house marketing in Sweden, Denmark, Norway, and the UK, through distribution partners in other countries like Japan, China and Australia.

Financial information

Revenue and earnings

In the Group, revenues are generated from product sales, license agreements and project related activities. During 2019, product sales were MSEK 72.1 (11.3) which were in line with guidance. Total net revenues amounted to MSEK 105.6 (49.3), an increase of 114 percent compared to the preceding year, and mainly relating to the launch of Buvidal® in Europe and Australia. Due to moving forward revenue recognition of a prepaid income, total net revenues did not meet the guidance of MSEK 130 – 160.

The launch of Buvidal in Europe and Australia as well as preparations for launch in second wave markets has as planned resulted in increasing marketing and sales costs which amounted to MSEK 170.5 (100.9) during the year

Administrative expenses for the year was MSEK 23.5 (22.0). Cost for research and development, including depreciations of tangible and intangible assets, amounted to MSEK 249.2 (207.7). The increase compared to previous year is mainly due to the start of the pivotal clinical program of CAM2029 for treatment of patients with acromegaly.

Other income during the year amounted to MSEK 0.9 (0.8). Other expenses amounted to MSEK 0.0 (0.0).

The operating result for the year was MSEK -360.0 (-287.2). The Group's net financial items amounted to MSEK -1.5 (0.2), and the difference compared to previous year is mainly related to implementation of IFRS 16 Leasing 1 January 2019. Following assessment of the Parent Company's tax loss carryforward, a tax revenue of MSEK 71.7 (52.4) was recognized in the Group.

The Group's result for the year was negative MSEK -289.9 (-234.7).

Cash flow and investments

Cash flow from operating activities before change in working capital was negative MSEK -355.5 (-282.9).

Change in working capital affected the cash flow negatively by MSEK -48,9 (8.8) and is explained by the increase of Buvidal inventory and accounts receivables from product sales.
Cash flow from investments was MSEK -25,9 (-4.8) and refers to the DEBUT study in Australia and observational studies in Germany.

From financing activities cashflow was MSEK 654,3 (99.9). Amortization of lease liability was MSEK -3,5. During the year, a rights issue was carried out in March and a directed share issue in December. These together provided the Company MSEK 651,2 including issue costs net after deferred tax. In addition, the subscription warrant program TO2019/2022 was implemented, which contributed MSEK 6.6.

Total cash flow for the year amounted to MSEK 224.0 (-179.0).

Financial position

As of 31 December 2019, the Group's cash position was MSEK 358.7 (134.4) and consolidated equity MSEK 631.6 (252.3). The difference compared with the previous year is mainly attributable to the Group's operating profit and the two new share issues completed during the year.

There were no outstanding loans as of 31 December 2019, and no loans have been taken up since.

Seasonal variations

The company's sales patterns do not reflect any distinct seasonal variations.

Parent Company

The Parent Company's revenue amounted to MSEK 123.0 (67.1) in 2019. The operating result was MSEK -393.5 (-292.4) and the result for the year was MSEK -314.5 (-238.8).

On 31 December 2019, the Parent Company's equity was MSEK 585.3 (230.9) and total assets amounted to MSEK 685.7 (341.4), of which cash and cash equivalents was MSEK 332.6 (123.9).

Other information

Environmental information

Camurus' operations are not subject to authorization in accordance with the Swedish Environmental Code, but are regularly controlled through environmental inspections. The company abides by the requirements of government authorities on the management and destruction of hazardous waste and works proactively to reduce energy consumption and the use of environmentally hazardous substances. Camurus is not involved in any environmental disputes.

Share capital and ownership structure

On 31 December 2019, Camurus' share capital amounted SEK 1,290,921.45 divided into 51,636,858 shares, with a quota value per share of SEK 0.025.

The total the number of shares outstanding was 51,636,858 common shares, each of which carries one vote.

The single largest shareholder was Sandberg Development AB with a total of 22,200,692 shares corresponding to 43.0 percent of the votes and capital.

Employees

The average number of employees in the Group during 2019 was 110 (73), of which 58 (40) were women. At year-end, the number of employees was 120 (94), of which 67 (58) worked in research and development, 42 (29) in market and sales and business development, and 10 (6) in administration.

Of the total number of employees in 2019, 62 percent were women and 38 percent men. All employees receive the same treatment and are offered the same opportunities regardless of age, gender, religion, sexual orientation, disability or ethnicity.

Salaries and other remuneration amounted to MSEK 161.2 (119.7).

Proposed appropriation of profits for the financial year 2019

The following is at the disposal of the AGM: The Board of Directors proposes that the retained earnings of KSEK 572,641 be carried forward. The Board of Directors proposes that no dividend be paid for the 2019 financial year.

For further information on the Company's earnings and financial position, refer to the following income statement and balance sheet with accompanying notes to the accounts.

Events after the close of the financial year, through 7 April 2020

On 2 April 2020, Camurus announced continued strong revenue growth driven by increasing demand for weekly and monthly Buvidal® for the treatment of opioid dependence in EU and Australia. The Company's 2020 outlook was reiterated with expected product sales and total revenues at the higher end of previously communicated guidance.

Guidelines for remuneration and other employment terms for senior executives, 2020

The guidelines regarding remuneration to senior executives that will be proposed to Camurus's Annual General Meeting 2020 will be published on camurus.com in April and are presented in Note 9. For current guidelines, which are valid until the Annual General Meeting 2020, and remuneration in 2019, see Note 9 and 24.

Guidance 2020

- Net revenu are expected to be in the range of MSEK 290 - 330 MSEK (excl. milstolpe payments related till Brixadi™ in the USA), whereof product sales of MSEK 240 - 280.
- Full year OPEX is expected to be in the range of MSEK 570 - 610.

Risks

Camurus and its operations are associated with risks in relation to set targets. Camurus' integrated process for risk management is aimed at ensuring that risks and uncertainties are identified, assessed and managed at the earliest stage possible.

At Camurus, risk management is an integrated part of day-to-day operations and the management team continuously inventory potential risks and performs risk assessments in relation to the Company's set goals. Risk assessment evaluates the probability of a risk occurring and the consequences of such a risk materializing into an event. Identified risks and risk-minimization measures are documented. Feedback is provided to the Board of Directors on a continuous basis.

Tax and financial risks are subject to regular review for preventative purposes and any tax, legal or financial risk deemed substantial is reported in the consolidated financial statements.

The most substantial risks

RISKS RELATED TO THE INDUSTRY AND OPERATIONS

Pharmaceutical development and projects in early stages of development

Camurus currently has, either itself or together with partners, several clinical programs and a number of projects undergoing pre-clinical trials. The projects require continued research and development and are therefore subject to typical risks related to pharmaceutical development, such as that product development becomes delayed and that costs become higher than expected or that the product candidates, at any stage of their development, may ultimately prove to be insufficiently effective or safe, and that Camurus will not obtain the necessary regulatory approvals.

Technology platform with limited regulatory validation

Buvidal® (CAM2038 for treatment of opioid dependence) is currently the only pharmaceutical product based on Camurus FluidCrystal® injection depot which has achieved market approval. There is a risk that other product candidates based on the Company's FluidCrystal® injection depot or its other technology platforms are delayed to market or never reach it, and that problems that make it more difficult to produce, or enter into partnerships for, additional products with future commercial value, are identified.

Clinical trials

Prior to launching a product candidate in the market, Camurus or its partner must carry out pre-clinical and clinical trials to document and prove that the product candidate gives rise to significant efficacy and has an acceptable safety profile. Camurus is unable to predict with any certainty when planned clinical trials can be started or when ongoing trials can be completed since these are circumstances that are affected by numerous different factors outside Camurus' direct control, for example regulatory approval, ethical review, access to patients and clinical trial units, performing the clinical trial at the trial unit and the considerations of Camurus' partners. It is also difficult to accurately predict the costs associated with clinical trials. Actual costs for carrying out a trial may significantly exceed estimated and budgeted costs. Clinical trials may also give rise to results that do not confirm the intended treatment efficacy or an acceptable safety profile due to undesirable side effects or an unfavourable risk-benefit assessment of the product. Positive results in previously completed pre-clinical and clinical trials do not guarantee positive results in later stages of development and subsequent clinical trials. This could lead to clinical trials being discontinued or cancelled, or the product candidate not being granted the necessary regulatory approval for further clinical trials or sale in the market.

Heavy dependence on the most advanced products

Camurus is dependent on the continued success of these products and on negative results not arising or negative decisions not being made on the continuation of product development. To date, Camurus has invested a significant portion of its human and financial resources in research and development of its product candidates that are the furthest advanced in their development to market, in particular Buvidal®/ Brixadi™ (which has achieved market approval in Europe and Australia), CAM2038 for chronic pain and CAM2029. Camurus is thus highly dependent on the continued success of these products and product candidates and on negative results not arising or negative decisions by authorities not being made on the

continuation of product development. Examples of events that could have serious adverse consequences for the Company are rejected applications for clinical trials or market approvals for Camurus' and its partners' products, or assessments that the product candidates cannot be successfully commercialized due to other reasons. The same applies if a market approval is delayed or combined with restrictive conditions, as in the case with the tentative approval of Brixadi™ (monthly depot) from the US Food and Drug Administration ("FDA"), in which a final approval from the FDA is related to the expiration of an exclusivity period granted by the FDA to a competing product. Camurus' ability to finance its operations by receiving milestone payments and generating revenue from product sales is also dependent to a significant extent on the continuation of successful clinical development, grant of market authorization approvals and successful commercialization of these furthest advanced products. Delays to or suspensions of these programmes can be expected to significantly reduce Camurus' future revenue opportunities and thus also have material adverse effects on Camurus' operations, financial position and earnings. Many of the risks associated with the continued development and commercialization of the Company's product candidates are also outside Camurus' control (including, in addition to the need for successful clinical trials, receipt of required regulatory approvals and successful commercialization, other factors such as the absence of the launch of competing products). Also to the extent that development measures, clinical trials and market approvals are financed by Camurus' partners, the above mentioned risks are relevant to Camurus.

Product and technology collaborations with other pharmaceutical companies

Product and technology collaborations are key components of Camurus' strategy for increasing its development capacity and commercial penetration, and for achieving profitability. A licensing agreement typically provides that the partner takes over the main responsibility for the further development and commercialization of a product in a defined market. This means that Camurus may have limited ability to exercise influence over the licensee's or collaboration partner's future development and commercialization activities. There is a risk that one or more of the Company's existing collaboration agreements will be terminated or that Camurus will be unsuccessful in entering into other such agreements in the future. Camurus' ability to realize the value of its product candidates could be delayed or hindered by the absence of such partnership agreements. There is also a risk that differences of opinion will arise between Camurus and its partners or that such partners do not meet their contractual commitments. Furthermore, projects and collaborations can suffer delays for various reasons, something that is a common occurrence in pharmaceutical development since the schedules prepared when partnerships are entered into are indicative in nature. In addition, there is a risk that Camurus' collaboration partners and licensees may prioritize the development of alternative products and product candidates that might also compete with the products and product candidates featured in their collaborations with Camurus. If this were to occur, it could reduce the ability and/or willingness of the Company's collaboration partner or licensee to fulfil its obligations regarding the development and commercialization of the product candidates included in the collaboration with Camurus.

Revenues from partners and licensees

A significant portion of Camurus' revenues are expected to comprise revenues from collaboration partners and licensees. These revenues may comprise milestone payments, which for example are dependent on the further development of product candidates, market approvals and future product sales, and sales-based royalties. All such revenues are dependent on the successful development of the Company's product candidates and the achievement of agreed development and regulatory milestones, and the subsequent product launch and sales in the market. The level of future sales of Camurus' and its partners' products, if any, is uncertain and will ultimately depend on a wide variety of factors, such as clinical results and marketing success. If a collaboration partner or licensee were to decide to discontinue the development of a product or end sales of a product – a decision over which Camurus can be expected to have no control – Camurus' revenues and financial position could be materially adversely affected.

Regulatory review and registration of new pharmaceuticals

A license or approval must be obtained from the relevant authorities in each country or region in order to commence and carry out clinical trials for or to market and sell a pharmaceutical product. Various licenses and approvals are also required for the manufacture and distribution of a drug. Obtaining licenses and

approvals can be time consuming and can further delay, hinder or make the development and commercialization of a product more expensive, for example due to differing opinions on which clinical trials are required for registration, even between the authorities of different countries, or manufacturing not being deemed to meet the applicable requirements. Authorities may make different assessments compared with Camurus and Camurus' partners, for instance, regarding the interpretation of data from trials or the quality of data. Changes in authorities' practices or procedures, as well as new or changed rules, may require additional work or ultimately result in the necessary license not being obtained or withdrawn. Regulatory authorities, e.g. in the US and the EU, may award orphan drug exclusivity to competing products, which could delay market entrance in a corresponding indication for Camurus' products containing the same active pharmaceutical ingredient. Camurus and its partners will be liable to meet certain regulatory requirements even after a product has been approved for marketing, including requirements for safety reporting and supervision of the marketing of the products. There is a risk of product side effects being manifested which have not been identified to the same extent in the earlier clinical trials. Furthermore, the Company's manufacturer will be responsible for continuing to follow the rules that apply to the various stages of manufacturing, testing, quality control and documentation of the product in question. Production facilities will be regularly inspected by regulatory bodies, which could lead to observations and new production requirements. If Camurus or its partners, including external manufacturers, do not meet the applicable regulatory requirements, Camurus may be subject to fines, withdrawal of regulatory approval, recalls or seizure of products, other operational restrictions and criminal sanctions that could have material adverse effects on Camurus' operations, financial position and earnings.

Handling narcotic substances

CAM2038 (including Buvidal® and Brixadi™) contains narcotics that are classified as "controlled substances" and therefore are subject to special regulatory rules, for example, regarding their production, handling, import and export. Failure on the part of Camurus, its collaboration partners, contract manufacturers or distributors to comply with these rules could result in administrative, civil or criminal sanctions that could have a material adverse effect on Camurus' operations, financial position and earnings. Furthermore, it may also be difficult to find alternative manufacturers since the number of potential manufacturers holding the necessary regulatory licenses for producing these controlled substances may be limited.

Commercialisation, market acceptance and dependence on reimbursement systems

If a pharmaceutical product obtains market approval, the risk remains that sales, regionally or globally, may not meet expectations and that the product is not commercially successful. The degree of market acceptance and sales of a drug depend on a number of factors, including product properties, clinical documentation and results, competing products, distribution channels, availability, price, reimbursement, sales and marketing efforts, prescribing physician awareness and clinical benefit outweighing side effects and other impacts of treatment, among other factors. Sales of prescription drugs are influenced by the price set and obtained from the responsible authorities (such as the Dental and Pharmaceutical Benefits Agency in Sweden), from reimbursement payers and by healthcare payers, including insurance companies, hospitals and regionally responsible authorities. The reimbursement rate that, from time to time, applies for a pharmaceutical product often depends on the value the product is deemed to add for the patient, the healthcare system and the society as a whole. There is a risk that the products do not qualify for subsidies from privately and publicly financed healthcare programmes or that reimbursement is lower than expected, which among other things may affect the market acceptance of the product or the operating margin. Reimbursement systems may also change from time to time, making it more difficult to predict the benefit and reimbursement a prescription product may obtain. Various initiatives are in place in many countries to curb rising pharmaceutical costs, which could affect future sales margins and product sales for Camurus and its partners. Such measures are expected to continue and could result in fewer reimbursement possibilities and lower reimbursement levels in certain markets.

Patents and other intellectual property rights

Camurus has an active intellectual property rights strategy, whereby the Company endeavors to protect its platform technologies and products in important global markets. There is a risk that existing and future patents, brands and other intellectual property rights held by Camurus will not comprise full commercial protection from infringement and competition.

MARKET RISKS

Competition

The pharmaceutical industry is highly competitive, and the product developments are characterized by significant innovation. Camurus' present and potential competitors range from multinational pharmaceutical companies, established biotech companies, specialist pharmaceutical companies and generic companies to universities and other research institutions. Several of Camurus' competitors may have significantly greater financial, technical and staffing resources, including research and development organizations, and more established manufacturing, distribution, sales and marketing organizations. There is also the risk of Camurus' products under development, becomes subject to competition from similar products or entirely new product concepts that provide greater added value to patients.

FINANCIAL RISKS

Exchange-rate risks

Camurus is exposed to currency risks in the form of transaction exposure. Camurus' registered office is located in Sweden and reports on its financial position and earnings in SEK. Transaction exposure arises in the purchase and sale of goods and services in currencies other than SEK. A significant portion of Camurus' revenues and expenses are in foreign currencies, mostly in AUD, EUR, GBP and USD and will continue to be so in the future. Camurus' treasury policy allows for the use of hedging instruments. However, if Camurus' measures for managing the effects of exchange rate fluctuations do not prove to be sufficient, Camurus' financial position and profits may be adversely impacted.

Credit risks

Credit risk is the risk that a counterparty is unable to fulfil its payment obligations, thereby resulting in a loss for Camurus. If Camurus' measures to manage credit risks are inadequate, this could have a negative impact on Camurus' financial position and earnings.

Financing risk

There are existing risks that the cash flow from operations remains neutral or negative until Camurus can generate continuous annual revenue from products in the market. Going forward, Camurus will continue to require significant capital for continuing the research and development of potential products. Both the extent and timing of the Camurus' future capital requirements depend on a number of factors, such as costs for the operations, the potential success of research and development projects and opportunities for entering into partnership and licensing agreements, the timing for the receipt and amount of milestone payments and royalties, and the market reception of potential products. Access to and the terms and conditions for additional financing are influenced by several factors, such as market conditions, the general availability of credit and Camurus' credit rating and credit capacity. There is always the risk that Camurus cannot raise financing at acceptable terms.

Significant risks and uncertainties

When publishing the year-end report, the Board of Directors submitted the following outlook:

The company management makes estimates and assumptions about the future. Such estimates can deviate considerably from the actual outcome, since they are based on various assumptions and experiences. The estimates and assumptions that may lead to the risk of significant adjustments to reported amounts for assets and liabilities relate mainly to measurement and allocation of revenue and costs in connection with licensing agreements and deferred tax receivable. Risks in ongoing development projects comprise technical and manufacturing-related risks (including products failing to meet set specifications post manufacturing), safety and effect-related risks that can arise in clinical trials, regulatory risks relating to applications for approval of clinical trials and market approval, commercial risks relating to the sale of proprietary and competing products and their development in the market, as well as IP risks relating to approval of patent applications and patent protection. In addition, there are risks relating to the development, strategy and management decisions of Camurus' partners. Camurus pursues operations and its business in the international market and the Company is therefore exposed to currency risks, since revenue and costs arise in different currencies, mainly SEK, AUD,

EUR, GBP and USD. The Group reports a deferred tax asset of MSEK 256.6 (171.0) as of 31 December 2019, corresponding to a loss carry forward of 1,282.6 (whereof MSEK 842.2 are taxed). The deferred tax asset is calculated on the basis that Camurus AB's entire losses carried forward will be utilized against taxable surpluses in the future. The basic circumstance leading the Company to make this assessment is that the Company, for the development of new drug candidates, utilizes its own proprietary and regulatory validated long-acting FluidCrystal® injection depot. By combining this technology with already existing active drug substances whose efficacy and safety profile previously has been documented, new proprietary drugs with improved properties and treatment results can be developed in shorter time, at a lower cost and risk compared to the development of completely new drugs. Accounting for deferred tax assets according to IFRS requires it is probable that taxable surpluses will be generated in the future which the losses carried forward can be used against. In addition, a company that has reported losses in recent periods must be able to demonstrate convincing factors that taxable profits will be generated. The progress made in the development of CAM2038 for the treatment of opioid dependence (Phase 3 studies and regulatory approvals) and success in previous projects using FluidCrystal® injection depot is what convincingly suggests that the Company will be able to utilize its losses carried forward. The fact that the Company has reported losses is natural in an industry where it takes considerable time to develop and launch new products, even when these are based on a proven technology and substances that are well-proven. We see the European Commission approval of Buvidal® for treatment of opioid dependence on 22 November, 2018, Australian TGA's approval on 28 November 2018, the launch of Buvidal in Europe and Australia during 2019, and the FDA's tentative approval for Brixadi™, weekly and monthly depot on 21 December 2018 (meaning that Brixadi™ has met all regulatory requirements regarding clinical and preclinical safety, treatment effect and quality, but that a final approval of Brixadi™ (monthly depot) is dependent on the expiry of an exclusivity period granted by the FDA to Sublocade™; which may not last longer than until November 2020), as further validation of our formulation technology FluidCrystal®, and are events that confirm the likelihood assessments made by the Company when calculating the amount of the deferred tax asset. Future revenues will be generated through entered partnerships for the markets where Camurus out licensed FluidCrystal® and/or product candidates or products such as Buvidal, and from Camurus' own sales organization for the markets where Camurus have own commercialization capabilities to sell pharmaceutical products. Losses carried forward are only reported in Sweden and without any due dates based on current tax legislation in Sweden.

The Board of Directors has not changed its outlook on future developments in relation to their outlook published in the year-end report for 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Financial year	
KSEK	Note	2019	2018
Net sales	5	105,605	49,321
Cost of goods sold	6	-23,287	-6,822
Gross profit		**82,318**	**42,499**
Operating expenses			
Marketing and distribution costs	6	-170,540	-100,884
Administrative expenses	6, 8, 28	-23,468	-21,999
Research and development costs	6	-249,226	-207,664
Other operating income	7, 13	894	830
Operating result		**-360,022**	**-287,218**
Financial income	10	43	175
Financial expenses	10	-1,585	-25
Net financial items		**-1,542**	**150**
Result before tax		**-361,564**	**-287,068**
Income tax	11	71,699	52,392
Result for the year[1]		**-289,865**	**-234,676**
Comprehensive income			
Exchange-rate differences		258	46
Comprehensive income for the year		**-289,607**	**-234,630**

[1] All attributable to Parent Company shareholders.

Earnings per share based on earnings attributable to Parent Company shareholders for the period (in SEK per share)

	Note	2019	2018
Earnings per share before dilution, SEK	12	-6.23	-5.77
Earnings per share after dilution, SEK	12	-6.23	-5.77

INCOME STATEMENT – PARENT COMPANY

		Financial year	
KSEK	Note	2019	2018
Net sales	5, 28	123,042	67,111
Cost of goods sold	6	-22,965	-6,822
Gross profit		**100,077**	**60,289**
Operating expenses			
Marketing and distribution costs[1]	6, 28	-201,261	-46,970
Administrative expenses[1]	6, 8, 28	-23,560	-99,890
Research and development costs	6	-269,325	-206,709
Other operating income	7, 13	567	838
Operating result		**-393,502**	**-292,442**
Interest income and similar items	10	43	175
Interest expense and similar items	10	-33	-24
Result after financial items		**-393,492**	**-292,291**
Result before tax		**-393,492**	**-292,291**
Tax on profit for the period	11	78,983	53,527
Result for the period		**-314,509**	**-238,764**

Total comprehensive income is the same as result for the period, as the Parent Company contains no items that are recognized under other comprehensive income.

1) During 2018 group internal recharges were included in the function administrative expenses. As of 2019 these costs have been reclassified as marketing and distribution costs. With the same classification in 2018, administrative expenses would have amounted to KSEK 21,615 and Marketing and distribution costs to KSEK 125,245.

The notes on pages 75-109 is an integral part of the annual and consolidated accounts.

CONSOLIDATED BALANCE SHEET

KSEK	Note	31-12-2019	31-12-2018
ASSETS	2		
Fixed assets			
Intangible assets			
Capitalized development expenditure	14	37,335	15,975
Tangible assets			
Lease asset	26	27,722	–
Equipment	15	10,662	10,899
Financial assets			
Deferred tax receivables	16	256,637	170,955
Total fixed assets		**332,356**	**197,829**
Current assets			
Inventories			
Finished goods and goods for resale	18	14,243	4,700
Rawmaterial	18	18,849	5,130
Total inventories		**33,092**	**9,830**
Current receivables			
Trade receivables	19, 20	34,791	2,280
Other receivables		5,197	9,604
Prepayments and accrued income	21	7,866	10,804
Total current receivables		**47,854**	**22,688**
Cash and cash equivalents	19, 22	358,744	134,377
Total current assets		**439,690**	**166,895**
TOTAL ASSETS		**772,046**	**364,724**

KSEK	Note	31-12-2019	31-12-2018
EQUITY AND LIABILITIES			
EQUITY	2		
Equity attributable to Parent Company shareholders			
Share capital	23	1,291	960
Other contributed capital	23	1,412,687	744,101
Retained earnings, including result for the period		-782,344	-492,737
Total equity		**631,634**	**252,324**
LIABILITIES	2		
Long-term liabilities			
Lease liabilities	26	22,938	–
Total long-term liabilities		**22,938**	**–**
Short-term liabilities			
Trade payables	19	17,387	35,781
Lease liabilities	26	4,394	–
Income taxes		1,687	1,708
Other liabilities	19	5,806	3,549
Accrued expenses and deferred income	25	88,200	71,362
Total short-term liabilities		**117,474**	**112,400**
TOTAL EQUITY AND LIABILITIES		**772,046**	**364,724**

The notes on pages 75-109 is an integral part of the annual and consolidated accounts.

BALANCE SHEET – PARENT COMPANY

KSEK	Note	31-12-2019	31-12-2018
ASSETS	2		
Fixed assets			
Tangible assets			
Equipment	15	10,479	10,689
Financial assets			
Interests in Group companies	17	2,317	1,800
Deferred tax assets	16	265,152	175,056
Total fixed assets		**277,948**	**187,545**
Current assets			
Inventories			
Finished goods and goods for resale	18	13,579	4,700
Raw material	18	18,849	5,130
Total inventories		**32,428**	**9,830**
Current receivables			
Trade receivables	20	31,777	2,280
Other receivables		2,356	7,219
Prepayments and accrued income	21	8,619	10,679
Total current receivables		**42,752**	**20,178**
Cash and bank deposit	22	332,607	123,858
Total current assets		**407,787**	**153,866**
TOTAL ASSETS		**685,735**	**341,411**

KSEK	Note	31-12-2019	31-12-2018
EQUITY AND LIABILITIES			
EQUITY	2		
Restricted equity			
Share capital	23	1,291	960
Statutory reserve		11,327	11,327
Total restricted equity		**12,618**	**12,287**
Unrestricted equity			
Retained earnings		-491,923	-253,159
Share premium reserve		1,379,073	710,487
Result for the period		-314,509	-238,764
Total unrestricted equity		**572,641**	**218,564**
Total equity		**585,259**	**230,851**
LIABILITIES			
Untaxed reserves			
Depreciation/amortization in excess of plan		3,486	3,486
Total untaxed reserves		**3,486**	**3,486**
Long-term liabilities			
Liability to subsidiaries		572	572
Total long-term liabilities		**572**	**572**
Short-term liabilities			
Liabilities to Group companies	28	639	9,065
Trade payables		13,906	32,650
Other liabilities		3,576	2,355
Accrued expenses and deferred income	25	78,297	62,432
Total short-term liabilities		**96,418**	**106,502**
TOTAL EQUITY AND LIABILITIES		**685,735**	**341,411**

The notes on pages 75-109 is an integral part of the annual and consolidated accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK	Note	Share capital	Other contributed capital	Retained earnings, including result for the period	Total equity
Opening balance at 1 January, 2018		**932**	**642,175**	**-258,107**	**385,000**
Comprehensive income for the year	12	-	-	-234,630	-234,630
Transactions with shareholders					
Share issue		28	102,272	-	102,300
Issuance costs, net after deffered tax		-	-7,456	-	-7,456
Warrants issued		-	7,110[1)]	-	7,110
Closing balance at 31 December, 2018		**960**	**744,101**	**-492,737**	**252,324**
Opening balance at 1 January, 2019		**960**	**744,101**	**-492,737**	**252,324**
Comprehensive income for the year	12	-	-	-289,607	-289,607
Transactions with shareholders					
Share issues[2)]		331	702,794	-	703,125
Issuance costs, net after deferred tax		-	-40,815	-	-40,815
Warrants issued		-	6,607[1)]	-	6,607
Closing balance at 31 December, 2019	23	**1,291**	**1,412,687**	**-782,344**	**631,634**

1) Warrant issues according to resolution by the annual general meeting 3 May 2018 and 9 May 2019. For further information see Notes 9 and 24.
2) Rights issue in March and directed share issue in December.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

		Restricted equity		Unrestricted equity		
KSEK	Note	Share capital	Statutory reserve	Share premium reserve	Retained earnings, including result for the period	Total equity
Opening balance at 1 January, 2018		**932**	**11,327**	**608,560**	**-253,159**	**367,660**
Result and comprehensive income for the year	12				-238,764	-238,764
Transactions with shareholders						
Share issue		28	-	102,272	-	102,300
Issuance costs, net after deffered tax		-	-	-7,456	-	-7,456
Warrants issued		-	-	7,110[1)]	-	7,110
Closing balance at 31 December, 2018		**960**	**11,327**	**710,487**	**-491,923**	**230,851**
Opening balance at 1 January, 2019		**960**	**11,327**	**710,487**	**-491,923**	**230,851**
Result and comprehensive income for the year	12	-	-	-	-314,509	-314,509
Transactions with shareholders						
Share issues[2)]		331	-	702,794	-	703,125
Issuance costs, net after deferred tax		-	-	-40,815	-	-40,815
Warrants issued		-	-	6,607[1)]	-	6,607
Closing balance at 31 December, 2019		**1,291**	**11,327**	**1,379,073**	**-806,432**	**585,259**

1) Warrant issues according to resolution by the annual general meeting 3 May 2018 and 9 May 2019. For further information see Notes 9 and 24.
2) Rights issue in March and directed share issue in December.

The notes on pages 75-109 is an integral part of the annual and consolidated accounts.

CONSOLIDATED STATEMENT OF CASH FLOW

KSEK	Note	Financial year 2019	2018
Operating activities			
Operating profit/loss before financial items		-360,022	-287,218
Adjustments for non-cash items	27	9,014	4,450
Interest received		43	175
Interest paid	26	-1,585	-25
Income taxes paid		-2,962	-272
		-355,512	**-282,890**
Increase/decrease in inventories	18	-23,262	-6,277
Increase/decrease in trade receivables	20	-32,511	3,501
Increase/decrease in other current receivables		6,241	-9,884
Increase/decrease in trade payables		-18,394	20,695
Increase/decrease in other current operating liabilities[1)]		19,074	771
Cash flow from changes in working capital		***-48,852***	***8,806***
Cash flow from operating activities		**-404,364**	**-274,084**
Investing activities			
Acquisition of intangible assets	14	-23,442	-1,404
Acquisition of tangible assets[1)]	15	-2,462	-3,357
Cash flow from investing activities		**-25,904**	**-4,761**
Financing activities			
Amortization of lease liabilities[1)]	27	-3,513	–
Share issue after issuance costs	23	651,197	92,741
Warrants issued	23	6,607	7,110
Cash flow from financing activities		**654,291**	**99,851**
Net cash flow for the year		**224,023**	**-178,994**
Cash and cash equivalents at beginning of the year	22	134,377	314,524
Translation difference in cash flow and liquid assets		344	-1,153
Cash and cash equivalents at end of the year	22	**358,744**	**134,377**

1) In the year-end report for 2019, net cash flow from IFRS 16 Leasing was reported under the heading "Increase/decrease in long-term liabilities". In the Annual Report for 2019 gross values are reported and as a consequence, minor adjustments have been made to the items "Increase/decrease in other current operating liabilities", "Acquisition of tangible assets" and "Amortization of lease liabilities".

PARENT COMPANY STATEMENT OF CASH FLOW

KSEK	Note	Financial year 2019	2018
Operating activities			
Operating profit/loss before financial items		-393,502	-292,442
Adjustments for non-cash items	27	2,672	2,335
Interest received		43	175
Interest paid		-33	-24
Income taxes paid		–	-
		-390,820	**-289,956**
Increase/decrease in inventories	18	-22,598	-6,277
Increase/decrease in trade receivables	20	-29,497	3,501
Increase/decrease in other current receivables		6,923	-7,655
Increase/decrease in trade payables		-18,744	18,219
Increase/decrease in other current operating liabilities		8,660	-93
Cash flow from changes in working capital		***-55,256***	***7,695***
Cash flow from operating activities		**-446,076**	**-282,261**
Investing activities			
Acquisition of tangible assets	15	-2,462	-3,299
Investment in Group companies	17	-517	-255
Cash flow from investing activities		**-2,979**	**-3,554**
Financing activities			
Share issue after issuance costs	23	651,197	92,741
Warrants issued	23	6,607	7,110
Cash flow from financing activities		**657,804**	**99,851**
Net cash flow for the year		**208,749**	**-185,964**
Cash and cash equivalents at beginning of the year	22	123,858	309,821
Cash and cash equivalents at end of the year	22	**332,607**	**123,858**

The notes on pages 75-109 is an integral part of the annual and consolidated accounts.

Note 1 General information

Camurus AB (publ), reg. No 556667-9105, is an R&D-focused pharmaceutical company. Camurus AB is the Parent Company of the Camurus Group. The Company is based in Lund, Sweden, at Ideon Science Park, 223 70 Lund.

The largest owner of Camurus AB is Sandberg Development AB, reg. Nr. 556091-0712, who accounts for 43,0 percent of the shares. The Company's share is listed on Nasdaq Stockholm since 3 December 2015.

This annual report was subject to approval by the Board on 8 April 2020.

Note 2 Summary of key accounting policies

The most important accounting policies that are applied in the preparation of these consolidated financial statements are detailed below. These policies have been applied consequently for all presented periods unless otherwise is stated.

2.1 BASIS OF PREPARATION OF REPORTS

The consolidated financial statements for the Camurus AB Group ("Camurus") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as the Swedish Financial Reporting Board's Recommendation RFR 1 Supplementary Accounting Rules for Groups, and the Swedish Annual Accounting Act. The Parent Company statements have been prepared in accordance with RFR 2 Accounting for legal entities and the Annual Accounts Act. The Parent Company's accounting policies are the same as for the Group, unless otherwise stated at the end of this note.

Preparing financial statements to conform to IFRS requires use of certain critical accounting estimates. It also requires management to make certain judgments when applying the Group's accounting policies, see Note 4.

2.1.1 CHANGES TO ACCOUNTING POLICIES AND DISCLOSURES

New and revised standards applied by the Group from 1 January 2019

None of the new standards, changes and interpretations from 1 January 2019 have had any significant impact on the Group's financial reports.

IFRS 16 Leases

From 1 January 2019 the Group applies IFRS 16 Leases which is the new standard for lease. IFRS 16 replaces IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities arising from all leases, with some exceptions, are recognized in the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The accounting for lessors will in all material aspects be unchanged.

The Group reports the obligation to pay the leasing fees as a leasing debt in the balance sheet. The right to utilize the underlying asset during the lease term is reported as a right- of-use asset. Depreciation of the asset is recognized in profit or loss as well as an interest on the lease debt. Leasing fees paid are reported partly as interest payment and partly as amortization of the lease debt.

Effects of the transition to IFRS 16

In the transition to IFRS 16, the simplified transition method was used where comparative years were not established. As of 1 January 2019, the Group reported rights of use related to the remaining lease commitments according to the table below.

MSEK	Right-of-use assets	Lease liabilities, interest bearing
Estimated adjustments due to transition to IFRS 16 Leases; opening balance 1 January 2019	29.8	28.7

There was no effect on equity during the transition. The difference between the rights-of-use assets and leasing liabilities relates to the fact that prepayments are included in the right-of-use assets, but as this amount is paid, it is not part of the lease liabilities.

The leasing portfolio contains few leasing agreements and mainly comprises leases for offices, laboratories and company cars. For contracts concerning premises, Camurus has determined a contract period that is considered reasonably certain, taken into account how notice and extension clauses have been applied previously, the premise's importance to the Company's operations and R&D, any planned or already implemented investments to the leased facility as well as market situation for real estates.

Right-of-use assets have been determined as an amount equal to the lease liabilities as identified at initial application. A discount rate has been applied per asset classes buildings and vehicles. Lease contracts shorter than 12 months or ending within 12 months at the date of application are considered short-term and hence not recognized as lease liability or right-of-use asset. Furthermore, low value contracts (with a value as new below USD 5,000) are also excluded from being recognized as lease liability or right-of-use asset.

According to the main rule in IFRS 16, non-leasing components shall be reported separately from the leasing component in a leasing agreement. However, a lessee may choose not to separate non-leasing components from the leasing component and this choice is made based on asset classes. The Group has chosen not to apply this relief rule.

Below is a reconciliation between commitments regarding leasing as of 31 December 2018 and the lease liability at the beginning of 2019:

	MSEK
Operating lease commitments disclosed as of 31 December 2018	17.9
Discounted using the Group's incremental borrowing rate of 3,3-5,5%	-6.4
Adjustments as a result of a different treatment of extension	30.1
Less short-term leases recognised on a straight-line basis as expense	-0.9
Less low-value leases recognised on a straight-line basis as expense	0.0
Less non-lease components	-11.3
Other	-0.8
Lease liability recognised as of 1 January 2019	**28.7**

None of the other IFRS or IFRIC interpretations that have yet to enter into force are expected to be of relevance to or have any material impact on the Group.

The Parent Company does not intend to introduce IFRS 16, but will apply the exception in RFR 2, which means that the lease recognition will not be changed in the future.

New and revised standards from 1 January 2020

None of the new standards, changes and interpretations entering into force from 1 January 2020 are expected to have a material impact on the Group and have not been applied in this financial statement.

2.2 CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

Subsidiaries are all companies (including structured entities) over which the Group has a controlling interest. The Group controls a company when it is exposed or entitled to variable returns from its holding in the company and has the opportunity to influence the return through its interest in the company. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method to recognize the Group's business combinations. The purchase price for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities incurred by the Group to former owners of the acquired company and the shares issued by the Group. The purchase price also includes the fair value of all liabilities resulting from a contingent consideration arrangement. Identifiable acquired assets and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date.

Acquisition-related costs are expensed as they arise. Inter-company transactions, balance sheet items, income and expenditure on transactions between Group companies are eliminated. Profit and losses resulting from inter-company transactions and that are recognized in assets are also eliminated. The accounting policies for subsidiaries have been amended, where applicable, to ensure consistent application of the Group's policies.

2.3 FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The functional currency of the Parent Company is the Swedish krona (SEK), which is also the presentation currency of the Group. This means that the financial statements are presented in SEK. Unless otherwise stated, all amounts are given and rounded to the nearest thousand (KSEK).

2.4 FOREIGN CURRENCY TRANSLATION

Transactions and balance sheet items

Transactions and balance sheet items Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Exchange gains and losses arising on payment of such transactions and on translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate on the balance sheet date are recognized in operating profit in the income statement.

Translation of foreign Group companies

The earnings and financial position of all Group companies with a functional currency that differs from the presentation currency are translated into the Group's presentation currency. Assets and liabilities for each balance sheet are translated from the foreign operation's functional currency into the Group's presentation currency, SEK, at the exchange rate on the balance sheet date. Income and expenditure for each income statement are translated into SEK at the average exchange rate prevailing at the point of each transaction. Translation differences arising when translating the data of foreign operations are recognized in other comprehensive income.

2.5 SEGMENT REPORTING

Operating segments are reported in the same way as internal reporting, which is submitted to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing the operating segments' results. In the Group this function is identified as the CEO. For further information see Note 5.

2.6 INTANGIBLE ASSETS

Capitalized development costs

The Group conducts research and development relating to new products. The overall level of risk associated with current development projects is high. The risk comprises technical and manufacturing-related risks, safety and effect-related risks that can arise in clinical studies, regulatory risks relating to applications for approval of clinical studies and market approval, as well as IP risks relating to approval of patent applications and patent protection. All development work is therefore treated as research (since the work does not meet the criteria listed below), until the point at which the product has been granted market approval. Research expenditure is expensed as it occurs.

Expenses directly attributable to development and testing of identifiable and unique products controlled by the Group are recognized as intangible assets once the following criteria have been satisfied:

- it is technically possible to complete the product so that it can be used,
- the company intends to complete the product and use or sell it,
- the conditions are in place to use or sell the product,
- it can be shown that the product will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the
- development and to use or sell the product are available, and
- expenses attributable to the product during its development can be reliably calculated.

Capitalized assets that have satisfied the capitalization criteria above have a limited useful life and are carried at cost less accumulated amortization. Amortization is initiated once the asset is ready for use. Amortization is conducted on a straightline basis to distribute the cost of the proprietary intangible assets over their estimated useful life, which coincides with the product's remaining patent period and amounts to between 10-15 years.

Directly attributable costs that are capitalized include development expenditure, as well as personnel costs and a reasonable proportion of indirect costs. Other development expenditure that does not satisfy the above criteria is expensed as it

arises. Development expenses that have been previously expensed are not recognized as assets in the subsequent period.

2.7 PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment are recognized at cost less depreciation. The cost of acquisition includes expenditures that can be related directly to the acquisition of the asset.

Additional expenses are added to the asset's carrying amount or recognized as a separate asset, depending on which is appropriate, only when it is likely that the future economic benefits associated with the asset will be of use to the Group, and the cost of the asset can be reliably measured. The carrying amount of a replaced part is derecognized from the balance sheet. All other forms of repair and maintenance are recognized as costs in the income statement in the period in which they arise.

Depreciation is carried out on a straight-line basis as follows:
Equipment 4–8 years.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if required. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of property, plant or equipment are determined by comparing sales proceeds with the carrying amount and are recognized in other operating income or other operating expenses in the income statement.

2.8 IMPAIRMENT OF NON-FINANCIAL NON-CURRENT ASSETS

Intangible assets that have an indeterminable useful life or intangible assets that are not ready for use are not subject to amortization but are tested annually for impairment. Assets subject to amortization are reviewed for impairment in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less distribution costs and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). For assets, previously impaired, a review is conducted every balance sheet date as to whether a reversal should be carried out.

2.9 INVENTORIES

Inventories are carried at the lower of cost and net realizable value. Cost is established via the First In First Out method, (FIFO) and with regard to the products' remaining shelf life. The net realizable value is the estimated selling price in the ordinary course of business less applicable variable distribution costs.

2.10 FINANCIAL INSTRUMENTS

2.10.1 IFRS 9

Financial instruments are any form of agreement that gives rise to a financial asset in a company and a financial liability or equity instrument in another company. The report depends on how the financial instruments have been classified. A financial asset or financial liability is recognized in the balance sheet when Camurus becomes a party to an agreement.

Accounts receivable comprise amounts that are due to be paid by customers for goods and services sold in the ordinary course of business and are recognized in the balance sheet when an invoice has been sent and the company's right to compensation is unconditional. If payments expected within one year or less, they are classified as current assets. Otherwise they are recognized as fixed assets. Trade receivables are initially recognized at fair value and thereafter at amortized cost using the effective interest method, less any provision for decrease in value based on the Group's historical experience and historical credit assessments, including forward-looking assumption.

Debt relate to obligations to pay for goods and services that have been acquired in the ordinary course of business and is recognized when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are recognized when the invoice is received. Trade payables are classified as current liabilities if they are payable within one year. Otherwise they are recognized as long-term liabilities. Trade payables are initially recognized at fair value, and thereafter at amortized cost using the effective interest method.

A financial asset, or part of a financial asset, is removed from the balance sheet when the rights are realized, expire or the company loses control of them. A financial liability, or part of a financial liability, is removed from the balance sheet when the obligation is fulfilled or otherwise extinguished. A financial asset and a financial liability are offset and reported with a net amount in the balance sheet only when there is a legal right to offset the amounts and that there is an intention to settle the items with a net amount or to simultaneously realize the asset and settle the debt.

Gains and losses from removal from the balance sheet and modification are reported in the result.

Financial assets

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the nature of the asset's contractual cash flows.
The instruments are classified into:

- amortized cost
- fair value through comprehensive income, or
- fair value through the result.

The Group's assets in the form of debt instruments are classified at amortized cost. Changes in the loss reserve are reported in the result.

Financial assets classified at amortized cost are initially measured at fair value with the addition of transaction costs. Accounts receivable are initially recognized at the invoiced value. After the first accounting opportunity, the assets are valued according to the effective interest method. Assets classified at amortized cost are held according to the business model to collect contractual cash flows that are only payments of principal amounts and interest on the outstanding capital amount. The assets are covered by a loss reserve for expected credit losses.

Financial liabilities

Financial liabilities are classified at amortized cost. Financial liabilities recognized at amortized cost are initially measured at fair value including transaction costs. After the first accounting date, they are valued at accrued acquisition value according to the effective interest method.

Impairment of financial assets

The Group's financial assets are subject to write-downs for expected credit losses. Write-downs for credit losses according to IFRS 9 are forward-looking and a loss reserve is made when there is an exposure to credit risk, usually at the first accounting date. Expected credit losses reflect the present value of all cash flow deficits attributable to default either for the next 12 months or for the expected remaining term of the financial instrument, depending on the asset class and on the credit deterioration since the first accounting date. Expected credit losses reflect an objective, probability-weighted outcome that takes into account most scenarios based on reasonable and verifiable forecasts.

The simplified model is applied to accounts receivable. A loss reserve is reported, in the simplified model, for the expected residual maturity of the asset or asset.

The valuation of expected credit losses is based on various methods. Other receivables and assets that are not covered by the simplified method are written down according to a rating-based method through external credit rating. The financial assets covered by provisions for expected credit losses according to the general method consist of cash and cash equivalents and other receivables. Expected credit losses are valued at the product of probability of default, loss given default and the exposure in the event of default.

The financial assets are recognized in the balance sheet at amortized cost. Changes in the loss reserve are reported in the income statement.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances with banks and corresponding institutions, and short-term liquid investments with a maturity of less than three months from the acquisition date. Cash and cash equivalents are subject to the requirement for loss reserves for expected loan losses.

2.11 EQUITY

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new ordinary shares or warrants are recognized, net after tax, in equity as deductions from the issue proceeds.

When the warrants are exercised, the company issues new shares. Payments received are credited to the share capital (quota value) and other contributed capital

2.12 CURRENT AND DEFERRED TAX

Tax expense for the period includes current income tax and deferred tax. The current income tax expense is calculated on the basis of the tax regulations that are enacted or substantively enacted on the balance sheet date in countries where the Parent Company and its subsidiaries operate and generate taxable revenue. Deferred tax is recognized using the balance sheet method, on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred income tax is determined using the tax rates enacted or announced by the balance sheet date and that are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets on loss carryforwards are recognized to the extent that it is likely future taxable surpluses will be available, against which the losses can be utilized.

Deferred tax assets and tax liabilities are offset when a legally enforceable right to offset exists for current tax assets and liabilities, the deferred tax assets and liabilities refer to taxes charged by one and the same tax authority and relate either to the same taxable entity or different taxable entities and there is an intention to settle the balances using net payments.

2.13 EMPLOYEE BENEFITS

Pension obligations

The Group has defined contribution pension schemes, as well as defined benefit Alecta plans. All plans are recognized as defined contribution plans. The plan extends to all employees, including the Group CEO and senior executives.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity.

The Group does not have any legal or informal obligation to pay additional contributions if this legal entity does not have sufficient assets to pay all benefits to employees attached to the employees' service during the current or previous periods.

For defined contribution plans, the Group pays contributions to public or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no additional payment obligations once the contributions have been paid. The contributions are recognized as personnel costs when they fall due for payment. Prepaid contributions are recognized as an asset to the extent that cash repayment or reduction of future payments may benefit the Group.

For salaried employees in Sweden, the ITP 2 plan's defined benefit pension obligations for retirement pension and family pension are secured through insurance held at Alecta. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans differ in that they define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

As per UFR 10 Classification of ITP plans financed by insurance in Alecta (a statement issued by the Swedish Financial Reporting Board), this is a multi-employer defined benefit plan. The Company has not had access to information for the period in order to report its proportional share of the plan's commitments, plan assets and costs, which has meant that it has not been possible to recognize the plan as a defined benefit plan.

The ITP 2 pension plan, secured through insurance held at Alecta, is thus recognized as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated individually and depends on such factors as salary, previously earned pension and expected remaining period of service. Anticipated contributions the next reporting period for ITP 2 insurance with Alecta amount to MSEK 3.9 (2018: MSEK 3.4, 2017: MSEK 2.1). The Group's share of the total contributions to the plan is not significant.

The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance obligations, calculated in accordance with Alecta's actuarial methods and assumptions, which does not correspond with IAS 19. The collective consolidation level is normally allowed to vary between 125 and 155 percent. If Alecta's collective consolidation level falls short of 125 percent or exceeds 155 percent, measures will be taken to create conditions to restore the consolidation level to the normal interval. In the event of low consolidation, a possible measure might be to raise the agreed price of new subscription and extension of existing benefits. In the event of high consolidation, a possible measure might be to introduce premium reductions. At the end of 2019 Alecta's surplus (in the form of the collective consolidation level) was 142 percent (2018: 142 percent).

Pension commitments in the form of direct pension are secured by a company-owned capital insurance. The commitment is entirely dependent on the value of the capital insurance. These commitments are reported at the same amount as the fair value of the endowment insurance as of the balance sheet date.

2.14 REVENUE RECOGNITION

Revenues include the fair value of goods and services sold excluding value added tax, discounts, returns and other price reductions. The Group's revenue is reported as follows:

The transaction price is measured at the value Camurus deems to accrue to the company at the entrance of the agreement, less deductions for discounts and value added tax.

The transaction price is updated continuously if the conditions underlying the measurement have changed.

License and collaboration agreements

Revenue from agreements that are made with customers in research projects is recognized based on the financial implications of the agreement. Revenue from license and collaboration agreements may consist of one-off payments, license, royalty and milestone payments for the use of Camurus intellectual property rights and remuneration for research services. In addition, under the agreements Camurus may also be entitled to compensation for costs incurred. Revenue recognition reflects earning of revenues based on the commitments made in accordance with the specific contractual terms.

Camurus applies the criteria for revenue recognition on each separately identified commitment, so that the financial implications of the transaction can be reflected in the financial statements. This means, that the various transactions in the agreements are divided into distinct performance obligations and are recognized separately. The agreements often include compensation for the use of Camurus intellectual property rights licensed to the counterparty and compensation for research work carried out by Camurus. These commitments are analyzed to determine whether they constitute distinct performance commitments that must be reported individually or if they are to be regarded as one commitment. The license is deemed to constitute a separate performance commitment in cases where the license can be used without associated consulting services from Camurus. If the total value of the agreement falls short of the fair value of all performance obligations, the difference ('discount') is allocated among the separate performance obligations based on their relative standalone selling price.

The principles for revenue recognition of the performance obligations (and for corresponding separate transactions) in license and collaboration agreements are described below.

Licensing rights to Camurus' intangible assets

An assessment is made as to whether the license acquired by the counterparty in the agreement gives a right to use the intangible asset as it is when the license was granted, or a right to access the intangible asset throughout the license period.

The assessment is made based on the financial implications of the agreement. An assignment of licensing rights for a fixed fee under a non-cancellable agreement allowing the licensee to freely utilize Camurus' rights, and where Camurus does not have any remaining obligations to perform, is essentially regarded a right to use, which is recognized at a given time. If, instead, the agreement means that the recipient has a right to access during the entire license period, the compensation is allocated linearly over the term of the agreement. Usually, distinct licenses of the kind are "the right to use" as research services that could affect the value and benefit of the license are reported separately as a separate distinct performance commitment.

The transaction price that is to be received as compensation for the undertaken commitment to transfer a license to a customer may, depending on the terms of the agreement, be fixed or variable. Fixed income for a license to be reported at a given time is reported when the customer receives control of the license and can benefit from it. For variable income revenue recognition, see below under Royalty and milestone payments.

Milestone and one-time payments

In cases where Camurus receives a one-time payment in relation to signing an agreement, it is allocated as described above to the license commitment and the research services. The part that has been allocated to the license is recognized

as revenue when the counterparty has obtained control of the license. Additional potential remuneration, i.e. variable remuneration, which is due to the occurrence of certain milestones in future pharmaceutical development, is first recognized as revenue when it is judged that it is very likely that a substantial reversal of accumulated income that has been reported does not arise. This time point is not expected to occur until it has been confirmed by the counterparty that the milestone has been achieved.

Royalty

A counterparty can also remunerate Camurus for the use of an IP right by paying royalties on future sales of a pharmaceutical product based on the IP right. Revenues for sales-based royalties agreed as exchange for a license for intellectual property is only reported when the subsequent sale takes place.

Research services

Regular remuneration is received for research services, both in advance as a fixed amount as well as on an ongoing basis. Research remuneration is recognized in the period in which the services are carried out. Revenue is calculated by an output method establishing the degree of completion for the performance obligation based on the proportion the services rendered represent in relation to the total services to be performed. Research services performed on an open account basis are recognized as income as the services are carried out.

Sale of goods

Revenue from the sale of goods is recognized when the control of the goods has been transferred to the customer and when Camurus no longer has any commitment in the ongoing management of business operations normally associated with ownership, and neither exercises any real control over the sold goods. This is usually when the goods are delivered to the retailers who are the Group's customer. In some cases, the transaction price is not known at the time of delivery, as the final price depends on the discount that will be paid to the public or private insurers who pay for the patients' drug. Because the final transaction price is not known, the Group estimates and recognises this discount deduction on a current basis. Retailers have the right to return unsold goods, and therefore the Group estimates a deduction for expected eventual future returns. Revenues from the sale of goods is only reported to the extent it is highly likely that a substantial reversal of accumulated recognised revenue is not expected.

Compensation for costs incurred

Compensation for costs incurred, i.e. costs that are forwarded onto the customer, is recognized in accordance with the guidance under IFRS 15 for determining whether an entity is acting as a principal or as an agent. This means that Camurus analyses whether the Company is acting as a principal in the transaction, i.e. that Camurus controls the goods or service before it is transferred to the customer. If Camurus is a principal in the transaction, the amount received from the counterparty is recognized as revenue. If Camurus is acting as an agent, the revenue instead comprises commission received.

2.15 INTEREST INCOME

Interest income is recognized as revenue using the effective interest method. When the value of a receivable which is reported at amortized cost has fallen, the Group reduces the carrying amount to the recoverable value, which comprises estimated future cash flow, discounted with the original effective interest rate for the instrument, and continues to dilute the discounting effect as interest income. Interest income on impaired loans and receivables is recognized at the original effective interest rate.

2.16 SHARE-BASED PAYMENT

Warrant programs

Presently Camurus has three long-term incentive programs active. In accordance with a decision by the Annual General Meeting in May 2017, May 2018, and May 2019, subscription warrant programs for the company's employees, have been introduced. The warrants are valued by an independent institute in accordance with the Black& Scholes model and were acquired by the participants at market value. The program TO2016/2019 expired 15 December 2019, without subscription could take place due to the share price during the subscription period.

As part of the program, the participants receive a threepiece stay-on bonus in the form of gross salary addition from the company, equivalent to the amount paid by the participant for its subscription warrants. As the stay-on bonus is conditional on continued employment, costs including social security fee, are expensed over the vesting period and a liability is calculated at each balance sheet date based on how much has been earned. Expenses are recognized as personnel expense in the income statements.

For a more detailed description of the warrant program, see Note 24.

2.17 LEASES

The Group as lessee

When entering into an agreement, the Group determines whether the agreement is a leasing agreement based on the content of the agreement. An agreement is a lease agreement if it assigns the right to decide for a certain period on the use of an identified asset in exchange for compensation.

The Group recognizes assets and liabilities attributable to leasing agreements in the balance sheet with a few exceptions. Depreciation of the asset is reported in the income statement as is an interest on the lease debt. Leasing fees paid are reported partly as payment of interest and partly as amortization of the lease debt.

The Group has leases for buildings and service cars. Leasing of buildings generally has a leasing period of between 5 and 8 years. Leasing cars generally have a lease period of 3 to 4 years.

Leasing liabilities

The Group recognizes the commitment to pay the leasing fees as a lease liability. At the commencement date of a lease agreement (i.e., the date when the underlying asset becomes available for use), the Group recognizes a lease liability corresponding to the net present value of the lease payments to be paid during the lease term. The leasing period is determined as the non-cancellable period together with periods to extend or terminate the agreement if the Group is reasonably confident of exercising those options. The leasing payments include fixed payments (after deductions for possible discounts and the like in connection with the signing of the lease to be received), as well as variable leasing fees that depend on an index or a price and amount that is expected to be paid according to residual value guarantees. The lease payments also include the exercise price for an option to purchase the underlying asset or penalty fees that are payable upon termination in accordance with a termination option, if such options are reasonably safe to be exercised by the Group. Variable leasing fees that do not depend on an index or price are recognized as an expense in the period to which they are attributable.

In order to calculate the net present value of the lease payments, the Group uses the implicit interest rate in the agreement if it can be easily determined and in other cases the Group's marginal borrowing rate is used as of the start date of the lease agreement. After the commencement date of a lease agreement, the lease debt increases to reflect the interest rate on the lease debt and decreases with lease payments paid. In addition, the value of the lease debt is revalued as a result of modifications, changes in the lease period, changes in lease payments or changes in an assessment to purchase the underlying asset. Borrowing rates have been set for the Group for the utility class buildings and service cars respectively.

Rights-of-use assets

The right to use the underlying asset during the lease period is reported as a right-of-use. The Group recognizes rights-of-use in the report on financial position at the commencement date of the lease. Rights-of-use assets are valued at cost less deductions for accumulated depreciation and any impairment, and adjusted for revaluation of the lease debt. The acquisition value of rights-of-use includes the initial value recognized for the attributable lease debt, initial direct expenses, and any prepayments made on or before the commencement date of the lease after deduction of any rebates and the like received in connection with the subscription of the lease.

Application of practical exceptions

The Group applies the exemption to classify use rights agreements for less than 12 months or which expires 12 months from the date of transition as short-term leasing agreements and these are thus not included in the reported liabilities or rights-of-use. In addition, the Group has chosen to apply the exemption not to include low value assets (i.e. assets with a new acquisition value less than USD 5,000) among reported liabilities and rights-of-use.

The Group applies the main rule regarding non-leasing components and thus separates non-leasing components from leasing components in the leasing agreements.

Applied accounting principles regarding leasing contracts before 2019

The Group recognizes only operating leases for premises, vehicles, machinery and equipment. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are expensed in the income statement over the lease period.

2.18 CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with the indirect method. This means that the operating profit is adjusted for transactions that have not involved incoming payments or disbursements during the period, and for any revenue and expenses relating to the cash flows of investing or financing activities.

2.19 ACCOUNTING POLICIES, PARENT COMPANY

In connection with the transition to reporting according to IFRS in the consolidated accounts, the Parent Company adopted, RFR 2 Accounting principles for legal entities. The Parent Company's principles are consequently consistent with those of the Group, unless otherwise stated below.

Formats

The income statement and balance sheet follow the Swedish Annual Accounting Act statement. Statement of changes in equity follows the Group format but contains the columns listed in the Swedish Annual Accounts Act. The formats for the Parent Company gives a difference in designation, compared with the consolidated financial statements, primarily related to financial income and expenses and items within equity.

Interests in subsidiaries

Interests in subsidiaries are reported at cost, less any impairment losses. The cost includes acquisition related expenses and any additional considerations. When there is an indication that interests in subsidiaries have decreased in value, a calculation is made of the recoverable amount. If this amount is lower than the reported amount, an impairment is carried out.

Group contributions

The company applies the alternative rule in accordance with RFR 2 Accounting principles for legal entities, and, consequently, recognizes Group contributions received/paid as appropriations.

Financial instruments

Due to the connection between accounting and taxation, the rules on financial instruments in accordance with IFRS 9 are not applied in legal entity, but the company applies the acquisition value method in accordance with the Annual Accounts Act. In the company, therefore, financial fixed assets are valued at acquisition value and financial current assets according to the lowest value principle, with the application of write-downs for expected loan losses according to IFRS 9 for assets that are debt instruments. For other financial assets, write-downs are based on market values.

Impairment of financial assets that are debt instruments

Financial assets that are debt instruments are subject to write-downs for expected credit losses. Write-downs for loan losses according to IFRS 9 are forward-looking and a loss reserve is made when there is an exposure to credit risk, usually at the first accounting date. The simplified model is applied to accounts receivable. A loss reserve is reported, in the simplified model, for the expected residual maturity of the asset or asset.

The valuation of expected credit losses is based on various methods. The method for accounts receivable is based on historical customer losses combined with forward-looking factors. Other receivables and assets are written down according to a rating-based method with reference to external credit rating. Expected

credit losses are valued at the product of probability of default, loss given default and the exposure in the event of default. For credit-impaired assets and receivables, an individual assessment is made, taking into account historical, current and forward-looking information. The valuation of expected loan losses takes into account any collateral and other credit enhancements in the form of guarantees.

Claims on Group companies are also subject to writedowns for expected loan losses. The company is of the opinion that the group companies currently have similar risk profiles and the assessment is done on a collective basis for similar transactions. Based on the company's assessments according to the above method, taking into account other known information and forward-looking factors, expected loan losses are not deemed to be significant and no provision has therefore been reported.

Leases

The Parent Company does not apply IFRS 16 but all leasing agreements are reported as operating leases, regardless of whether the agreements are financial or operational.
The leasing fee is recognized as an expense on a straight-line basis over the lease period.

Note 3 Financial risk management

3.1 FINANCIAL RISK FACTORS

As a result of its business, the Group is exposed to a number of different risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Group has decided not to actively manage its risks through the use of derivatives, for example.

a) Market risk

The most significant market risk for the Group is the foreign exchange risk, which is described in a separate section below. The interest rate risk is limited within the Group, as there is no long-term borrowing or long-term interest-bearing investment.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily relating to the Australian dollar (AUD), Euro (EUR), Pound Sterling (GBP) and Norwegian krone (NOK). The foreign exchange risk arises through future finance transactions, recognized assets and liabilities. Foreign exchange risks arise when future finance transactions or recognized assets or liabilities are expressed in a currency that is not the functional currency of the entity.

If the Swedish krona had weakened/strengthened by 5 percent in relation to these currencies, with all other variables remaining constant, the recalculated profit/loss for the year and equity at 31 December 2019, would have been MSEK 0.3 (0.0) for AUD, MSEK 1.1 (0.9) for EUR, MSEK 0.4 (0.2) for GBP and MSEK 0.5 (0.0) for NOK higher/ lower. Changes to SEK in relation to other currencies are not deemed to have any material impact on profit/loss for the year.

b) Credit risk

Credit risk exists through cash and cash equivalents and cash balances with banks and financial institutions, and credit exposures to customers, wholesalers and retailers, including outstanding receivables and committed transactions. Only banks and financial institutions that are among the four largest Swedish banks according to Standard & Poor's rating list are accepted.

Before an agreement is entered into, the Group's customers are subjected to a credit assessment, whereupon information about the customer's financial position is accessed from various credit assessment companies. The overall assessment also considers other factors. The customer's financial position is also followed up and continually monitored. Trade receivables are continually followed up with checks on overdue invoices. Management does not expect any losses resulting from non-payment as the Group's counterparties mainly comprise major companies, which is why the credit risk is currently deemed to be low.

c) Liquidity risk

The Group closely monitors rolling forecasts for its liquidity reserve to ensure that the Group has sufficient cash funds to meet requirements in the ordinary course of business.

The table below analyses the Group's non-derivative financial liabilities classified by the time that, on the balance sheet date, remained until the contractually agreed maturity date. The amounts given in the table are the contractually agreed undiscounted cash flows.

The Group has the following balance sheet exposure for assets, which include trade receivables and cash and cash equivalents (KSEK)	31-12-2019	31-12-2018
EUR	29,276	3,423
GBP	10,425	1,521
NOK	9,935	982
AUD	5,629	–
USD	764	1,188
Other currencies	991	31
Total	**57,019**	**7,145**

The balance sheet exposure for trade payables is as follows (KSEK)		
EUR	-8,224	-20,578
GBP	-2,756	-5,351
USD	-1,498	-963
DKK	-623	-2,352
CHF	-405	-4,188
Other currencies	-478	-567
Total	**-13,984**	**-34,000**

3.2 MANAGEMENT OF CAPITAL

The aim of the Group regarding capital structure is to ensure the Group's ability to continue its operations so that it can continue to generate a return for shareholders and benefit for other stakeholders, as well as maintaining an optimal capital structure to keep costs of capital down.

To maintain or adjust the capital structure, the Group can issue new shares or sell assets to reduce debt.

Operations have been financed through earnings generated from successful research and development collaborations, product sales, and through the issues of shares. Equity is therefore viewed as the Group's capital.

3.3 FAIR VALUE ESTIMATION

The Group does not hold any instruments that are measured at fair value. The fair value of current receivables and liabilities corresponds to their carrying amounts, since discounting effects are minimal.

Note 4 Important estimates and assessments

Group, 31 december 2019	Up to one month	1–3 months	3-12 months	1–5 years
Trade payables	17,289	98	–	–
Lease liabilities	487	973	4,318	19,832
Other short-term liabilities	190	–	–	–
Total	**17,966**	**1,071**	**4,318**	**19,832**

Group, 31 december 2018	Up to one month	1–3 months	3 months– 1 year	1–5 years
Trade payables	35,177	604	–	–
Other short-term liabilities	190	–	–	–
Total	**35,367**	**604**	**–**	**–**

Estimates and assessments are evaluated continually and are based on historic experience and other factors, including expectations of future events that are judged reasonable under prevailing conditions

Important estimates and assessments for accounting purposes

Group management makes estimates and assumptions concerning the future. There is a risk that the estimates made for accounting purposes do not corresponding to the actual result. The estimates and assumptions that involve a significant risk of material adjustments to carrying value of assets and liabilities within the next coming financial year, are outlined in brief below.

Revenue recognition

Camurus has complex customer agreements and the management must make assessments and estimates when applying revenue recognition principles. The section 'Accounting policies' regarding revenue details the areas for which assessments and estimates need to be carried out. Key areas in the assessment include the division and identification of the performance obligations in the agreements, how the price of these obligations should be allocated, the point in time and in which way the obligations should be recognized (on a single occasion or over a period of time). Camurus also needs to decide whether an agreement that includes a license to utilize Camurus' intellectual property constitutes a right to use, which is recognized at a given time, or if, instead, the agreement means that the recipient has a right to access during the entire license period, the compensation is allocated linearly over the term of the agreement. The assessments made by management affect the period in which, and amount at which the revenue is recognized.

Discounts and returns

Revenue from product sales is reported when Camurus has fulfilled its performance commitment, i.e. usually when delivering the goods to the wholesalers and distributors who are the Group's customers. Since actual and final conditions regarding discounts for sales in the current period are not always known at the end of the financial year, certain deductions from gross income are based on estimates. Furthermore, dealers have the right to return unsold goods, which is why the Group estimates and reports a deduction for future eventual returns. See also Note 2.14 regarding revenue recognition. The assessments made by the management affect during which period and to what amount the revenue from product sales is reported.

Inventories

Obsolescence

Inventories consist of raw materials for manufacturing, manufactured semi-finished products and finished products of the Company's commercialized products. Products not approved in the quality control in connection with manufacturing are expensed directly. The inventory of finished goods is valued on an ongoing basis with regard to remaining shelf life for the products. Obsolescence assessment is updated regularly and mainly based on historical obsolescence and sales forecasts. A dramatically changed demand for a product or a changed shelf life can lead to an increased risk of obsolescence and thus a need for impairment. Camurus operates in the pharmaceutical industry, an industry that is regulated and controlled by a number of authorities within and outside Sweden. These authorities' decisions can cause the durability of the stocked products to change. The assessments made by the management affect during which period and to what amount the obsolescence should be reported.

Capitalized product development expenditure

The Group capitalizes costs attributable to product development projects to the extent that they are deemed to satisfy the criteria in accordance with IAS 38 p. 57 (see Note 2.6 Intangible assets).

Intangible assets that are not ready for use are not subject to amortization but are tested annually for impairment. Intangible assets that are not ready for use are not subject to amortization but are tested annually for impairment. Impairment testing for capitalized development costs has therefore been carried out to ensure that the carrying amount does not exceed the recoverable amount. The material assumptions used for calculations of value in use include:

- Market size
- Anticipated market share
- Anticipated economic benefits
- Discount rate
- Anticipated growth rate

Deferred tax receivables

The reported deferred tax asset includes all deficits that have arisen. Company management also makes judgments and estimates regarding the possibility of utilizing incurred losses and temporary differences as the basis for the reported tax receivable. For more information see section Significant risks and uncertainties page 68-69.

Leasing agreements

See note 26.

Covid-19

When we received signals about the spread of covid-19, a risk analysis was quickly made with regard to raw material supply, production and distribution. The work led to the conclusion that the situation with covid-19 was not judged to affect product supply in our markets. We continue to monitor the development closely and implement various safety measures so that patients and healthcare personnel are not affected by an out-of stock situation of Buvidal®, but cannot exclude that it may occur.

The ongoing phase-3 studies of CAM2029 in patients with acromegaly are expected to be fully recruited in 2020 and deliver results in 2021, provided the current crisis with covid-19 does not have too high impact on the ability to recruit patients and conduct clinical trials.

Note 5 Segment information

The highest executive decision maker is the function responsible for allocating resources and assessing the operating segments results. In the Group this function is identified as the CEO based on the information he handles. As the business, i.e. the development of pharmaceutical products based on Camurus' technology platform, the Group is organized as an integrated unit, with similar risks and opportunities for the products and services produced, the entire Group's business constitutes one operating segment. The operating segment are monitored in a manner consistent with the internal reporting provided to the chief operating decision maker. In the internal reporting to the CEO, only one segment is used.

To follow is a breakdown of revenues from all products and services	Group		Parent Company	
	2019	2018	2019	2018
Sales of development-related goods and services	7,001	11,379	7,001	11,379
Licensing revenues and milestone payment	26,520	26,626	26,520	26,626
Product sale*)	72,084	11,316	66,649	11,316
Intercompany sales	–	–	22,872	17,790
Total	**105,605**	**49,321**	**123,042**	**67,111**

*) Related to Buvidal® and episil®

Revenues from external customers is allocated by country, based on where the customers are located	Group		Parent Company	
	2019	2018	2019	2018
Europe	61,426	3,687	82,352	20,348
(of which Sweden)	(4,028)	(327)	(4,028)	(327)
USA	24,803	35,562	24,803	35,562
Japan	9,364	9,661	9,364	9,661
Australia	8,158	102	4,669	1,231
Other geographical areas	1,854	309	1,854	309
Total	**105,605**	**49,321**	**123,042**	**67,111**

Revenues during 2019 of approximately MSEK 57.7 (24.8) relates to a single external customer.

99,8% of the Group's fixed assets are located in Sweden.

Note 6 Expenses by nature

Operating expenses are presented in the statement of comprehensive income with a classification based on the functions 'Cost of sales', 'Marketing and distribution costs', 'Administrative expenses' and 'Research and development costs'. The sum of the function-dived costs were divided into the following cost items.

	Group		Parent Company	
Allocation by cost item	**2019**	**2018**	**2019**	**2018**
Raw materials and consumable supplies	23,287	6,822	22,965	6,822
Other expenses [1) 2)]	197,418	135,372	327,413	203,327
Costs of premises, including laboratory costs	77,902	72,688	62,330	61,516
Costs relating to employee benefits (Note 9)	161,204	119,693	103,590	87,833
Depreciation, amortization and impairment losses (Note 14 and 15)	9,014	4,450	2,672	2,335
Total cost of sales, research and development, sales and administration	**468,825**	**339,025**	**518,970**	**361,833**

1) This item includes costs that form the basis for research and development projects and for the Parent Company cost related to sales agent and service fee from subsidiaries of KSEK 146,888 (78,275).
2) Costs incurred for partner financed activities within research and development during the period have most essentially matched the size of the revenues. See also Note 5 Segment information and the item 'Sales of development-related goods and services.

Note 7 Other operating income

	Group		Parent Company	
Other operating income	**2019**	**2018**	**2019**	**2018**
Exchange gains (Note 13)	65	561	510	775
Other items	829	269	57	63
Total other operating income	**894**	**830**	**567**	**838**

Note 8 Audit fees

	Group		Parent Company	
Audit and other assignments	**2019**	**2018**	**2019**	**2018**
PwC				
Auditing assignment	782	594	572	427
Auditing beyond the auditing assignment	109	219	109	219
Tax assignments	219	165	219	165
Other assignments[1)]	1,082	182	1,082	182
Total	**2,192**	**1,160**	**1,981**	**993**

1) Mainly refers to quality assurance services in connection with the rights issue in March.

Note 9 Personnel, personnel costs and remuneration to Board members and senior executives

Average no. of employees (of which women)	Group		Parent Company	
	2019	2018	2019	2018
Sweden	70 (43)	58 (33)	70 (43)	58 (33)
United Kingdom	7 (4)	5 (1)	–	–
Germany	17 (9)	6 (4)	–	–
Norway	1 (0)	1 (0)	–	–
Finland	2 (0)	1 (0)	–	–
France	1 (1)	1 (1)	–	0 (0)
Australia	5 (3)	1 (0)	–	–
Spain	2 (0)	–	–	–
Denmark	1 (1)	–	–	–
Total	**106 (61)**	**73 (40)**	**70 (43)**	**58 (33)**

Gender distribution in the Group, for Board members and other senior management Number on balance sheet date (of which women)	Group		Parent Company	
	2019	2018	2019	2018
Board members[1)]	10 (4)	9 (4)	8 (3)	7 (3)
CEO and other senior management	9 (4)	8 (3)	8 (4)	7 (3)

1) The CEO, Chief Commercial Officer and the CFO, who are board members, are also reported as CEO and senior management.

Salaries, other remuneration and social security costs	Group		Parent Company	
	2019	2018	2019	2018
Salaries and other compensation[1)]	119,458	85,410	68,004	58,198
Social security cost	27,023	22,556	22,208	19,166
Pension expenses defined contribution plans	14,723	11,727	13,378	10,469
Total	**161,204**	**119,693**	**103,590**	**87,833**

Salaries and other remuneration by Board members and CEO, and other employees (of which bonus)	Group		Parent Company	
	2019	2018	2019	2018
Board members, CEO and other senior management[1)]	24,130 (6,427)	22,576 (6,556)	19,552 (4,930)	18,346 (5,220)
Other employees	95,328	62,834	48,452	39,852
Total	**119,458**	**85,410**	**68,004**	**58,198**

1) In the fixed salary, paid and earned stay-on bonus according to the terms of the warrant program TO2017/2020; TO2018/2021 and TO2019/2022 are included. See Note 24 and 28.

Pension expenses	Group		Parent Company	
	2019	2018	2019	2018
Board members, CEO and other senior management	4,211	4,060	4,211	4,060
Other employees	10,512	7,667	9,167	6,409
Total	**14,723**	**11,727**	**13,378**	**10,469**

For remuneration and other benefits to and invoiced fees from the Board and senior management, see Note 28 Related party transactions and Note 24 Long-term incentive programs.

Guidelines and remuneration 2019

The AGM 2019 adopted the following gudelines for remuneration to senior executives.

Guidelines for remuneration and other employment terms for senior executives, 2019

The Annual General Meeting of 9 May 2019 resolved to approve the Board of Directors' proposal on the principles of remuneration to the Company's senior executives as follows, until the time of the 2020 Annual General Meeting. In this context, the term senior executives refer to Camurus' CEO and the managers reporting to the CEO at any time, who are part of the Company's management team.

Reason for the motion

The Company is to offer market aligned terms that facilitate the recruitment and retention of qualified senior executives. Remuneration comprises a balanced composition of fixed salary, variable remuneration, pension benefits, other benefits as well as conditions for termination. Cash remuneration comprises fixed salary and, when applicable, variable remuneration. The fixed salary and variable remuneration should be proportionate to the executive's responsibilities and authorities.

Long-term incentive programs may be offered as a complement to the above but must be referred to the general meeting for adoption. Remuneration is primarily based on the individual's position and performance, and the Company's and the individual's fulfilment of pre-defined targets.

Fixed salary

The fixed salary of the CEO and other senior executives should be at market rates and reflect the requirements and responsibilities that their positions entail.

Variable salaries

Variable remuneration is based on outcomes in relation to pre-determined, well-defined targets. These targets are set with the aim of advancing the Company's/Group's development, and to generate value and financial growth in the long term. Variable remuneration payments are to be maximized and may not exceed fifty (50) percent of the fixed annual salary for the CEO and other senior executives. Variable remuneration may also be paid in terms of long-term incentive programs.

Share-based program

Long-term incentive programs are to be available as a complement to fixed salaries and variable remuneration. Decisions on sharebased programs are made by the general meeting. Programs for variable remuneration should be designed to allow the Board of Directors, if exceptional financial conditions prevail, to restrict or omit payment of the variable remuneration if such action is deemed reasonable and consistent with the Company's responsibility towards shareholders, employees and other stakeholders.

Other remuneration and terms of employment

Pension benefits are payable in accordance with applicable ITP plans or otherwise be premium-based and amount to a maximum of 35 percent of the salary. Benefits other than fixed salary, variable remuneration and pension benefits are to be applied with restriction.

A termination notice of 12 months from the Company and 6 months from the CEO applies between the Company and its CEO. No severance payment will be made. In the event that the CEO's employment in the Company is terminated due to, or in connection with, the transfer of the Company to new owners, a 24-month notice of termination from the Company applies. During the period of notice, fixed monthly salaries and other forms of remuneration are to be paid in accordance with the applicable employment contracts. In such an event, remuneration from the Company is not to be reduced by other forms of compensation that the CEO may receive during the period of notice.

A mutual notice period of 3 to 12 months applies to termination of contract between the Company and other senior executives. No severance payment will be made.

To the extent that Board members perform work for the Company, in addition to work on the Board of Directors, a market aligned consultancy fee may be payable for such work. Remuneration is to be in line with market terms and the amount, as with other terms, is decided by the Board of Directors.

Deviation from the guidelines

The Board is entitled to deviate from these guidelines if the Board warrants that there are particular grounds for doing so in individual cases. During the year, the guidelines were followed without deviations.

Guidelines for remuneration and other employment terms for senior executives, 2020

The guidelines regarding remuneration to senior executives that will be proposed to Camurus's Annual General Meeting 2020 are the following:

Proposal by the Board of Directors on guidelines for executive remuneration

The Board of Directors of Camurus AB ("Camurus") proposes that the annual general meeting 2020 resolves on the following guidelines for executive remuneration.

Individuals who are members of the executive management of Camurus during the period of which these guidelines are in force, fall within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting.

If a Board member performs work for Camurus in addition to the assignment as Board member, these guidelines shall apply to any remuneration related to such work (e.g. consulting fees).

The guidelines' promotion of Camurus' business strategy, long-term interests and sustainability

Camurus' vision is to spearhead development of advanced drug delivery systems and innovative medical products to improve the treatment of patients suffering from chronic and debilitating diseases. A prerequisite for the successful implementation of Camurus' business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. The objective of Camurus' guidelines for remuneration to senior executives is therefore to offer a competitive total remuneration on market terms, in order to attract, motivate and retain competent and skilled employees. Further information regarding Camurus' business strategy is available on camurus.com.

Long-term share-related incentive plans have been implemented in the company. Since the incentive plans have been resolved by the general meeting, they are excluded from these guidelines. The incentive plans include all of Camurus' employees and seeks to offer employees an opportunity to take part in the company's future result and value development by encouraging commitment to and responsibility for the company. The share-related incentive plans also seeks to strengthen Camurus' ability to recruit and retain competent, motivated and committed employees. Participation in already implemented incentive plans requires own investment by the participants and holding periods of several years. The outcome of already implemented incentive plans is related to the development of the company's share price on Nasdaq Stockholm. For more information regarding these incentive plans, please see Camurus' website camurus.com.

Types of remuneration, etc.

The total remuneration to senior executives shall be in line with market terms and shall consist of fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

Fixed cash salary

Fixed cash salary shall be in line with market terms and be determined based on the individual executive's responsibility, authority, competence and experience.

Variable cash remuneration

The variable cash remuneration shall be based on predetermined, well-defined and measurable financial and non-financial criteria for the Camurus group and on group and individual level, respectively, for example, income from product sales, operating result, regulatory approvals, market launch or initiation of clinical studies for the company's product candidates and products. The variable cash remuneration may amount to not more than fifty (50) percent of the total fixed cash salary during the measurement period of the criteria. The satisfaction of criteria for awarding variable cash remuneration shall be measured over one or several years. The criteria for awarding variable cash remuneration shall be designed with the purpose to promote Camurus' development, business strategy and long-term interests, including its sustainability, by, for example, be linked to the company's financial development over time and the development of the company's pharmaceutical projects, which are long-term by nature.

Pension benefits

Pension benefits, including health insurance, for CEO and other senior executives shall be premium defined unless the executive is covered by collectively agreed occupational pension (ITP). Variable cash remuneration shall be pension qualifying

in accordance with ITP. The pension premiums shall amount to not more than 35 percent of the pension qualifying income unless other premium levels are stipulated in the applicable ITP plan.

Other benefits
Other benefits that may comprise, inter alia, medical insurance and company car, shall be applied with restrictiveness. Such benefits may amount to not more than 10 percent of the fixed cash salary.

Extraordinary remuneration
Further cash remuneration may be awarded as one-off arrangements in extraordinary circumstances, for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount corresponding to one years' fixed cash salary. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee and shall be applied with great restrictiveness.

Foreign employments
For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Remuneration to Board members
If a Board member (including a Board member acting through a wholly owned company) performs services for Camurus in addition to the work as Board member, certain cash remuneration may be paid for such work (consulting fee), provided that such services promote the implementation of Camurus' business strategy and long-term interests, including its sustainability. The annual consulting fee shall be in line with market terms and be related to the benefits for Camurus and may for each Board member not exceed the Board member remuneration per year. Remuneration to Board member, as well as other terms and conditions, shall be determined by the Board of Directors.

The satisfaction of criteria for awarding variable remuneration, etc.

The Remuneration Committee shall prepare, monitor and evaluate questions related to variable cash remuneration on behalf of the Board of Directors. To which extent the criteria for awarding variable remuneration has been satisfied shall be evaluated when the measurement period has ended. For the satisfaction of financial criteria, the evaluation shall be based on revised financial information for the relevant period. Variable remuneration to the CEO and variable remuneration to other senior executives based on criteria on group level is to be determined by the Board of Directors, based on a recommendation by the Remuneration Committee. Variable remuneration to other senior executives based on criteria on group or individual level is to be determined by the CEO.

Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment. Programs and criteria for variable cash remuneration shall be designed so that the Board of Directors, if exceptional financial conditions prevail, is able to restrict or omit payment of variable cash remuneration if such action is deemed reasonable and consistent with the company's responsibility towards shareholders, employees and other stakeholders. The Board of Directors shall have the possibility, pursuant to applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

Employment term and termination of employment

Senior executives shall be employed until further notice.

At termination of the CEO's employment, a notice period of not more than twelve months shall apply at termination by the company. Fixed cash salary during the notice period and any severance pay for the CEO shall in total not exceed an amount corresponding to the fixed cash salary for 24 months. At termination by the CEO, a notice period of not more than six months shall apply, with no right to severance pay.

Between Camurus and other senior executives, a notice period of not more than twelve months shall apply at termination by the company, and not more than six months at termination by the executive. Fixed cash salary and any severance pay during the notice period shall in total not exceed an amount corresponding to the fixed cash salary for twelve months. At resignation by the senior executive, there shall be no right to severance pay.

Senior executives may be compensated for non-compete undertakings after the termination of the employment, however, only to the extent severance pay is not paid during the same period of time. The purpose of such remuneration shall be to compensate the senior executive for the difference between the fixed cash salary at the time of termination of the employment, and the (lower) income which is obtained, or could be obtained, by a new employment contract, assignment or own business. The remuneration may be paid during the period the non-compete undertaking is applicable, and no longer than a period of six months after the termination of the employment.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these guidelines, salary and employment conditions for employees of Camurus have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

Within the Board of Directors, a Remuneration Committee is established. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for senior executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for senior executives, the application of the guidelines for senior executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent of the company and its executive management. Board members, the CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Note 10 Financial income and expenses/ Other interest income and interest expenses, and similar income items

	Group		Parent Company	
Finance income	**2019**	**2018**	**2019**	**2018**
Interest income, cash pool	43	175	43	175
Interest income, other	–	–	–	–
Finance income	**43**	**175**	**43**	**175**

	Group		Parent Company	
Finance expenses	**2019**	**2018**	**2019**	**2018**
Interest expenses, cash pool	-1	–	-1	–
Interest expenses, other	-1,584[1)]	-25	-32	-24
Finance expenses	**-1,585**	**-25**	**-33**	**-24**
Total financial items – net	**-1,542**	**150**	**10**	**151**

1) The increase compared to previous year is mainly attributable to intereste expenses related to IFRS 16 Leasing.

Note 11 Income tax

	Group		Parent Company	
	2019	2018	2019	2018
Income tax:				
Income tax on profit for the year[1]	-2,732	-1,463	–	–
Adjustments current year	-138	–	–	–
Total current tax	**-2,870**	**-1,463**	**–**	**–**
Deferred tax (see Note 16)	74,569	53,855	78,983	53,527
Total deferred tax	**74,569**	**53,855**	**78,983**	**53,527**
Income tax	**71,699**	**52,392**	**78,983**	**53,527**

1) Attributable to subsidiaries.

The income tax on profit differs from the theoretical amount that would have resulted from the use of a weighted average tax rate for earnings in the consolidated companies in accordance with the following:

	Group		Parent Company	
	2019	2018	2019	2018
Profit/loss before tax	-361,564	-287,068	-393,492	-292,291
Income tax is calculated in accordance with the national tax rates in force prior to the results in each country	77,345	63,169	84,207	64,304
Tax effects of:				
- Non-taxable revenue	65	457	65	457
- Non-deductible expenses	-1,440	-570	-1,157	-570
- Adjustment current year	-138	–	–	–
- Adjustment for reduced income tax rate in Sweden[1]	-4,132	-10,664	-4,132	-10,664
Recognised effective tax	**71,699**	**52,392**	**78,983**	**53,527**

1) In 2018, decision was made to reduce the tax rate in Sweden from 22% to 21.4% 1 January 2019, and to 20.6% 1 January 2021.

Weighted average tax rate for the Group is 19.8 percent (18.3 percent) and for the Parent Company 20.1 percent (18.3 percent).

Note 12 Earnings per share based on earnings attributable to Parent Company shareholders for the year

(a) Before dilution

Earnings per share before dilution is calculated by dividing the result attributable to shareholders of the Parent Company by a weighted average number of ordinary shares outstanding during the period. During the period, no shares held as treasury shares by the Parent Company have been repurchased.

	2019	2018
Result attributable to Parent Company shareholders	**-289,865**	**-234,676**
Weighted average number of ordinary shares outstanding (thousands)	**45,950**	**37,842**

b) After dilution

In order to calculate earnings per share, the number of existing ordinary shares is adjusted for the dilutive effect of the weighted average number of outstanding ordinary shares. The Parent Company has one category of ordinary shares with anticipated dilution effect in the form of warrants. For warrants, a calculation is made of the number of shares that could have been purchased at fair value (calculated as the average market price for the year for the Parent Company's shares), at an amount corresponding to the monetary value of the subscription rights linked to outstanding warrants.

The number of shares calculated as above is compared to the number of shares that would have been issued assuming the warrants are exercised. For further information related to warrant programs, see Note 24. For further information see also Note 28 Related party transactions.

	2019	2018
Result attributable to Parent Company shareholders	**-289,865**	**-234,676**
Weighted average number of ordinary shares outstanding (thousands)	**45,950**	**37,842**
Adjustment for share issues[1] (thousands)	546	2,829
Weighted average number of ordinary shares outstanding (thousands)	**46,496**	**40,671**
Adjustment for warrants (thousands)	2,105	1,389
Weighted average no. of ordinary shares used in calculation of earnings per share after dilution (thousands)	**48,601**	**42,061**

1) The number of shares has been recalculated according to the so-called fund issue element in accordance with IAS 33, p. 26 and 64.

Note 13 Exchange rate differences

Exchange rate differences have been recognized in the income statement as follows:

	Group		Parent Company	
	2019	2018	2019	2018
Other operating income (Note 7)	2,369	2,217	2,369	2,217
Other operating expenses	-2,304	-1,656	-1,859	-1,442
Total exchange rate differences in income statement	**65**	**561**	**510**	**775**

Note 14 Intangible assets

	Group	
Capitalized development expenditure	**31-12-2019**	**31-12-2018**
Ingoing accumulated acquisition value	24,310	22,906
Capitalized expenses	23,442	1,404
Outgoing accumulated acquisition value	**47,752**	**24,310**
Ingoing accumulated depreciaton	-8,335	-6,253
Depreciation	-2,082	-2,082
Outgoing accumulated depreciation	**-10,417**	**-8,335**
Closing balance	**37,335**[1]	**15,975**[2]

1) The amount relate to episil® and the ongoing clinical trial of Buvidal® in Australia and Germany. During 2019 episil® generated revenues from product sales, license revenues and milestone payments of MSEK 11.4, see also Note 5.
2) The amount relates to episil®, which in 2018 generated revenues from product sales, license revenues and milestone paymentsof MSEK 12.3, see also Note 5.

In impairement tests, the recoverable amount consists of the cashgenerating unit's estimated value in use. Depreciation expenses of KSEK 2,082 (2,082) are included in their entirety among research and development expenses.

Note 15 Property, plant, and equipment

	Group		Parent Company	
Tangible assets	**31-12-2019**	**31-12-2018**	**31-12-2019**	**31-12-2018**
Ingoing accumulated acquisition value	23,800	20,436	23,555	20,256
Investments	2,462	3,357	2,462	3,298
Exchange-rate differences	7	7	–	–
Outgoing accumulated acquisition value	**26,269**	**23,800**	**26,017**	**23,555**
Ingoing accumulated depreciaton	-12,901	-10,534	-12,866	-10,531
Depreciation	-2,705	-2,368	-2,672	-2,335
Exchange-rate differences	-1	1	–	–
Outgoing accumulated depreciation	**-15,607**	**-12,901**	**-15,538**	**-12,866**
Closing balance	**10,662**	**10,899**	**10,479**	**10,689**

Depreciation expenses of KSEK 2,705 (2,368) are included in their entirety among research and development expenses.

Note 16 Deferred tax

Deferred tax assets and liabilities are distributed as follows:

	Group		Parent Company	
Deferred tax assets	**31-12-2019**	**31-12-2018**	**31-12-2019**	**31-12-2018**
Deferred tax assets to be used after 12 months	265,152	175,056	265,152	175,056
Deferred tax assets to be used within 12 months	–	–	–	–
Total deferred tax assets	**265,152**	**175,056**	**265,152**	**175,056**
Deferred tax liabilities				
Deferred tax liabilities to be used after 12 months	-7,912	-3,655	–	–
Deferred tax liabilities to be used within 12 months	-603	-446	–	–
Total deferred tax liabilities	**-8,515**	**-4,101**	**–**	**–**
Deferred tax assets (net)	**256,637**	**170,955**	**265,152**	**175,056**

	Group		Parent Company	
Gross change regarding deferred taxes	**2019**	**2018**	**2019**	**2018**
Opening balance	**170,955**	**114,997**	**175,056**	**119,426**
Recognition in equity	11,113	2,103	11,113	2,103
Recognition in income statement (Note 11)	74,569	53,855	78,983	53,527
Closing balance	**256,637**	**170,955**	**265,152**	**175,056**

Details of changes in deferred tax assets and tax liabilities during the year that have been recognized in the income statement, excluding offsetting that has been carried out within the same tax jurisdiction, are given below:

	Group			
Deferred tax liabilities	**Untaxed reserves**	**Intangible assets**	**Material assets**	**Total**
On 1 January, 2018	-766	-3,665	–	-4,430
Recognized in income statement	–	329	–	329
On 31 December, 2018	**-766**	**-3,336**	**–**	**-4,101**
On 1 January, 2019	-766	-3,336	–	-4,101
Recognized in income statement	–	-4,571	157	-4,414
On 31 December, 2019	**-766**	**-7,907**	**157**	**-8,515**

	Parent Company		
Deferred tax assets	**Tax on loss carry-forward**	**Temporary differences**	**Total**
On 1 January, 2018	118,969	457	119,426
Recognized in equity	2,103	–	2,103
Recognized in income statement	53,147	380	53,527
On 31 December, 2018	**174,219**	**837**	**175,056**
On 1 January, 2019	174,219	837	175,056
Recognized in equity	11,113	–	11,113
Recognized in income statement	79,133	-150	78,983
On 31 December, 2019	**264,464**	**687**	**265,152**

Depending on the Group's activities with considerable research and development costs, the company is not liable for tax. The Parent Company's accumulated loss carryforwards at the end of 2019 is provisionally MSEK 1,282.6, of which MSEK 842,2 are taxed.

Note 17 Interests in Group companies

Parent Company			
On 1 January, 2018	1,545	On 1 January, 2019	1,800
Transactions	255	Transactions	517
On 31 December, 2018	**1,800**	**On 31 December, 2019**	**2,317**

During 2019 subsidiaries have been established in Spain and Denmark.

The Parent Company holds shares in the following subsidiaries:

					Book value	
Name	**Corporate identity number**	**Country of registration and operation**	**Share of equity**	**Number of shares**	**31-12-2019**	**31-12-2018**
Camurus Inc	43-1648843	USA	100%	1,000	83	83
Cubosome Inc	43-1648841	USA	100%	1,000	83	83
Development AB	556421-1208	Sweden	100%	3,591,143	407	407
Camurus GmbH	HRB727015	Germany	100%	25,000	243	243
Camurus Ltd	10571011	GB	100%	1	0	0
Camurus Oy	2864875-7	Finland	100%	25,000	238	238
Camurus AS	920137253	Norway	100%	250,000	253	253
Camurus SAS	67838703114	France	100%	25,000	238	238
Camurus S.L	B88343363	Spain	100%	25,000	262	–
Camurus ApS	40486585	Denmark	100%	180,000	255	–
Camurus Pty Ltd	627784605	Australia	100%	40,000	255	255
Total					**2,317**	**1,800**

Note 18 Inventories

	Group		Parent Company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Finished goods	6,045	2,206	5,381	2,206
Work in progress	8,198	2,494	8,198	2,494
Raw materials	18,849	5,130	18,849	5,130
Total	**33,092**	**9,830**	**32,428**	**9,830**

The cost of inventories recognized as an expense is included in cost of goods sold and amounted to MSEK 19.3 (6.3)

Note 19 Financial instruments per category

Below the Group's financial assets and liabilities, classified in the categories according to IFRS 9.

	Group	
Balance sheet assets	31-12-2019	31-12-2018
	Financial assets measured at amortized cost	Financial assets measured at amortized cost
Trade receivables	34,791	2,280
Cash and cash equivalents	358,744	134,377
Total	**393,535**	**136,657**
Balance sheet liabilities		
	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost
Trade payables	17,387	35,781
Other liabilities	190	190
Total	**17,577**	**35,971**

Note 20 Trade receivables

	Group		Parent Company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Trade receivables	35,027	2,506	32,013	2,506
Deduction: Provision for bad debts	-236	-226	-236	-226
Trade receivables – net	**34,791**	**2,280**	**31,777**	**2,280**

On 31 December 2019, overdue trade receivables totaled KSEK 6,296 (KSEK 1,643), and no impairment requirement deemed to exist for the Group. The overdue receivables relate to a number of customers who have not previously had any payment difficulties.

	Group		Parent Company	
Their aging analysis is as follows	31-12-2019	31-12-2018	31-12-2019	31-12-2018
1-30 days	5,019	1,555	5,019	1,555
31-60 days	372	78	372	78
> 61 days	905	10	905	10
Total receivables due	**6,296**	**1,643**	**6,296**	**1,643**

	Group		Parent Company	
Reported amount, by currency, for trade receivables are as follows	31-12-2019	31-12-2018	31-12-2019	31-12-2018
EUR	21,397	65	21,397	65
NOK	5,621	–	5,621	–
AUD	3,014	–	–	–
GBP	2,263	212	2,263	212
USD	1,317	1,969	1,317	1,969
SEK	552	34	552	34
Andra valutor	627	–	627	–
Total trade receivables	**34,791**	**2,280**	**31,777**	**2,280**

Note 21 Prepayments and accrued income

	Group		Parent Company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Prepayments	6,505	9,738	7,258	9,613
Accrued income	1,361	1,067	1,361	1,067
Total	**7,866**	**10,804**	**8,619**	**10,679**

Note 22 Cash and cash equivalents

	Group		Parent Company	
The following is included in cash and cash equivalents in the balance sheet and cash flow statement	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Cash and bank deposits	358,744	134,375	332,607	123,856
Petty cash	–	2	–	2
Total	**358,744**	**134,377**	**332,607**	**123,858**

Note 23 Share capital and other contributed capital

	Note	Number of shares (thousands)	Share capital	Other contributed capital	Total
On 1 January, 2018		**37,281**	**932**	**642,175**	**643,107**
Directed share issue		1,100	28	102,272	102,300
Issuance costs, net after deferred tax		–	–	-7,456	-7,456
Warrants issued	24	–	–	7,110	7,110
On 31 December, 2018	24	**38,381**	**960**	**744,101**	**745,061**
On 1 January, 2019		**38,381**	**960**	**744,101**	**745,061**
Directed share issue		13,255	331	702,794	703,125
Issuance costs, net after deferred tax		–	–	-40,815	-40,815
Warrants issued	24	–	–	6,607	6,607
On 31 December, 2019	24	**51,637**	**1,291**	**1,412,687**	**1,413,978**

Share capital consists of 51,636,858 shares with a quota value of SEK 0.025. The shares carry a voting right of one (1) vote per share. All shares issued by the Parent Company are fully paid up.

Note 24 Long-term incentive programs

WARRANT PROGRAM TO2017/2020

The program TO2016/2019 expired 15 December 2019, without subscription could take place due to the share price during the subscription period.

WARRANT PROGRAM TO2017/2020

In accordance with a decision by the Shareholder's General Meeting in May 2017, the incentive program TO2017/2020, was introduced for the Company's employees, under which 750,000 warrants have been issued and which give the right to subscribe for an equal number of shares during the period 15 May 2020 - 15 December 2020. In all, 44 employees have joined the program and subscribed for 658,932 warrants. Transfer of subscription warrants to future employees was not allowed after the Annual General Meeting 2018. The dilution effect on a maximum utilization of subscribed warrants corresponds to 1.7 percent of the share capital and voting rights.

The strike price for subscription of shares upon exercise of the transferred warrants was set at SEK 167.20. The warrants were valued by an independent institute in accordance with the Black&Scholes model and were acquired by the participants at market value. For information about potential dilution effect for new shares if subscribed for, subscription price and market value, see the table at the of this Note.

As part of the program, participants receive a three-piece stay-on bonus in the form of a gross salary additions from the Company, equivalent to the amount paid by the participant for its subscription warrants. The first bonus payout, in total equivalent to one-third (1/3) of the amount paid by the participant for its subscription warrants, occurs in connection with the participant's payment for the subscription warrants. The second bonus payment, equivalent to one-third (1/3) of the amount paid by the participant for its subscription warrants, occurs on 1 July 2018, provided that the participant at that time remained in its position (or equivalent) within the Group. The third bonus payment, equivalent to one-third (1/3) of the amount paid

by the participant for its subscription warrants, occurs on 1 July 2019, provided that the participant at that time remained in its position (or equivalent) within the Group. With deviation from the above stated principles for bonus payment, the Board may, if necessary in individual cases, resolve on alternative payment schedules.

Costs, dilution etc.

The Company's cost, including statutory social security contributions, for the "stay-on bonus" to the participants for subscribed warrants is approximately MSEK 14.6 before income tax. The amount the participants paid when they joined the program was SEK 11.1 million. Other than that, the program is not expected to entail any significant costs for the Company. For that reason, no measures to secure the program has been taken. Assuming that all 658,932 subscripscribed warrants are exercised for subscription of new shares, the Company's share capital will increase by a maximum of SEK 16,473, resulting in a maximum dilution effect equivalent to approximately 1.7 percent calculated as the number of new shares in proportion to the number of existing and new shares. The key figure earnings per share for the full year 2019 had in such case been affected such that the loss per share had been reduced by approximately SEK 0.09 from SEK -6.31 to SEK -6.22. The above is subject to re-calculations of the subscription warrants in accordance with the customary terms stated in the complete terms and conditions. The proposal from the Board has been prepared by the Board. The members of the Board, other than the CEO, will not be allotted subscription warrants. Fredrik Tiberg, CEO and member of the Board, who was allotted subscription warrants in the program, did not take part in the preparation of this matter.

In 2019 MSEK 1.9, after income tax, have been expensed for the "stay-on bonus" the participants receive as part of the program.

WARRANT PROGRAM TO2018/2021

In accordance with a decision by the Shareholder's General Meeting in May 2018, a third incentive program; TO2018/2021, was introduced for the Company's employees, under which 1,000,000 warrants have been issued and which give the right to subscribe for an equal number of shares during the period 15 May 2021 - 15 December 2021. In all, 46 employees have joined the program and subscribed for 562,400 warrants. Transfer of subscription warrants to future employees was not allowed after the Annual General Meeting 2019. The dilution effect on a maximum utilization of subscribed warrants corresponds to 1.5 percent of the share capital and voting rights. The strike price for subscription of shares upon exercise of the transferred warrants was set at SEK 144.90. The warrants were valued by an independent institute in accordance with the Black&Scholes model and were acquired by the participants at market value. For information about potential dilution effect for new shares if subscribed for, subscription price and market value, see the table at the of this Note

As part of the program, participants receive a three-piece stay-on bonus in the form of a gross salary additions from the Company, equivalent to the amount paid by the participant for its subscription warrants. The first bonus payout, in total equivalent to one-third (1/3) of the amount paid by the participant for its subscription warrants, occurs in connection with the participant's payment for the subscription warrants. The second bonus payment, equivalent to one-third (1/3) of the amount paid by the participant for its subscription warrants, occurs on 1 July 2019, provided that the participant at that time remained in its position (or equivalent) within the Group. The third bonus payment, equivalent to one-third (1/3) of the amount paid by the participant for its subscription warrants, occurs on 1 July 2020, provided that the participant at such time remains in its position (or equivalent) within the Group. With deviation from the above stated principles for bonus payment, the Board may, if necessary in individual cases, resolve on alternative payment schedules.

Costs, dilution etc.

The Company's cost, including statutory social security contributions, for the "stay-on bonus" to the participants for subscribed warrants is approximately MSEK 9.3 before income tax. The amount the participants paid when they joined the program was SEK 7.1 million. Other than that, the program is not expected to entail any significant costs for the Company. For that reason, no measures to secure the program has been taken. Assuming that all 562,400 subscribed warrants are exercised for subscription of new shares, the Company's share capital will increase by a maximum of SEK 14,060, resulting in a maximum dilution effect equivalent to

approximately 1.5 percent calculated as the number of new shares in proportion to the number of existing and new shares. The key figure earnings per share for the full year 2019 had in such case been affected such that the loss per share had been reduced by approximately SEK 0.08 from SEK -6.31 to SEK -6.23. The above is subject to re-calculations of the subscription warrants in accordance with the customary terms stated in the complete terms and conditions. The proposal from the Board has been prepared by the Board. The members of the Board, other than the CEO, will not be allotted subscription warrants. Fredrik Tiberg, CEO and member of the Board, who was allotted subscription warrants in the program, didn't tak part in the preparation of this matter.

In 2019 MSEK 2.4, after income tax, have been expensed for the "stay-on bonus" the participants receive as part of the program.

WARRANT PROGRAM TO2019/2022

In accordance with a decision by the Shareholder's General Meeting in May 2019, a third incentive program; TO2019/2022, was introduced for the Company's employees, under which 1,000,000 warrants have been issued and which give the right to subscribe for an equal number of shares during the period 15 May 2022 - 15 December 2022. In all, 64 employees have joined the program and subscribed for 599,959 warrants. Transfer of subscription warrants to future employees may not take place after the Annual General Meeting 2020. The dilution effect on a maximum utilization of subscribed warrants corresponds to 1.3 percent of the share capital and voting rights.

The strike price for subscription of shares upon exercise of the transferred warrants was set at SEK 98.90. The warrants were valued by an independent institute in accordance with the Black&Scholes model and were acquired by the participants at market value. For information about potential dilution effect for new shares if subscribed for, subscription price and market value, see the table at the of this Note.

As part of the program, participants receive a three-piece stay-on bonus in the form of a gross salary additions from the Company, equivalent to the amount paid by the participant for its subscription warrants. The first bonus payout, in total equivalent to one-third (1/3) of the amount paid by the participant for its subscription warrants, occurs in connection with the participant's payment for the subscription warrants. The second bonus payment, equivalent to one-third (1/3) of the amount paid by the participant for its subscription warrants, occurs on 1 July 2020, provided that the participant at such time remains in its position (or equivalent) within the Group. The third bonus payment, equivalent to one-third (1/3) of the amount paid by the participant for its subscription warrants, occurs on 1 July 2021, provided that the participant at such time remains in its position (or equivalent) within the Group. With deviation from the above stated principles for bonus payment, the Board may, if necessary in individual cases, resolve on alternative payment schedules.

Costs, dilution etc.

The Company's cost, including statutory social security contributions, for the "stay-on bonus" to the participants for subscribed is approximately MSEK 8.8 before income tax. The amount the participants paid when they joined the program was SEK 6.7 million. In addition, the Company may be charged minor costs for social security contributions for subscription warrants to participants in other jurisdictions. Other than that, the program is not expected to entail any significant costs for the Company. For that reason, no measures to secure the program has been taken. Assuming that all 599,959 subscribed warrants are exercised for subscription of new shares, the Company's share capital will increase by a maximum of SEK 14,999, resulting in a maximum dilution effect equivalent to approximately 1.3 percent calculated as the number of new shares in proportion to the number of existing and new shares. The key figure earnings per share for the full year 2019 had in such case been affected such that the loss per share had been reduced by approximately SEK 0.08 from SEK -6.31 to SEK -6.23. The above is subject to re-calculations of the subscription warrants in accordance with the customary terms stated in the complete terms and conditions. The proposal from the Board has been prepared by the Board. The members of the Board, other than the CEO, will not be allotted subscription warrants. Fredrik Tiberg, CEO and member of the Board, who was allotted subscription warrants in the program, didn't tak part in the preparation of this matter.

In 2019 MSEK 3.4, after income tax, have been expensed for the "stay-on bonus" the participants receive as part of the program.

Program	Number of subscribed warrans	Potential dilution of the sub-of scribed warrants	Subscription period	Strike price for subscription of shares upon exercise	Market value[3]	Number of employees participating in the program
TO2017/2020	715,816[1,2]	1.54%[1,2]	15 May 2020-15 Dec 2020	153.91[1]	15 May 2017: 17.00 SEK 19 Sep 2017: 15.60 SEK	44
TO2018/2021	650,519[1,2]	1.30%[1,2]	15 May 2021-15 Dec 2021	133.39[1]	14 May 2018: 12.83 SEK 20 Aug 2018: 9.94 SEK	46
TO2019/2022	599,959[2]	1.29%[2]	15 May 2022-15 Dec 2022	98.90	3 Jun 2019: 11.10 SEK	64
Totalt	**1,921,294**	**4,13%**				

1) After recalculation of TO2017 / 2020 and TO2018 / 2021, which was called for in accordance with the terms of the programs due to the rights issue in March 2019. Prior to recalculation, the total number was 1,821,291, corresponding to a dilution effect of 4.49%.
2) No further allocation can be made.
3) The warrants were valued by in accordance with the Black&Scholes model. Data used in the valuation are volatility in the share, dilution effect, subscription price at exercise, interest rate and the term for the warrants.

Note 25 Accruals and deferred income

	Group		Parent Company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Accrued holiday pay and other items	23,216	20,238	16,877	15,339
Accrued social security contributions	13,852	12,585	12,626	11,209
Accrued R&D costs	9,829	4,551	9,829	4,551
Accrued expenses, other	16,075	8,761	13,737	6,106
Accrued licensing fees	25,228	25,228	25,228	25,228
Total	**88,200**	**71,362**	**78,297**	**62,432**

Note 26 Leases

The Group has leases for buildings and cars. Leasing of buildings generally has a leasing period of between 5 and 8 years. For contracts relating to premises, Camurus has established a contract period that is considered reasonable, taking into account how termination and extension clauses have been applied previously, the importance of the property for the business and the R&D, any planned or already implemented investments to the leased facility as well as the market situation for real estate in general. A 6-year extension option has been applied. For company cars, the Group has a lease period of 3 to 4 years, without any extension options.

Right-of use assets

The table below presents the utilization rights' book value and depreciation per asset class:

2019-01-01	Buildings	Company cars	Total
Opening balans 1 January 2019	29,603	178	**29,780**

2019	Buildings	Company cars	Total
Depreciations	-3,887	-340	-4,227
Closing balance 31 December 2019	26,114	1,609	**27,722**

Additional rights to use during the financial year amount to a total of KSEK 2,169.

Lease liabilities

The table below presents reported leasing liabilities in the consolidated balance sheet.

	2019	01-01-2019
Long-term lease liabilities	22,938	25,323
Short-term lease liabilities	4,394	3,353
Total	**27,332**	**28,676**

For maturity analysis regarding contractual undiscounted payments on lease liabilities, see Note 3.3.

Reported costs attributable to lease agreements

The table below presents the amounts attributable to lease contracts that have been reported as expenses in the consolidated income statement during the year.

	2019
Depreciation of right-to-use assets	4,227
Interest expenses for leasing liabilities	1,526
Costs relating to short-term leasing agreements	1,234
Costs relating to low value lease agreements	36
Total	**7,023**

The Group's total cashflow for leasing agreements amounted to KSEK 6,309.

Operating leases

Future minimum lease payments pursuant to non-cancellable operating leases at the end of the reporting period fall due for payment as follows:

	Group	Parent Company	
	31-12-2018	31-12-2019	31-12-2018
Inom ett år	7,396	7,140	6,634
Senare än ett men inom fem år	10,535	5,218	10,535
Senare än fem år	–	–	–
Total	**17,931**	**12,358**	**17,169**

Costs for leasing in the Parent company during 2019 amounted to KSEK 7,097 (7,205). Costs for operational leasing in the Group during 2018 amounted to KSEK 8,666.

Note 27 Information on chash-flow

Adjustments for non-cash items

	Group		Parent Company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
Depreciation	9,014[1)]	4,450	2,672	2,335
Total	**9,014**	**4,450**	**2,672**	**2,335**

1) The increase comopared to the previous year is mainly attributable amortization of IFRS 16 Leasing.

Reconciliation of leasing liabilities in financing activities

	2019
Opening balance 1 January 2019	-28,676
Cashflow	3,513
Additional lease agreements	-2,169
Closing balance 31 December 2019	**-27,332**

Note 28 Related party transactions

Related parties are all subsidiaries in the Group, along with key management personnel in the Group, i.e. the Board and company management, as well as their family members.

(a) Purchase and sales of services	2019	2018
Purchase of services:		
– Subsidiaries	146,888	78,274
Total	**146,888**	**78,274**
Sales of services:		
– Sandberg Development AB[1)]	191	–
– Subsidiaries	22,871	17,789
Total	**23,062**	**17,789**

1) Until 27 March 2019 Sandberg development owned 53,2% of the shares in Camurus AB and therefore had a controlling interest in the Company.

Goods and services are purchased and sold on normal commercial terms. Transactions with the subsidiaries of Camurus AB occur regarding management fee, sales agency fee and service fee.

(b) Remuneration for executive management	2019	2018
Salaries and other short term remunerations	20,276	20,031
Other long term remunerations	3,951	3,645
Total	**24,226**	**23,676**

Guidelines 2019

Remunerations are paid to the Chairman of the Board, Board members and for committee work in accordance with decisions made by the Annual General meeting 9 May 2019.

Remuneration to the CEO and other senior executives comprises basic salary, variable remuneration, pension benefits, other benefits and terms of notice. Other senior executives include those individuals who together with the CEO from the Group management. For the current composition of the Group management, see pages 130-131.

The division between basic salary and variable remuneration is to be linked to the executive's level of responsibility and authority. The variable remuneration is to be based on the outcome of predetermined well-defined objectives. The variable cash remuneration is to be limited to fifty (50) percent of the fixed annual salary for the CEO and for other senior executives. Variable remuneration may also be paid in the form of long-term incentive programs. For further information, see Note 9.

Decided remuneration and other benefits 2019

	Board fee[1]	Audit committee[1]	Remuneration committee[1]	Total
Board of Directors				
Per-Olof Wallström, Chairman	600	50	50	700
Martin Jonsson	250	100	25	375
Fredrik Tiberg	–	–	–	–
Per-Anders Abrahamsson	250	–	–	250
Marianne Dicander Alexandersson	250	50	–	300
Kerstin Valinder Strinnholm	250	–	25	275
Beshad Sheldon	250	–	–	250
Mark Never[2]	250	–	–	250
Total	**2,100**	**200**	**100**	**2,400**

	Basic salary	Variable remune-ration	Other benefits	Pension expenses	Total
Group management					
Fredrik Tiberg, CEO	5,181	1,765	93	1,266	8,305
Other executive management (8 individuals)	10,518	2,403	316	2,685	15,922
Total	**15,699**	**4,168**	**409**	**3,951**	**24,226**[3]

Decided remuneration and other benefits 2018

	Board fee[1]	Audit committee[1]	Remuneration committee[1]	Total
Board of Directors				
Per-Olof Wallström, Chairman	550	50	50	650
Martin Jonsson	200	100	25	325
Fredrik Tiberg	–	–	–	–
Per-Anders Abrahamsson	200	–	–	200
Marianne Dicander Alexandersson	200	50	–	250
Kerstin Valinder Strinnholm	200	–	25	225
Beshad Sheldon	200	–	–	200
Total	**1,550**	**200**	**125**	**1,850**

	Basic salary	Variable remune-ration	Other benefits	Pension expenses	Total
Group management					
Fredrik Tiberg, CEO	4,899	1,617	87	1,488	8,090
Other executive management (7 individuals)	10,370	2,751	308	2,157	15,586
Total	**15,269**	**4,368**	**395**	**3,645**	**23,676**[3]

1) AGM resolved fees, for the period May 2019 – May 2020 (May 2018-May 2019) for payment twice a year.
No board remuneration for CEO is paid.
2) Elected at the Annual General Meeting 9 May 2019.
3) In addition to the above agreed remuneration, earned and paid stay-on bonuses, in accordance with the terms in the subscription warrant programs TO2017/2020, TO2018/2021 and TO2019/2022, to CEO of KSEK 938 (KSEK 1,012) and other senior executives of KSEK 1,626 (KSEK 2,170), has been accounted for. See also Note 24.

Pensions

The pensionable age for the Chief Executive Officer and key management personnel is 65 years.

Termination benefits

The notice period between the Company and CEO is 12 months from the Company, and 6 months from the CEO. No severance payment will be made. If the CEO's employment at the Company ceases as a result of, or in connection with the Company being transferred to a new owner, a notice period of 24 months from the Company applies. During the notice period a fixed monthly salary is paid, along with other remuneration in accordance with the applicable employment agreement. Remuneration from the Company will not in this case be reduced by any other possible remuneration that the CEO may receive during the notice period. No severance pay is payable in the event of notice being given by the CEO. A mutual notice period of 3 to 12 months applies to termination of contract between the company and other senior executives. No severance payment will be made.

(c) Receivables and liabilities at year-end resulting from purchase of services

Receivables from related parties	31-12-2019	31-12-2018
Camurus Development	–	1
Total	**–**	**1**
Liabilities to related parties		
Subsidiaries	640	9,065
Total	**640**	**9,065**

Liabilities to related parties are essentially derived from sales agency fee and service fee.

Note 29 Pledged assets

Pledged assets	31-12-2019	31-12-2018
Asset liability as collateral for pension commitments	2,293	1,607
Total	**2,293**	**1,607**

Note 30 Proposed appropriation of profits

For the financial year 2019, the Board of Directors propose that the retained earnings of KSEK 572,641 is carried forward. The Board of Directors proposes that no dividend be paid for the 2019 financial year.

Note 31 Events after the balance sheet date
(through 7 April 2020)

On 2 April 2020, Camurus announced continued strong revenue growth driven by increasing demand for weekly and monthly Buvidal® for the treatment of opioid dependence in EU and Australia. The Company's 2020 outlook was reiterated with expected product sales and total revenues at the higher end of previously communicated guidance.

ASSURANCE OF THE BOARD OF DIRECTORS AND PRESIDENT

The Board of Directors and CEO affirm that the consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS, as adopted by the EU, and provide a true and fair view of the Group's financial position and earnings.

This Annual Report was prepared in accordance with generally accepted accounting policies and provides a true and fair view of the Parent Company's financial position and earnings. The Board of Directors' Report for the Group and Parent Company provides a true and fair overview of the performance of the Parent Company and the Group's operations, financial position and earnings and describes the material risks and uncertainties faced by the Parent Company and the companies belonging to the Group.

The income statements and balance sheets will be presented for approval to the Annual General Meeting on 7 May 2020.

Lund, 8 April 2020

Per-Olof Wallström
Chairman of the Board

Per-Anders Abrahamsson
Board member

Marianne Dicander Alexandersson
Board member

Martin Jonsson
Board member

Mark Never
Board member

Behshad Sheldon
Board member

Fredrik Tiberg
President, CEO and Board member

Kerstin Valinder Strinnholm
Board member

Our Audit Report was submitted on 8 April 2020

PricewaterhouseCoopers AB
Ola Bjärehäll
Auditor in Charge
Authorised Public Accountant

To the general meeting of the shareholders of Camurus AB (publ),
corporate identity number 556667-9105

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Camurus AB (publ), for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 54-115 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and consolidated statement of comprehensive income respectively and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Based on this we have assessed what audit procedures to be performed on these entities. The Camurus Group consist of 12 entities, whereof two Swedish and ten foreign.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Accounting of revenue For the period January – December 2019 Camurus has reported approximately MSEK 105 in revenue, primarily consisting of sales of development related goods and services, milestone payments, licensing revenues and revenues from product sales. The sales have in all material extent been made to customers in Europe, Japan, USA and Australia. As a basis for this it is the assessment by Camurus that there are adequate processes and controls in place in order to ensure a correct revenue recognition in the correct reporting period. We refer to section 2.14 in the Accounting principles in the Annual report of Camurus for 2019 for a description of the applied accounting principles.	We have obtained an understanding of the controls in place related to accounting of revenue and, in particular, the accuracy and cut-off of sales of development related goods and services, milestone payments, licensing revenues and product sales. We have, by sample, performed test of details of customer agreements in order to verify the transfer of control associated with the sale, amounts and basis for calculation and allocation of the revenue. We have also performed audit procedures to verify the cut-off of the revenue, including, for product sales, examination of delivery terms. We have also performed procedures related to letters of account receivables confirmation and payments received from customers. For sales of development related goods and services we have also performed procedures related to the expenses which form the base for this type of revenue and that the subsequent invoicing has been made and accounted for in the correct period.
Accounting of deferred tax asset Camurus accounts for a deferred tax asset of approximately MSEK 256 on group level. The deferred tax asset is based on tax losses carried forward and is recognized to the extent that Camurus assesses it to be likely that future taxable surpluses will be available, against which the losses can be utilized. As a basis for this balance sheet item Camurus uses forecasts for future taxable income.	As part of our audit we have evaluated the forecasts regarding future taxable surpluses that the board of directors and management have used for their assessment. We have obtained an understanding of the assumptions in the forecasts. We have also performed audit procedures of the other supporting documents that Camurus has presented to us related to this deferred tax asset, as well as tested the mathematical accuracy in the calculation of the deferred tax asset made by Camurus.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-51 and 116-133. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or mistake.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Camurus AB (publ), for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Camurus AB (publ) by the general meeting of shareholders on May 9, 2019 and has been the company's auditors since May 11, 2015.

Stockholm, April 8, 2020
PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized public accountant
Auditor in charge

Camurus is a Swedish public limited liability Company with its registered office in Lund, Sweden. The Company's share is listed on Nasdaq OMX Stockholm and is traded under the ticker symbol CAMX.

Camurus' corporate governance is based on the laws, regulations and recommendations applicable to listed companies, such as the Swedish Corporate Governance Code (the "Code"), the Nasdaq Stockholm Rule Book for Issuers, Camurus' Articles of Association and other rules and guidelines specific to the Company. During 2019, Camurus applied to the Code without deviations.]This report pertains to the 2019 financial year and has been reviewed by the Company's auditors.

Corporate governance at Camurus

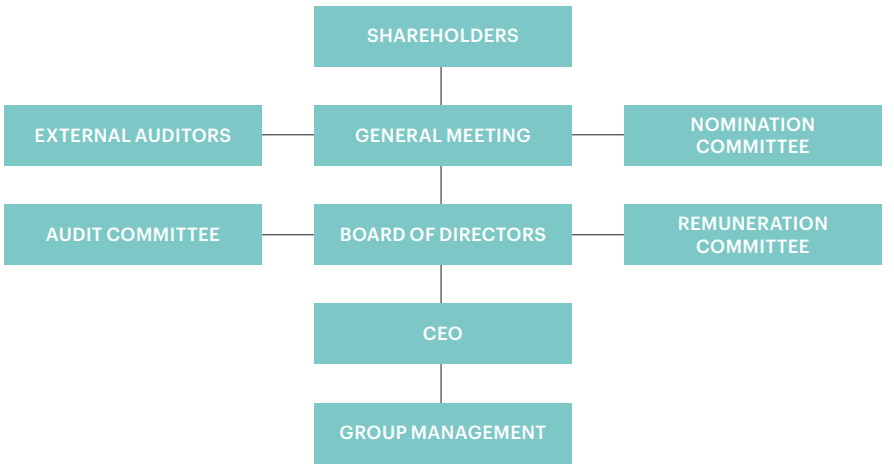
The purpose of Camurus' corporate governance is to create a distinct allocation of roles and responsibilities among the owners, the Board of Directors and the management.

The governance, management and control of Camurus are allocated between the general meeting of shareholders, Board of Directors and its elected Committees, and the CEO.

External regulatory frameworks that influence corporate governance

- The Swedish Companies Act
- Regulatory frameworks for external reporting
- Nasdaq Stockholm's Rule Book for Issuers, nasdaqomxnordic.com
- The Swedish Corporate Governance code, www.corporategovernanceboard.se
- Other applicable rules and recommendations

Corporate governance structure



Examples of internal regulatory frameworks of significance to corporate governance

- Articles of Association
- Board of Directors' rules of procedure including instructions to the Board Committees
- Instructions for the CEO including financial reporting
- Guidelines for remuneration to members of senior management
- IT Policy
- Financial Manual
- Personnel Manual
- Code of Conduct
- Communication/Information Policy
- Insider Policy

Corporate governance structure

Shareholders and the share

Camurus AB's share capital comprises one class of shares that entitles the holders to equal voting rights and equal rights to the Company's assets. For information about shareholders and the Camurus share, see pages 48-50 of the annual report 2019 and camurus.com.

General meetings of shareholders

Shareholders may exercise their influence at the general meeting, which is Camurus' highest decision-making body. The general meeting resolves on the Articles of Association and at the Annual General Meeting (AGM), which is the scheduled annual general meeting of shareholders, Board members, Chairman of the Board and auditor are elected, and resolutions on their fees as passed.

In addition, the AGM adopt the income statement and balance sheet, and resolv on the appropriation of the Company's profit and loss, and on the discharge of Board members and the CEO from liability to the Company. The AGM also makes decisions on the principles for appointment and work of the Nomination Committee, and on remuneration guidlines and terms of employment for the CEO and other senior executives. Shareholders have the right to participate and vote for all of their shares. Shareholders are also entitled to be represented by proxy at the meeting. The AGM is to be held in Lund each year before the end of June. Extraordinary general meetings (EGMs) are convened as needed. Notice convening the annual general meeting and extraordinary general meeting where amendments to the articles of association are to be addressed, must be done no earlier than six weeks and no later than four weeks prior to the meeting. Notice convening other extraordinary general meetings must be done no earlier than six weeks and no later than three weeks prior to the meeting. Official notice must be given through an announcement in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and on the Company's website. Information regarding the notice shall also be adviertised in Svenska Dagbladet.

2019 Annual General Meeting (AGM)

The AGM for 2019 was held on 7 May. At the meeting, approximately 68 percent of the total votes were represented. Attorney Jakob Wijkander was elected Chairman of the meeting.

The AGM resolutions concerned:

- Number of board members and auditors
- Remuneration to the Chairman of the Board and Board members elected by the AGM, and the auditor
- Re-election of the Board members Per-Anders Abrahamsson, Marianne Dicander Alexandersson, Martin Jonsson, Behshad Sheldon, Fredrik Tiberg and Kerstin Valinder Strinnholm and Per Olof Wallström. Mark Never was elected as new Board member. Per Olof Wallström was re-elected as chairman of the Board
- PricewaterhouseCoopers AB, with Ola Bjärehäll as authorised public accountant was re-elected
- Guidelines for remuneration to senior executives
- Implementation of incentive program in accordance with the Board's proposal for the Company's employees by way of directed issue of subscription warrants
- Authorization for the Board to decide on a new issue of shares with or without deviation from shareholders' preferential rights. The authorization may be exercised on one or more occasions until the Annual General Meeting 2020 and a total of maximum 4 797 685 shares may be issued, corresponding to 10 percent of the Company's share capital at the time of the decisio
- Adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet
- Appropriation of the Company's earnings in accordance with the adopted balance sheet
- Discharge from liability in relation to the Company for the Board members and the CEO for the financial year 2018

The minutes and information from the 2019 AGM are available on camurus.com.

2019 EGM

Extra general meeting was held on 5 March. At the meeting, approximately 69 percent of the total votes were represented. Attorney Jakob Wijkander was elected Chairman of the meeting. The EGM resolved to approve the Board of Directors' resolution on a rights issue with pre-emptive right to subscribe for new shares. The minutes of the EGM are be available at camurus.com.

2020 AGM

The 2020 AGM will be held on Thursday 7 May 2020 at 5:00 p.m. CET at Elite Hotel Ideon, at Scheelevägen 27, Ideon Science Park, 223 63 Lund, Sweden. For further information and the right to participate, see page 132-133 of Camurus' Annual Report 2019 or camurus.com.

The minutes of the AGM will be available at camurus.com.

Nomination Committee

The Nomination Committee represents the company's shareholders and is charged with preparing resolutions on election and reimbursement matters for the AGM. According to the instructions and principles adopted by the AGM on 3 May 2016, the Nomination Committee is to consist of four members, three of whom are to represent the Company's three largest shareholders based on the ownership according to Euroclear Sweden AB as per 31 August the year before the AGM. As stipulated in the same resolution, the fourth person is to be the Chairman of the Board. The Nomination Committee observes the rules governing the independence of the Board Members under the Swedish Corporate Governance Code. The composition of the Nomination Committee is to be publically announced no later than six months before the AGM. The Nomination Committee of Camurus is charged with assignments including the preparation and drafting of proposals for the election of Board members, the Chairman of the Board, the auditor and the Chairman of the Meeting. The Nomination Committee's duties also include proposing remuneration to Board members, committee members and auditor.

The Nomination Committee for the AGM 2020 has held four (4) meetings and in addition a number of telephone contacts. As a basis for its work, the Nomination Committee has taken note of the Chairman's presentation of the Board's work, including an anonymous survey-based evaluation of the Board's work through an external independent party, as well as individual interviews with all Board members. Furthermore, the Chairman of the Board and the CEO has reported the development of the Company's operations, goals and strategy.

The Nomination Committee has prepared proposals for the Annual General Meeting regarding, for example proposals for the election of the Chairman and other members of the Board, remuneration to board members and committee members, election of auditors, and remuneration.

As in previous years, the Nomination Committee has devoted special attention to issues of diversity. From the Nomination Committee's proposal to the 2019 Annual General Meeting it shows that the Nomination Committee, when preparing its proposal of Board of Directors, has applied paragraph 4.1 of the Code as Diversity Policy. The aim of the policy is that, with regards to the Company's operations, development stages and circumstances, the Board should have a purposeful composition, characterized by versatility and breadth regarding the members' skills, experience and background as well as the need for an even gender distribution. With regards to gender distribution in the Board, the Nomination Committee's

The Nomination Committee for the AGM 2020 consists of the following[1]

Representatives/Shareholders
Per Sandberg, appointed by Sandberg Development AB
Max Mitteregger, appointed by Max Mitteregger Kapitalförvaltning
Arne Lööw, appointed by Fjärde AP-fonden
Per Olof Wallström, Chairman of the Board

1) The shareholder statistics used must be sorted according to voting power (shareholder groups) and comprise the 25 largest shareholders. In the event that these shareholder statistics comprises nomineeregistered holdings, such holdings will only be taken into consideration if the administrator has declared the underlying shareholder's identity to Euroclear Sweden, or if the Company – without implementing any own measures – obtains other information to indicate the underlying shareholder's identity.

ambition is to work towards the goals set by the College of Swedish Corporate Governance. The Annual General Meeting 2019 decided to appoint members of the Board in accordance with the nomination committee's proposal, which meant that eight (8) members were elected, of which three women and five men (corresponding to 37,5 and 62,5 percent respectively).

The Nomination Committee in respect of the Annual General Meeting 2020 consists of the Chairman of the Board and the three largest shareholders in terms of voting rights as of 31 August 2019, who together represents approximately 57 percent of the number of shares and votes in the Company.

Board of Directors

Composition and independence

Accordance to Camurus' Article of Association, the Board of Directors is to consist of a minimum of three (3) and maximum of ten (10) Board members elected by the AGM, for the period until the end of the next AGM. At the 2019 AGM, eight (8) Board members were elected. Camurus' CEO is included among the Board of Directors and the Company's CFO functions as the Secretary to the Board. Other executives of Camurus participate at Board meetings to report on specific topics. According to the Code, a majority of the AGM-elected Board members are to be independent in relation to the Company and the Company's management. With the exception of CEO Fredrik Tiberg, all Board members are considered independent in relation to the Company and the Company's management. Six of the Board members, together with the Chairman of the board, are considered independent in relation to the Company's major shareholders. Camurus' thus meets the requirements of the Code on independence.

At the close of the financial year, Camurus' Board of Directors comprised Chairman of the Board Per Olof Wallström and the Board members Per-Anders Abrahamsson, Marianne Dicander Alexandersson, Martin Jonsson, Mark Never, Behshad Sheldon, Fredrik Tiberg samt Kerstin Valinder Strinnholm. Information about the Board members, with data about birth years, year of election to the Board of Directors, education, experience, ongoing and previous assignments, holdings of shares in the Company at 31 March, 2019 are presented on pages 128-129 in the annual report 2019. Holdings in the Company include the individual's personal holdings and/or the holdings of closely related parties. Other Group assignments are not presented.

Responsibility and duties of the Board of Directors

The duties of the Board of Directors are regulated under the Swedish Companies Act, the Articles of Association, and the Swedish Corporate Governance Code. The work of the Board of Directors is further regulated by the written Rules of Procedure, which are reviewed and adopted anually by the Board. The Rules of Procedure regulate the division of duties and responsibilities between the Board, the Chairman of the Board and the CEO. In addition, the Rules of Procedure govern the resolutions within the Board, the Board's meeting schedule and the Board's work on accounting and audit matters, as well as the financial reporting. The Board has also established instructions for the CEO and adopted other specific policy documents.

The Board is responsible for the Group's organization and the management of its affairs, the establishment of the Group's overall objectives, development and follow-up on the overall strategy, resolutions regarding major acquisitions and divestments, capital expenditures, resolutions regarding possible investments and loans in accordance to the financial policy, continuous monitoring of operations, the adoption of quarterly and year-end accounts, and the continuous assessment of the CEO and other members of Group management. The Board is also responsible for ensuring quality in financial reporting, including monitoring system and internal control regarding Camurus' financial statements and financial position (see also "Internal controls" below). Furthermore, the Board shall ensure that Camurus' external communication is characterized by transparency, correctness, relevance and reliance. The Board is also responsible for establishment of required guidelines and other policy documents, such as Code of Conduct, Communication, and Insider Policy. At the Board's meetings, there are, among other things, the following recurring items on the agenda: state of business, project status, market matters, adoption of interim and annual reports, strategy review, future prospects, and economic and financial reporting.

The Chairman of the Board follows Camurus' operations through ongoing dialogue with the CEO. The Chairman organizes and leads the Board's work and is responsible for ensuring that the Board members receive satisfactory information and decision basis. The Chairman is also responsible for ensuring that the Board members continuously get updates and deepen their knowledge about Camurus and that they receive training required for the work of the board to operate effectively. It is also the Chairman who is responsible for managing contacts with shareholders on ownership matters and for the annual evaluation of the Board's work. In 2019, an anonymous survey-based evaluation was completed, through which the Board members got the opportunity to express themselves about the Board's work. This information has been collected and compiled in a report presented by the Company's solicitor firm. The result will be taken into consideration for the Board's work in 2020. The Nomination Committee has through the Chairman of the Board, received the evaluation report.

The main requirements that should be imposed on Camurus' Board of Directors and the importance of independent Board members have been discussed.

The Board of Directors meets according to a pre-determined annual schedule and at least five ordinary Board meetings in addition to the inaugural Board meeting are to be held between each AGM. Extra meetings can be arranged to address matters which cannot be deferred to any of the scheduled meetings.

The Board meets with auditors at the Board meeting when the audit is reviewed.

Board of Directors' work during 2019

During the year, the Board held nine (9) ordinary Board meetings, including the inaugural meeting. Four (4) extraordinary meetings were held in relation to the rights issue in March 2019, and another two (2) extraordinary meetings to resolve on the directed share issue completed in December 2019. Two (2) resolution were taken by per capsualm; adoption of the annual report 2019 and allotment of warrants in the TO2019/2022 program. During 2019, the Board's work has mainly been dominated by dealing with and making strategic decisions relating to the Company's financing and organizational development in connection with the ongoing launch of Buvida®| weekly and monthly depot for treatment of opioid dependence in Europe and Australia, prioritized development projects such as chronic pain, pivotal clinical programs for CAM2029 in Acromegaly and NET, business development and partnerships. Furthermore, financial goals and dividend policy, financial reports and development of a new longterm incentive program for management and employees for presentation at the Annual General Meeting 2020 have been resolved.

The Board has planned a total of seven (7) meetings for 2020.

Board committees

The Board of Directors has established two committees, the Audit Committee and the Remuneration Committee, which both word according to procedure adopted by the Board.

Audit Committee

The Audit Committee's role is primarily to monitor the Company's financial position and reporting, effectiveness of the company's internal control, and remain informed about the audit of the annual report and consolidated financial statements, and to review and monitor the auditor's impartiality and independence and, in doing so take particularly into account whether the auditor provides Camurus with services other than audit services, and to have regular contacts with the auditor. The Audit Committee shall also assist the Nomination Committee with proposal to the general meeting for election of auditor. The Audit Committee has consisted of the following members; Martin Jonsson (Chairman), Marianne Dicander Alexandersson, and Per Olof Wallström. The committee complies with the Companies Act's requirements for independence and accounting and auditing expertise. The Committee has convened six (6) times during the year. Camurus' auditor was present at four (4) of these meetings. The meetings addressed matters such as the audit plan, the auditors' observations and the review of the Company and the Company's financial reports.

Remuneration Committee

The Remuneration Committee's role is primarily to prepare matters for recommendation to the Board of Directors concerning remuneration and other employment terms for the CEO and members of the Group management, and to monitor and assess ongoing and completed programs for variable remuneration to the Group management. Furthermore, the Committee shall monitor and assess the application of the guidelines for remuneration to the executive management resolved by the AGM, as well as applicable remuneration structures and remuneration levels in the Company.

The Remuneration Committee has consisted of the following members; Per Olof Wallström (Chairman), Martin Jonsson, and Kerstin Valinder Strinnholm. The Committee is assessed to comply with the Code's requirements for independence and appropriate knowledge and experience in questions related to remuneration of executive management.

The Committee was convened two (2) times during the year. At these meetings, the Committee discussed the Company's existing remuneration systems, proposed guidelines for the remuneration of the CEO and senior executives, and the future share-based incentive programs aimed at attracting and retaining competent and motivated employees. The incentive program will be presented at the AGM in May 2020, for resolution by the shareholders. For information regarding salaries and fees to the CEO and senior executives, see Note 9 in the annual report 2019.

CEO and Group management

The CEO is responsible for the ongoing administration and development of Camurus in accordance with applicable legislation and rules, including the Nasdaq Stockholm Rule Book for Issuers and the Code, as well as guidelines, instructions and strategies established by the Board of Directors. The CEO is responsible for preparing reports and necessary information for decision-making prior to Board meetings and presenting the material at Board meetings. Furthermore, the CEO is to ensure adherence to Camurus' goals, policies and strategic plans as established by the Board of Directors, and for keeping the Board updated on Camurus' development in-between Board meetings.

The CEO leads the work of the Group management, which is responsible for overall business development. In addition to the CEO, management during the year has comprised the Chief Financial Officer, Chief Business Officer, Chief Commercial Officer, Chief Technical Officer, VP Clinical Development and Pharmacovigilance, VP Regulatory Affairs (from 1 October 2019), VP Human Resources, and VP Corporate Development & General Counsel (a total of nine persons). During the year the Group management convened twenty (20) times. For information about current senior executives at Camurus, when they assumed their positions and their year of birth, education, experience, holdings in the Company as of 31 March 2020, and current and previous assignments, see pages 130-131 of the annual report. Holdings in the Company include the individual's personal holdings and/or the holdings of closely related parties. Other Group assignments are not presented. CEO has no significant shareholdings and co-ownership in companies that have significant business relationships with Camurus.

Resolved remuneration payable to elected Board members in 2019

			Remuneration, KSEK[1]				Attendance/Participation[2]		
Board member	Function	Independence	Directors' fee	Audit Committee	Remuneration Committee	Total	Board of Directors	Audit Committee	Remuneration Committee
Per-Anders Abrahamsson	Board member	•	250	–	–	250	17/17	–	–
Marianne Dicander Alexandersson	Board member	•	250	50	–	300	17/17	6/6	–
Martin Jonsson	Board member	3)	250	100	25	375	16/17	6/6	2/2
Mark Never[5]	Board member	•	250	–	–	250	7/17	–	–
Kerstin Valinder Strinnholm	Board member	•	250	–	25	275	17/17	–	2/2
Behshad Sheldon	Board member	•	250	–	–	250	17/17	–	–
Fredrik Tiberg[6]	Board member, President and CEO	4)	–	–	–	–	16/17	–	–
Per Olof Wallström	Chairman of the Board	•	600	50	50	700	17/17	6/6	2/2
Total			**2,100**	**200**	**100**	**2,400**			

1) AGM resolved fees for the period May 2019 – May 2020.
2) The figures in the table show total attendance/meetings. In 2019, the Board held a total of 9 ordinary meetings, 6 extra ordinary meetings and 2 when resolutions were take by per capsulam.
3) The Board member is to be regarded as dependent in relation to major shareholders.
4) The Board member is to be regarded as dependent in relation to the Company and its Management.
5) Board member from AGM 9 May 2019.
6) For remuneration to the CEO, refer to Note 9 and 28 in the annual report 2019.

Remuneration for Board of Directors and senior executives

Remuneration for Board members

The AGM of 9 May 2019 resolved the following remuneration to Board members for the period up to the closing of the 2020 AGM; SEK 600,000 to the Chairman of the Board and SEK 250,000 to each of the other Board members. As remuneration for committee work, it was resolved that the Chairman of the Audit Committee would receive SEK 100,000 and other members of the Committee SEK 50,000 each. It was also resolved that the Chairman of the Remuneration Committee would receive SEK 50,000 while other members of the Committee SEK 25,000 each.

Remuneration to Group management

Matters pertaining to remuneration to senior executives are addressed by the Board's Remuenration Committee. Remuneration to the CEO is resolved by the Board based on proposal presented by the Remuneration Committee.

Remuneration and terms for senior executives are to be based on market conditions and consist of a balanced mix of fixed salary, variable remuneration, pension benefits, other benefits, and terms upon termination.

Guidelines for remuneration to senior executives

The AGM of 9 May 2019 resolved to approve the Board of Directors' proposal on the principles of remuneration to the Company's senior executives until the time of the 2020 AGM.

Deviation from the guidelines

The Board of Directors may deviate from these guidelines in certain cases if there are special reasons for doing so. Reasons for derogation must be reported at the next annual general meeting. During 2019 the guidelines have been followed without any deviations.

For more information on guidelines for remuneration to the Board and senior executives, see Note 9 and 28 in the Annual Report 2019.

Proposal on guidelines for executive remuneration 2020

The guidelines the Board of Directors proposes that the annual general meeting 2020 resolves on are presented in the Annual Report 2019, Note 9.

External auditors

The auditing firm PricewaterhouseCoopers AB (PwC) has been Camurus' auditor since the AGM 11 May 2015, with Authorised Public Accountant Ola Bjärehäll as auditor in charge. PwC was re-elected as Camurus' auditor at the AGM 2019, until the end of the AGM 2020.

The auditor performs a review of the interim report for the third quarter and audits the annual and consolidated financial statements. The auditor also comments on whether this Corporate Governance Report has been prepared, and whether disclosures herein are consistent with those in the annual and consolidated financial statements. In a presentation to the AGM, the auditor reports the results of his audit of the Annual Report and consolidated financial statements, his review of the Corporate Governance Report in the Auditor's report, a separately expresses opinions on the Corporate Governance Report, and compliance to guidelines for remuneration to senior executives. In addition, the auditor presents detailed findings from his audits to the Audit Committee three (3) times per year, and to the Board in its entirety once per year. The fees invoiced by the auditors over the past two (2) financial years are reported in Note 8 of the annual report for 2019.

Internal control and risk management

The Board of Directors' responsibility for internal controls are regulated by the Companies Act, the Annual Accounts Act – which includes requirements that the Corporate Governance Report must contain disclosures concerning the principal features of Camurus' internal control and risk management systems in connection with the annual financial reporting and the preparation of the consolidated financial statements – and the Code. The Board of Directors is to ensure that Camurus has appropriate internal controls and formalized procedures to ensure its compliance with established policies for financial reporting and internal controls, and the existence of appropriate systems for the monitoring and control of the Company's activities and the risks associated with the Company and its operations.

Camurus applies COSO's framework for the internal control of financial reporting. The procedures for internal controls on financial reporting were designed with the aim of ensuring reliable overall financial reporting and external reporting in accordance with IFRS, applicable laws and regulations, and other requirements applicable to companies listed on Nasdaq Stockholm. This work involves the Board of Directors, Group management and other employees.

Control environment

The Board of Directors has established instructions and governing documents with the aim of regulating the CEO's and the Board of Directors' roles and responsibilities. The manner in which the Board of Directors monitors and assures the quality of internal controls is documented in the Board of Directors' rules of procedure and Camurus' financial policy, as well as the policy for internal control, where the Board of Directors has established a number of fundamental guidelines of significance to the work with internal control. These guidelines include the regular control and follow-up of outcomes in comparison with expectations and preceding years, as well as supervision of the accounting policies applied by Camurus. The responsibility for maintaining an effective control environment and the ongoing work on risk assessment and internal control over the financial reporting is delegated to the CEO. However, the Board of Directors has ultimate responsibility. In turn, managers at various levels at Camurus have corresponding responsibilities within their respective spheres of responsibility.

Group management reports regularly to the Board of Directors in accordance with established procedures. The financial reporting control environment collectively comprises various responsibilities and authorities, instructions, guidelines, manuals and policies, in combination with laws and regulations.

Based on an efficient control environment and external reviews by auditors, the Board of Directors has deemed that there are no special circumstances in Camurus' operations or other circumstances to warrant the establishment of an internal-audit function.

Risk assessment

Camurus performs continuous risk assessments to identify risks pertaining to financial reporting, as well as risks associated with the Company's operations. These risks include inaccurate reporting as well as impropriety and fraud. Risk management is incorporated in each process and various methods are used to evaluate, identify and curtail risks, and to ensure that the risks to which Camurus is exposed are managed in line with the set policies, instructions and monitoring procedures.

For a description of Camurus' operational risks, see the Director's Report, pages 68-69 and for the financial risks, Note 3 Financial Risk Management, page 71 in Camurus Annual Report 2019.

Control activities

The formulation of control activities is of particular importance to Camurus' work to prevent and identify risks and shortcomings in the financial reporting. The control structure comprises distinct roles in the organization that facilitate an efficient division of responsibilities for specific control activities, including authorization control, IT systems, ERP system and authorization control. The continuous analyses carried out of the financial reporting are crucial to ensure that the financial reports do not include any material errors.

Information and communication

Camurus has information and communication procedures aimed at promoting completeness and accuracy in financial reporting. Policies, guidelines and internal instructions with regard to financial reporting are available in digital and printed form. Regular updates on amendments to accounting policies, reporting requirements or other forms of information disclosure are accessible and known to the employees concerned. For external disclosure of information, guidelines have been designed with the aim of ensuring that Camurus meets the requirements covering the disclosure of accurate information to the market.

Monitoring, evaluation and reporting

The Board of Directors continuously evaluates the information submitted by Group management. The Board of Directors obtains regularly updated financial information about Camurus' development between Board meetings. The Group's financial position, strategies and capital expenditures are discussed at each Board meeting. The Board is also responsible for monitoring the internal control and monitoring that reporting to the Board works satisfactorily. This work entails ensuring that measures are taken to manage any shortcomings, as well as following-up on any proposed measures highlighted in connection with external reviews. The Company performs

an annual self-assessment of its work with risk management and internal controls. This process includes a review of the manner in which established procedures and guidelines are applied. The Board of Directors receives information about important conclusions from this annual assessment process, and about proposed actions, if any, with regard to the Company's internal control environment. In addition, the external auditors report on a regular basis to the Board of Directors, partly through the Audit Committee, partly to the Board of Directors in its entirety.

External audit

The AGM appoints external auditors for a period of one year at a time. In accordance with the audit plan established in consultation with the Board's Audit Committee the auditor examines the Annual Report and the accounts, as well as the Board of Directors' and CEO's fullfilment of their fiduciary duties and responsibilities. In connection with the review, the auditor reports his findings to Group Management for discussion and subsequently to the Board of Directors through the Audit Committee. Following completion of the audit the Audit Committee is informed. At least once a year, the auditors report their observations directly to the Board of Directors without the presence of Camurus' CEO and CFO. The auditor also participates at the AGM, where he presents a summary of his audit and his recommendations in the audit report.

Lund, April 2020

Board of Directors

More information on Camurus's corporate governance and the Board of Directors can be found in the section of "Corporate governance" at camurus.com.

THE AUDITORS' EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

To the general meeting of the shareholders of Camurus AB (publ), corporate identity number 556667-9105

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2019 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Swedish Annual Accounts Act.

Stockholm, April 8, 2020
PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized public accountant
Auditor in charge

FINANCIAL DEFINITIONS

Key figures, MSEK	2019	2018	2017	2016	2015
Net revenues	105.6	49.3	54.3	113.7	154.8
Operating result before items affecting comparability	-360.0	-287.2	-243.5	-102.5	-30.5
Operating result	-360.0	-287.2	-243.5	-102.5	-204.1
Result for the period	-289.9	-234.7	-190.6	-81.0	-159.5
Cash flow from operating activities	-404.4	-274.1	-203.1	-207.8	-5.7
Cash and cash equivalents	358.7	134.4	314.5	508.6	716.1
Equity	631.6	252.3	385.0	564.4	640.6
Equity ratio in Group, percent	82%	69%	81%	88%	78%
Total assets	772.0	364.7	475.9	639.8	816.3
Average number of shares, before dilution	46,496,256	40,671,345	37,281,486	37,281,486	26,497,361
Average number of shares, after dilution*)	48,601,481	42,060,667	38,058,298	37,487,937	37,281,486
Earnings per share before dilution, SEK	-6.23	-5.77	-5.11	-2.17	-6.02
Earnings per share after dilution, SEK*)	-6.23	-5.77	-5.11	-2.17	-6.02
Equity per share before dilution, SEK	13.58	6.20	10.33	15.14	24.17
Equity per share after dilution, SEK*)	13.00	6.00	10.12	15.06	17.18
Number of employees at end of period	120	94	71	62	48
Number of employees in R&D at end of period	67	58	48	44	35
R&D costs as a percentage of operating expenses	56%	63%	75%	80%	83%

*) The dilution effect is calculated according to IAS 33

Cash and cash equivalents Cash and cash bank balances

Equity ratio, % Equity divided by total capital

Average number of shares, before dilution Weighted average number of shares before adjustment for dilution effect of net shares

Average number of shares, after dilution Weighted average number of shares adjusted for the dilution effect of new shares

Earnings per share before dilution, SEK Result divided by the weighted average number of shares outstanding before dilution

Earnings per share after dilution, SEK Result divided by the weighted average number of shares outstanding after dilution

Equity per share before dilution, SEK Equity divided by the weighted number of shares at the period before dilution

Equity per share after dilution, SEK Equity divided by the weighted number of shares at the end of the period after dilution

R&D costs as a percentage of operating expenses Research and development costs divided by operating expenses, excluding items affecting comparability (marketing and distribution costs, administrative expenses and research and development costs)

Per Olof Wallström

Chairman of the Board since 2015 and Board member since 2010. Chairman of the Remuneration Committee and member of the Audit Committee.

Born: 1949. **Education:** M.Sc. in Pharmacy from Uppsala University. **Other current appointments:** Board member of Arosia Communication AB, Qlinea AB and Nexttobe AB. **Work experience:** CEO of Q-Med AB, Melacure AB and Karo Bio AB. Senior management at Merck Sharpe & Dohme, Astra, Pharmacia and Bristol Myers Squibb. **Holdings:** 97,185 shares.

Marianne Dicander Alexandersson

Board member since 2015.
Member of the Audit Committee.

Born: 1959. **Education:** M.Sc. in Chemical Engineering from Chalmers University of Technology. **Other current appointments:** Board member of Recipharm AB (publ), Enzymatica AB (publ),) and Addera Care AB (publ), Praktikertjänst and Promore AB (publ). Chairman and founder of MDA Management AB, Chairman of Sahlgrenska Science Park, Member of the council at Skandia and member of the Advisory Council of the Dental and Pharmaceutical Benefits Agency. **Work Experience:** CEO of Kronans Droghandel, Global Health Partner and Sjätte AP-fonden, deputy CEO of Apoteket AB. Leading positions in quality and market development at Pharmacia, Imperial Chemical Industries and Volvo. **Holdings:** 16,062 shares.

Per-Anders Abrahamsson

Board member since 2006.

Born: 1949. **Education:** B.Sc., MD, Ph.D., Professor of Urology, Lund University. Adjunct Professor, University of Rochester, New York. **Other current appointments:** Chief Physician at Skåne University Hospital, Malmö. Executive Medical Director, Peritus Clinic, Medicon Village, Lund. Board member of Cernelle AB, Medisport AB, Medisport Holding AB, IDL Biotech AB. Consultant Prostalund AB, Cernelle AB och IDL Biotech AB. **Work experience:** Senior Registrar in Urology – 40 years. Chairman, Department of Urology, Lund University – 20 years. Laboratory Director, Department of Urology, University of Rochester Medical Centre – 2 years and Adjunct Professor, University of Rochester, Rochester, New York 1993. Immediate Past Secretary General, European Association of Urology. **Holdings:** 41,951 shares.

Martin Jonsson

Board member since 2013. Chairman of the Audit Committee and member of the Remuneration Committee.

Born: 1961. **Education:** M.Sc. in Business Administration from Lund University. **Other current appointments:** CEO and Board member of Sandberg Development AB. Chairman of Aimpoint AB, Granuldisk AB, SWATAB AB and Rescue Intellitech AB. Board member of ISEC AB. **Work Experience:** 30 years of combined experience in corporate management and working in senior positions in various industries such as medical devices, pharmaceuticals, industrial kitchens, cleantech, outdoor, law enforcement & defence and investment group etc. **Holdings:** 28,352 shares.

Behshad Sheldon

Board Member since 2018.

Born: 1963. **Education:** B.Sc. in Neuroscience from University of Rochester. **Other current appointments:** Chairman of the Board of FORCE (Female Opioid Research and Clinical Experts) in Princeton, New Jersey. **Work Experience:** President & CEO of Braeburn Pharmaceuticals until 2017. Extensive experience in various senior positions in international pharmaceutical companies, including Smithkline Beecham, Bristol-Myers Squibb and Otsuka Pharmaceuticals. **Holdings:** –

Fredrik Tiberg

President & Chief Executive Officer since 2003.
Board Member since 2002.

Born: 1963. **Education:** M.Sc. in Chemical Engineering from Lund Institute of Technology and Ph.D. and Assoc. Prof. in Physical Chemistry from Lund University. **Other current appointments:** Member of the Board Camurus Lipid Research Foundation. Member of the Royal Swedish Academy of Engineering Sciences (IVA). **Work Experience:** CEO of Heptahelix AB, Head of R&D Camurus AB, Visiting Professor of Physical and Theoretical Chemistry, University of Oxford. **Holdings:** 1,703,188 shares and 205,000 subscription warrants.

Kerstin Valinder Strinnholm

Board member since 2015.
Member of the Remuneration Committee.

Born: 1960. **Education:** Degree from the School of Journalism at the University of Gothenburg. **Other current appointments:** Board member of Klifo A/S, Corline Biomedical AB (publ), KVS Invest AB, Immunicum AB (publ), Gedea Biotech AB, Promore Pharma AB (publ) and Cavastor AB. **Work Experience:** EVP Business Development for the Nycomed Group. Many years of experience in sales, marketing and business development from senior positions at Astra/AstraZeneca and Nycomed/Takeda. **Holdings:** 24,910 shares.

Mark Never

Board Member since 2019.

Born: 1961. **Education:** M.B.A. Cranfield University, U.K. **Other current appointments:** Head Western European Cluster, Novartis AG. **Work Experience:** Chief Commercial Officer Region Europe Novartis AG, Country President & CPO Head Novartis Germany, Country President & CPO Head Novartis Italy, Senior international positions på Bristol Myers Squibb och Schering AG. **Holdings:** –

AUDITOR

Ola Bjärehäll

Authorised Public Accountant
PricewaterhouseCoopers AB

Fredrik Tiberg

President & Chief Executive Officer
Employed in the company since 2002.

Born: 1963. **Education:** M.Sc. in Chemical Engineering from Lund Institute of Technology and Ph.D. and Assoc. Prof. in Physical Chemistry from Lund University. **Other current appointments:** Member of the Board Camurus Lipid Research Foundation. Member of the Royal Swedish Academy of Engineering Sciences (IVA). **Work Experience:** CEO of Heptahelix AB, Head of R&D Camurus AB, Visiting Professor of Physical and Theoretical Chemistry, University of Oxford. **Holdings:** 1,703,188 shares and 205,000 subscription warrants.

Richard Jameson

Chief Commercial Officer
Employed in the company since 2016.

Born: 1964. **Education:** BSC (Hons) in Applied Biological Sciences from University West of England. **Work Experience:** More than 20 years in the speciality pharmaceutical industry including executive/senior positions in sales leadership, marketing, market access and general management for companies which include Serono, Schering Plough, Ferring and Indivior PLC. **Holdings:** 20,490 shares and 120,000 subscription warrants.

Eva Pinotti-Lindqvist

Chief Financial Officer
Employed in the company since 2014.

Born: 1963. **Education:** BSC in Business Administration and Economics from Lund University. **Work Experience:** More than 25 years experience of Finance and 15 years experience of the pharmaceutical industry, including as CFO and Vice President Business Development at EQL Pharma AB and Market analyst at Nordic Drugs AB. Controller at Svedala Svenska AB and Finance Manager at Poseidon Yacht Charter AB. **Holdings:** 45,363 shares and 33,882 subscription warrants.

Agneta Svedberg

Vice President Clinical Development & Pharmacovigilance
Employed in the company since 2015.

Born: 1963. **Education:** M.Sc. in Radiophysics, and B.Sc. in Medicine from Lund University and Executive MBA, Executive Foundation Lund (EFL). **Work Experience:** More than 25 years experience in drug development, including as COO of Zealand Pharma A/S, CEO of Cantargia AB and Senior Vice President, Clinical Development at Genmab A/S. **Holdings:** 11,342 shares and 70,000 subscription warrants.

Fredrik Joabsson

Chief Business Development Officer
Employed in the company since 2001.

Born: 1972. **Education:** Ph.D. in Physical Chemistry and M.Sc. in Chemistry from Lund University. **Work Experience:** More than 15 years experience in pharmaceutical R&D, business development and alliance management. Holdings: 45,463 shares and 40,000 subscription warrants.

Torsten Malmström

Chief Technical Officer
Employed in the company since 2013.

Born: 1968. **Education:** Ph.D. in Inorganic Chemistry and M.Sc in Chemistry from Lund University. **Work Experience:** Almost twenty years experience from the pharmaceutical industry including as Director Pharmaceutical Development for Zealand Pharma and Director of Development for Polypeptide. Team Manager at AstraZeneca. **Holdings:** 45,363 shares and 28,000 subscription warrants.

Annette Mattsson

Vice President, Regulatory Affairs since
Employed in the company since 2017.

Born: 1966. **Education:** Bachelor of Pharmacy, Uppsala University and Business Economics, Lund University. **Work experience :** More than 25 years of experience within regulatory affairs including European RA Director/Global RA Lead at AstraZeneca and Global RA Lead at LEO Pharma. **Holdings:** 375 shares and 25,000 subscription warrants.

Urban Paulsson

Vice President Corporate Development, Senior Counsel
Employed in the company since 2017.

Born: 1963. **Education:** Master of Law from Lund University. **Work Experience:** More than 20 years experience from the life science industry including as Legal Counsel at Pharmacia Corporation and General Counsel for Vitrolife AB. Partner at law firms Bird & Bird and Nordia Law. **Holdings:** 8,125 shares and 115,000 subscription warrants.

Annual General Meeting 2020

Camurus' Annual General Meeting 2020 will be held on Thursday 7 May at 5 pm CET, at Elite Hotel Ideon, Scheelevägen 27, Ideon Science Park, 223 63 Lund.

Registration begins at 4.45 pm CET. Shareholders who wish to attend the meeting must be recorded in the share register maintained by Euroclear Sweden AB (the Swedish Central Securities Depository) on Thrusday 30 April 2020.

Information about measures due to the coronavirus

As a precautionary measure to decrease any risk of spreading the coronavirus in connection with the AGM, Camurus has decided to take the following measures:

- the time for registration of attendance is postponed to 4.45 p.m,
- no beverages and food will be offered,
- the CEO's speech will be kept short,
- the number of attending non-shareholders, board members, company officials and guests will be limited, and
- questions on the meeting will be concentrated to matters on the agenda and other information that the participants have a right to be provided with according to law. Any general question time will not be held on this AGM, and the meeting will, to the extent possible, be minimized in time without limiting the shareholders' rights.

Considering the risk of infection, the company advice against physically attending the general meeting, and recommends the shareholders to participate by advance voting as stated below.

REGISTRATION

Notification of intention to attend the Annual General Meeting must be made no later than Thursday 30 April 2020 in one of the following ways:

- via Camurus' website: camurus.com
- by phone: +46 46-286 38 90
- by mail: Camurus AB, c/o Euroclear Sweden AB, Årsstämma" Box 191, 101 23 Stockholm

Upon giving notice, shareholders shall specify:

- Name
- Personal identity number/corporate registration number
- Address and telephone number
- Where applicable, information about any representatives/advisors

Shareholders who have registered their shares with a bank or another nominee must, to be entitled to participate in the General Meeting, register their shares in their own name so that the person concerned is recorded in the share register maintained by Euroclear Sweden AB share register on Thursday 30 April 2020. Such registration may be temporary. Shareholders wishing to register their shares in their own name should inform the bank or nominee well before this date.

Shareholders who intend to be represented by proxy must issue a written and dated power of attorney for the proxy. The original power of attorney and any registration

certificate should be sent to the Company by mail at the address indicated above well in advance of the meeting. A proxy form is available on the Company's website camurus.com and can also be sent to shareholders upon request.

ADVANCE VOTING

As a part of the effort to minimize the risk of spreading the coronavirus, a temporary law will come into force on 15 April 2020, which, inter alia, entails that the board of directors of a company may resolve that shareholders who choose not to physically attend the meeting, may exercise their voting rights at the meeting by advance voting by post. The board of directors has therefore resolved that shareholders in Camurus shall be able to exercise its voting rights at the AGM 2020 by advance voting.

Shareholders who wish to exercise the possibility to advance voting shall, in addition to being included in the shareholder's register and having registered their participation in accordance with above, use an advance voting form which will be available on Camurus' website, camurus.com no later than a week prior to the meeting.

- The advance voting form shall be sent to Camurus by e-mail to info@camurus.com or by regular mail to Camurus AB (publ), c/o Euroclear Sweden AB, "Årsstämma", Box 191, 101 23 Stockholm, Sweden.
- The advance voting form must be Camurus at hand no later than at the same time as the notice of attendance to the general meeting, on Thursday 30 April 2020 at 4 p.m.

SHAREHOLDER INFORMATION

Interim reports, annual reports and Camurus' press releases are available on camurus.com and can be ordered from Camurus AB, Ideon Science Park, SE-223 70 Lund, Sweden.

The Annual Report for 2019 in printed form will be sent to all who so requests, and it is always available for down load from: camurus.com.

CALENDAR

7 May 2020, 1 pm CET – Interim Report January-March 2020
7 May 2020, 5 pm CET – Annual General Meeting
16 July 2020 – Interim Report, January-June 2020
5 November 2020 – Interim Report, January-September 2020

CONTACT DETAILS

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