

camurus[®]

REMUNERATION REPORT 2020

This report describes how the guidelines for executive remuneration of Camurus AB, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in Note 9 (Personnel, personnel costs and remuneration to Board members and senior executives) on pages 101-104 in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on page 130 in the annual report 2020.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in Note 28 Related party transactions on pages 116-118 in the annual report 2020.

Key developments 2020

The CEO summarizes the company's overall performance in his statement on pages 10-14 in the annual report 2020.

The company's remuneration guidelines: scope, purpose and deviations

Camurus is committed to developing and commercializing innovative and long-acting medicines for the treatment of severe and chronic conditions, including opioid dependence, pain, cancer and endocrine disorders.

A prerequisite for the successful implementation of Camurus' business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration is based on market terms and consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be based on predetermined, well-defined and measurable financial and non-financial criteria.

The criteria are designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy and promoting the executive's long-term development.

The guidelines are found on pages 102-104 in the annual report 2020 and on the company's website <https://www.camurus.com/investors/corporategovernance>. The remuneration guidelines, adopted by the annual general meeting 2020, have been fully implemented. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.camurus.com/investors/corporategovernance. No remuneration has been reclaimed. Remuneration presented in the report is either earned and paid during 2020, or earned and due to be paid in 2021.

In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans.

Table 1 – Total CEO remuneration in 2020 (KSEK)

Name of director (position)	Fixed remuneration 1		Variable remuneration 2		3	4	5	6
	Base salary ¹	Other benefits ²	One-year variable	Multi-year variable				
Fredrik Tiberg (CEO)	5,341	70	1,837	N/A	740	2,050	10,039	74/26%

1 Including holiday pay of KSEK 548 and including a deduction for company car of KSEK 49

2 Healthcare insurance, car and parking benefit

3 Stay-on bonus related to participation in TO2018/2021, TO2019/2020 and TO2020/2023 resolved by the annual general meeting

4 Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been fully counted for as fixed remuneration

Share-based remuneration

Outstanding share price-related incentive plans

Since 2016, the annual general meetings of the company have resolved on incentive programs in the form of subscription warrant programs for the employees, including the CEO, in Camurus. In the beginning of 2020, the company had three active subscription warrant programs, TO2017/2020 (comprising 658,932 warrants), TO2018/2021 (comprising 557,400 warrants¹), and TO2019/2022 (comprising 597,459 warrants). The annual general meeting 2020 resolved to implement another subscription warrant program, TO2020/2023 (comprising 192,275 warrants). The employees are offered to purchase the subscription warrants at market value at the time of transfer, entailing that the participants make a personal investment, and

each warrant entitles to subscription for one new share in Camurus at a predetermined subscription price. The warrants are exercisable 3-3.5 years after the award. As part of the programs, the participants receive a three-piece stay-on bonus from the company in form of gross salary additions equivalent to the amount paid by the participant for the subscription warrants. The stay-on bonus is conditional on continued employment.

On 15 December 2020, the subscription period for TO2017/2020 ended. During the year 548,932 warrants were exercised, and 598,332 shares were subscribed for at the subscription price of SEK 153.90 per share.

During 2020 the CEO exercised warrants in the program TO2017/2020. Furthermore, the CEO was awarded 15,000 subscription warrants in the program TO2020/2023. For more information see table 2 below.

1) Number of shares subscribed warrants entitled to after recalculation in accordance with the terms of the programs due to the company's rights issue in March 2019; TO2017/2020: 718,233 and TO2018/2021: 607,565.

Table 2 – Share option plans (CEO)

Name of director (position)	The main conditions of share option plans						Information regarding the reported financial year ¹⁾						
	1 Name of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	6 Exercise period	7 Exercise price (SEK)	8 Share options held at beginning of year	9 Share options awarded	10 Share options vested	11 Share options subject to performance condition	12 Share options awarded and unvested	13 Share options subject to retention period
Fredrik Tiberger (CEO)	TO2017/2020	2017-2020	2017-06-02	2020-05-15	N/A	2023-05-15–2023-12-15	153.90 ²⁾	70,000 ²⁾	0	70,000 ³⁾	N/A	0	N/A
	TO2018/2021	2018-2021	2018-05-28	2021-05-15	N/A	2023-05-15–2023-12-15	133.40 ²⁾	70,000 ²⁾	0	0	N/A	70,000	N/A
	TO2019/2022	2019-2022	2019-06-03	2022-05-15	N/A	2023-05-15–2023-12-15	98.90	75,000	0	0	N/A	75,000	N/A
	TO2020/2023	2020-2023	2020-08-31	2023-05-15	N/A	2023-05-15–2023-12-15	169.50	0	15,000 ⁴⁾	0	N/A	15,000	N/A
Totalt								215,000	15,000	70,000	0	160,000	0

1) In 2020, no changes occurred regarding programs TO2018/2021, TO2019/2022, where the CEO holds a total of 145,000 options. In the new program TO2020/2023, the CEO was awarded 15,000 warrants in 2020.

2) The number of shares each warrant entitled to was recalculated in accordance with the terms of the programs due to the company's rights issue in March 2019. The recalculation factor was set to 1.09.

3) In the program TO2017/2020, the CEO exercised 40,000 warrants and subscribed for 43,600 new shares at the pre-defined price of SEK 153.90 per share and paid in total KSEK 6,710. The closing price at Nasdaq Stockholm for the share at the time of exercise 15 December 2020 was SEK 185. The remaining 30,000 warrants were not exercised and expired on 15 December 2020.

4) The aggregate market value of the underlying 15,000 shares at the time of the award was KSEK 2,631 based on Nasdaq's closing price of SEK 175.40 on 31 August 2020. The aggregate exercise price is KSEK 2,542.

Application of performance criteria

The performance measures for the CEO's variable remuneration are resolved annually by the board of directors and have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives, and short-term and long-term business priorities for 2020 have been considered. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

In 2020, the CEO was entitled to a variable remuneration corresponding to a maximum of 45% of the annual fixed salary. Earned variable remuneration related to 2020, due to be paid in 2021, amounted to 37.9% of the annual salary, excluding vacation pay and company car, with a corresponding value of KSEK 1,837. The 2020 programme was based 52% on financial targets and 48% on targets related to corporate, business, and pharmaceutical development, and the outcome is detailed as below.

Table 3 - Performance of the CEO in the reported financial year: variable cash remuneration

	1	2	3
Name of director (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Actual award b) Remuneration outcome
Fredrik Tiberger (CEO)	Financial development 2020 related to revenues and operating expenses	52%	Total net revenues MSEK 336 Product sales MSEK 323 Operating Expenses MSEK 508 b) KSEK 1 137
	Corporate, business and pharmaceutical development 2020	48%	b) KSEK 700

Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last five reported financial years (RFY) (KSEK)

	RR-4 vs RR-5 ¹	RR-3 vs RR-4	RR-2 vs RR-3	RR-1 vs RR-2	RR vs RR-1	RR 2020
CEO remuneration	-6,612 (-52.5%)	+183 (+3.1%)	+2,449 (+39.7%)	+313 (+3.6%)	+1,113 (+12.5%)	10,039
Group operating profit	-71,988 (-236.3%)	-141,072 (-137.7%)	-43,694 (-17.9%)	-72,804 (-25.3%)	+154,790 (+43.0%)	-205,232
Average remuneration on a full-time equivalent basis of employees* of the Group	-1,510 (-67.2%)	+194 (+26.2%)	+153 (+16.4%)	+7 (+0.6%)	-31 (-2.8%)	1,060

* Excluding members of the group executive management

¹ In connection with the listing of the company's share on Nasdaq Stockholm on December 3, 2015, Camurus' employees and board members received a share bonus. The market value, which was the basis for calculating the value of the share bonus, was SEK 57 per share. As payment, the share's quota value of SEK 0.025 per share was paid. The share bonus comprised a total of 1,909,483 shares, corresponding to a value of SEK 108,792,794. For the CEO, the share bonus comprised 158,241 shares, corresponding to a value of SEK 9,015,781 after paid quota value of SEK 47,737. In connection with the share bonus being received, the CEO sold 57% of the shares to pay the income tax on the benefit value.

camurus[®]

Camurus AB | Ideon Science Park, SE-223 70 Lund, Sweden
P +46 46 286 57 30 | F +46 46 286 57 39 | info@camurus.com | [camurus.com](https://www.camurus.com)