camurus®

ANNUAL REPORT 2016

CONTENTS

OUR PROFILE

Innovation that delivers

- Award-winning FluidCrystal® technology
- Early to late-stage diversified pipeline
- Strategic and rewarding partnerships
- Emerging European commercial organization

Simpler, smarter, safer medications

- Long-acting medications for better treatment outcomes and quality of life for patients
- Focus on underserved specialty markets

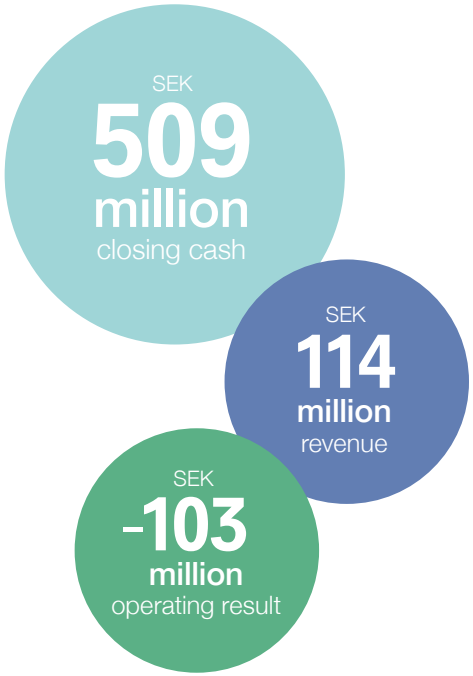
Entrepreneurial company culture

- Strong, experienced and dynamic management team
- Agile, passionate and result focused

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. New drug products are based on our proprietary FluidCrystal® drug delivery technologies with the purpose to deliver improved quality of life, treatment outcomes and resource utilization. The company's share is listed on Nasdaq Stockholm under the ticker "CAMX". For more information, visit **camurus.com.**

"Transforming treatments for patients with serious and chronic diseases„

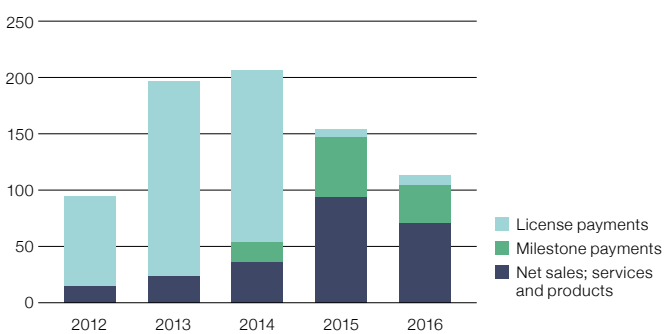
KEY PERFORMANCE INDICATORS



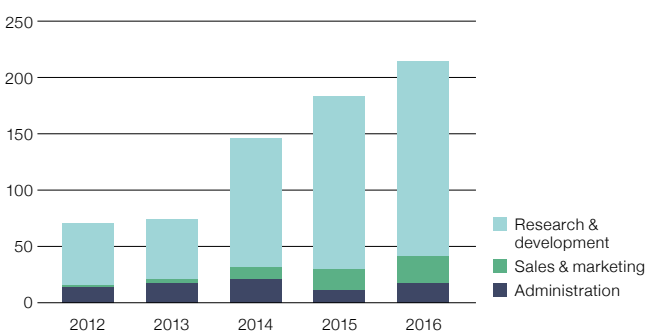
Key figures, MSEK	2016	2015	2014	2013	2012
Net revenues	113,7	154,8	208,2	197,7	95,2
Operating result before items affecting comparability	-102,5	-30,5	62,3	127,3	18,8
Operating result	-102,5	-204,1	62,3	127,3	18,8
Result for the period	-81,0	-159,5	48,3	99,2	13,3
Cash flow from operating activities	-207,8	-5,7	69,4	163,1	24,7
Cash and cash equivalents	508,6	716,1	0,1	0,0	0,0
Equity	564,4	640,6	123,5	50,0	40,2
Equity ratio in Group, percent	88%	78%	59%	45%	70%
Total assets	639,8	816,3	207,7	111,7	57,4
Earnings per share before dilution, SEK	-2,17	-6,02	2,06	4,25	0,57
Earnings per share after dilution, SEK*)	-2,17	-6,02	1,92	3,93	0,53
Number of employees at end of period	62	48	43	36	31
Number of employees in R&D at end of period	44	35	28	29	25
R&D costs as a percentage of operating expenses	80%	83%	77%	71%	76%

**) The dilution effect is calculated according to IAS 33*

REVENUE

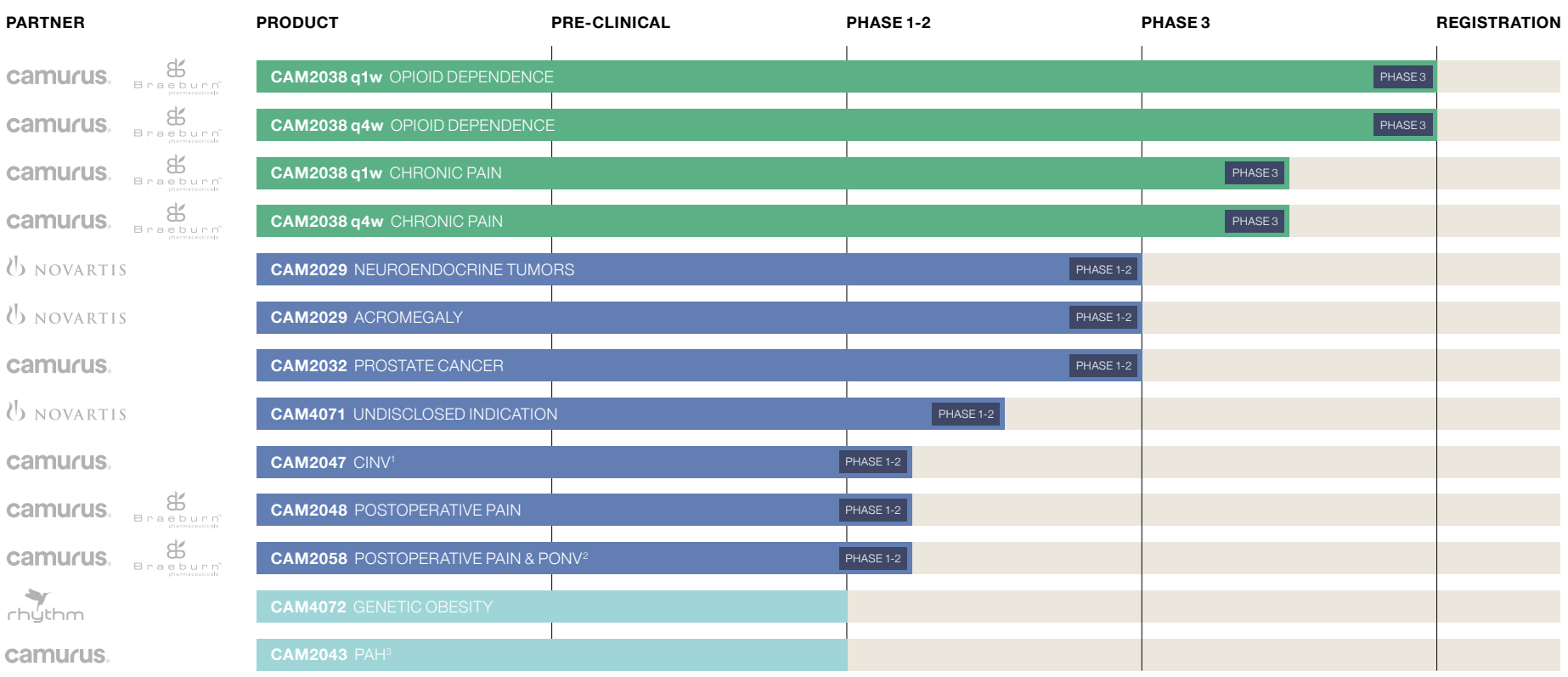


OPERATING EXPENSES



A strong and diversified pipeline

Our clinical pipeline represents a healthy mix of in-house and partnered programs from early stage of development to completion of phase 3. We strive to address the needs of patients and healthcare providers by developing products that can truly make a difference in patients' everyday lives, improving treatment results and long-term recovery.



1) Chemotherapy induced nausea and vomiting, 2) Postoperative nausea and vomiting. 3) Pulmonary arterial hypertension.

2016 MILESTONES

Q1

Recruitment completed in phase 3 studies
Recruitment goals reached in two pivotal phase 3 trials of CAM2038 for opioid dependence treatment.

Initiation of phase 2 study in chronic pain
Start of phase 2 trial of CAM2038 pharmacokinetics in patients with chronic pain.

New partnership for genetic obesity disorders
License agreement signed with Rhythm Inc. USA for development of long-acting FluidCrystal® setmelanotide for treatment of rare genetic obesity disorders.

Q2

Opioid blocking effects of CAM2038
CAM2038 demonstrated effective blockade of opioid effects in phase 2 study.

Positive results of phase 2 study in prostate cancer
Positive pharmacokinetics and pharmacodynamics results announced from phase 2 trial of CAM2032 for treatment of prostate cancer.

Commercial organization Build-Up
Richard Jameson assumed role as Chief Commercial Officer.

episil® distribution in the US
Distribution and license agreement signed with R-Pharm US for episil® in the US.

Q3

Phase 3 chronic pain study started

First patient enrolled in a phase 3 study of CAM2038 for treatment of chronic back pain.

Positive phase 2 study results for CAM2029

CAM2029 maintained or improved biochemical control in acromegaly patients and symptoms control in patients with functioning NETs after switching from Sandostatin® LAR®.

Q4

Positive phase 3 efficacy results in opioid dependence

Positive efficacy outcomes and safety demonstrated in the pivotal phase 3 trial of CAM2038 in patients with opioid use disorder.

Start of new clinical study

First subjects dosed in phase 1 study of CAM2047, CAM2048 and CAM2058 for treatment of nausea and pain.

Expansion of license agreement with Braeburn Pharmaceuticals

Amendment of collaboration and license agreement with Braeburn Pharmaceuticals with new combination product CAM2058 for treatment of postoperative pain and nausea.

Capital Markets and R&D Day

Camurus hosted its first Capital Markets and R&D Day at the Royal Swedish Engineering Academy in Stockholm.

Strong performance and delivery on key priorities

Positive phase 3 results for CAM2038 amid ongoing opioid crisis

2016, our first year as a public company, was highly productive and we made excellent progress on the key priorities across our pipeline. We fully recruited two phase 3 studies of CAM2038 in opioid dependence, started a phase 3 study in chronic pain, delivered positive results from three phase 2 studies across three indications, announced new license and distribution agreeements, and strengthened our organization and concluded the first critical step in building our European marketing and sales operations.

The year ended on a high note with the announcement of positive phase 3 results for our long-acting opioid dependence treatment, CAM2038. The study showed a significantly better treatment efficacy for CAM2038 compared to current standard-of-care with daily sublingual buprenorphine/naloxone. With the successes of our clinical programs for CAM2038 firmly established, we immediately proceeded to prepare the submissions of market approval applications to EMA and FDA so that opioid dependent patients can access to a new and better treatment option as soon as possible.

OPIOID CRISIS IN THE US AND GLOBAL PROBLEMS ON THE RISE

The ongoing opioid epidemic is an acute public health issue in the United States. With 2.5 million Americans being diagnosed with opioid use disorder and a frightening 30,000 opioid overdoses deaths in 2015, the situation is nothing short of catastrophic. The scale of the opioid crisis in Europe, with 1.3 million problem users, is currently not as alarming as in the US, but recent data suggest that problems are worsening with the number of opioid related deaths on the rise. The problem is further highlighted by a growing availability of extremely potent synthetic opioids, like fentanyl. Media, politicians and other stakeholders are on high alert and calling for wider access to high-quality treatment options. Despite the frightening dimension of the ongoing crisis, a majority of the 4 million people diagnosed with opioid dependence in Europe and the US do not receive any medical treatment. Not included in these numbers are the many people who are hidden from the official statistics, including the numerous patients that become addicted to prescription painkillers as a consequence of the treatment of pain with opioid analgesics. The total societal costs of opioid dependence in the form of reduced work productivity, social problems and crime are enormous. Even though medication assisted treatment has a strong evidence base that demonstrates huge individual and societal benefits, access to treatment remains a limiting factor. According to the World Health Organization (WHO) 90% of opioid dependent patients globally have no or very limited access to treatment.

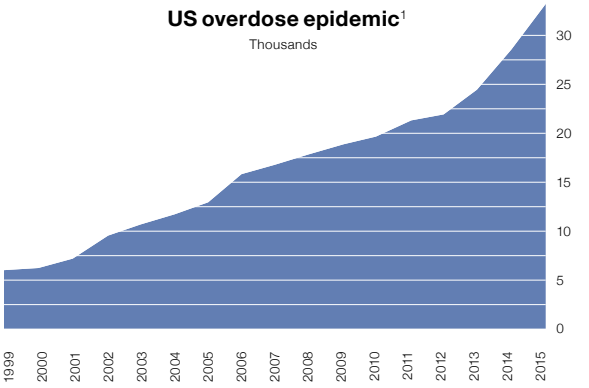
> "There is an immediate need for better treatment options and broadened access to medications„

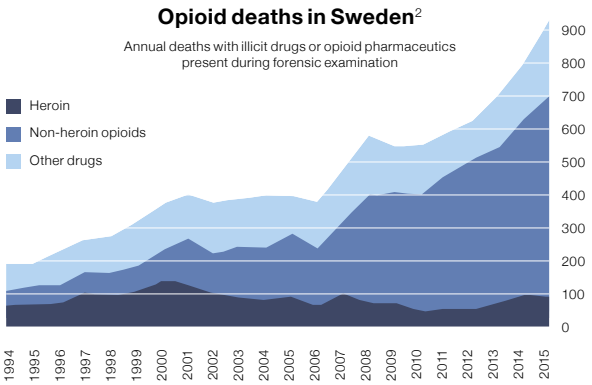
OVERWHELMING RESPONSE TO CAM2038 FROM PATIENTS AND PHYSICIANS

There is an immediate need for better treatment options and broadened access to medications. Camurus' long-acting products can contribute to address this huge medical need. In 2016, we demonstrated that our weekly and monthly buprenorphine depots significantly improve treatment outcomes and reduce the burdens and risks of current daily treatments. In the phase 2 trial completed in May 2016, we showed that CAM2038 provides a rapid and long-lasting suppression of withdrawal symptoms and blockade of opioid effects, such as highs and euphoria, which can reinforce opioid cravings and dependence if patients relapse into misuse. Our phase 3 study, completed in November 2016, confirmed that patients randomized to CAM2038 had significantly better treatment effect with fewer incidences of misuse during the treatment period as compared to the patients that received current standard-of-care with daily sublingual buprenorphine/naloxone. In addition to these compelling study outcomes, CAM2038 has several other advantages by virtue of long-acting durations and administration by healthcare professionals. These include reducing patients' daily treatment burden and associated stigma; decrease healthcare and societal costs; eliminate or minimize diversion, misuse of medications and accidental pediatric exposure, following in the trails of current buprenorphine and methadone treatments. We are therefore convinced that CAM2038 has the potential to become a gamechanger in opioid dependence treatment, and with the growing evidence base are hopeful that it will also contribute to a wider access to treatment for the many millions globally suffering from opioid dependence.

References 1. *Center for Disease Control & Prevention 2016.*
2. *Toxreg 2016.*

> "CAM2038 has the potential to become a gamechanger in opioid dependence treatment„





A great source of inspiration for me and my coworkers is the overwhelming positive responses that we continuously receive from investigators, study participants, healthcare professionals as well as other stakeholders in the opioid dependence therapy area. Their enthusiasm and contributions to our development of CAM2038 is invaluable and critical to our success.

MARKET AUTHORIZATION APPLICATIONS AND BUILDING OUR EUROPEAN COMMERCIAL ORGANIZATION

We are now together with our US partner Braeburn Pharmaceuticals rounding up our CAM2038 registration programs and preparing for the filing of market authorization applications to the European Medical Agency and the US Food and Drug Administration by mid-2017 with the overriding aim to bring important products to the patients as soon as possible. In parallel, we have been preparing for commercial manufacturing in the EU and the US.

An important objective with our IPO at the end of 2015 was to create a solid foundation for the building of Camurus' commercial organization for the launch of CAM2038 in Europe. Under the leadership of our Chief Commercial Officer Richard Jameson, who joined Camurus in 2016 to head this strategic endeavor, we have taken several important steps to establish our European organization and prepare for the launch of CAM2038:

- Recruitment of General Managers for Northern and Central Europe as well as key functional leads for pricing and market access, medical affairs and marketing.
- Creatation of thorough understanding of the addiction markets across the EU and Australia.
- Development of innovative health economical outcomes research (HEOR) and comprehensive medical affairs programs.
- Building of the operational structure and establishment of our first subsidiaries in Germany and the UK.

Preparations are being made in close collaboration with physicians, advocacy groups, payors, and policy makers to enable a timely and successful launch, and rapid access to treatment for patients.

EXPANDING CAM2038 INDICATION TO CHRONIC PAIN

In 2016, we took important steps to expanding the indication area for CAM2038 to chronic pain with the aim of providing effective round-the-clock pain relief. Chronic pain is a major health care challenge. Approximately 20% of the world's population has an on-going pain problem, many of whom are poorly served with currently available treatment modalities. For many patients suffering from moderate to severe pain, treatments with strong opioid analgesics such as morphine, oxycodone and fentanyl is currently the only viable treatment alternative for an effective pain relief. However, these opioids have several drawbacks in terms of side effects, risks of misuse, dependence, overdoses and death as well as development of pain sensitization (hyperalgesia). There is an increasing evidence base for the efficacy of buprenorphine for treating various types of pain, including chronic pain. Due to its' ceiling effect on respiratory depression and less addictive properties compared to other strong opioids, buprenorphine represents safer treatment alternative with a significantly lower risk of overdosing. Combined with the attributes of our long-acting depot technology, we believe that CAM2038 can have an important role in the future management of chronic pain. In addition to providing effective round-the-clock pain relief, CAM2038, eliminates or minimizes the risks for misuse, diversion and overdosing. During 2016, we conducted a phase 2 trial in opioid dependent patients and initiated a randomized, placebo-controlled phase 3 trial in opioid experienced patients with chronic lower back pain together with our US partner Braeburn Pharmaceuticals. This trial is expected to be completed during 2017. Filings of market authorization applications to FDA and EMA for chronic pain are planned for 2018.

> "well-maintained or improved control of disease biomarkers and symptoms„

STARTING PHASE 3 TRIALS IN ACROMEGALY AND NEUROENDOCRINE TUMORS

Alongside the successes of our opioid dependence and chronic pain programs, we have also made great progress in other key pipeline programs. In the collaboration with Novartis, we completed preparations for phase 3 trials of our long-acting octreotide product CAM2029 for the treatment of acromegaly and neuroendocrine tumors (NET). We optimized product stability to ensure simplified global distribution and submitted a new patent application to extend protection for CAM2029 (as well as other products in our development portfolio). During the year,

we also received encouraging results from a phase 2 trial of CAM2029 in acromegaly and NET patients, that have further supported the progress with the forthcoming phase 3 program. The study showed well-maintained or improved control of disease biomarkers and symptoms when switching acromegaly and NET patients from current standard-of-care with intramuscular long-acting octreotide (Sandostatin® LAR®) to subcutaneous CAM2029. Results were recently presented at the European Neuroendocrine Tumor Society (ENETS) conference in Barcelona (March 8-10, 2017). GMP manufacturing of CAM2029 is currently ongoing and our partner Novartis is preparing to start global phase 3 studies during 2017. The market for somatostatin analogs (octreotide and lanreotide) continues to grow with global sales of exceeding USD 2 billion. As part of our partnership with Novartis, we also completed a phase 1 dose-escalation trial of another product candidate, CAM4071. Decisions regarding further product development are expected in 2017.

CONTINUED INNOVATION AND GROWING THE PIPELINE

For individuals suffering from chronic conditions, for whom lifelong medication has become a reality, there is much to be gained from improving treatments – not only in terms of efficacy, but also in terms of how the treatments are administered. One example illustrating this approach is a new interesting project for the development of a subcutaneous long-acting depot of trepostinil, CAM2043, for the treatment of pulmonary arterial hypertension (PAH). PAH is a rare, progressive cardiopulmonary disease. If untreated, the median survival of PAH patients is less than three years afteer diagnosis. Today, patients are primarily treated with a continuous treprostinil infusion – a complicated procedure with severe side-effects in the form of treatment limiting infusion site pain, local reactions and risk of serious infections. We believe that CAM2043 has the potential to significantly improve the current treatment of PAH. The PAH market currently exceeds $4 billion annually, of which treprostinil accounts for approximately 25%. Based on the positive results obtained in our preclinical studies during the year, we are now proceeding to prepare for clinical development of CAM2043, with a tentative study start in the second half of 2017.

Another program moving into clinical development in 2017 is our weekly formulation of setmelanotide for treatment of genetic obesity, Prader-Wills syndrome and POMC deficiency – being developed by our partner Rhythm under the license agreement signed earlier in the year. Our ongoing clinical programs, with new product candidates for e.g. pain, nausea and vomiting, are anticipated to provide continued delivery of strong and positive clinical news flow during 2017.

> **„CAM2043 has the potential to significantly improve the current treatment of PAH„**

CONTINUED DEVELOPMENT AND BUSINESS EXPANSION

Camurus demonstrated visible success on all key priorities for 2016. Our core business – long-acting depot medications – has the potential to transform treatments in many different therapeutic realms. To meet the demands for better treatments and improve quality of life for patients with chronic and debilitating disease, we are incentivizing our staff and strengthening our teams with new expertise, talent and internationally experienced leadership. Operating in a complex and evolving environment, our continued success is ultimately down to the ideas, work and commitment of our people and partners. Through our accomplishments, including our successful first year on the stock market, we have built a solid foundation for expanding our business and growing our commercial capabilities for successful launch of our opioid dependence treatment. We will also continue working to grow and advance our pipeline of treatment innovations to realize our vision for 2018 and to deliver significant value to patients, health economies, wider society and, of course, to our shareholders.

It is a great inspiration to be part of this exciting journey and I want to thank all involved for their important contributions to achieving our goals and building Camurus for the future.

Fredrik Tiberg
President & CEO

PRIORITIES 2017

Submission of market authorization applications for our weekly and monthly buprenorphine depots, CAM2038, in Europe and the US

Execute on our comprehensive plans for a successful European launch of CAM2038 in 2018

Complete phase 3 trial of CAM2038 in chronic pain for future indication expansion

Advancement of long-acting octreotide, CAM2029, into phase 3 clinical trials by Novartis

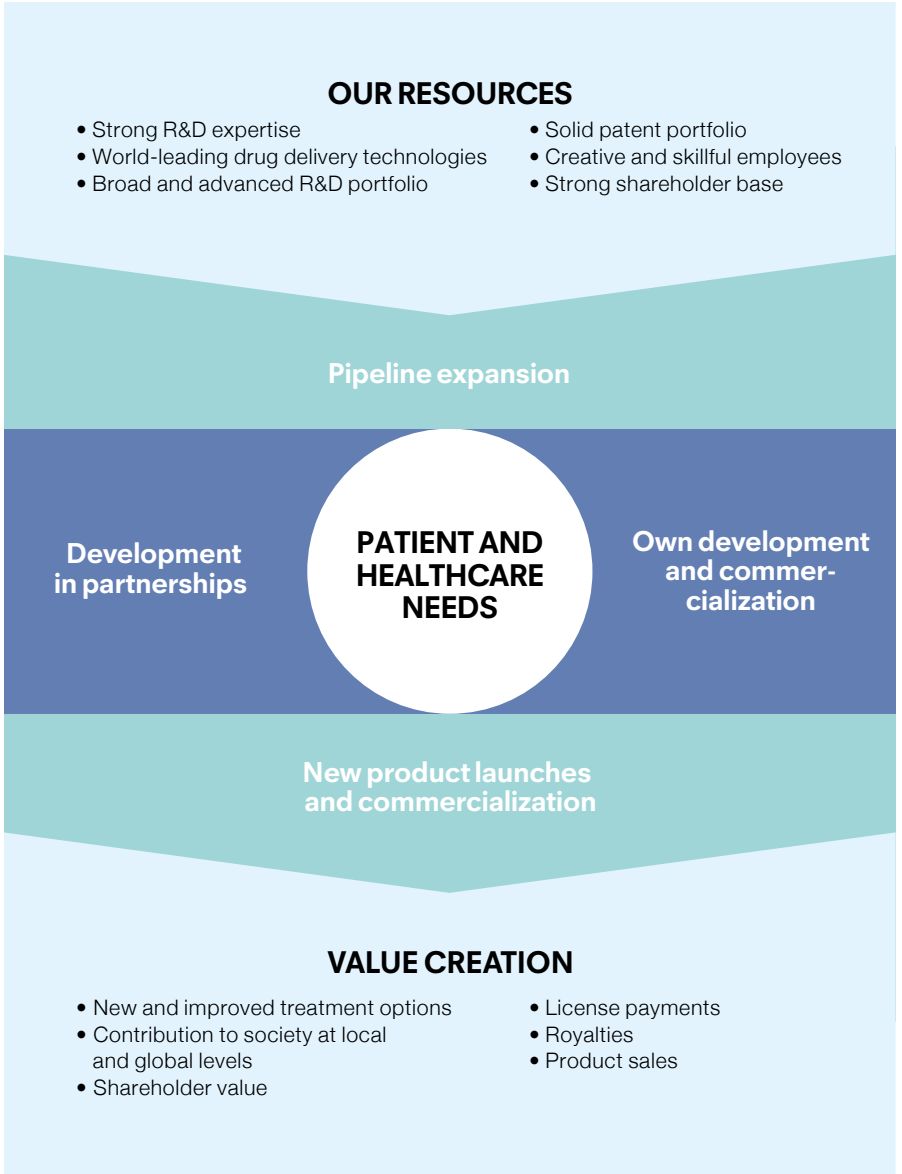
Continue building and advancing our clinical pipeline with new internal and partner product candidates

Strengthen and expand our technology platforms and intellectual properties

Our business model

Innovation and efficient development of therapeutics with the potential to significantly improve the treatment and quality of life of patients with severe and chronic diseases are the cornerstones of our operations. Our progress is accomplished thanks to our skilled, professional and dedicated teams and our unique technologies.

Our development create value across the pharmaceutical development cycle, from early programs to life-cycle management, through a mix of own programs and partnerships with international pharmaceutical companies. To maximize the value creation for our products, we are building our own European commercial organization with an initial focus on the opioid dependence market and other specialty markets with suitable dynamics and a concentrated prescriber base.



Delivering innovative pharmaceuticals based on unique drug delivery platforms

OUR MISSION

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

OUR VISION

To spearhead development of advanced drug delivery systems and innovative medical products to improve the treatment of patients suffering from chronic and debilitating diseases

OUR BUSINESS CONCEPT

To provide innovative and differentiated pharmaceuticals based on leading and proprietary drug delivery technologies and active ingredients which efficacy and safety have been clinically documented

OUR VALUES

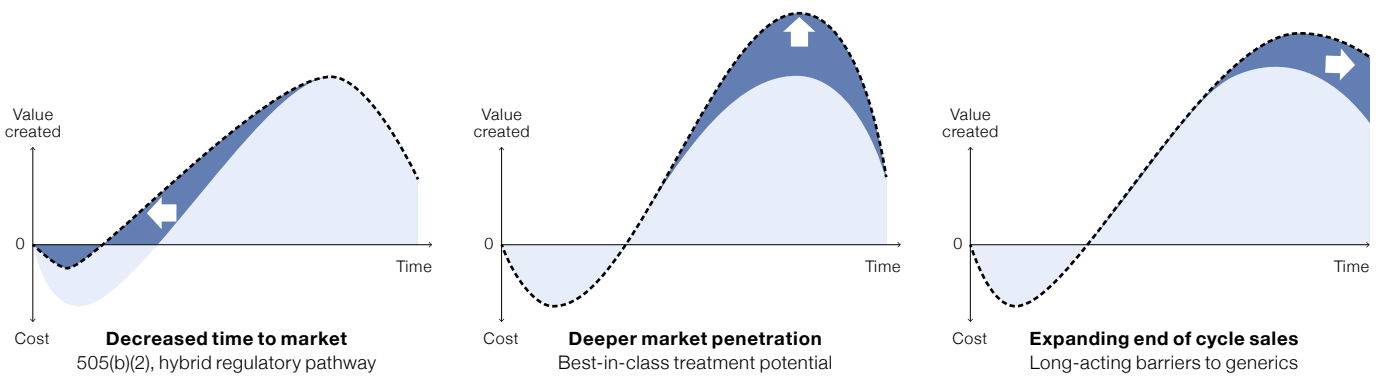
- **Innovation:** We encourage innovation and new ways of thinking
- **Expertise:** We leverage the combined expertise of employees and partners
- **Passion:** We are passionate about realizing our ideas and goals
- **Quality:** We strive for excellence in everything we do and produce

Our proprietary technologies can deliver value throughout the product life cycle

Our development model is based on identifying and developing new and improved treatments to help patients suffering from serious and chronic diseases to a better life. The core assets, and the basis for our present development pipeline, are the patent protected drug delivery technologies registered under the trademark FluidCrystal®.

The FluidCrystal® technologies are all based on special combinations of endogenous polar lipids that spontaneously form liquid crystal nanostructures in aqueous environments at tissue surfaces or in the body. The FluidCrystal® technologies are combined with active ingredients with well-documented clinical efficacy and safety, or with new chemical entities, to create new, convenient and innovative proprietary pharmaceutical products. Our streamlined and highly effective development process allows for a shorter development phase, significantly reduced risk for failure in clinical trials, lower development costs, and extended end of cycle sales.

Building value throughout the medical product life-cycle



Decreased time to market
505(b)(2), hybrid regulatory pathway

Deeper market penetration
Best-in-class treatment potential

Expanding end of cycle sales
Long-acting barriers to generics

Time and cost-effective development of innovative and differentiated medications - combining clinically documented APIs with leading and proven technologies

SHORTER, RISK-MITIGATED PRODUCT DEVELOPMENT

Using established pharmaceutical substances not only streamlines development – it also facilitates the use of regulatory pathways such as the 505(b)(2) process in the US, and the hybrid application in the EU. These abbreviated pathways enable some of the information required for approval to be derived from non-clinical and clinical data on marketed products. Accordingly, time-consuming and costly development phases can be shortened substantially.

IMPROVED THERAPEUTIC PERFORMANCE AND TREATMENT OUTCOMES

Suboptimal exposure profiles, poor treatment compliance, and concerns about side effects result in non-optimal therapeutic performance and treatment outcomes of many existing drug products. Our FluidCrystal® technologies are designed to address some limitations of current products with potential for improving therapeutic performance, treatment adherence, and convenience of administration thereby benefiting patients and healthcare providers.

LIFE CYCLE MANAGEMENT OPPORTUNITIES

FluidCrystal® is a unique technology platform with a strong IP position. It offers an effective barrier against generics and facilitates prolongation of a pharmaceutical product life cycle. By combining our streamlined development model with licensee partners whose position on the market is already well-established, we offer life cycle management partnerships that are truly value creating.

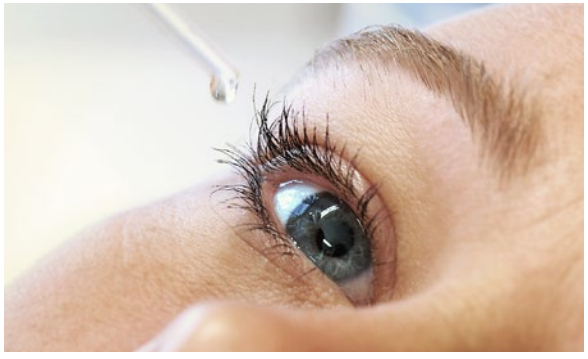
FluidCrystal® – smart and versatile drug delivery

FluidCrystal®
INJECTION DEPOT

Long-acting release with user-friendly administration

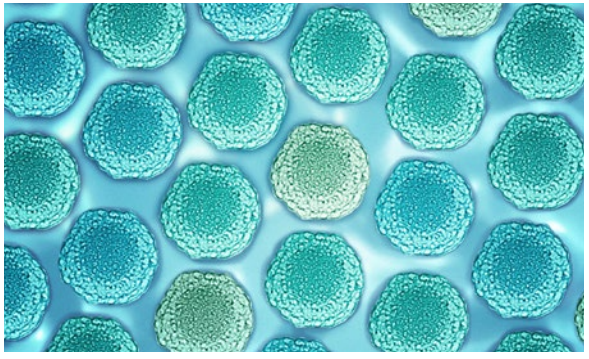
FluidCrystal®
TOPICAL BIOADHESIVE

Unique bioadhesion extends and reinforces treatment efficacy



FluidCrystal®
NANOPARTICLES

Nanoparticle carriers with high solubilising capacity increase drug absorption and bioavailability

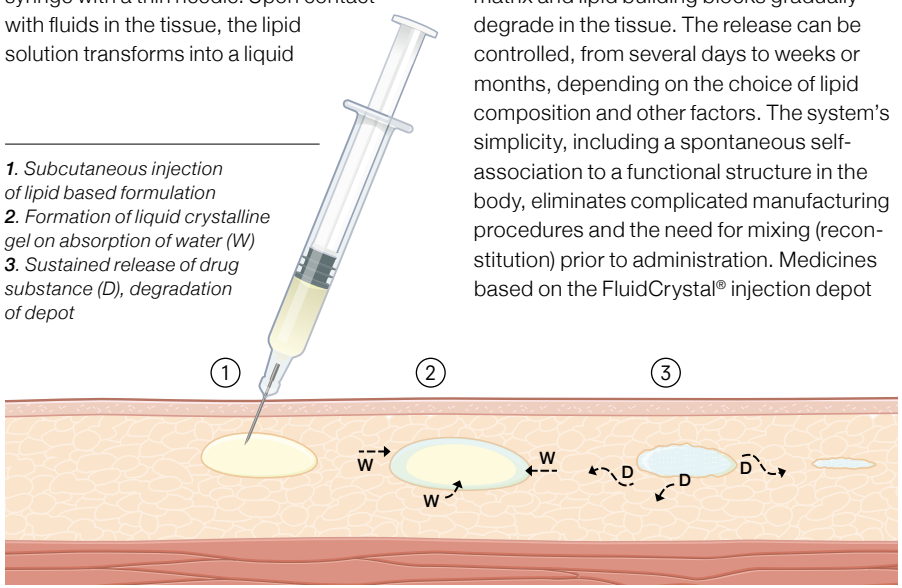


FluidCrystal® INJECTION DEPOT

Camurus' FluidCrystal® injection depot provides treatment efficacy over extended periods – from days to months – with a single injection. It can reduce the burden of daily medication while increasing adherence to therapy. FluidCrystal® is suitable for biological peptides as well as small molecules.

FluidCrystal® injection depot comprises a homogeneous lipid-based liquid with a dissolved active ingredient that can easily be injected subcutaneously using a conventional syringe with a thin needle. Upon contact with fluids in the tissue, the lipid solution transforms into a liquid crystalline gel, which effectively encapsulates the active ingredient. The drug compound is subsequently slowly released at a controlled rate as the liquid crystalline matrix and lipid building blocks gradually degrade in the tissue. The release can be controlled, from several days to weeks or months, depending on the choice of lipid composition and other factors. The system's simplicity, including a spontaneous self-association to a functional structure in the body, eliminates complicated manufacturing procedures and the need for mixing (reconstitution) prior to administration. Medicines based on the FluidCrystal® injection depot can be administered by the patients themselves or by healthcare professionals, without time-consuming and complicated reconstitution procedures. The long-acting drug release reduces the patient's burden of administering medication daily, improves the adherence to and results of the treatment, and improves the patient's quality of life.

1. Subcutaneous injection of lipid based formulation
2. Formation of liquid crystalline gel on absorption of water (W)
3. Sustained release of drug substance (D), degradation of depot

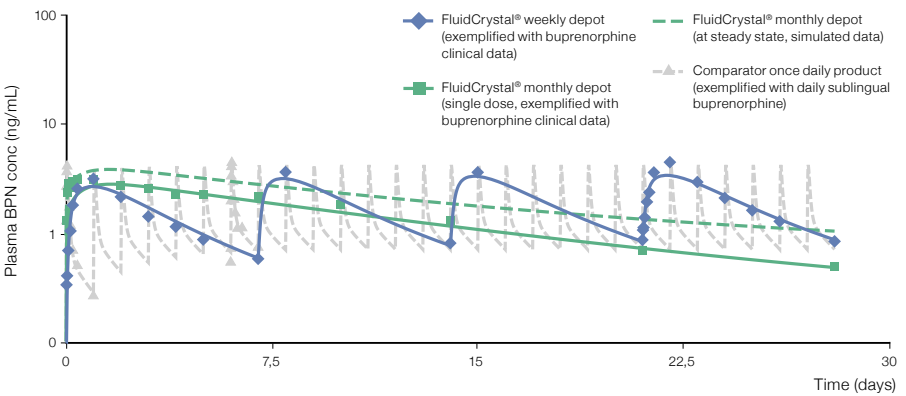


Read more about Camurus' development products based on the FluidCrystal® injection depot: CAM2038 on p. 16, CAM2029 on p. 25 and CAM2032 on p. 28

KEY ATTRIBUTES

- Easy and convenient administration
- Improved treatment adherence
- Adapted to prefilled syringes and autoinjectors
- Long-acting drug release
- Small injection volume with a thin needle
- Good safety profile
- Manufacturing by standard processes

Pharmacokinetic profiles for CAM2038 q1w and CAM2038 q4w, compared with sublingual buprenorphine.



Pharmacokinetic profiles (plasma concentration of pharmaceutical substance over time) following the administration of buprenorphine (sublingual daily dose, FluidCrystal® injection depot weekly or monthly dose)

FluidCrystal® TOPICAL BIOADHESIVE

FluidCrystal® topical bioadhesive comprises a liquid product that forms a strong bioadhesive film after administration on tissue surfaces. The film functions as an invisible patch that slowly and precisely releases pharmaceutical substances systemically or locally. It also provides protection of sensitive and inflamed tissues. The formulation is suitable for prolonged local release of active ingredients on the skin and on mucosal membranes of e.g. the mouth, nose and throat.

The formulation is applied as a low-viscosity liquid on topical surfaces, where it spreads and transforms into a thin and strongly bioadhesive liquid crystalline film after absorption of minute amounts of water. The nanostructure of the film can be controlled to achieve an optimal delivery profile and bioadhesive strength. The formulation has a high solubilising capacity, which allows relatively small dosage volumes to achieve therapeutic effects with the active ingredient. FluidCrystal® topical bioadhesive can be administered using metered dose pumps, tubes, capsules and other primary packaging forms for liquids.

KEY ATTRIBUTES

- Strong adhesion to biological surfaces
- Protects sensitive tissues
- Relieves topical pain
- High solubilising capacity for active ingredients
- Extended local or systemic release of drug substances
- Good local tolerability
- Manufacturing by standard processes

The commercial product, episil® is based on FluidCrystal® topical bioadhesive. Read more about episil® on page 29

FluidCrystal® NANOPARTICLES

FluidCrystal® nanoparticles can resolve the issue of bioavailability for water and fat-soluble pharmaceuticals or biodegradation-sensitive drugs, such as peptides and proteins.

FluidCrystal® nanoparticles are usually water-based and comprise a stable emulsion of nanoparticles with a liquid crystalline structure. Products based on this technology are administered either parenterally via injections or as a liquid sprayed onto the skin or mucous membranes.

KEY ATTRIBUTES

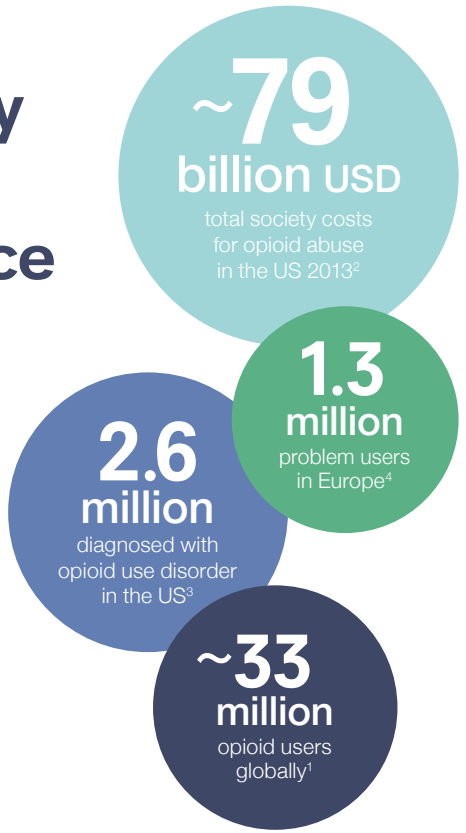
- Prolonged systemic drug circulation (parenteral administration)
- Enhanced delivery over mucosal and skin surfaces (topical administration)
- Protection of sensitive drug substances
- High solubilisation capacity of drug substances
- Good systemic and local tolerability demonstrated in pre-clinical and clinical trials

CAM2038

Transforming opioid dependence treatment in the midst of a global crisis

CAM2038 – Weekly and monthly buprenorphine depots for treatment of opioid dependence

Opioid dependence is a chronic disease with a high relapse frequency. It is a growing global health issue and the largest societal burden of all drugs.[1] The UN estimated that 8 million life years were lost in 2013 alone due to premature death or disability related to opioid abuse.[1]



There are an estimated 33 million opioid users worldwide, and dependence on opioids has in recent years reached epidemic proportions in the US.[1] The burden on society is enormous, for example the health and social costs associated with prescription opioid abuse in the US were estimated at $78.5 billion in 2013.[2] Despite the high costs, less than half of the estimated 2.6 million people diagnosed with opioid use disorder in the United States[3] and 1.3 million high-risk opioid users in Europe[4] are receiving medical treatment. In 2015, deaths from opioid overdoses rose to 33,000 – representing a five-fold increase in 15 years.[5] In Sweden, the number of annual deaths related to opioids has tripled over the last ten years.[6] Reducing opioid-related deaths presents a major and urgent challenge for the public health system and society as a whole.

BUPRENORPHINE – ESTABLISHED EFFICACY FOR TREATMENT OF OPIOID DEPENDENCE

On a global level, buprenorphine is the most frequently used medication for treatment of opioid dependence and it is currently used by more than one million patients in the US and Europe.[3,4] In 2014, global sales of buprenorphine products for the treatment of opioid dependence amounted to nearly $2.5 billion, with sales of almost $2 billion in the US alone.[7] The number of patients treated with buprenorphine in the US is expected to grow from approximately 750,000 in 2015 to about 1.6 million in 2025.[8] In Europe, the percentage of patients receiving buprenorphine treatment is currently estimated at about 37%, and this number is growing steadily as buprenorphine is gaining market share and new patients enter into treatment.[4] Buprenorphine effectively suppresses withdrawal and cravings, lowers the risk of relapse, reduces fatalities from opioid overdose, and decreases risk behaviors associated with injection drugs, such as the spread of infectious diseases like hepatitis C and HIV.[9,10] Currently, buprenorphine is available in the form of sublingual tablets and films for daily dosing. Although there is a large body of evidence for the efficacy of buprenorphine in opioid dependence treatment, there are also significant drawbacks with current administration forms. These include limited treatment compliance, diversion, misuse, and accidental ingestion by children.[11] Furthermore, patients can inadvertently or intentionally miss doses, leaving them vulnerable to relapse and overdoses that may lead to death.

CAM2038 EFFECTIVE ACROSS TREATMENT PHASES

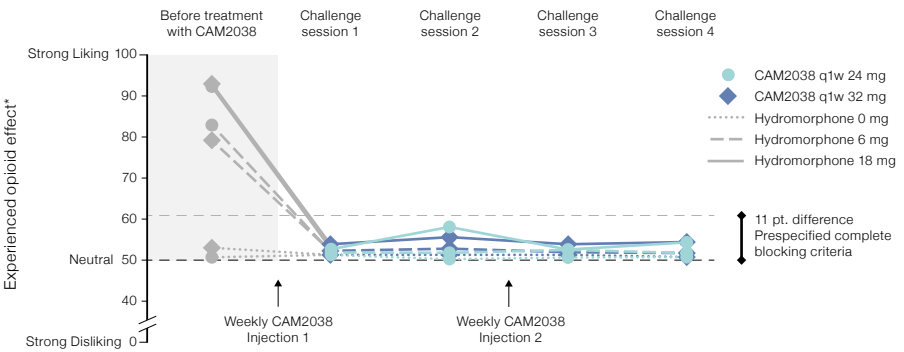
The CAM2038 product candidates are long-acting buprenorphine subcutaneous injections for the treatment of opioid dependence in late-stage clinical development. These innovative products are developed for once-weekly and once-monthly dosing, and they will come in multiple doses to allow individualized treatment of patients with opioid dependence as a part of a comprehensive treatment plan that includes counseling and psychosocial support. CAM2038 has been developed for use in all treatment stages – from initiation and stabilization to long-term maintenance treatment. Importantly, patients are freed from the burden and stigma associated with the daily, often supervised, distribution and administration of medication. The CAM2038 products will be provided ready for use in prefilled syringes designed for easy and convenient administration by healthcare personnel to ensure proper delivery and treatment compliance. This leads to the additional benefits by means of eliminating or minimizing the risks of diversion, abuse, misuse, and accidental pediatric exposure, giving clinicians

the confidence that the medication is being received by the person for whom it was intended. Reducing the dosing frequency can lower treatment costs and ensure adherence to treatment, that potentially should generate substantial savings for healthcare and society.

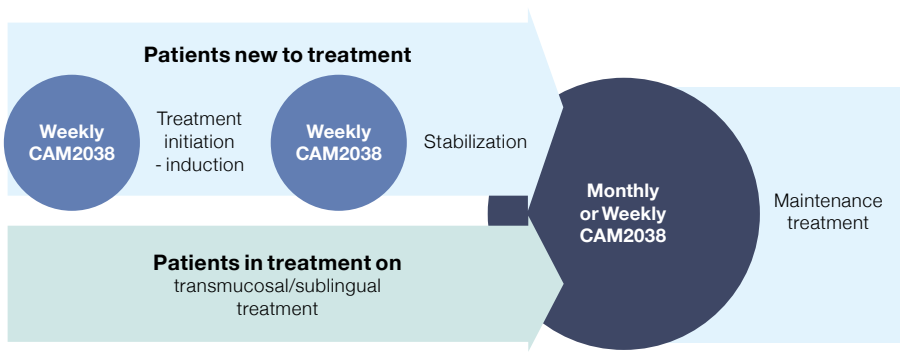
CAM2038 – SUPERIOR TO CURRENT STANDARD OF CARE

To date, CAM2038 has been evaluated in five completed clinical trials. These have demonstrated a good safety and local tolerability as well as pharmacokinetic and pharmacodynamic profiles suitable for weekly and monthly dosing.[12] In November 2016, we announced positive results from a pivotal, randomized, double-blind, double-dummy, active-controlled, 24 weeks, efficacy phase 3 trial of CAM2038 including 428 patients with opioid use disorder. In the study, treatment effect of CAM2038 was compared with daily sublingual buprenorphine/naloxone (SL BPN/NX) which is the current Standard of Care. CAM2038 met both primary and secondary endpoints of non-inferiority and superiority, respectively. The primary endpoint agreed with EMA was percent negative urine samples for opioids (CI -0.1%, 13.6%; p<0.001), and with the FDA responder rate (CI -3.5%,

CAM2038 blocks opioid effect of hydromorphone



CAM2038 blocks subjective opioid effect measured as drug liking for hydromorphone.[13]
**Drug liking*



CAM2038 products allow for flexibility and individualization during all phases of opioid dependence treatment

10.4%; p<0.001). The key secondary endpoint was cumulative distribution function of the percent urines negative for opioids combined with self-reports for weeks 5 through 24 of the study. The superiority of CAM2038 over SL BPN/NX was established with p=0.004. In parallel, a long-term safety phase 3 trial of CAM2038 is being completed and will be reported by second quarter 2017. During May 2016, we also announced positive results from a pivotal phase 2 trial of opioid blocking efficacy of CAM2038. The results show that CAM2038 treatment effectively blocks subjective opioid effects of injected hydromorphone, which means that CAM2038 can potentially protect patients from relapse to abuse of heroin and prescription opioids. Furthermore, a phase 2 trial evaluating pharmacokinetics of CAM2038 during repeated dosing is ongoing. So far, approximately 1,000 subjects have been enrolled in clinical trials evaluating CAM2038.

> "CAM2038 met primary and secondary phase 3 efficacy endpoints„

MARKET AUTHORIZATION APPLICATIONS IN MID 2017

CAM2038 has been previously granted Fast Track designation by the US FDA for treatment of opioid dependence, confirming the regulatory authority's opinion on the potential of CAM2038 to meet a substantial medical need in the treatment of a serious and life-threatening disease. Pre-MAA and pre-NDA meetings were held during the first quarter of 2017, and the applications for marketing approvals in the US and Europe are planned to be submitted in mid-2017.

References 1. *UNODC, World Drug Report 2016.* ***2.*** *Med Care. 2016 54:901-6.* ***3.*** *SAHMSA, National Survey on Drug Use and Health (NSDUH) – 2014.* ***4.*** *EMCDDA, European Drug Report 2016: Trends and Developments.* ***5.*** *Center for Disease Control & Prevention 2016.* ***6.*** *Toxreg 2016.* ***7.*** *IMS Health data 2015.* ***8.*** *Braeburn presentation, JP Morgan Healthcare Conference 2016.* ***9.*** *Phychiatric Services 2014;65:158-170.* ***10.*** *WHO Guidelines for the psychosocially assisted pharmacological treatment of opioid dependence 2009.* ***11.*** *J. Addict. Med. 2014;8:315-326.* ***12.*** *Adv. Ther. 2017;34:560-575.* ***13.*** *Presentation (S27), ISAM & CSAM-SMCA 2016 Montreal, Canada Oct 20-22, 2016.*

CAM2038 KEY ATTRIBUTES

- Improved treatment adherence
- Reduced frequency of administration – from 365 times to 12 times per year
- Minimized risk of diversion and misuse
- Eliminates risk of accidental pediatric exposure
- Flexible dosing and adjustable duration allow individualized therapy in all treatment phases
- Blocks the effects of illicit opioids

Clinician's View

Helping people recover from opioid addiction is often a challenge due to the nature of the condition. It tends to be chronic and it frequently involves relapse episodes and different systems of treatment. Some essential aspects of medication-assisted treatment are the level of autonomy, the intensity of monitoring required, and the necessary supervision for safe and effective treatment that can be offered, and these all depend on the severity of the addiction in different individuals.

Among the prospects of an innovative way to administer buprenorphine as a depot injection is the potential to relieve the institutions responsible for delivering medicine of some of the difficult issues. Diversion and misuse will be eliminated; the stigma of control will be reduced; and the alliance that is vital in a therapeutic relationship will be strengthened. For the patient seeking treatment, the clinical advantages of the inherent pharmacological properties of depot technology will reduce the discomfort of daily withdrawal symptoms and improve compliance and stabilization in treatment with a longer duration that is associated with better outcomes.

Dr. Jakob Billeskov Jansen, M.D.,
Center for Addiction Treatment, Aarhus, Denmark.

Anna Ekberg
Outsourcing Manager

"At Camurus, we outsource the production of all our clinical trial material and product candidates, and in my role as an outsourcing manager I handle the collaborations with contract manufacturing organisations. My work is both varied and interesting, with the current focus on transferring and validating the analytical and commercial manufacturing process for the upcoming product launch of CAM2038.

Our products are new and innovative, and I find it very rewarding to work with development of products that can make a real difference for people suffering from serious and chronic illnesses."

Stefania Sjöbeck
Scientist, Analytical Development

"I enjoy researching new technologies and in my work in the analytical lab I develop in vitro release methods for new products and improve existing methods. It requires a high level of creativity in problem solving which I think makes the job fun.

The robust technology which is applicable for multiple areas also creates a very exciting work environment as you can be part of a team working on products in different areas from drug dependence to cancer. The great passion and enthusiasm for the products which is shown by the management team is also a source of motivation."

CAM2038 – Round-the-clock relief from chronic pain

Chronic pain is a global health problem that causes deterioration in general health, decreased capacity to work, reduced quality of life, and risk of the misuse of strong opioids, which can lead to dependence.

An estimated 200 million people in Europe and the US and more than 1.5 billion other individuals people worldwide suffer from chronic pain.[1-3] The associated societal costs in the US – including the costs of health care and lost productivity – are estimated to exceed $500 billion annually.[2] With limited treatment options available and a high unmet medical need, chronic pain is one of the most difficult clinical challenges in medicine today. Opioids are recommended for the management of moderate to severe acute and chronic pain for which non-opioid analgesics do not provide adequate pain relief. While opioids fill an extremely important role as effective pain treatment, healthcare systems are also struggling with the risks and consequences of liberal prescription and high consumption levels of addictive opioids. The challenge is thus to provide effective pain relief while holding the risks of dependence and abuse at a minimum. Long-acting buprenorphine depot products (CAM2038) may be particularly well suited for chronic pain patients with a history of opioid misuse, since the subcutaneous route of administration and the extended duration are expected to increase treatment compliance and reduce the risks of incorrect use, even when compared to transdermal opioid formulations. The properties of CAM2038 are well suited to the target profile of chronic pain medications: CAM2038 provides a rapid anesthetic onset and dose-proportional, long-term buprenorphine exposure without the risks of overdose and respiratory depression that are associated with full μ opioid receptor agonists such as morphine, hydrocodone, oxycodone and fentanyl. Furthermore, buprenorphine is associated with lower analgesic tolerance, and thereby a lower need for dose escalation and minimal risk of hyperalgesia compared to the full μ opioid agonists.

LARGE MARKET POTENTIAL

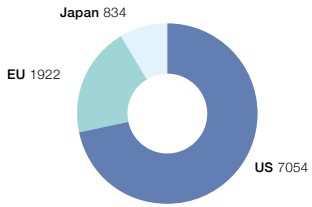
The global market for chronic pain market exceeded $22 billion in 2014, and is anticipated to reach $31 billion by 2021 – of this, opioids and opioid combinations are expected to account for $8.5 and $9.9 billion, respectively.[4]

Buprenorphine pain products are currently available as immediate release formulations (e.g. injectable products Temgesic® and Buprenex®), as well as orally administrated products (Belbuca™) and long-acting transdermal patches with effect duration of up to a week (e.g. BuTrans®/Norspan® and Transtec®). Sales of BuTrans® in the US totaled $230 million in 2015.[5]

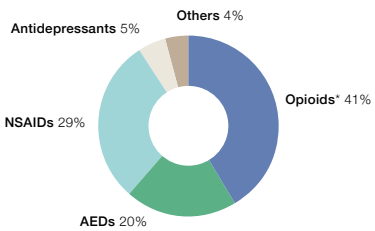
ONGOING PHASE 3 TRIAL

In 2016, Camurus and Braeburn Pharmaceuticals announced the initiation of two clinical trials of CAM2038 for the treatment of patients with chronic pain. A phase 2 trial in opioid-dependent patients with chronic pain is assessing pharmacokinetics, analgesia and safety profiles of repeat doses of weekly and monthly CAM2038. Results are expected in the second quarter 2017. In parallel, a pivotal phase 3 efficacy trial in patients with chronic lower back pain is ongoing. This randomized, double-blind, placebo-controlled trial evaluates the efficacy of weekly and monthly CAM2038 in patients with moderate to severe chronic pain who are currently being treated with opioids. The results of the phase 3 trial are expected in the second half of 2017.

Opioid analgesics sales per territory in chronic pain, MUSD[4]



Market share of chronic pain drug classes[4]



References 1. *Relieving Pain in America, A Blueprint for Transforming Prevention, Care, Education and Research. The National Academies Press, 2011.* ***2.*** *Eur J Pain 2006; 10:287-333.* ***3.*** *Global Industry Analysts, Inc. Report, January 10, 2011.* ***4.*** *Disease Landscape and Forecast Chronic Pain, Decision Resources 2015.* ***5.*** *IMS Health Data 2015*

PARTNERSHIP WITH BRAEBURN

Braeburn Pharmaceuticals is Camurus' exclusive license partner for the development and commercialization of CAM2038, CAM2048, and CAM2058 in North America. Braeburn is a commercial-stage pharmaceutical company focusing on delivering individualized medicine in neuroscience, including for opioid addiction.

CAM2038 KEY ATTRIBUTES FOR PAIN MANAGEMENT

- 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
- Classified as Schedule 3 drug by the US DEA, with moderate to low risk of dependence

~200 million
people suffer from chronic pain in the US and in Europe[1,2]

Building a European Commercial Organization

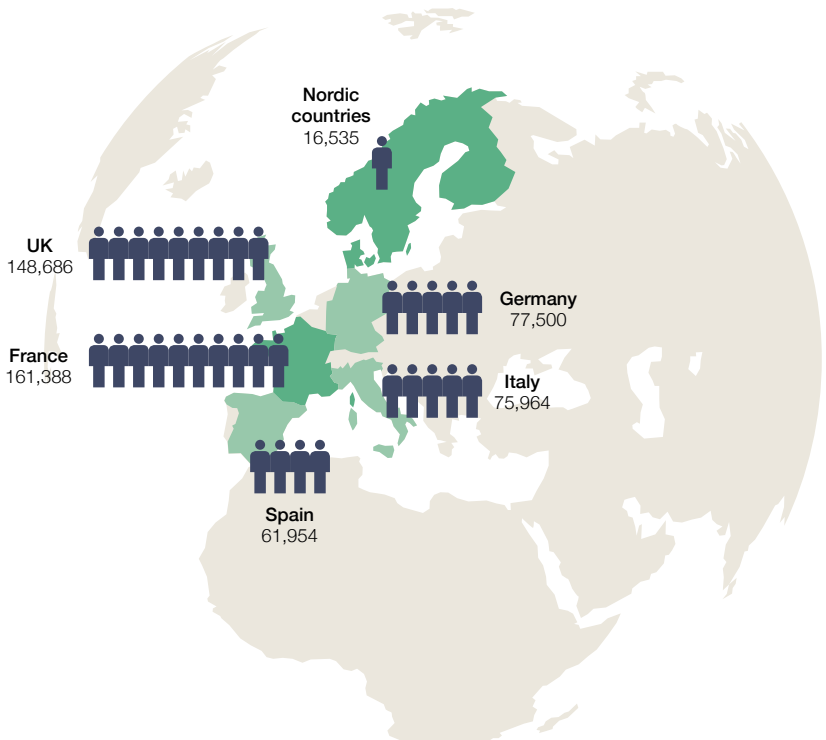
OPIOID DEPENDENCE — A CHRONIC RELAPSING DISEASE

The addressable opioid dependence market in Europe includes about 1.3 million problem users, the majority of whom are addicted to heroin.[1] Approximately 700,000 patients are currently receiving medical maintenance treatment.[1] The market is expected to grow moderately in the next few years; mainly because of the growing use of opioid analgesics and the unintended consequence of dependence in some patients. Approximately 300,000 Europeans are estimated to be at high risk of becoming dependent due to the increasing use of prescription opioid painkillers.[2] There is also an ongoing paradigm shift regarding patient outcomes in the treatment of opioid dependence in Europe. Traditional harm-reduction treatment approaches have been successful in minimizing the harms from opioid dependence and with the growing recognition of opioid dependence as a chronic disease that requires long-term medical treatment in combination with psychosocial intervention patient specific outcomes are being considered more routinely.

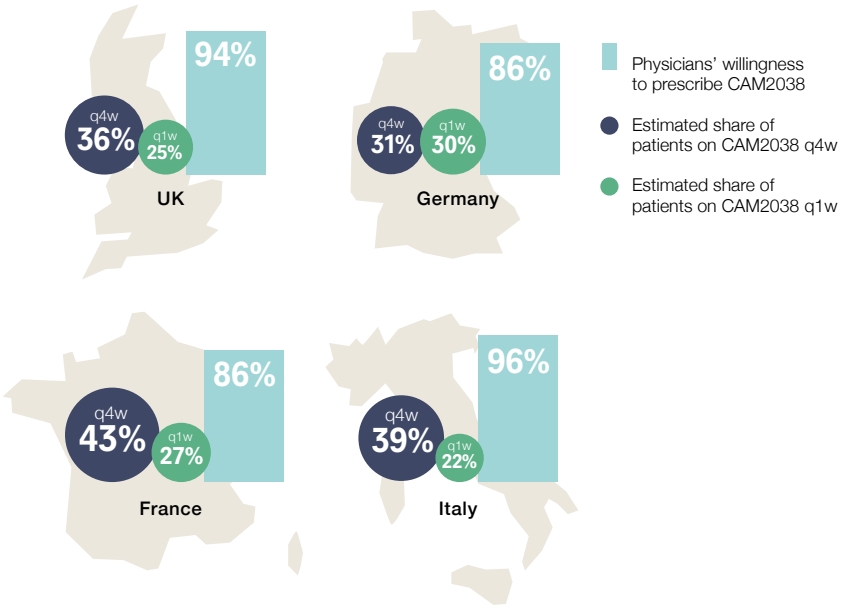
CAM2038 – A PARADIGM SHIFT IN OPIOID DEPENDENCE

CAM2038 represents a new option for flexible treatment of opioid dependence. Our weekly and monthly buprenorphine depots may be the first long-acting medicines for the treatment of opioid dependence on the European market. This, together with the flexibility in dosage and dosing intervals, makes the products well suited to meet individual patient needs on a diverse market with varying national treatment guidelines and practices. CAM2038 offers patients greater freedom and reduces the stigma and burden of frequent visits to treatment centers or pharmacies, which is especially significant in countries where supervised distribution and intake are often a prerequisite for treatment. Removing the stigma associated with current treatments for opioid dependence may improve treatment adherence and attract new patients into treatment.[3] A simplified treatment experience with greater flexibility not only gives patients the best chance of rebuilding their lives, but also protects the community and gives the prescribers the peace of mind that the treatment is being received by the patient for whom it was intended. Healthcare and social costs may be decreased due to better treatment outcomes, reduced need for treatment supervision, less misuse, abuse, and diversion. In addition, CAM2038 may lessen the contemporaneous use of illicit opioids during treatment.

Number of patients in opioid dependence treatment in the EU5 and Nordic countries[1]



Specialist physicians' willingness to prescribe CAM2038[4]



A majority of surveyed medical specialists responded that they would be willing to prescribe CAM2038 to their opioid-dependent patients, provided that the therapy demonstrated efficacy, safety, and a tolerability profiles on par with existing buprenorphine products. They also estimated the share of patients that would be prescribed CAM2038 monthly (q4w) or CAM2038 weekly (q1w) products.

COMMERCIALIZATION IN EUROPE

Camurus has begun building its commercialization platform in anticipation of CAM2038's European market launch in 2018. The first stage, in which operating models were implemented in the early access markets, was completed in 2016. A Chief Commercial Officer and General Managers (GMs) for Northern Europe (UK and the Nordic countries) and Central Europe (DACH and Italy) and central functional leads in Medical Affairs, Pricing and Market Access and Marketing were appointed. In 2017, the developments will continue with recruitments of key regional functional leads to support pricing and reimbursement and medical education objectives, as well as a third General Manager for Southern Europe (France, Spain, Benelux). In parallel, local subsidiaries are being set up to provide the legal entities and infrastructure to commercialize CAM2038 within specific countries. The commercial team's initial focus has been

EMPLOYEE PORTRAITS

Rasmus Jensen
Senior Director, Market Access

"In CAM2038, we have a big opportunity ahead of us with great promise for the patients. I am working to ensure that patients will have access to our products, but also to make stakeholders understand that our products offer a solution to the economic challenges faced by health care systems. It's encouraging to work in an expanding company with colleagues that are extremely passionate about what they do."

Peter Hilgert
General Manager, DACH

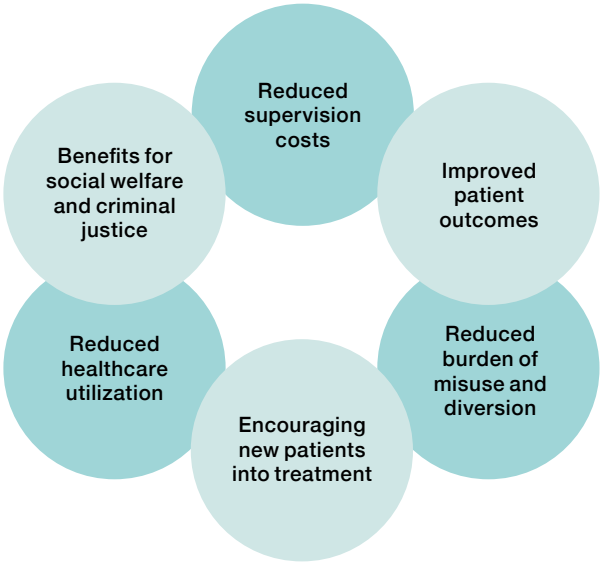
"I joined the company last year as a managing director for Central Europe with the task to build up the organisation and to ensure a successful launch of CAM2038 in this region. I find it inspiring to create something from scratch and to work with CAM2038 that has a tremendous benefit for patients, physicians and society. Camurus is a small company with an entrepreneurial spirit where you can see an immediate impact of your work and can truly make a difference."

to deliver health economic outputs that demonstrate the value CAM2038 can bring to regional treatment systems. Modeling based on the recent phase 3 data, along with discussions with prescribers, payers, and policy makers, have provided insight into the potential value impact of CAM2038 for health, social welfare, and criminal justice systems. These programs will have the flexibility to adapt to the heterogeneous market conditions in the European countries.

Market research in Europe indicates that the significant majority of physicians are willing to prescribe CAM2038 weekly or monthly products to a large proportion of patients. Our medical education programs will communicate the strong evidence base for CAM2038 as a new treatment option and raise awareness on its potential as a way to address the unmet needs in opioid dependence treatment.

References 1. *EMCDDA, European Drug Report 2016: Trends and Developments.* ***2.*** *"Prevalence of prescription opioid-dependency in Europe and risk factors for abuse." Presented at the International Society of Addiction Medicine Annual Meeting 2013. Kuala Lumpur, Malaysia. 21–23 November 2013.* ***3.*** *Heroin Addict Relat Clin Probl 2012; 14: 65-80.* ***4.*** *Market Access Dynamics in Opioid Addiction: Decision Resources 2015*

Health Economic Benefits of CAM2038



2016
- ✓ EU ledership team
- ✓ GMs in early reimbursed markets
- ✓ Pricing, market access, medical affairs

2017
- • Regional leadership teams early reimbursed markets
- • GMs 2nd wave markets

2018
- • Regional leadership teams 2nd wave markets
- • Full key account teams for CAM2038 launch

When the European commercial organization for CAM2038 is fully established around 2020–2021, it is expected to comprise between 70 and 120 people.

CAM2029

Improved treatment of acromegaly and neuro-endocrine tumors

CAM2029 – Improving the treatment of acromegaly and NET

Somatostatin analogues (SSAs) are the mainstay of medical therapy for patients with acromegaly, and for the effective symptom control in patients with neuroendocrine tumors (NETs). SSA therapy has also demonstrated a tumor-shrinking effect, and is a treatment option for patients with inoperable NETs.

Acromegaly is a chronic hormonal disorder characterized by an excess of growth hormone and elevated levels of insulin-like growth factor (IGF-1). It is a rare disease with a prevalence of about 28 to 137 cases per million.[1] Acromegaly is associated with multiple co-morbidities such as cardiovascular complications, diabetes, hypertension, respiratory conditions, and an increased mortality rate.

NETs are rare and heterogeneous tumors, which can occur in many different parts of the body, but most commonly form in the gastrointestinal tract, pancreas and lungs. As the tumors can remain asymptomatic for years and the individual symptoms are commonly non-specific, diagnosis is often delayed for several years, leading to an increased probability of metastatic disease.[2] The incidence rate of NETs has increased significantly in recent years, and is now estimated to be 5 per 100,000 per year. Its estimated prevalence in the US is now 35 per 100,000.[3]

IMPROVED TREATMENT WITH CAM2029

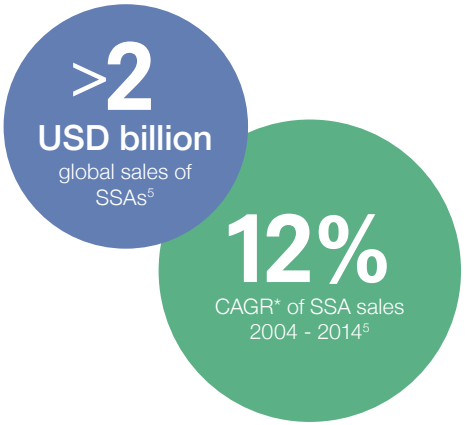
CAM2029 is based on Camurus' patented FluidCrystal® injection depot and contains octreotide, a synthetic analogue of the natural peptide hormone somatostatin. In comparison with current long-acting SSAs (Sandostatin® LAR® from Novartis and Somatuline® Autogel® from Ipsen) that require multiple preparatory steps and intramuscular administration by a health professional, CAM2029 is developed for simple and convenient subcutaneous dosing by the patient. CAM2029 will be provided ready for administration in a prefilled syringe equipped with a needle-stick prevention device or in a user-friendly autoinjector, without the need for conditioning or complicated mixing procedures prior to administration. Besides facilitating simple self-administration, CAM2029 has also demonstrated about 500% higher bioavailability compared with the market-leading Sandostatin® LAR®,[4] indicating potential for improved treatment efficacy also in patients whose responses to current therapy have been unsatisfactory.

BLOCKBUSTER MARKET

In 2016, global SSA sales were over $2 billion, of which Sandostatin® LAR® accounted for $1.65 billion.[5] The long-term growth of the market depends on factors such as increased awareness and diagnosis combined with an increased prevalence of NET.[6] Future growth may derive from new potential fields of application for SSAs, such as retinopathy, nephropathy, obesity, polycystic kidney disease, pancreatitis, and pancreatic fistulas.[7-9]

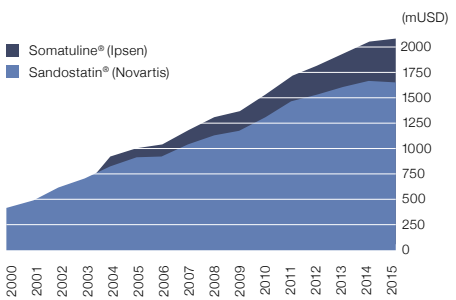
POSITIVE CLINICAL RESULTS

CAM2029 has been studied in three clinical phase 1 trials with both single and repeated doses, and in one phase 2 trial in patients with acromegaly and NETs. The phase 1 trials demonstrated rapid onset of action followed by a long-acting release of therapeutic levels of octreotide for about one month after the administration of CAM2029. Suppression of growth hormone and IGF-1, in plasma, the well-established biomarkers of acromegaly activity, was also documented. In 2016, positive results were announced from a phase 2 trial of CAM2029 demonstrating long-acting octreotide release with well-maintained or improved control of symptoms and disease biomarkers after switching from treatment with Sandostatin® LAR®. The efficacy was based on evaluation of the control of symptoms in NET patients and plasma levels of IGF-1 and growth hormone in acromegaly patients.

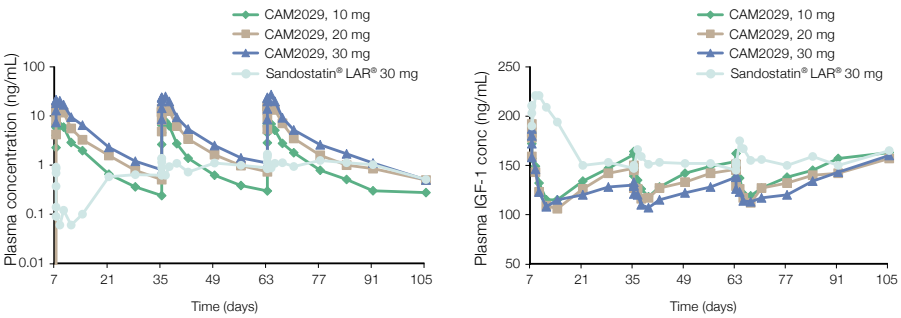


The safety profile of CAM2029, including local tolerance, was positive in all trials performed, which included more than 250 subjects. Camurus' development partner Novartis are now completing the preparations for the phase 3 trials of CAM2029, which are planned to start in 2017. CAM2029 has previously been granted orphan designation by EMA for the treatment of acromegaly and by the FDA for the treatment of acromegaly and NETs.

Somatostatin analogue sales[5]



Pharmacokinetic (octreotide) and pharmacodynamic (IGF-1) profiles following the repeated subcutaneous administration of CAM2029 and intramuscular administration of Sandostatin® LAR®



Concentration of octreotide (left) and IGF-1 (right) in blood plasma after repeated doses of CAM2029 and Sandostatin® LAR®. CAM2029 provides a rapid onset of octreotide that continues to be released, with plasma levels exceeding above 1 ng/mL for the duration of one month following administration. The administration of CAM2029 provides about 500% higher bioavailability compared with the marketleading product Sandostatin® LAR®. The effect of an increased concentration of octreotide is reflected by reduced concentration of the growth factor, IGF-1. IGF-1 is a well-established surrogate biomarker for treatment efficacy in acromegaly patients.

PARTNERSHIP WITH NOVARTIS

Novartis has an exclusive worldwide license to develop and commercialize CAM2029 and other selected products based on Camurus' FluidCrystal® injection depot. In addition to CAM2029, CAM4071 is currently in clinical development within the partnership.

CAM2029 KEY ATTRIBUTES

- Subcutaneous monthly administration with prefilled syringes
- Designed for convenient self-administration
- Compatible with autoinjectors
- Fast onset of action and long-acting release of octreotide
- High bioavailability – 500% higher than Sandostatin® LAR®
- Potential for enhanced efficacy in patients requiring higher doses of octreotide

References 1. *Pituitary 2016; 20: 4-9.* ***2.*** *Lancet Oncol. 2008; 9:61-72.* ***3.*** *Endocr Relat Canc. 2014; 21:R153-163.* ***4.*** *BJCP 2015;80:460-472.* ***5.*** *Medtrack and PharmaCircle.* ***6.*** *Cancer. 2015; 121: 589-97.* ***7.*** *Pharmacol Ther. 2015; 152: 98-110.* ***8.*** *BMC Nephrol. 2015; 16: 140.* ***9.*** *Dig Surg. 2015; 32: 196-207.*

CAM2032 – Easy and convenient long-acting treatment of prostate cancer

Hormone therapies for prostate cancer using gonadotropin-releasing hormone (GnRH) agonists such as leuprolide are established therapies aimed at reducing testosterone levels to impede the growth of cancer cells.

Long-term treatment with GnRH agonists results in symptomatic improvement and the regression of prostate tumors in most patients. In comparative clinical trials on patients with metastatic prostate cancer, such treatment has proven to deliver comparable survival rates to surgical castration. GnRH agonists have also proven efficient in the treatment of other diseases, such as precocious puberty and endometriosis. CAM2032 is a long-acting leuprolide formulation for the treatment of prostate cancer. Based on Camurus' FluidCrystal® injection depot, the product is designed to provide patients with increased treatment flexibility by allowing the option of self-administration in the home setting.

MULTI-BILLION DOLLAR MARKET

The market for GnRH agonists is dominated by long-acting injection products and has remained stable for some time, with total global annual sales of $3–4 billion.[1] However, the established products are not suitable for self-administration and require preparation by healthcare professionals prior to administration. Designed to enable self-administration, CAM2032 can provide patients with increased flexibility, while reducing the burden of scheduled injections by healthcare professionals.

COMPLETED PHASE 2 TRIALS

A phase 2 trial of single subcutaneous doses of CAM2032 in patients suffering from advanced metastatic prostate cancer demonstrated pharmacokinetic and pharmacodynamic profiles, i.e. the release of therapeutic levels of leuprolide and the reduction in testosterone levels in accordance with the target product profile for a month by administration. CAM2032 also demonstrated a favorable safety profile with good local tolerability. Positive results from a second phase 2 trial of CAM2032 to evaluate the product's pharmacokinetic, pharmacodynamic, and safety profiles following repeated administration in patients with metastatic prostate cancer were announced in June 2016. In this trial, CAM2032 was compared with an active control product. The treatment effect, assessed by the suppression of testosterone and prostate specific antigen (PSA) levels over time, was found to be similar between the two treatments. The further development of CAM2032, including potential partnerships, is currently being evaluated.

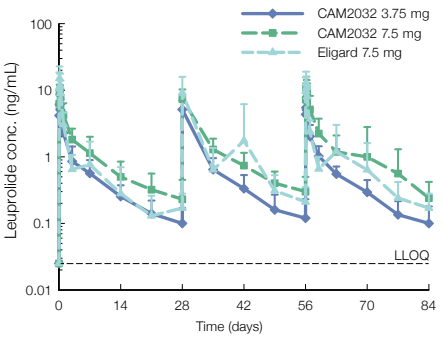
1.1 million individuals in the world suffering from prostate cancer 2012[2]

3-4 billion USD global sales of GnRH agonists[1]

CAM2032 KEY ATTRIBUTES

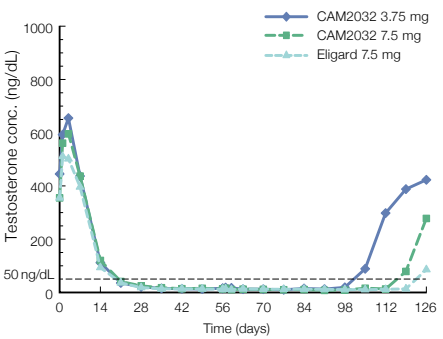
- Convenient self-administration
- Long-acting duration
- Small injection volume and thin injection needle (27G)
- Compatible with autoinjectors
- Standard manufacturing process

Pharmacokinetic profile



Mean (SD) plasma concentration of leuprolide after treatment with CAM2032 vs. Eligard

Pharmacodynamic profile



Median testosterone concentration after treatment with CAM2032 vs. Eligard

References 1. *Medtrack.* ***2.*** *http://www.wcrf.org/int/cancer-facts-figures/data-specific-cancers/prostate-cancer-statistics.*

episil® oral liquid – for effective oral pain relief

episil® oral liquid is a medical device product developed for the treatment of oral pain. The product is a bioadhesive lipid liquid that alleviates pain by protecting inflamed and ulcerated mucous membranes in the mouth.

Oral mucositis is a painful inflammation and ulceration of the oral mucosa. It is a common and painful side effect of radiotherapy and chemotherapy; it affects the majority of head and neck cancer patients who receive radiotherapy, and many – 30% to 75% – 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 re-hydration, nutrient supply and opioid analgesia. Destruction of the protective oral mucosa also leaves patients with an increased risk of infection.

LARGE UNMET MEDICAL NEED

Although various medications and targeted therapeutic interventions have been developed for the treatment of oral mucositis, a significant medical need remains for effective pain control and mitigation of symptoms.

The global oral mucositis market is currently estimated at over $700 million.[2]

episil® has been tested in several clinical trials, and results have demonstrated that the product reduces pain in the mouth while also reducing the duration of oral mucositis. 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 and the United Arab Emirates. Sales and distribution are conducted via in-house marketing in Sweden, Denmark, Norway, the UK and Germany, and by a number of distribution partners in various countries. In 2016, Camurus entered a distribution and license agreement for episil® in the US with R-Pharm US. Medical device registration applications for episil® in Japan and in China have been filed by Camurus' partner Solasia Pharma K.K.

References 1. *Carulli et al, Hematol Rep. 2013 Jan 25; 5(1): 21–25.* ***2.*** *GlobalData 2010*

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 drink can be consumed 5 minutes after application

Early Pipeline Projects

At Camurus, we continuously assess new opportunities where our drug delivery technologies effectively can be used to develop differentiated products. Our new pipeline projects are generated in-house as well as in partnership with international biotech and pharmaceutical companies.

PARTNER PROJECTS

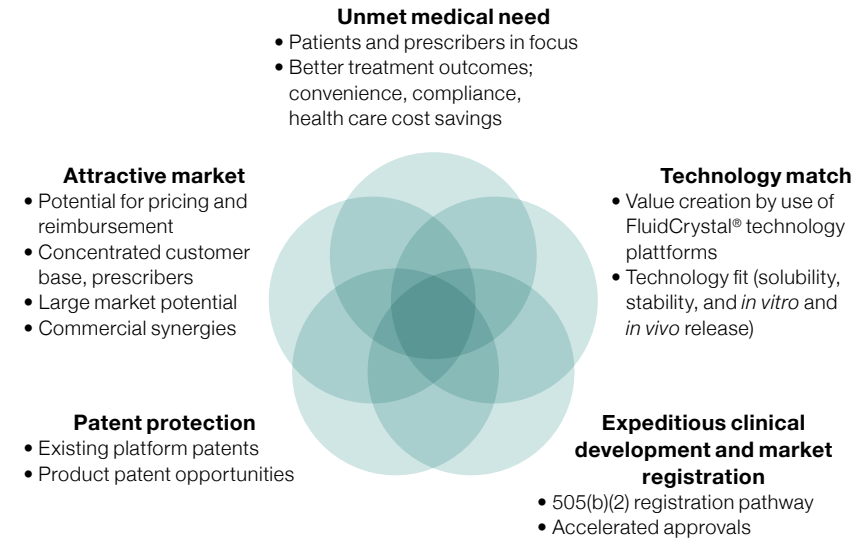
Camurus has several ongoing collaborations with biotech and pharmaceutical companies in pre-clinical evaluation phases, where the FluidCrystal® injection depot system is being evaluated with various active ingredients. Camurus' collaborative projects can be part of the life-cycle management for active substances already on the market, or involving completely new substances in early development. At present, our partner projects include new treatments for diabetes, obesity, viral infections, endocrine disorders, and cancer.

OWN DRUG DEVELOPMENT

Camurus' R&D team is constantly evaluating new opportunities to broaden the company's development pipeline with new products based on our FluidCrystal® technology. Every idea is carefully evaluated with focus on several key criteria: the potential to fulfill unmet medical needs; technology match; efficient and expeditious clinical development; opportunities for market exclusivity (including patent protection); as well as the product's market potential. If these crucial criteria are fulfilled, the product candidate is pre-clinically evaluated against the target product profile in terms of drug loading, manufacture, stability, and drug release in vitro and in vivo.

Provided success of the pre-clinical assessment, planning and initiation of the clinical development program and technology transfer for the manufacture of the product candidate under GMP can begin. While the clinical programs may vary depending on indication, they are often based on simplified regulatory pathways, such as 505(b)(2) in the US.

New products are generally protected by existing technology patents, and supplemented by additional filings of product specific patents. An initial freedom-to-operate analysis is normally conducted when the product's properties have been made tangible; preliminary market analyses are conducted early in the project and continuously re-fined during clinical and regulatory development.

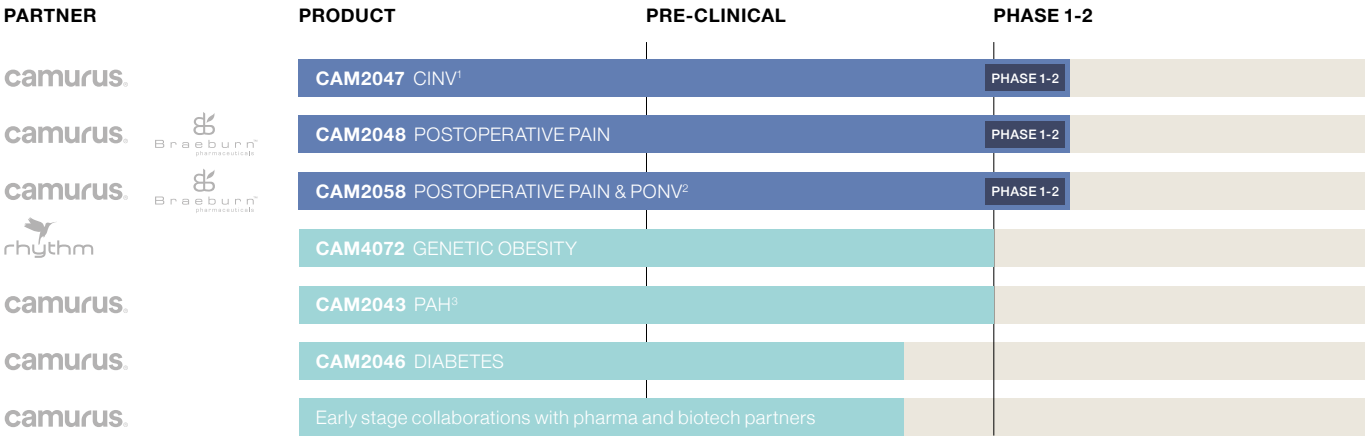


Key criteria for evaluation and selection of new product candidates

CAM2047, CAM2048 AND CAM2058 FOR PREVENTION AND TREATMENT OF NAUSEA AND PAIN

Nausea and vomiting are among the most distressing side effects of chemotherapy, experienced by as many as 70-80% of the 4 million patients who undergo chemotherapy treatments annually.[1,2] In 2015, the sales of Aloxi® and Emend® for the treatment of CINV were $457 million and $612 million, respectively.[3] The global CINV market is expected to reach $1.88 billion in 2020.[1] Granisetron is a 5-HT3 receptor antagonist used for the treatment of acute chemotherapy-induced nausea and vomiting (CINV). CAM2047 is being developed as a FluidCrystal®-based long-acting subcutaneous depot providing prolonged exposure of granisetron for the treatment of acute as well as delayed CINV. CAM2047 is currently being evaluated in a phase 1 trial, and results are expected in the second quarter of 2017.

Post-operative pain and post-operative nausea and vomiting (PONV) are common adverse effects of surgery. The pain therapy received by many patients is inadequate, which can lead to delayed mobilization and recovery, reduced pulmonary function, cardiac complications, and an increased likelihood of developing neuropathic pain.[4] Opioid therapy is among the most effective treatments for postoperative pain, and buprenorphine offers a superior safety profile compared with full opioid agonists.[5] CAM2048 is a buprenorphine depot formulation based on the FluidCrystal® technology providing rapid onset of action and sustained plasma levels of buprenorphine for the treatment of post-operative pain. CAM2058 is a unique combination of buprenorphine and granisetron in the FluidCrystal® technology. It not only addresses the post-operative pain, but also the symptoms of nausea and vomiting that often co-occur with the pain. CAM2048 and CAM2058 are being developed in collaboration with Braeburn Pharmaceuticals, and are currently being evaluated in phase 1 trials with results expected in the second quarter of 2017.



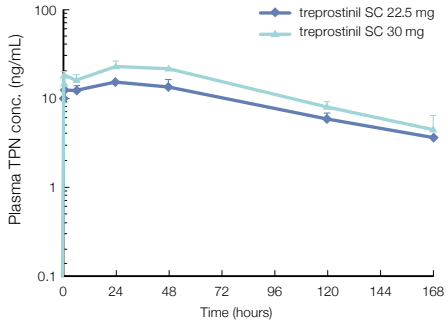
1) Chemotherapy induced nausea and vomiting, 2) Postoperative nausea and vomiting. 3) Pulmonary arterial hypertension

CAM2043 – INNOVATIVE PRODUCT CANDIDATE FOR TREATMENT OF PAH

Pulmonary arterial hypertension (PAH) is a progressive, life-threatening disease that severely impacts sufferers' daily life. Common symptoms are shortness of breath, fatigue, dizziness, swelling of the legs and ankles, and most patients report difficulties climbing stairs. Without treatment, the median survival rate is 2.8 years after diagnosis.[6] Although current continuous infusion treatment options reduce the mortality rate by 40%,[7] they involve complex administration regimens, they may have debilitating side effects, and may cause complications such as infections and sepsis as a result of the complex administration procedure. There is a clear medical need for effective medications with convenient dosing schedules that can be easily and safely administered.

Treprostinil is synthetic analogue of prostacyclin that is used for the treatment of PAH. It is presently delivered by continuous pump therapy. CAM2043 is a long-acting treprostinil depot, based on the FluidCrystal® technology, for convenient subcutaneous administration. CAM2043 has the potential to offer steady exposure, safe and simple administration, and improved local tolerability. CAM2043 has demonstrated a favorable pharmacokinetic profile in pre-clinical studies, and preparations are underway for the initiation of a phase 1 clinical trial in 2017. The PAH market exceeds $4 billion, and aggregated sales of treprostinil in 2016 were $1.2 billion.[3]

Preclinical pharmacokinetic profile for CAM2043



References 1. *CINV Existing and Pipeline Drugs Market 2014, Transparency Market Research.* ***2.*** *Support Care Cancer. 2005, 13: 219-227.* ***3.*** *PharmaCircle.* ***4.*** *Journal Current Medical Research and Opinion 2014; 30: 149-160.* ***5.*** *Journal of Pain Research 2015; 8: 859-875.* ***6.*** *Ann. Intern. 1991;115:343-349.* ***7.*** *Eur Heart. J. 2009;30:394-403.*

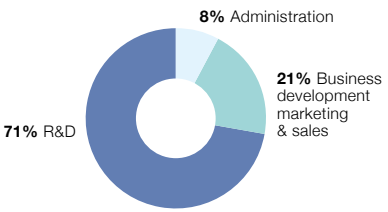
Creative, skilled, and full of expertise – our employees are the core of our operations

At Camurus, we value diversity, equality, and responsibility. We are an agile organization with a shared ambition for growth and an innovative and collaborative culture. During 2016 the number of employees increased as the building of the commercial organization was initiated. Our operations are conducted from the modern, state-of-the-ar laboratories and offices at our headquarters in Lund, Sweden. With the development of the organisation, Camurus is dedicated to anchoring our unique culture across new geographies and markets in order to support continued success.

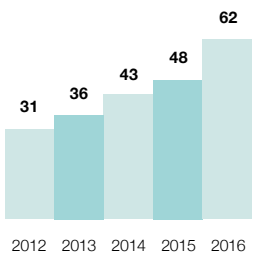
COLLABORATIVE AND DYNAMIC WORKING ENVIRONMENT

Camurus is a knowledge-based company, and the know-how, innovation, and expertise of our employees is an essential part of our continued success. Passion, knowledge, and creativity are vital for attaining our goal: to offer patients and society new and improved treatments for serious and chronic diseases. The vast majority of Camurus' employees, over 70%, work in research and development and many of them hold advanced university degrees (37%). These engaged and highly motivated individuals work in dynamic teams, creating an innovative corporate culture through their collaboration and knowledge sharing. Our business and comprehensive expertise are continually developed through an active transfer of knowledge throughout our international network and through intense collaborations with academia and industrial partners. Camurus is a dynamic and exciting workplace, populated by devoted experts with outstanding skills in many fields of research.

Personnel distribution



Head count growth



Sustainable development model for improved patient care

Sustainability is an integral part of the work we do and the products we develop at Camurus, and it is also a vital aspect of our Code of Conduct and operations. Collaboration and clear, effective communication with a broad range of stakeholders are quintessential for assuring sustainability throughout the entire value chain.

Our mission is to improve the lives of patients suffering from serious and chronic diseases by providing significantly improved treatment solutions. In our efforts to develop new pharmaceutical products, we are in continuous contact with a range of stakeholders, including healthcare professionals, patients, supply chain and other partners, legislators, regulatory authorities, and insurance companies. We continue discussions and collaboration throughout the product's life cycle – from the initiation of the development phase to clinical trial and market registration, and onward to marketing and sales. Through effective collaboration with key stakeholders, we offer long-term sustainable treatment options – and that's something that makes patients, healthcare providers, society and our employees happy.

WORKPLACE SAFETY

Camurus' single greatest asset are its employees. That's why we continuously do our utmost to provide a secure and safe workplace and a positive working environment. Safety guidelines and procedures have been implemented to facilitate the integration of safety and health aspects in everything we do, and to prevent anyone from being exposed to unnecessary risks. Employees manage risks responsibly, and they are only asked to perform tasks for which they have received the appropriate training. Any environmental or safety risks are promptly reported to a supervisor.

ENVIRONMENTALLY FRIENDLY DEVELOPMENT

At Camurus, research and development keeps the environment firmly in the forefront. In our approach to environmental protection, we strive continually to reduce waste and lower energy consumption, and to minimize the environmental impact of our developmental work and products. Environmentally friendly ingredients and transportation are chosen whenever possible, and regional supply chains are established wherever practicable. A number of Camurus' product candidates have been designed to deliver equivalent or improved efficacy to current treatment options while using a substantially lower volume of active pharmaceutical substances. This environmentally-responsible, effective and efficient use of active substances reduces their environmental impact and footprint. In addition, Camurus' long-acting pharmaceuticals can also be personally administered by the patients in suitable cases, and can thus potentially reduce the number of clinic visits necessary, thereby reducing travel and transportation to and from treatment clinics.

CLINICAL TRIALS AND SAFETY

Camurus develops new and innovative pharmaceuticals and medical products with the ultimate goal of improving patients' quality of life and treatment outcomes. Clinical research and clinical trials to evaluate the safety and efficacy of products designed for the treatment and prevention of diseases are crucial components of pharmaceutical development. Camurus aims to maintain consistently high ethical standards in its research and development operations. We are committed to protecting the patients and healthy volunteers who participate in our clinical trials; to ensuring that we uphold the highest ethical, scientific, and clinical standards in all of our research; and to providing the results of our studies in a timely, objective, precise, and complete fashion. All of the data from our clinical research is registered, processed, and stored in a manner that facilitates thorough reporting, interpretation, and verification.

PROCESSES FOR PRODUCT SAFETY AND QUALITY

Patient safety is Camurus' highest priority. We follow all applicable laws and ordinances in our research and development, manufacture, storage, distribution and market research activities, including the disclosure of safety information aimed at guaranteeing the safety and quality of our pharmaceutical products. We adhere unwaveringly to our internal guidelines and procedures, which have been implemented to protect patient safety and ensure the high quality of our products. We track and monitor products already on the market for side effects and new and unexpected safety signals, and we notify regulatory bodies about such data in accordance with applicable rules and regulations. Every employee is responsible for reporting any side effects related to pharmaceuticals in the clinical trial phase and for our existing products on the market.

WORKING TOGETHER WITH GOVERNMENT REGULATORY BODIES AND HEALTHCARE PROFESSIONALS

Camurus operates within a strictly regulated industry. Government regulatory bodies routinely demand information through audits, evaluations, and inspections. All employees shall always act honestly and professionally in all contact with representatives of government agencies. Camurus is committed to upholding the highest standards of integrity and honesty, and adhering to all applicable laws, ordinances, and guidelines with regard to all of its interactions with healthcare and medical providers and professionals. Utilizing the services of healthcare professionals or organizations stipulates a justifiable need, and the same applies to any compensation for services rendered. Compensation may only be issued if there is a written agreement detailing the service rendered. The fee for such a service may not exceed regular market levels. Camurus is committed to providing truthful, correct, and non-misleading information about the approved areas of application for our products, and we do not offer or promise any form of compensation or gifts to influence purchasing decisions. Patients and health care professionals are entitled to make decisions about the best medical care based on truthful, fair, corroborated and scientifically rigorous statements.

PROCUREMENT AND SUPPLIERS

Camurus' suppliers play an important role in our research, development and pharmaceutical sales. We consistently select our suppliers based on objective criteria and with the expectation that they act in a manner that corresponds to our commitment to adhering to applicable laws and ethical business practices. Our suppliers are reviewed and inspected regularly, in accordance with all relevant and applicable regulatory frameworks.

HIGH ETHICAL STANDARDS

Our Code of Conduct guides our efforts against corruption and bribery. Employees or third parties who act on behalf of Camurus are never to accept or make a payment or provide a benefit with the intention of exerting improper influence, or that may appear to exert influence, on a business decision.

The first year on the stock exchange

Camurus' shares have been listed on Nasdaq Stockholm Mid Cap list under the ticker CAMX since December 3, 2015. The closing price of Camurus' share was SEK 116.25 at the year's end.

The stock listing was a crucial new step in the strategic move to make Camurus a long-term profitable pharmaceutical company based on leading research and development. A well organized marketing and sales organization is now being established to promote medical products within the company's commercial focus on specialty pharmaceuticals. The successful listing on the stock exchange enables financing of the expansion of the company's project portfolio and the advancing of early stage projects to clinical development, and in some cases all the way to the market. Importantly, it also enables Camurus to launch and commercialize own products, with a primary focus on the European market, where an in-house marketing organization is currently being established.

SHARE PRICE TREND

Camurus' shares increased by 59 percent during the year, and the closing price on December 30, 2016 was SEK 116.25.
The Nasdaq Stockholm 30 index (OMXS30) rose by 9 percent during the same period.
The highest price paid for the Camurus share was SEK 129.75 (Nov.14, 2016) and the lowest was SEK 59.25 (Feb. 11, 2016). At the end of the year, market capitalization was MSEK 4,334, based on a closing price of SEK 116.25.

SHARE DATA

On December 31, 2016, Camurus had 37,281,486 registered common shares, corresponding to 37,281,486 votes.

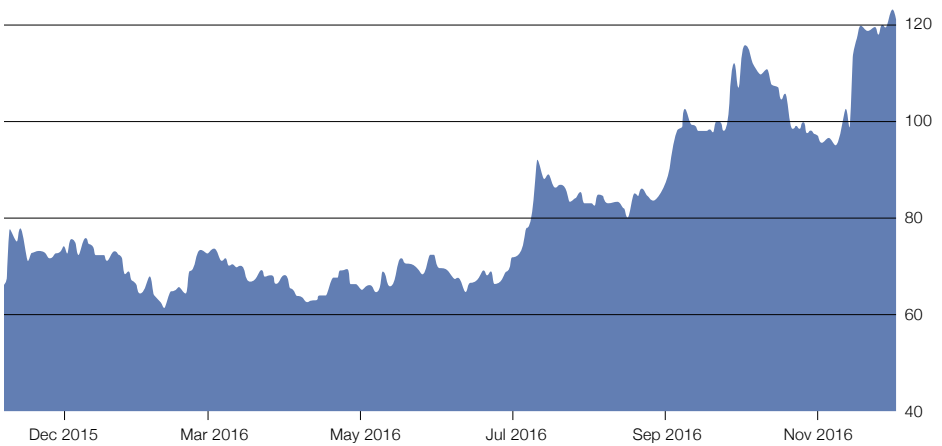
OWNERSHIP STRUCTURE

At the end of 2016, Camurus AB had 4,016 shareholders, of whom 393 comprised financial and institutional investors and whose holdings amounted to 86 percent of the share capital, and 3,623 comprised private individuals whose holding totaled 14 percent of the share capital. Foreign shareholders accounted for 5 percent of the votes and capital. The ten largest shareholders accounted for 81% of the votes and capital.

SHARE CAPITAL AND CAPITAL STRUCTURE

At the year's end, the share capital totaled SEK 932,037; distributed among 37,281,486 shares with a quotient value of SEK 0.025.

Share performance from 3 December 2015 to 31 December 2016



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 that administers 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

In accordance with a decision at the Shareholder's General Meeting in May 2016, an incentive program (TO2016 / 2019) was intro-

duced for the company's employees, under which a maximum of 550,000 warrants can be issued. The dilution of a full utilization of the program corresponds to 1.5 percent of the share capital and voting rights. The number of warrants issued with the program is 550,000, and they give the right to subscribe for an equal number of shares during the period May 15, 2019 – December 15, 2019. The strike price for subscription of shares upon exercise of the transferred warrants was set at 99.50 SEK. The warrants were valued by an independent institute in accordance with the Black&Scholes model and acquired by the participants at market value.

As per December 31, 2016, 47 employees had chosen to participate in the program TO2016/2019 and subscribed for 404,300 warrants. Remaining subscription warrants have been reserved for future recruitments. The program, which offers the employees the opportunity to take part in an increase in the company's value, is expected to promote commitment and responsibility and result in an increased motivation to work for the company's positive financial development. An incentive program is also expected to improve the possibilities to recruit and retain competent, motivated, and committed employees. For further information, see note 25.

DIVIDEND POLICY AND PROPOSED DIVIDEND

In accordance with the dividend policy adopted by the Board of Directors, Camurus will continue to focus on further developing and expanding the company's clinical project portfolio and will also pursue commercial operations according to plan, and the 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 the Company generates sustainable profitability. The Board of Directors proposes that the Annual General Meeting pass a resolution not to issue any dividends for the fiscal year.

Ownership Distribution as of 31 December 2016

	% of votes	% of capital	Number of shareholders	Numner of share
Swedish Institutions	81.9	81.9	271	30,543,796
Foreign Institutions	3.9	3.9	122	1,457,185
Swedish private shareholders	13.3	13.3	3,599	4,953,728
Foreign private shareholders	0.9	0.9	24	326,777
	100.0	**100.0**	**4,016**	**37,281,486**

Shareholders as of 31 december 2016

	Numbers of shares	% of capital	% of votes
Sandberg Development AB	20,014,978	53.7	53.7
Swedbank Robur fonder	2,421,761	6.5	6.5
Tiberg, Fredrik	1,512,551	4.1	4.1
Gladiator	1,374,684	3.7	3.7
Catella Fondförvaltning	1,129,000	3.0	3.0
Backahill Utveckling AB	877,193	2.4	2.4
SEB S.A. Client Asstes UCITS.	807,274	2.2	2.2
Grenspecialisten Förvaltning AB	774,542	2.1	2.1
Fjärde AP-Fonden	765,332	2.1	2.1
Enter Fonder	625,065	1.7	1.7
Other shareholders	6,979,106	18.7	18.7
	37,281,486	**100.0**	**100.0**

Ownership Distribution size classes as of 31 december 2016

	Number of shareholders	Number of Antal aktier	% of capital	% of votes
1 - 500	3,109	485,018	1.3	1.3
501 - 1,000	429	371,669	1.0	1.0
1,001 - 5,000	314	742,564	2.0	2.0
5,001 - 10,000	61	442,847	1.2	1.2
10,001 - 15,000	26	320,237	0.9	0.9
15,001 - 20,000	12	204,784	0.5	0.5
20,001 -	65	34,714,367	93.1	93.1
Summa 2016-12-31	**3,358**	**37,281,486**	**100.0**	**100.0**

GLOSSARY

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

Analogue Similar molecular structure

Antagonist A drug or other substance that binds to and blocks a receptor without stimulating the activity of the receptor

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

CAGR Compound Annual Growth Rate, average annual growth

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 nasuea and vomiting

Clinical trials Investigations performed in humans in order to study the properties of an investigational product

COWS Clinical Opiate Withdrawal Scale, a scale used for clinical evaluation of withdrawal symptoms caused by opiates

DACH Germany, Austria, Switzerland

DEA US Drug Enforcement Administration

EMA European Medicines Agency, a decentralized agency of the EU, responsible for the scientific evaluation of medicines developed by pharmaceutical companies for use in the EU

Endocrine diseases Diseases affecting the endocrine system, i.e. the body's production, secretion and response to hormones

Endogenous Produced within the body

Endometriosis A disease in which tissue that normally grows inside the uterus (endometrium) grows outside the uterus

EU5 France, Germany, Italy, the United Kingdom and Spain

FDA Food and Drug Administration, the US food and drug authority

Gauge The dimension of the outer diameter of an injection needle. The gauge value decreases when the outer diameter increases

Generic drug A drug that has the same active ingredient as a brand name drug

GMP Good Manufacturing Practice

GnRH Gonadotropin-Releasing Hormone

IGF-1 Insulin-like Growth Factor 1

In vitro Biological process that takes place outside a living cell or organism

In vivo Biological process that takes place in living cells and tissues in an organism

Incidence Number of new cases per population at risk

IND Investigational New Drug, classification that is required for development of a new drug in the US

Intramuscular Injection of a drug in a muscle, e.g. the gluteal muscle injection

Leuprolide Active ingredient used for treatment of e.g. prostate cancer

Lipids Group of compounds consisting of fat or fat-like substances

MAA Marketing Authorisation Application, application for marketing authorisation of a drug within the EU/EAA

Milestone payment Economic compensation obtained within a framework of a partner program when a specific goal has been achieved

Mortality The incidence of death or number of deaths within a population

μ-opioid receptor agonists Substances with agonist effect on the μ-opioid receptors

Naloxone Active ingredient used as an antidote to reverse respiratory depression after opioid overdoses

Nanoparticle Microscopic particle that behaves as a whole unit

NDA New Drug Application, application for approval from the FDA to commercialise a new drug in the US

NET Neuroendocrine tumours, a group of different kinds of hormone producing tumours

Octreotide Active ingredient used for treatment of e.g. 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 (i.e. the absorption, distribution, metabolism and excretion)

PONV Postoperative nausea and vomiting

Pre-clinical studies Studies performed in model systems, i.e. not in humans

Prevalence The proportion of a population that is affected with a particular disease or condition

Reconstitution Preparation of a drug before administration, often addition of a diluent to a powder

Setmelanotide A MC4 receptor agonist peptide for the treatment of rare genetic disorders of obesity

SL/BPN NX Sublingual buprenorphine and naloxone

SOWS Subjective Opiate Withdrawal Scale, a scale used for subjective evaluation of withdrawal symptoms caused by opiates

SSA Somatostatin Anologues, the standard for safe and effective medical therapy for acromegaly and symptom control in NETs

Subcutaneous Injection of a drug under the skin injection

Sublingual Under the tongue

Toxicology Scientific studies of the degree to which a substance is toxic

Transdermal A route of administration wherein active ingredients are delivered across the skin for systemic distribution, e.g. via patches or ointments

Viscosity A measure of how viscous or thick a fluid is

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 2016 financial year, for the Group and the Parent Company. The annual accounts and the auditor's report are presented on pages 40-79. 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.

CAMURUS' OPERATIONS

Camurus develops innovative and long-acting pharmaceuticals for treatment of serious and chronic diseases such as opioid addiction, pain, cancer and endocrine diseases. By using our unique drug delivery technology (FluidCrystal®) and an extensive R&D and pharmaceutical development experience, new pharmaceutical products are created providing improved quality of life, better treatment outcome and more efficient utilisation of resources. The company's shares are listed on Nasdaq Stockholm Mid Cap under the ticker "CAMX".

Prior to the projected launch of Camurus' long-acting buprenorphine (weekly and monthly products), CAM2038, in 2018, the first crucial steps to establishing the future marketing organization in Europe have been taken. A strong international commercial team with a broad experience and knowledge base from opioid dependence, as well as related areas, has successfully been recruited and regional sales companies have been set up in UK and Germany. The CAM2038 products have the potential to transform the treatment of opioid dependent patients with prospects of improved treatment outcomes and long-term recovery, while reducing the stigma associated with current treatments of opioid and heroin dependence. CAM2038 also presents the opportunity to overcome some of the difficult and complex problems associated with current daily treatments of opioid dependence, including misuse, abuse and diversion.

To develop new and improved pharmaceuticals, Camurus uses its advanced drug delivery technologies, such as the long-acting FluidCrystal® injection depot technology. By combining these proprietary technologies with active ingredients, that have proven clinical efficacy and safety profiles, new patented medicines with improved properties and treatment results can be developed in shorter time and at significantly lower costs and risks compared with the traditional development of pharmaceuticals based on new drug substances. In addition to several products in an advanced clinical development phase, including the treatment of opioid dependence, acromegaly and neuroendocrine tumors, Camurus also runs several pre-clinical and early stage clinical projects. Product candidates are developed in-house or in collaborations with international pharmaceutical and biotech companies.

Besides pharmaceuticals, Camurus has also developed and launched a medical device under the trade name of episil® in markets in Europe, the US and the Middle East, where marketing and sales are conducted through a small own sales force or partners.

HIGHLIGHTS OF THE YEAR

- Positive phase 3 trial results received for CAM2038 for treatment of opioid addiction.
- Stage 1 of the establishment of Camurus' European commercial organization and operational structure completed.
- First patients enrolled in a phase 3 trial of CAM2038 for treatment of chronic back pain.
- Positive results received from phase 2 trial of CAM2029 in acromegaly and NET patients.
- Positive results from phase 2 trial of the opioid blocking effect of CAM2038.
- Phase 3 long-term safety trial of CAM2038 fully enrolled.
- Positive results from phase 2 trial of CAM2032 for treatment of prostate cancer.
- Start of phase 1 trial of CAM2047, CAM2048 and CAM2058 for treatment of nausea and pain
- License agreement signed with Rhythm Inc. USA for long-acting FluidCrystal® setmelanotide.
- Three presentations of long-acting buprenorphine, CAM2038, given at the ISAM annual meeting 2016 in Montreal.
- Capital Markets and R&D Day held at the Royal Swedish Engineering Academy in Stockholm.

RESEARCH AND DEVELOPMENT

Research and development are key strategic priorities for Camurus. The company's long-term success is highly dependent on continuous 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 that are in clinical or pre-clinical development phase.

Camurus' research and development organization includes pre-clinical, pharmaceutical and analytical, as well as clinical and regulatory functions. The company's research and development expenditure in 2016 amounted to MSEK 172.1 (MSEK 153.1 in 2015), corresponding to 80 percent (83 percent in 2015) of operating expenses before items affecting comparability.

CAM2038 – Weekly and monthly buprenorphine depots for treatment of opioid dependence

CAM2038 includes long-acting buprenorphine products, under development in late-stage clinical phase by Camurus and its partner Braeburn Pharmaceuticals, for the treatment of opioid dependence. The products, which have been granted Fast Track designation by the US FDA, allow individualized treatment of patients with opioid dependence as a part of a comprehensive treatment plan that includes counseling and psychosocial support. Patients are freed from the burden and stigma associated with the daily, often supervised, distribution and administration of medication. The CAM2038 products are designed for convenient administration by healthcare personnel to ensure proper delivery and treatment compliance. The prefilled doses have the additional benefit of minimizing the risks of diversion, abuse, misuse, and accidental pediatric exposure giving clinicians the confidence that the medication is being received by the person for whom it was intended. By reduced dosing frequency and thereby costs of treatment under supervision, as well as by improved treatment compliance, CAM2038 also has the potential to generate substantial savings for healthcare and

society. To date, CAM2038 has been evaluated in five completed clinical trials. The products have in all trials shown a good safety profile and have also demonstrated pharmacokinetic and pharmacodynamic profiles consistent with weekly and monthly dosing. Results from a pivotal phase 2 opioid challenge trial showed that treatment with CAM2038 effectively blocks subjective opioid effects of injected hydromorphone, which means that CAM2038 can protect patients from relapse. In a phase 3 efficacy trial CAM2038 demonstrated significantly improved treatment effects versus standard of care with daily sublingual tablets. In addition, there are two further clinical trials of CAM2038 for treatment of opioid addiction ongoing: a global 48-week phase 3 long-term safety trial, and a phase 2 trial to evaluate whether CAM2038 can be expected to produce similar buprenorphine blood levels following administration at various injection sites. So far, approximately 1000 subjects have been enrolled in clinical studies evaluating CAM2038. Data from the long-term safety phase 3 trial is expected during the second quarter of 2017 and applications for market approval in Europe and the US are planned to be submitted in mid-2017.

CAM2038 – Round-the-clock relief from chronic pain

In addition to treatment of opioid dependence, weekly and monthly depots of CAM2038 are also being developed for the treatment of chronic pain. The properties of CAM2038 are well suited to the target profile of chronic pain medications: CAM2038 provides a rapid anesthetic onset and dose-proportional, long-term buprenorphine exposure without the risks of overdose and respiratory depression that are associated with full μ opioid receptor agonists such as morphine, hydrocodone, oxycodone and fentanyl. In 2016, Camurus and Braeburn Pharmaceuticals announced the launch of two clinical trials of CAM2038 for treatment of patients with chronic pain. A phase 2 trial in opioid-dependent patients with chronic pain evaluates the pharmacokinetics after repeated administration of the weekly and monthly versions of CAM2038. The effects of CAM2038 on chronic pain and the safety profile, including local and systemic tolerance, are also being studied. Furthermore, a pivotal phase 3 trial in patients with chronic lower back pain was initiated in September 2016. This randomized, double-blind, placebo-controlled study evaluates the efficacy of weekly and monthly CAM2038 in patients with moderate to severe chronic pain who are currently being treated with opioids. The results of the phase 3 trial are expected in the second half of 2017.

CAM2029 – Improved treatment for patients with acromegaly and NET

CAM2029 is a subcutaneous depot of octreotide, based on Camurus' patented FluidCrystal® injection depot, in development for the treatment of patients with acromegaly or NET. CAM2029 is being developed by Novartis and Camurus, as a new treatment option to the current market leader Sandostatin® LAR® with a global sale of 1.65 billion USD in 2016.[1] CAM2029 is conveniently self-administered by the patient as a subcutaneous injection in a prefilled syringe, while Sandostatin® LAR® from Novarits and Somatuline® Autogel® from Ipsen require multi preparatory steps and intramuscular injection by healthcare professional. CAM2029 will be provided ready for administration in a prefilled syringe equipped with a needle-stick prevention device or in a user-friendly autoinjector, without the need for conditioning or complicated mixing procedures prior to administration. Besides facilitating simple self-administration, CAM2029 has also demonstrated about 500% higher bioavailability compared to the market-leading Sandostatin® LAR®, indicating potential for improved treatment efficacy for patients whose responses to current doses exposure have been unsatisfactory.[2] In addition, positive results from a completed phase 2 trial of CAM2029 in patients with acromegaly and NET were announced in 2016. CAM2029 provided long-acting octreotide release with well-maintained control of symptoms and disease biomarkers after switching from Sandostatin® LAR®. Camurus' development partner Novartis has now initiated GMP manufacturing of CAM2029 for the phase 3 trials, which are planned to start in 2017. CAM2029 has previously been granted orphan designation by the EMA and FDA for the treatment of acromegaly.

1) Medtrack and PharmaCircle.
2) BJCP 2015;80:460-472

CAM2032 – Flexible approach to advanced prostate cancer treatment

CAM2032 is a long-acting leuprolide formulation for the treatment of prostate cancer. Based on Camurus' FluidCrystal® injection depot, the product is designed to provide patients with increased treatment flexibility by allowing the option of easy self-administration by patients. Positive results from a phase 2 trial of CAM2032 to evaluate the product's pharmacokinetic, pharmacodynamic, and safety profiles following repeated administration in patients with metastatic prostate cancer were announced in June 2016. In this trial, CAM2032 was compared with an active control product. The treatment effect, assessed by the suppression of testosterone and prostate specific antigen (PSA) levels over time, was found to be similar between the two treatments. The further development of CAM2032, including potential partnerships, is currently being evaluated.

CAM4071 – Indication not disclosed

CAM4071 is a product candidate in clinical development under the option, collaboration and licensing agreement with Novartis. The product is a long-acting formulation of an undisclosed peptide based on the FluidCrystal® injection depot. Results of the phase 1 trial have recently been reported and further product development is expected in 2017.

Early pipeline projects

In addition to products under clinical development, Camurus also has several promising product candidates in pre-clinical development phase. The new pipeline projects are generated in-house as well as in partnership with international biotech and pharmaceutical companies, in pre-clinical evaluation phases where the FluidCrystal® injection depot system is being evaluated with various active ingredients.

Partner projects

The projects can be part of the life-cycle management for active substances already on the market, or involving completely new substances in early development. At present, our partner projects include new treatments for diabetes, obesity, viral infections, endocrine disorders, and cancer.

In-house project generation
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 idea is carefully evaluated with focus on several key criteria: the potential to fulfill unmet medical needs; technology match; efficient and expeditious clinical development; opportunities for market exclusivity (including patent protection); as well as the product's market potential. If these crucial criteria are fulfilled, the product candidate is pre-clinically evaluated against the target product profile in terms of drug loading, manufacture, stability, and drug release in vitro and in vivo.

CAM2047, CAM2048 AND CAM2058 – For prevention and treatment of nausea and pain
During 2016, a phase 1 trial of three investigational drug products, CAM2047, CAM2048 and CAM2058 was initiated. These drug candidates are based on the FluidCrystal® injection depot and are being developed for treatment of chemotherapy induced nausea and vomiting (CAM2047), pain (CAM2048) and combined treatment of postoperative pain, nausea and vomiting (CAM2058). Results from the clinical trial are expected during the second quarter of 2017.

CAM2043 – An innovative sustained release treatment for pulmonary arterial hypertension
CAM2043 is a long-acting treprostinil depot for convenient subcutaneous administration based on the FluidCrystal® technology. CAM2043 has the potential to offer steady exposure, safe and simple administration, and improved local tolerability. CAM2043 has demonstrated a favorable pharmacokinetic profile in pre-clinical studies, and preparations are underway for the initiation of a phase 1 clinical trial in 2017.

episil® – Oral liquid for effective oral pain relief
episil® oral liquid is a medical device for treatment of pain in the oral cavity. The product is a bioadhesive lipid solution that alleviates pain by protecting inflamed and ulcerated mucous membranes in the mouth, including pain caused by oral mucosits which is a common and severe side effect of cancer treatments.

In December 2016, Camurus' partner, Solasia Pharma, signed an agreement with Meiji Seika Pharma for commercialization of episil® in Japan. Market registration processes are ongoing in Japan and China. episil® was granted market approval in Taiwan and in the US, Camurus' partner R-Pharm continues launching, with initial focus on breast cancer patients.

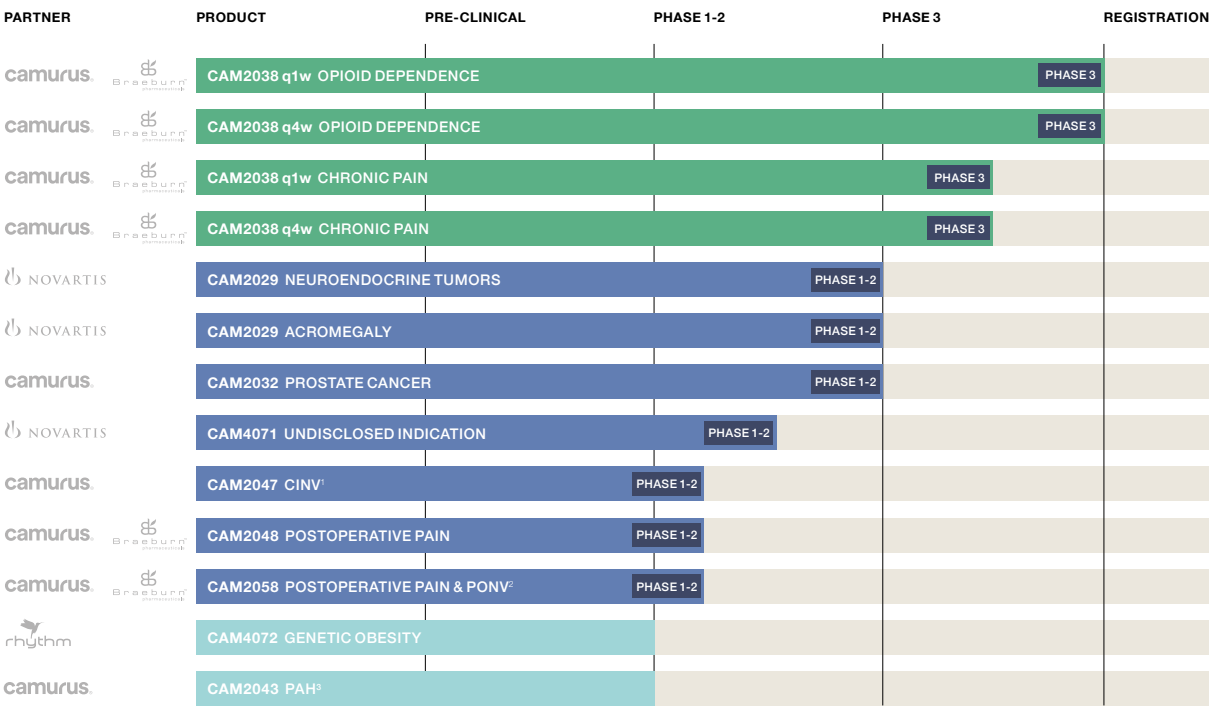
REVENUE AND EARNINGS
In 2016, the Group's net revenue amounted to MSEK 113,7 (154,8) and was generated from license agreements as well as project related activities and product sales. The difference compared with the preceding year is mainly due to that the company's revenue streams, from license and development milestones, varies from year to year.

Camurus' marketing and sales costs during the year amounted to MSEK 24,7 (19,4).

Administrative expenses for the year was MSEK 18,0 (11,9). Research and development costs amounted to MSEK 172,1 (153,1) and the increase is mainly attributable to intense activity in the leading development programs but also to activities in pre-clinical and early-stage clinical projects.

Other income during the year amounted to MSEK 0,8 (0,0) and was mainly generated from exchange gains. Other expenses amounted to MSEK 0,0 (0,7).

Development pipeline



1) Chemotherapy induced nausea and vomiting. 2) Postoperative nausea and vomiting. 3) Pulmonary arterial hypertension

Five-year summary, Group[1]

MSEK	2016	2015	2014	2013	2012
Net revenue	113,7	154,8	208,2	197,7	95,2
Operating result before items affecting comparability	-102,5	-30,5	62,3	127,3	18,8
Operating result	-102,5	-204,1	62,3	127,3	18,8
Net financial items	-0,9	-0,2	0,2	0,0	-0,9
Result for the period	-81,0	-159,5	48,3	99,2	13,3
Earnings per share before dilution, SEK	-2,17	-6,02	2,06	4,25	0,57
Earnings per share after dilution, SEK[2]	-2,17	-6,02	1,92	3,93	0,53
Equity ratio in Group, %	88%	78%	59%	45%	70%
Equity	564,4	640,6	123,5	50,0	40,2
Cash and cash equivalents	508,6	716,1	0,1	0,0	0,0
Number of employees at end of period	62	48	43	36	31
Number of employees in R&D at end of period	44	35	28	29	25

1) The consolidated accounts have been prepared in accordance with IFRS since 2012.
2) The dilutioneffect is calculated according to IAS 33.

The operating result for the year, before and after items affecting comparability was MSEK -102,5 (-30,5) and MSEK -102,5 (-204,1). The company has had no items affecting comparability during the year and the difference compared with the previous year is mainly related to the company's stock-exchange listing on December 3, 2015, and the share bonus-program according to which employees and Board members received shares in Camurus AB. A total of 1,909,483 shares were allotted and the total impact on earnings during 2015 amounted to MSEK 108,9 after income tax, with a corresponding increase in equity of MSEK 108,8 and a social security cost of MSEK 30,8. The terms of the share bonus program had then been met in full and no additional costs will be charged against Camurus' earnings under this program. For further information, see Note 25. Furthermore, the result for 2015 was also charged with MSEK 26,5 after income tax, pertaining to listing expenses.

Since the total cost in connection with the listing and the share bonus program was of an unusual nature and nonrecurring, and significant in terms of the amount, these costs were recognized as an item affecting comparability.

The Group's net financial items amounted to an expense of MSEK 0,9 (0,2).

Following an assessment of the Parent Company's tax loss carryforwards, a tax revenue of MSEK 22,2 (41,0) was recognized.

The Group's estimated tax for the year is a tax revenue of MSEK 22,4 (44,7).

The Group's result for the year was negative MSEK -81,0 (-159,5).

OTHER COMPREHENSIVE INCOME

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

CASH FLOW AND INVESTMENTS

Cash flow from operating activities before change in working capital was negative MSEK -109,8 (-91,6). Change in working capital affected the cash flow negatively by MSEK -98,0 (positive 85,9). Cash flow from investment was MSEK -4,6 (157,0), and from finance activities MSEK 4,9 (564,7) related to issuance of subscription warrants. Cash flow for the year amounted to SEK -207,5 (716,0) million. The difference compared with the previous year is mainly attributable to the company raised SEK 555 million before issue costs associated with the listing of shares Camurus December 3, 2015.

FINANCIAL POSITION

The Company's cash position as of December 31, 2016 was MSEK 508,6 (716,1). The change compared to previous year relates mainly to the operating result and the change in working capital related to payment of social security and withheld tax of MSEK 86,6 in January 2016, for the participants in the company's share bonus program that was executed in connection to the listing in December 2015.

Consolidated equity as of December 31, 2016, was MSEK 564,4 (640,6).

There were no outstanding loans as of December 31, 2016, and no loans have been taken up since.

No assets were pledged at end of the period.

SEASONAL VARIATIONS

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

PARENT COMPANY

The Group's operations are conducted in the Parent Company.

The Parent Company's revenue amounted to MSEK 113,7 (154,8) in 2016. Operating result before items affecting comparability was negative MSEK -100,4 (-28,7). The operating result was a negative MSEK 100,4 (-202,4). The result for the year was negative MSEK 80,3 (-146,4). At 31 December 2015, the Parent Company's equity was MSEK 547,1 (622,6).

At the end of the period, total assets amounted to MSEK 626,5 (801,2), of which cash and cash equivalents were MSEK 508,4 (716,1).

Other information

CHANGES IN COMPANY MANAGEMENT

In preparation for the market approval of CAM2038 (weekly and monthly products), a process has been launched to develop an in-house commercial organization to market the product, with an initial focus on prioritized European markets for opioid dependence. Richard Jameson, who was appointed to the position as Chief Commercial Officer in December 2015, with the responsibility for leading this key strategic venture, took up the position in June 2016. Mr. Jameson has broad experience from different senior commercial roles across a number of specialty pharmaceutical companies and markets. Most recently, he was responsible for leading a sales and marketing organization in Europe, the Middle East and Africa, with a focus on the market for opioid dependence.

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

Camurus' share capital amounted to SEK 932,037 divided into 37,281,486 shares, with a quota value per share of SEK 0,025. The total the number of shares outstanding at 31 December 2016 was 37,281,486 common shares, each of which carries one vote. At 31 December 2016, Sandberg Development AB was the single largest shareholder of Camurus, with a total of 20,014,978 shares, corresponding to 53.7 percent of the votes and capital.

EMPLOYEES

In 2016, the average number of employees in the Group was 50 (44), of which 30 (29) were women. At yearend, the number of employees was 62 (48) of whom 44 (35) worked within research and development.

Of the total number of employees in 2016, 60 percent were women and 40 percent men. All employees receive the same treatment and are offered the same opportunities regardless of their age, gender, religion, sexual orientation, disabilities or ethnicity.

Salaries and other remuneration amounted to MSEK 63,2 (179,6). The difference compared to previous year is related to the share-based bonus program that was completed in connection with the listing of the company's share on 3 December 2015.

EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

As part of establishing the European commercial organization a subsidiary was founded on January 18, 2017, in UK.

GUIDELINES FOR REMUNERATION AND OTHER EMPLOYMENT TERMS FOR SENIOR EXECUTIVES, 2017

The guidelines for remuneration to senior executives which will be proposed at the AGM 2017, will be published at camurus.com by end of March. In essence, it is proposed that the guidelines in their design are unchanged against the decision by the Annual General Meeting of May 3, 2016 but with the change to variable cash remuneration which shall not exceed fifty (50) percent of the fixed salary for the CEO and other senior executives.

PROPOSED APPROPRIATION OF PROFITS FOR THE FINANCIAL YEAR 2016

The following is at the disposal of the AGM:

The Board of Directors proposes that the retained earnings of SEK 534,823,232 be carried forward.

The Board of Directors proposes that no dividend be paid for the 2016 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.

RISKS

Camurus and its operations are associated with risks, based on 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 takes an inventory of the risks and performs risk assessments based on 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-minimisation 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, about ten clinical programs and a number of projects undergoing pre-clinical trials. The projects require continued research and development, which are subject to standard risks that product development becomes delayed and that costs become higher than expected or that the products prove to be insufficiently effective or safe at any stage of their development.

Technology platform with limited regulatory validation
There is a risk that products based on the Company's injection depot or its 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 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. This could lead to clinical trials being discontinued or cancelled, or the product 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.

Product and technology collaborations with other pharmaceutical companies
Camurus' strategy to build a balanced project and product portfolio includes the signing of partnership agreements with other pharmaceutical and biotech companies regarding, for example, joint development and/or approval and market launch.

Regulatory review and registration of new pharmaceuticals
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.

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.

Patents and other intellectual property rights
A risk exists 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
Camurus' competitors include international pharmaceutical companies, biotech companies and specialist pharmaceutical companies. Some competitors have substantial financial, technical and staffing resources as well as considerable manufacturing, distribution, sales and marketing capacities. There is also the risk of Camurus' products that are 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 and will continue to be so in the future. Camurus' treasury policy allows 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 full year 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 receivables.

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, EUR and USD.

The Board of Directors has not changed its outlook on future developments in relation to their outlook published in the full year report for 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	Note	Financial year 2016	2015
Net sales	5	113,737	154,799
Cost of goods sold	6	-2,140	-237
Gross profit		**111,597**	**154,562**
Operating expenses			
Marketing and distribution costs	6, 30	-24,738	-19,411
Administrative expenses	6, 8, 30	-17,985	-11,934
Research and development costs	6, 30	-172,077	-153,080
Other operating income	7, 13	751	57
Other operating expenses	13	–	-658
Operating result before items affecting comparability	30	**-102,452**	**-30,464**
Items affecting comparability attributable to public listing costs	30	–	-33,970
Items affecting comparability attributable to Share bonus program	25, 30	–	-139,671
Operating result	9, 27, 29	**-102,452**	**-204,104**
Result from financial items			
Finance income	10	95	2
Finance expenses	10	-1,002	-166
Net financial items		**-907**	**-164**
Result before tax		**-103,359**	**-204,268**
Income tax	11	22,367	44,727
Result for the period		**-80,993**	**-159,542**

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

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

	Note	2016	2015
Earnings per share before dilution, SEK	12	-2,17	-6,02
Earnings per share after dilution, SEK	12	-2,17	-6,02

Total comprehensive income is attributable to parent company shareholders.

INCOME STATEMENT – PARENT COMPANY

KSEK	Note	Financial year 2016	2015
Net sales	5	113,737	154,799
Cost of goods sold	6	-2,140	-237
Gross profit		**111,597**	**154,562**
Operating expenses			
Marketing and distribution costs	6	-24,738	-19,411
Administrative expenses	6, 8	-17,985	-11,934
Research and development costs	6	-169,994	-151,354
Other operating income	7, 13	751	57
Other operating expenses	13	–	-658
Operating result before items affecting comparability		**-100,370**	**-28,738**
Items affecting comparability attributable to public listing costs	30	–	-33,970
Items affecting comparability attributable to Share bonus program	25, 30	–	-139,671
Operating result	9, 27	**-100,370**	**-202,379**
Result from interests in Group companies	17	–	–
Interest income and similar items	10	95	2
Interest expense and similar items	10	-1,002	-166
Result after financial items		**-101,277**	**-202,543**
Appropriations			
Change in accelerated depreciation		-1,246	-414
Change in untaxed reserves		–	15,510
Result before tax		**-102,523**	**-187,447**
Tax on profit for the period	11	22,183	41,026
Result for the period		**-80,340**	**-146,421**

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.

The notes on pages 52 to 75 are an integral part of the annual and consolidated accounts.

CONSOLIDATED BALANCE SHEET

KSEK	Note	31-12-2016	31-12-2015
ASSETS	2		
Fixed assets			
Intangible assets			
Capitalized development expenditure	14	18,741	20,823
Tangible assets			
Equipment	15	9,759	6,634
Financial assets			
Deferred tax receivables	16	61,685	39,317
Total fixed assets		**90,185**	**66,775**
Current assets			
Inventories			
Finished goods and goods for resale	18	12,380	3,241
Current receivables			
Receivables from Group companies	19, 20	–	207
Trade receivables	19, 21	8,304	8,917
Other receivables		3,855	5,500
Prepayments and accrued income	22	16,459	15,613
Total current receivables		**28,618**	**30,237**
Cash and cash equivalents	19, 23	508,594	716,096
Total current assets		**549,592**	**749,574**
TOTAL ASSETS		**639,776**	**816,349**

KSEK	Note	31-12-2016	31-12-2015
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to parent company shareholders	2, 24		
Share capital		932	932
Other contributed capital		631,034	626,181
Retained earnings, including result for the period		-67,549	13,444
Total equity		**564,418**	**640,557**
LIABILITIES	2		
Long-term liabilities			
Deferred tax liability	16	–	–
Total long-term liabilities		**–**	**–**
Short-term liabilities			
Trade payables	19	17,560	31,832
Income taxes		–	9,917
Other liabilities	19	2,571	88,088
Accrued expenses and deferred income	26	55,228	45,954
Total short-term liabilities		**75,358**	**175,791**
TOTAL EQUITY AND LIABILITIES		**639,776**	**816,349**

The notes on pages 52 to 75 are an integral part of the annual and consolidated accounts.

BALANCE SHEET – PARENT COMPANY

KSEK	Note	31-12-2016	31-12-2015
ASSETS	2		
Fixed assets			
Tangible assets			
Equipment	15	9,759	6,634
Financial assets			
Interests in Group companies	17	816	573
Deferred tax assets	16	66,574	44,391
Total fixed assets		**77,149**	**51,598**
Current assets			
Inventories			
Finished goods and goods for resale	18	12,380	3,242
Current receivables			
Receivables from parent company	20	–	207
Trade receivables	21	8,304	8,917
Other receivables		3,855	5,500
Prepayments and accrued income	22	16,459	15,613
Total current receivables		**28,618**	**30,237**
Cash and bank deposits	23	508,351	716,096
Total current assets		**549,351**	**749,575**
TOTAL ASSETS		**626,499**	**801,173**

KSEK	Note	31-12-2016	31-12-2015
EQUITY AND LIABILITIES			
EQUITY	2, 24		
Restricted equity			
Share capital		932	932
Statutory reserve		11,327	11,327
Total restricted equity		**12,259**	**12,259**
Unrestricted equity			
Retained earnings		17,746	164,167
Share premium reserve		597,418	592,565
Result for the period		-80,340	-146,421
Total unrestricted equity		**534,823**	**610,311**
Total equity		**547,083**	**622,570**
LIABILITIES			
Untaxed reserves			
Depreciation/amortization in excess of plan		3,486	2,239
Total untaxed reserves		**3,486**	**2,239**
Long-term liabilities			
Liability to subsidiaries		573	573
Total long-term liabilities		**573**	**573**
Short-term liabilities			
Trade payables		17,560	31,832
Current tax liability		–	9,917
Other liabilities		2,571	88,088
Accrued expenses and deferred income	26	55,228	45,954
Total short-term liabilities		**75,358**	**175,791**
TOTAL EQUITY AND LIABILITIES		**626,499**	**801,173**

The notes on pages 52 to 75 are 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, 2015		**630**	**58,634**	**64,193**	**123,457**
Result for the period and comprehensive income				-159,542	-159,542
Transactions with shareholders					
Share bonus program for personnel and Board members		47		108,793	108,840
Direct share issue to the principal owner		11	23,879		23,890
Direct share issue, public listing		244	554,756		555,000
Issuance costs, net after deferred tax			-11,088		-11,088
Closing balance at 31 December 2015	12	**932**[1)]	**626,181**	**13,444**	**640,557**
Opening balance at 1 January, 2016		**932**	**626,181**	**13,444**	**640,557**
Result for the period and comprehensive income				-80,993	-80,993
Transactions with shareholders					
Warrants issued			4,853[2)]		4,853
Closing balance at 31 December 2016	12	**932**	**631,034**	**-67,549**	**564,418**

1) The change in equity during 2015 is attributable to the three share issues completed in connection with the listing of the Company's shares on the Nasdaq Stockholm exchange (resolved in 2015). One issue was directed to the general public in Sweden, as well as institutional investors, and generated MSEK 555 gross for the company. The other two issues were directed to the participants in the share bonus program Sandberg Development AB, for further information see Note 25.
2) Warrant issues according to resolution by the annual general meeting on May 3, 2016.
For further information see Notes 9 and 25.

The notes on pages 52 to 75 are an integral part of the annual and consolidated accounts.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity			Unrestricted equity		
KSEK	Share capital	Ongoing new share issue	Statutory reserve	Share premium reserve	Retained earnings, including result for the period	Total equity
Opening balance at 1 January, 2015	**583**	**47**	**11,327**	**25,017**	**55,374**	**92,348**
Profit/loss for the period and comprehensive income					-146,421	-146,421
Transactions with shareholders						
Share bonus program for personnel and Board members	47				108,793	108,840
Direct share issue to the principal owner	11			23,879		23,890
Direct share issue public listing	244			554,756		555,000
Issuance costs, net after deferred tax				-11,088		-11,088
New share issue	47	-47[1)]				
Closing balance at 31 December, 2015	**932**[2)]	**0**	**11,327**	**592,565**	**17,746**	**622,570**
Opening balance at 1 January, 2016	**932**	**0**	**11,327**	**592,565**	**17,746**	**622,570**
Profit/loss for the period and comprehensive income					-80,340	-80,340
Transactions with shareholders						
Warrants issued				4,853[3)]		4,853
Closing balance at 31 December, 2016	**932**	**0**	**11,327**	**597,418**	**-62,594**	**547,083**

1) On December 9, 2014, 1,867,320 (after split 4:1) outstanding warrants were exercised, corresponding to 1,867,320 (after split 4:1) new shares and an increase in the share capital of SEK 46,683. The subscription price was SEK 53,69 (before the split 4:1) per new share, corresponding to a total of SEK 25,064,103, of which SEK 25,017,420 has been transferred to other contributed capital. The new shares were registered on January 9, 2015.
2) The change in equity during 2015 is attributable to the three share issues completed in connection with the listing of the Company's shares on the Nasdaq Stockholm exchange (decided in 2015). One issue was directed to the general public in Sweden, as well as institutional investors, and generated MSEK 555 gross for the company. The other two issues were directed to the participants in the share bonus program and Sandberg Development AB, for further information see Note 25.
3) Warrant issues according to resolution by the annual general meeting on May 3, 2016. For further information see Notes 9 and 25

CONSOLIDATED STATEMENT OF CASH FLOW

KSEK	Note	Financial year 2016	2015
Operating activities			
Operating profit/loss before financial items		-102,452	-204,104
Adjustments for non-cash items	28	3,524	112,345
Interest received		95	2
Interest paid		-1,002	-166
Income taxes paid		-9,917	317
		-109,752	**-91,606**
Increase/decrease in inventories	18	-9,139	-2,539
Increase/decrease in trade receivables		613	-2,800
Increase/decrease in other current receivables		1,005	-8,511
Increase/decrease in trade payables		-14,272	21,893
Increase/decrease in other current operating liabilities		-76,242	77,906
Cash flow from changes in working capital		***-98,036***	***85,949***
Cash flow from operating activities		**-207,788**	**-5,657**
Investing activities			
Acquisition of intangible assets	14	–	-355
Acquisition of tangible assets	15	-4,567	-984
Divestment/amortization of other financial assets		–	406
Increase/decrease in current financial investments		–	157,908
Cash flow from investing activities		**-4,567**	**156,975**
Financing activities			
New share issue		–	564,722
Warrants issued		4,853	–
Cash flow from financing activities		**4,853**	**564,722**
Net cash flow for the period		**-207,502**	**716,040**
Cash and cash equivalents at beginning of period	23	716,096	56
Cash and cash equivalents at end of period	23	**508,594**	**716,096**

PARENT COMPANY STATEMENT OF CASH FLOW

KSEK	Note	Financial year 2016	2015
Operating activities			
Operating profit/loss before financial items		-100,370	-202,378
Adjustments for non-cash items	28	1,442	110,262
Interest received		95	2
Interest paid		-1,002	-167
Income taxes paid		-9,917	317
		-109,752	**-91,964**
Increase/decrease in inventories	18	-9,139	-2,539
Increase/decrease in trade receivables		613	-2,592
Increase/decrease in other current receivables		1,005	-8,719
Increase/decrease in trade payables		-14,272	21,895
Increase/decrease in other current operating liabilities		-76,243	77,906
Cash flow from changes in working capital		***-98,036***	***85,951***
Cash flow from operating activities		**-207,788**	**-6,013**
Investing activities			
Acquisition of tangible assets	15	-4,567	-984
Investment in group companies		-243	–
Increase/decrease in current financial investments		–	157,908
Cash flow from investing activities		**-4,810**	**156,924**
Financing activities			
Increase/decrease in current financial liabilities		–	406
New share issue		–	564,724
Warrants issued		4,853	–
Cash flow from financing activities		**4,853**	**565,130**
Net cash flow for the period		**-207,745**	**716,040**
Cash and cash equivalents at beginning of period	23	716,096	56
Cash and cash equivalents at end of period	23	**508,351**	**716,096**

The notes on pages 52 to 75 are 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. Up until October 7, 2015, Camurus AB's registered offices were in Malmö, Sweden. The company is now 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 53,7 percent of the shares. PGS Group AB, reg. Nr. 556301-8745, is the top company in the group, which Camurus AB is consolidated to.

The company's share is listed on Nasdaq Stockholm since December 3, 2015.

This annual report was subject to approval by the Board on March 29, 2017.

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. Camurus adopted IFRS on the 1st of January, 2012. 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 in Note 2.22. The transition to RFR 2 has not given any effect on the parent company.

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 January 1, 2016

None of the new standards, changes and interpretations from January 1, 2016 have had any significant impact on the Group's financial reports.

New and revised standards that have not come into force or been proactively applied by the Group

A number of new standards and interpretations enter into force for the financial year starting January 1, 2016, and have not been applied when preparing this financial report. Below are the standards that are deemed to be of relevance to the Group:

IFRS 9 Financial Instruments and associated amendments to various other standards

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments:

Recognition and measurement with a single model that has three classification categories: amortized cost and fair value and a third measurement category (FVOCI) for certain financial assets that are debt instruments. Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortized cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognized at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss). For financial liabilities that are measured under the fair value option entities will need to recognize the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

IFRS 9 also introduced a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For financial years commencing before February 1, 2015, entities can elect to apply parts of IFRS 9 earlier according to specific transition rules. After February 1, 2015, the new rules must be adopted in their entirety.

The group intends to apply the new standard by the financial year beginning January 1, 2018 and the preliminary assessment is that the standard will not have any significant impact.

IFRS 15 Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognized:

1. identify contracts with customers
2. identify the separate performance obligation
3. determine the transaction price of the contract
4. allocate the transaction price to each of the separate performance obligations, and
5. recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognized if they are not at significant risk of reversal.
- The point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

The Company have chosen full retrospective application and based on the Company's analysis, the preliminary assessment is that the standard will not have any significant impact on the group. The group will apply the new standard by the financial year beginning 1 January 2018.

IFRS 16 Leases

In January 2016, IASB issued a new lease standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognized on 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 standard is effective for annual periods beginning on or after January 1, 2019. The group has not yet assessed the impact of IFRS 16.

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.

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.

The items 'Receivables from Group companies' and 'Liabilities to Group companies' in the consolidated balance sheet concern receivables and liabilities to the parent company Sandberg Development AB.

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

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 straight-line basis to distribute the cost of the proprietary intangible assets over their estimated useful life, which coincides with the product's remaining patent period.

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 Classification

The Group classifies its financial assets and liabilities into the following categories: loans and trade receivables, and other financial liabilities. The classification depends on the purpose for which the financial asset or liability is acquired.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. They are included in current assets, with the exception of items with maturities extending 12 months beyond the balance sheet date; these are classified as fixed assets. The Group's loans and receivables comprise trade

receivables, cash and cash equivalents and the financial instruments that are reported in other receivables.

(b) Other financial liabilities
Liabilities to Group companies, trade payables and the part of other current liabilities that concerns financial instruments are classified as other financial liabilities.

2.10.2 Recognition and measurement
The Group's financial instruments are initially measured at fair value plus transaction costs. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument expires or is transferred and the Group has transferred virtually all risks and rewards of ownership. Financial liabilities are removed from the balance sheet when the obligation in the agreement has been completed or in some other way eliminated.

Loans and receivables and other financial liabilities are recognized after the date of acquisition at amortized cost using the effective interest method.

2.10.3 Offsetting of financial instruments
Financial assets and liabilities are offset and recognized in the balance sheet at a net amount, only when a legal right exists to offset the recognized amounts and there is an intention to settle them at a net amount, or to realize the asset and settle the liability at the same time.

2.10.4 Impairment of financial instruments
Assets measured at amortized cost
The Group performs an assessment at the end of each reporting period of whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired only if there is objective evidence of an impairment need due to one or more events occurring after the point at which the asset was initially recognized, and this event/these events has an impact on the estimated future cash flows for the financial asset or group of financial assets that can be reliably estimated. The impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted to the financial asset's original effective interest rate. The asset's carrying amount is impaired and the impairment amount is recognized in the consolidated income statement within operating profit or within net financial income/expense, depending on the kind of financial asset that is being impaired. If the impairment requirement decreases in a subsequent period and the decrease can be objectively attributed to an event that occurred after the impairment was recognized, the reversal of the previously recognized impairment is recognized in the consolidated income statement within operating profit or within net financial income/expense, depending on the kind of financial asset that is being impaired.

2.11 TRADE RECEIVABLES
Trade receivables are financial instruments comprising amounts that are due to be paid by customers for goods and services sold in the ordinary course of business. Payments expected within one year or less 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.

2.12 CASH AND CASH EQUIVALENTS
Cash and cash equivalents are financial instruments and comprise cash and bank balances.

2.13 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.

2.14 TRADE PAYABLES
Trade payables are financial instruments and relate to obligations to pay for goods and services that have been acquired in the ordinary course of business. 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.

2.15 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.

2.16 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 2,3 (2015: MSEK 1,7, 2014: MSEK 1,0). 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 2016 Alecta's surplus (in the form of the collective consolidation level) was 149 percent (2015: 153 percent, 2014: 143 percent).

2.17 REVENUE RECOGNITION

Revenue is measured at the fair value of what has been received or will be received, and corresponds to the amounts received for sold goods and services, less deductions for discounts and value added tax. The Group recognizes revenue when its amount can be reliably measured, it is probable that the future economic benefits associated with the transaction will flow to the company, and certain criteria have been satisfied for each of the Group's operations as described below.

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 and remuneration for research services. In addition, under the agreements Camurus may also be entitled to compensation for costs incurred. Revenue recognition reflects earnings in accordance with the specific contractual terms.

Camurus applies the criteria for revenue recognition on each individual transaction. However, in some situations it is necessary to apply the criteria to those parts of a transaction that can be separately identified, so that the financial implications of the transaction can be reflected in the financial statements. This means, for example, that the various transactions in the agreements are divided up and that identifiable parts are recognized separately. If the total value of the agreement falls short of the fair value of the transactions' separate parts, the difference ('discount') is allocated among the separate parts based on their relative fair values in the transaction.

The principles for revenue recognition of different parts (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 means that the intangible asset has been divested from an accounting perspective (i.e. as a sold license, where the counterparty appropriates the asset), or whether it gives the counterparty a right to utilize the intangible asset.

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 as a sale. If the agreement means that the intangible asset has been divested and satisfies the criteria for revenue recognition of a good, revenue recognition is carried out in accordance with the principles for goods sold (see 'Sale of goods' below). If the agreement does not constitute a divestment of the intangible asset, the customer has right of use and remuneration is normally allocated on a straight-line basis over the term of the agreement.

Sale of goods
Revenue from the sale of goods is recognized when significant risks and benefits associated with ownership of the goods has been transferred and Camurus no longer has any commitment in the ongoing management of business operations that is normally associated with ownership, and neither does the company exercise any real control over the sold goods. Furthermore, it must be possible to calculate the revenue in a reliable way, it should be likely that the economic benefits associated with the transaction will accrue to the company and the expenses that have arisen, or that are expected to arise as a result of the transaction, can be reliably calculated. In Camurus' case this usually means that goods are recognized as income on delivery to the customer.

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

Royalties
Remuneration in the form of royalties is recognized as revenue when it is likely that the economic benefits associated with the transaction will accrue to Camurus and the revenue can be reliably calculated. Royalties are accrued as per the relevant agreement's financial implications. In some cases, the royalties received are dependent upon a future event, for example future sales. In such cases, revenue from royalties is recognized when it is likely that the royalty remuneration will be received, usually in connection with the future sale.

Milestone payments
Remuneration received when milestones are achieved is recognized as revenue when it is likely that the economic benefits associated with the transaction will accrue to Camurus and the revenue can be reliably calculated. Payments for milestones are received when a certain result has been achieved, or a particular event has occurred in accordance with definitions in the respective collaboration agreement. Revenue for milestones is recognized when all terms for the right to remuneration in accordance with the agreement have been met, usually in connection with the contractually agreed milestone being achieved, and Camurus has satisfied all conditions for the milestone in accordance with the collaboration agreement.

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 IAS 18 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 is exposed to the significant risks and benefits on the sale of a good or service. 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.

2.18 INTEREST INCOME
Interest income is recognized as revenue using the effective interest method. When the value of a claim in the category 'Loans and receivables' 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 nstrument, 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.

2.19 SHARE-BASED PAYMENT
Warrant program TO2016/2019
Presently Camurus has one long-term incentive program active. In accordance with a decision by the Annual General Meeting in May 2016, an incentive program, TO2016 / 2019, for the company's employees, under which a maximum of 550,000 warrants can be issued, was introduced. The warrants were 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 cost, 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 25.

Sharebased bonus program 2015
Until December 3, 2015, the group had a share-based compensation plan where the regulation should be made in shares and where the company received services from employees as consideration for the Group's own equity instruments (shares). The fair value of the service, which entitled employees to the allocation of shares, was expensed and the total amount to be expensed was based on the fair value of the shares granted.

At each reporting period the Group assessed its estimates of the number of shares expected to be vested.

Any deviation from the original estimates as the review gave rise to, were recognized in the income statement and corresponding adjustments made to equity.

When bonus shares were exercised, the Company issued new shares. The proceeds received net of any directly attributable transaction costs, were credited to share capital (quota value) and other capital contributions.

The social security contributions which arose on the allocation of the shares was regarded as an integral part of the award, and the cost was treated as a cash-settled share-based payment.

2.20 LEASES

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.

2.21 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. The Group-wide account for cash management (cash pool) is not included in cash and cash equivalents but is instead recognized in the balance sheet in transactions with the principal shareholder Sandberg Development AB, and the change in the item is reflected in the cash flow statement as investing activity.

2.22 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

IAS 39 is not applied in the parent company and financial instruments are measured at cost. In subsequent periods, the financial assets that are acquired with the intention of being held on short-term, will be accounted for in accordance with the lowest value principle at the lower of acquisition cost and market value. At each balance sheet date, the parent company assesses whether there is any indication of impairment in any of the financial assets. Impairment is recognized if the impairment is deemed to be permanent.

Impairment of interest-bearing financial assets, recognized at amortized cost, is calculated as the difference between the asset's carrying amount and the present value of management's best estimate of future cash flows discounted at the asset's original effective interest rate.

The impairment amount of other financial assets is determined as the difference between the carrying value and the higher of fair value less costs to sell and the present value of future cash flows (which are based on management's best estimate).

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 longterm 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 US dollar (USD) and euro (EUR). 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.

The Group has the following balance sheet exposure for assets, which include trade receivables and cash and cash equivalents (KSEK)	31-12-2016	31-12-2015
USD	7,182	41,923
EUR	475	4,543
GBP	129	157
Other currencies	30	53
Total	**7,816**	**46,676**

The balance sheet exposure for trade payables are as follows (KSEK)	31-12-2016	31-12-2015
USD	-2,814	-2,228
EUR	-8,271	-5,081
DKK	-1,603	-343
GBP	-1,276	-1,315
Other currencies	-1	-1
Total	**-13,965**	**-8,968**

If the Swedish krona had weakened/strengthened by 5 percent in relation to the EUR, with all other variables remaining constant, the recalculated profit/loss for the year and equity at 31 December 2016, would have been MSEK 0,3 (0,0) higher/lower. The equivalent of the US dollar amounts to MSEK 0,2 (1.5). 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.

Group, 31 december 2016	Up to one month	1–3 months	3 months–1 year	1–5 years
Trade payables	15,241	2,329	–	–
Other short-term liabilities	191	–	–	–
Total	**15,432**	**2,329**	**–**	**–**

Group, 31 december 2015	Up to one month	1–3 months	3 months–1 year	1–5 years
Trade payables	21,948	9,883	–	–
Other short-term liabilities	191	–	–	–
Total	**22,139**	**9,883**	**–**	**–**

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.

The Group is mainly engaged in research and development activities. Operations have been financed through earnings generated from successful research and development collaborations and through the issue conducted in connection with the listing of the company's share on Nasdaq Stockholm, December 3, 2015. 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

Estimates and assessments are evaluated continually and are based on historical 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 entitled 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 of agreements in various sub-transactions, how the price of these transactions should be allocated, the point in time at which transactions should be recognized and the way in which the transaction 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 sale of the license in the form of a good that is recognized as revenue on delivery, or whether the agreement constitutes right of use, which is recognized as revenue over time. The assessments made by management affect the period in which, and amount at which the revenue is recognized.

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 1.6 Intangible assets).

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

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.

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 external revenues from all products and services	Group		Parent company	
	2016	2015	2016	2015
Sales of development-related goods and services	68,112	93,845	68,112	93,845
Milestone payments	34,217	52,850	34,217	52,850
Licensing revenues	8,485	7,238	8,485	7,238
Other	2,923	866	2,923	866
Total	**113,737**	**154,799**	**113,737**	**154,799**

Revenues from external customers is allocated by country, based on where the customers are located	Group		Parent company	
	2016	2015	2016	2015
Europe	22,921	108,067	22,921	108,067
(of which Sweden)	(3,727)	(2,275)	(3,727)	(2,275)
North Amerika	87,359	39,635	87,359	39,635
Other geographical areas	3,457	7,097	3,457	7,097
Total	**113,737**	**154,799**	**113,737**	**154,799**

Revenues during 2016 of approximately MSEK 79,6 (79,4 MSEK) relates to a single external customer. All fixed assets are located in Sweden.

Note 6 | Expenses divided by type of cost

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 total costs by function were allocated according to the following cost items.

Allocation by cost item	Group		Parent company	
	2016	2015	2016	2015
Changes in stock of finished goods and work in progress	-240	2,539	-240	2,539
Raw materials and consumable supplies	2,257	729	2,257	729
Other external expenses [1) 2)]	128,026	155,885	128,026	156,242
Costs of premises, including laboratory costs	20,175	16,032	20,175	16,032
Costs relating to employee benefits (Note 9) [3)]	63,199	179,566	63,199	179,566
Depreciation, amortization and impairment losses (Note 14 and 15)	3,524	3,552	1,442	1,469
Total cost of sales, research and development, sales and administration	**216,940**	**358,303**	**214,858**	**356,577**

1) This item includes costs that form the basis for research and development projects.
2) Costs incurred for partner financed activities within research and development during the period have most essentially matched the size of the revenue. See also Note 5 Segment information and the item 'Sales of development-related goods and services'.
3) During 2015, this item also includes the Share bonus program amounting to 139,7 MSEK. See also Note 9 and 29.

Note 7 | Other operating income

Other operating income	Group 2016	Group 2015	Parent company 2016	Parent company 2015
Exchange gains	688	–	688	–
Other items	63	57	63	57
Total other operating income	**751**	**57**	**751**	**57**

Note 8 | Audit fees

Audit and other assignments	Group 2016	Group 2015	Parent company 2016	Parent company 2015
PwC				
Auditing assignment	508	325	508	325
Auditing beyond the auditing assignment	305	2,418[1)]	305	2,418[1)]
Tax assignments	242	–	242	–
Other assignments	343	–	343	–
Total	**1,399**	**2,743**	**1,399**	**2,743**
Mazars SET Revisionsbyrå AB				
Auditing assignment	97	280	97	280
Other assignments[1)]	–	661	–	661
Total	**97**	**941**	**97**	**941**

1) Refers to various quality assuring services in connection with the company's listing.

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

Average no. of employees	Group 2016 (of which women)	Group 2015 (of which women)	Parent company 2016 (of which women)	Parent company 2015 (of which women)
Sweden	50 (30)	44 (29)	50 (30)	44 (29)
Total	**50**	**44**	**50**	**44**

Gender distribution in the Group, for Board members and other senior management Number on balance sheet date (of which women)	Group 2016	Group 2015	Parent company 2016	Parent company 2015
Board members[1)]	8 (2)	9 (2)	8 (2)	9 (2)
CEO and other senior management	9 (3)	8 (3)	9 (3)	8 (3)

1) The CEO, who is a board member, is also reported as CEO.

Salaries, other remuneration and social security costs	Group 2016	Group 2015	Parent company 2016	Parent company 2015
Salaries and other compensation[1) 2)]	41,794	133,351	41,794	133,351
Social security cost	13,599	39,963	13,599	39,963
Pension expenses defined contribution plans	7,805	6,251	7,805	6,251
Total	**63,199**	**179,566**	**63,199**	**179,566**

Cont. Note 9

Salaries and other remuneration by Board members and CEO, and other employees (of which bonus)	Group		Parent company	
	2016	2015	2016	2015
Board members, CEO and other senior management[1) 2)]	15,485 (2,216)	56,313 (1,827)	15,485 (2,216)	56,313 (1,827)
Other employees	26,309	77,038	26,309	77,038
Total	**41,794**	**133,351**	**41,794**	**133,351**

1) In the fixed salary 2016, paid and earned stay-on bonus according to the terms of the warrant program TO2016/2019 are included. See Note 25 and 29.
2) In the above remuneration, costs for the share-based bonus program which materialized in connection with the listing of the company's share on December 3, 2015, are included. See Note 25 and 29.

Pension expenses	Group		Parent company	
	2016	2015	2016	2015
Board members, CEO and other senior management	3,842	2,365	3,842	2,365
Other employees	3,963	3,886	3,963	3,886
Total	**7,805**	**6,251**	**7,805**	**6,251**

The above salaries and remuneration do not include invoiced services from the Board and senior management. For remuneration and other benefits to the Board and senior management, see Note 29 Related party transactions. See also Note 25 Share-based payment.

Guidlines for remuneration and other employment terms for senior executives, 2016
The Annual General Meeting of May 3, 2016 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 2017 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 monthly, 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 promoting the company's/Group's development, and to generate value and financial growth in the long term. Variable remuneration payments are to be maximised and may not exceed forty (40) percent of the fixed annual salary for the CEO and thirty (30) percent of the fixed salary for other senior executives.

Variable remuneration may also be paid in the form 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. 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. If notice of termination is issued by the CEO, no severance payments will be made.

A mutual notice period of 3 to 6 months applies to termination of contract between the company and other senior executives.

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. The following two deviations are explained below:

In order to market-alligne the remuneration to the CEO, the Board of Directors resolved at its meeting in February 2016, a maximum variable salary of forty (40) percent of the fixed annual salary. This represented a deviation against the EGM resolution October 7, 2015. The AGM May 3, 2016 resolved that the CEO should be entitled to a maximum variable remuneration of forty (40) percent of the fixed annual salary.

In order to attract employees with key skills, an agreement was reached on the maximum variable compensation of forty-five (45) percent of the fixed annual salary in connection with the recruitment of a senior executive in December 2015. Information on the deviation from the guidelines resolved by the EGM October 7, 2015 was provided in the Corporate governance report and the annual report 2015.It is hereby informed that the deviation remains even against the guidelines resolved by the AGM on May 3, 2016.

Guidlines for remuneration and other employment terms for senior executives, 2017

In essence it is proposed that the guidelines in their design is unchanged against the decision by the AGM of May 3, 2016 but with the change to variable cash remuneration which shall not exceed fifty (50) percent of the fixed salary for the CEO and other senior executives.

Note 10 | Finance income and expenses

	Group		Parent company	
Finance income	**2016**	**2015**	**2016**	**2015**
Interest income, cash pool	86	1	86	1
Interest income, other	9	1	9	1
Finance income	**95**	**2**	**95**	**2**
Finance expenses	**2016**	**2015**	**2016**	**2015**
Interest expenses, cash pool	-954	-17	-954	-17
Interest expenses, other	-48	-149	-48	-149
Finance expenses	**-1,002**	**-166**	**-1,002**	**-166**
Total financial items – net	**-907**	**-164**	**-907**	**-164**

Note 11 | Income tax

	Group		Parent company	
	2016	2015	2016	2015
Income tax:				
Income tax on profit for the year	–	–	–	–
Total current tax	**–**	**–**	**–**	**–**
Deferred tax (see Note 16)	22,367	44,727	22,183	41,026
Total deferred tax	**22,367**	**44,727**	**22,183**	**41,026**
Income tax	**22,367**	**44,727**	**22,183**	**41,026**

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	
	2016	2015	2016	2015
Profit/loss before tax	-103,359	-204,268	-102,523	-187,447
Income tax is calculated in accordance with the national tax rates in force prior to the results in each country	22,740	44,939	22,556	41,238
Tax effects of:				
- Non-taxable revenue	2	–	2	–
- Non-deductible expenses	-375	-190	-375	-190
- Imputed tax on allocations	–	-22	–	-22
- Tax loss for which no deferred tax asset has been recognized	–	–	–	–
Recognised effective tax	**22,367**	**44,727**	**22,183**	**41,026**

Weighted average tax rate for the Group is 21.6 percent (21.9 percent) and for the Parent company 21.6 percent (21.9 percent).

Note 12 | Earnings per share

(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.

	2016	2015
Result attributable to parent company shareholders	**-80,993**	**-159,542**
Weighted average number of ordinary shares outstanding (thousands)	**37,281**	**26,497**

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 warranty program, see Note 25. For further information see also Note 29 Related party transactions.

	2016	2015
Result attributable to parent company shareholders	**-80,993**	**-159,542**
Weighted average number of ordinary shares outstanding (thousands)	**37,281**	**26,497**
Adjustments:		
- warrants (thousands)	207	1,047
- share issues (thousands)	–	9,737
Weighted average no. of ordinary shares used in calculation of earnings per share after dilution (thousands)	**37,488**	**37,281**

Note 13 | Exchange rate differences

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

	Group		Parent company	
	2016	2015	2016	2015
Other operating income (Note 7)	688	–	688	–
Other operating expenses	–	-658	–	-658
Total exchange rate differences in income statement	**688**	**-658**	**688**	**-658**

Note 14 | Intangible assets

	Group	
Capitalized development expenditure	**31-12-2016**	**31-12-2015**
Ingoing accumulated acquisition value	22,906	22,551
Capitalized expenses	–	355
Outgoing accumulated acquisition value	**22,906**	**22,906**
Ingoing accumulated depreciaton	-2,083	–
Depreciation	-2,082	-2,083
Outgoing accumulated depreciation	**-4,165**	**-2,083**
Closing balance	**18,741**	**20,823**

Depreciation expenses of KSEK 2,082 (KSEK 2,083) are included in their entirety among research and development expenses.

Note 15 | Property, plant, and equipment

	Group		Parent company	
Tangible assets	**31-12-2016**	**31-12-2015**	**31-12-2016**	**31-12-2015**
Ingoing accumulated acquisition value	13,726	12,742	13,726	12,742
Investments	4,567	984	4,567	984
Sales and disposals	–	–	–	–
Outgoing accumulated acquisition value	**18,293**	**13,726**	**18,293**	**13,726**
Ingoing accumulated depreciaton	-7,092	-5,623	-7,092	-5,623
Sales and disposals	–	–	–	–
Depreciation	-1,442	-1,469	-1,442	-1,469
Outgoing accumulated depreciation	**-8,534**	**-7,092**	**- 8,534**	**-7,092**
Closing balance	**9,759**	**6,634**	**9,759**	**6,634**

Depreciation expenses of KSEK 1,442 (KSEK 1,469) 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	**31-12-2016**	**31-12-2015**	**31-12-2016**	**31-12-2015**
Deferred tax assets to be used after 12 months	66,574	44,391	66,574	44,391
Deferred tax assets to be used within 12 months	–	–	–	–
Total deferred tax assets	**66,574**	**44,391**	**66,574**	**44,391**
Deferred tax liabilities				
Deferred tax liabilities to be used after 12 months	-4,431	-4,616	–	–
Deferred tax liabilities to be used within 12 months	-458	-458	–	–
Total deferred tax liabilities	**-4,889**	**-5,074**	**–**	**–**
Deferred tax assets (net)	**61,685**	**39,317**	**66,574**	**44,391**

	Group		Parent company	
Gross change regarding deferred taxes	**2016**	**2015**	**2016**	**2015**
Opening balance	**39,317**	**-8,537**	**44,391**	**238**
Recognition in equity	–	3,127	–	3,127
Recognition in income statement (Note 10)	22,367	44,727	22,183	41,026
Closing balance	**61,685**	**39,317**	**66,574**	**44,391**

Details of changes in deferred tax assets and tax liabilities during the year that have not 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**	**Total**
On 1 January, 2015	-3,814	-4,961	-8,775
Recognized in income statement	3,321	380	3,701
On 31 December, 2015	**-493**	**-4,581**	**-5,074**
On 1 January, 2016	-493	-4,581	-5,074
Recognized in income statement	-273	458	185
On 31 December, 2016	**-766**	**-4,123**	**-4,889**

	Parent company			
Deferred tax assets	**Loss carry-forward**	**Temporary differences**	**Accrued revenue**	**Total**
On 1 January, 2015	–	238	–	238
Recognized in income statement	44,135	18	–	44,153
On 31 December, 2015	**44,135**	**256**	**–**	**44,391**
On 1 January, 2016	44,135	256	–	44,391
Recognized in income statement	22,011	172	–	22,183
On 31 December, 2016	**66,146**	**428**	**–**	**66,574**

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 2016 is provisionally MSEK 300,7, of which MSEK 200,6 are taxable.

Note 17 | Interests in Group companies

Parent company	
On 1 January, 2015	573
Transactions	0
On 31 December, 2015	**573**
On 1 January, 2016	573
Transactions	243
On 31 December, 2016	**816**

During 2016 a shelf-company has been acquired in Germany.
The Parent company holds shares in the following subsidiaries:

Name	Org.number	Country of registration and operation	Share of equity	Number of shares	Booked value 31-12-2016	Booked value 31-12-2015
Camurus Inc	43-1648843	USA	100%	1,000	83	83
Cubosome Inc	43-1648841	USA	100%	1,000	83	83
Camurus Development AB	556421-1208	Sweden	100%	3,591,143	407	407
Camurus GmbH	HRB727015	Germany	100%	25,000	243	–
Total					**816**	**573**

The share of voting rights corresponds to the share of equity.

Note 18 | Inventories

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Finished goods	291	483	291	483
Work in progress	1,896	1,392	1,896	1,392
Raw materials[1)]	10,193	1,366	10,193	1,366
Total	**12,380**	**3,241**	**12,380**	**3,241**

1) Raw materials and components used in manufacturing of registrations batches of CAM2038 for opioid dependence to support documentation for the marketing authorization application for submission to European Medicines Agency (EMA).

Note 19 | Financial instruments per category

	Group	
Balance sheet assets	31-12-2016	31-12-2015
Loans and receivables		
Trade receivables	8,304	8,917
Other receivables	–	207
Cash and cash equivalents	508,594	716,096
Total	**516,898**	**725,220**
Balance sheet liabilities		
Other liabilities		
Trade payables	17,560	31,832
Other liabilities	191	191
Total	**17,751**	**32,023**

Note 20 | Parent company's transactions with principal shareholder

	31-12-2016	31-12-2015
Other settlement	–	207
Total	**–**	**207**

The summary gives details of the transactions that the parent company Camurus AB has with principal shareholder Sandberg Development AB.

Note 21 | Trade receivables

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Trade receivables	8,374	8,917	8,374	8,917
Deduction: Provision for bad debts	-70	-68	-70	-68
Trade receivables – net	**8,304**	**8,849**	**8,304**	**8,849**

On December 31, 2016, overdue trade receivables totaled KSEK 477 (KSEK 1,109), but without any 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	31-12-2016	31-12-2015	31-12-2016	31-12-2015
1-30 days	376	58	376	58
31-60 days	–	–	–	–
> 61 days	71	1,051	71	1,051
Total receivables due	**477**	**1,109**	**477**	**1,109**

	Group		Parent company	
Reported amount, by currency, in KSEK for trade receivables are as follows	31-12-2016	31-12-2015	31-12-2016	31-12-2015
SEK	513	275	513	275
EUR	475	2,190	475	2,190
USD	7,182	6,311	7,182	6,311
Other currencies	135	141	135	141
Total trade receivables	**8,304**	**8,917**	**8,304**	**8,917**

Note 22 | Prepayments and accrued income

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Prepayments	4,474	3,141	4,474	3,141
Accrued income relating to unbilled costs	11,814	11,132	11,814	11,132
Accrued income, other	171	1,340	171	1,340
Total	**16,459**	**15,613**	**16,459**	**15,613**

Note 23 | Cash and cash equivalents

	Group		Parent company	
The following is included in cash and cash equivalents in the balance sheet and cash flow statement	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Cash and bank deposits	508,591	716,094	508,348	716,094
Petty cash	3	2	3	2
Total	**508,594**	**716,096**	**508,351**	**716,096**

Note 24 | Share capital and other contributed capital

	Note	Number of shares	Share capital	Other contributed	Total
On 1 January, 2015		**25,208**[1)]	**630**	**58,634**	**59,264**
Ongoing share bonus program for personnel and Board members		1,909	47	–	47
Directed share issue to the principal owner		427	11	23,879	23,890
Direct share issue, public listing		9,737	244	554,756	555,000
Issuance costs, net after deferred tax		–	–	-11,088	-11,088
On 31 December, 2015		**37,281**	**932**	**626,181**	**627,113**
On 1 January, 2016		**37,281**	**932**	**626,181**	**627,113**
Warrants issued	25	–	–	4,853	4,853
On 31 December, 2016	25	**37,281**	**932**	**631,034**	**631,966**

1) At an extraordinary general meeting October 7, 2015, a share split of 4: 1 was resolved. The number of shares has thereby been restated retroactively in the statement.

Share capital consists of 37,281,486 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 25 | Share-based Payment

WARRANT PROGRAM TO2016/2019

In accordance with a decision by the Shareholder's General Meeting in May 2016, an incentive program (TO2016 / 2019) for the company's employees, under which a maximum of 550,000 warrants can be issued, was introduced. The dilution of a full utilization of the program corresponds to 1.5% of the share capital and voting rights. The number of warrants that have been issued are 550,000 and which give the right to subscribe for an equal number of shares during the period May 15, 2019 - December 15, 2019. The strike price for subscription of shares upon exercise of the transferred warrants was set at 99,50 SEK. The warrants were 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 Warrants Program 2016/2019, participants receive a three-piece stayon bonus in the form of 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 participants 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 July 1, 2017, 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 July 1, 2018, 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.

As per December 31, 2016, 47 employees had chosen to participate in TO2016/2019 and subscribed for 404 300 warrants.

COSTS, DILUTION ETC.

The company's cost, including statutory social security contributions, for the "stay-on bonus" to the participants at full initial participation and at an assumed market value for the subscription warrants of SEK 9,45, is estimated to be maximum approximately MSEK 6,9 before income tax. 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 Warrants Program 2016/2019 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 550,000 subscription warrants in the Warrants Program 2016/2019 are exercised for subscription of new shares, the company's share capital will increase by a maximum of SEK 13,750, resulting in a maximum dilution effect equivalent to approximately 1.5% 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 2015 had in such case been affected such that the loss per share had been reduced by approximately SEK 0,14 from SEK -6,02 to SEK -5,88. 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 may be allotted subscription warrants in the Warrants Program 2016/2019, has not taken part in the preparation of this matter.

In 2016 equity increased with MSEK 4,9. The total impact on earnings related to the stay-on bonus the participants received as part of the program, was negative and amounted to MSEK 2,9 after income tax.

SHARE BONUS PROGRAM 2015

Until December 3, 2015, the group had a share-based compensation plan aimed at employees and board members at Camurus, in which the right to receive shares in relation to bonus issued began with a public listing of Camurus' shares. The shares were received in exchange of payment of the share's quota value of SEK 0,025, i.e. essentially free of charge. Bonus payments would amount to 5-10 percent of enterprise value in a market listing of Camurus shares. The Bonus programs were conditional on that the employee was employed in Camurus at market listing.

Up until June 12, 2015, when the bonus program was modified, the share bonus program was a cash bonus program in which settlement would be made in cash. Up until the point the program was modified, Camurus did not consider it likely that an exit event would occur, which is why no cost or liability regarding the bonus program was recognized from previously. At each balance sheet date, Camurus assessed the likelihood of service and performance conditions being fulfilled. On June 30, 2015, Camurus deemed for the first time that an exit event through a public listing was likely. Since the bonus program was allocated to the employees in a previous accounting period, and was therefore already vested to a certain extent, earnings on June 30, 2015 were charged with a retroactive cost in 2015.

On December 3, 2015 Camurus' shares were listed on the stock exchange and the terms of the share bonus program had been fulfilled and the employees and board members who were employed at that point in time were entitled to an allocation of shares in accordance with the bonus agreement. A total of 1,909,483 shares were allocated. The total impact on earnings amounted to MSEK 108,9 after tax, with a corresponding increase in equity of MSEK 108,8 and a social security cost of MSEK 30,8. The terms of the share bonus program were met in full and no additional costs will be charged against Camurus' earnings under this program.

The fair value of the bonus program is based on its enterprise value when Camurus' shares were listed on the stock exchange. The share price on the redemption date for the share bonus program was SEK 57.

Note 26 | Accruals and deferred income

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Accrued holiday pay and other items	10,493	6,761	10,493	6,761
Accrued social security contributions	8,612	5,645	8,612	5,645
Accrued expenses relating to clinical studies	6,376	3,250	6,376	3,250
Accrued expenses, other	3,884	3,927	3,884	3,927
Accrued licensing fees	25,863	26,371	25,863	26,371
Total	**55,228**	**45,954**	**55,228**	**45,954**

Note 27 | Leases

OPERATING LEASES

The Group only has operating leases relating to premises, cars and machinery. Future minimum lease payments in accordance with non-cancellable operating leases valid at the end of the reporting period are due for payment as follows:

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
0–1 year	7,421	7,235	7,421	7,235
1–5 years	5,014	11,603	5,014	11,603
> 5 years	–	–	–	–
Total	**12,435**	**18,838**	**12,435**	**18,838**

Costs for operating leases in the Group during the financial year have amounted to KSEK 7,420 (KSEK 6,164).

Note 28 | Other non-cash items

	Group		Parent company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Depreciation	3,524	3,552	1,442	1,469
Other	–	108,793	–	108,793
Total	**3,524**	**112,345**	**1,442**	**110,262**

Note 29 | Related party transactions

Sandberg Development AB owns 53,7 percent of the shares in Camurus AB and therefore has a controlling interest in the Group. Sandberg Development AB is in turn 100-percent owned by PGS Group AB, which is in turn 100-percent owned by Per Sandberg. Other 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 and Piir & Partner AB. The following transactions have occurred with related parties:

(a) Purchase and sales of services	2016	2015
Purchase of services:		
- Parent company (primarily IT and administrative services)	132	1,504
- Piir & Partner AB	1,136	963
Total	**1,268**	**2,467**
Sales of services:		
- Parent company (primarily IT and rents)	40	165
Total	**40**	**165**

Goods and services are purchased and sold on normal commercial terms. Transactions with Sandberg Development AB occur regarding IT support (during 2015 also HR support). Pricing is done in accordance with allocation of costs in relation to utilization rate and on commercial terms.

With Piir and Partner AB, transactions related to their representative's work of the management team have taken place. Billing is done in relation to the utilization, and pricing are subject to market conditions.

(b) Remuneration for executive management	2016	2015
Salaries and other short-term benefits	15,927	11,842
Other long-term benefits	3,842	2,365
Share-based payment	–	36,064
Total	**19,769**	**50,271**

GUIDELINES

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 May 3, 2016.

Remuneration to the CEO and other senior executives comprises basic salary, variable remuneration, pension benefits, other benefits and terms of notice. Other senior executives includes those individuals who together with the CEO from the Group management. For the current composition of the Group management, see pages 90-91.

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 welldefined objectives. The variable cash remuneration is to be limited to forty (40) percent of the fixed annual salary for the CEO and thirty (30) percent of the fixed annual salary for other senior executives. Variable remuneration may also be paid in the form of long-term incentive programs. To attract employees with key skills, an agreement was reached on the maximum variable compensation of forty-five (45) percent of the fixed annual salary in connection with the recruitment of a senior executive in December 2015. Information on the deviation from the guidelines resolved by the EGM October 7, 2015 was provided in the Corporate governance report and the annual report 2015.It is hereby informed that this deviation remains even against the guidelines resolved by the AGM on May 3, 2016.

Decided remuneration and other benefits 2016

	Board fee[2]	Audit committee[2]	Remuneration committee[2]	Total
Board of Directors				
Per-Olof Wallström, Chairman[1]	350	50	–	400
Svein Mathisen[1]	150	50	–	200
Martin Jonsson	150	100	–	250
Fredrik Tiberg	–	–	–	–
Per-Anders Abrahamsson	150	–	–	150
Per Sandberg	150	–	–	150
Marianne Dicander Alexandersson[1]	150	50	–	200
Kerstin Valinder Strinnholm	150	–	–	150
Total	**1,250**	**250**	**–**	**1,500**

	Basic salary	Variable remuneration	Other benefits	Pension expenses	Total
Group management					
Fredrik Tiberg, CEO	3,696	1,109	81	1,355	6,241
Other executive management (8 individuals)	8,900	1,721	421	2,487	13,528
Total	**12,596**	**2,830**	**501**	**3,842**	**19,769**[4]

Decided remuneration and other benefits 2015

	Board fee[2]	Audit committee[2]	Remuneration committee[2]	Finalized Share bonus program 2015[3]	Total
Board of Directors					
Per-Olof Wallström, Chairman[1]	268	19	–	3,005	3,292
Björn Olsson	128	19	–	3,005	3,152
Svein Mathisen[1]	128[1]	19	-	3,005	3,152
Martin Jonsson	56	19	–	3,005	3,080
Fredrik Tiberg	–	–	–	–	–
Per-Anders Abrahamsson	128	–	–	3,005	3,133
Per Sandberg	56	–	–	–	56
Marianne Dicander Alexandersson[1]	112	–	–	601	713
Kerstin Valinder Strinnholm	112	–	–	601	713
Total	**988**	**76**	**–**	**16,227**	**17,291**

	Basic salary[4]	Variable remuneration	Other benefits	Pension expenses	Finalized Share bonus program 2015[3]	Total
Group management						
Fredrik Tiberg, CEO	1,860	700	75	731	9,016	12,382
Other executive management (8 individuals)	7,747	1,127	333	1,634	27,048	37,889
Total	**9,607**	**1,827**	**408**	**2,365**	**36,064**	**50,271**

1) Remuneration invoiced via company
2) AGM resolved fees, proportionally accounted, for the period May 2016 – May 2017 (May 2015 – May 2016) for payment twice a year. No board remuneration for CEO is paid.
3) Share bonus program 2015, finalized December 2015. See Note 25 and 29.
4) In addition to the above agreed remuneration, stay-on bonuses to CEO of KSEK 306 and another senior executive of KSEK 1,666, is paid.

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. 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 3–6 months applies between the company and other key management personnel.

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

Receivables from related parties	31-12-2016	31-12-2015
Bioimplant AB	–	75
Sandberg Development AB	–	132
Total	**–**	**207**

Receivables from related parties are essentially derived from a joint cash pool plus Group contributions paid/received. The Group has not made any provisions for bad debts from related parties.

Liabilities to related parties	31-12-2016	31-12-2015
Piir & Partner AB	259	–
Total	**259**	**–**

Note 30 | Items affecting comparability

In 2016 no items affecting comparability have occurred.

In 2015 items affecting comparability arose related to listing costs and the share bonus program as outlined below:

LISTING EXPENSES 2015
Until and including the third quarter, earnings were charged with MSEK 10,9 relating to costs for preparations of a possible public listing of the company's shares. In connection with the completion of the listing on December 3, 2015, these expenses were reclassified from administrative expenses to items affecting comparability. In the fourth quarter, earnings were charged with an additional MSEK 23,1 and the total expense of MSEK 34,0 (0) was reported under items affecting comparability.

SHARE BONUS PROGRAM
Since June 2013, Camurus had a long-term share-based bonus program aimed at employees and Board members at Camurus, in which the right to receive shares in relation to bonus shares issued began with a public listing of Camurus' shares. The shares were to be received in exchange for payment of the share's quota value, i.e. essentially free of charge. Should an exit event have occurred involving the transfer of more than 90% of all shares in Camurus, employees and Board members would have been entitled to receive cash.

Up until June 12, 2015, when the bonus program was modified, the share bonus program was a cash bonus program in which settlement would be made in cash. Up until the point the program was modified, Camurus did not consider it likely that an exit event would occur, which is why no cost or liability regarding the bonus program was recognized from previously.

At each balance sheet date, Camurus assessed the likelihood of service and performance conditions being fulfilled. On June 30, 2015, Camurus deemed for the first time that an exit event through a public listing was likely. Since the bonus program was allocated to the employees in a previous accounting period, and was therefore already vested to a certain extent, earnings on June 30, 2015 were charged with a retroactive cost of MSEK 116,0, including social security contributions before tax, with a corresponding increase in equity of MSEK 88,3, and a social security liability of MSEK 27,7. Since then, the probability of the service and performance conditions being fulfilled was assessed continuously until December 3, 2015 when Camurus' shares were listed on the stock exchange. The terms of

Cont. Note 30

the share bonus program were then fulfilled and the employees and board members who were employed at that point in time were entitled to an allocation of shares in accordance with the bonus agreement. A total of 1,909,483 shares were allocated. The total impact on earnings amounted to MSEK 108,9 after tax, with a corresponding increase in equity of MSEK 108,9 and a social security cost of MSEK 30,8. The fair value of the bonus program is based on its enterprise value when Camurus' shares were listed on the stock exchange. The share price on the redemption date for the share bonus program was SEK 57.

The terms of the share bonus program had been met in full and no additional costs will be charged against Camurus' earnings under this program. Social contribution fee and withheld tax for the participants in the share bonus program of MSEK 86,6 in total were paid in January 2016. In order to compensate for the social security costs arising net after tax, the company and principal shareholder Sandberg Development AB entered into an agreement (conditional upon a public listing), in accordance with which the principal shareholder undertook to subscribe to newly issued shares in Camurus at total issue proceeds corresponding to 78% of these costs, calculated based on the median of the price range in the offering, SEK 56, submitted in connection with the public listing. In connection with the listing on December 3, 2015, the principal shareholder fulfilled its commitment and subscribed for 426,601 shares for a payment of MSEK 23,9.

The total cost for the listing expenses and the share bonus program were of an unusual nature and non-recurring, and significant in terms of the amount, and therefore recognized as items affecting comparability in this and future financial reports.

Below is the consolidated income statement as it would have looked had the listing expenses and the cost of the share bonus program not been separated out.

		Financial year	
KSEK	**Note**	**2016**	**2015**
Revenues	5	113,737	154,799
Cost of goods sold	6	-2,140	-237
Gross profit		**111,597**	**154,562**
Operating costs			
Marketing and distribution costs	6	-24,738	-31,338
Administrative expenses	6, 8	-17,985	-74,790
Research and development costs	6	-172,077	-251,937
Other operating income	7, 13	751	57
Other operating expenses	13	–	-658
Operating result before items affecting comparability		**-102,452**	**-204,104**
Result from financial items			
Finance income	10	95	2
Finance expenses	10	-1,002	-166
Net financial items		**-907**	**-164**
Result before tax		**-103,359**	**-204,268**
Income tax	11	22,367	44,727
Result for the period		**-80,993**	**-159,542**

Note 31 | Proposed appropriation of profits

For the financial year 2016, the Board of Directors propose that the retained earnings of SEK 534,823,232, is carried forward. The Board of Directors proposes that no dividend be paid for the 2016 financial year.

Note 32 | Events after the balance sheet date

As part of establishing the European commercial organization a subsidiary was founded on January 18, 2017, in UK.

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 fair and accurate account of the Group's financial position and earnings.

This Annual Report was prepared in accordance with generally accepted accounting policies and provides a fair and accurate account of the Parent Company's financial position and earnings. The Administration Report for the Group and Parent Company provides a fair and accurate 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 3 May 2017.

Lund, 29 March 2017

Per-Olof Wallström
Chairman of the Board

Per-Anders Abrahamsson
Board member

Marianne Dicander Alexandersson
Board member

Martin Jonsson
Board member

Svein Mathisen
Board member

Per Sandberg
Board member

Fredrik Tiberg
CEO, Board member

Kerstin Valinder Strinnholm
Board member

Our Audit Report was submitted on 30 March 2017

PricewaterhouseCoopers AB
Ola Bjärehäll
Auditor in Charge
Authorised Public Accountant

AUDITOR'S REPORT

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 2016. The annual accounts and consolidated accounts of the company are included on pages 40-76 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 2016 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 2016 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.

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.

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.

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 2016 Camurus has reported approximately MSEK 114 in revenue, primarily consisting of sales of development related goods and services, milestone payments and licensing revenues. The sales have in all material extent been made to customers in Europe and North America. We refer to section 2.17 in the Accounting principles in the Annual report of Camurus 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 completeness and cut-off of sales of development related goods and services, milestone payments and licensing revenues. We have, by sample, performed test of details of customer agreements in order to verify the transfer of risks and benefits associated with the sale, amounts and basis for calculation of the revenue. We have also performed audit procedures to verify the cut-off of the revenue. By sample we have performed test of details of the sale versus third party confirmations. For sales of development related goods and services we have performed test of details of the expenses which form the base for this type of revenue and that the subsequent invoicing has been made and accounted for in the right period. For accounts receivable that existed as per the balance sheet date we have performed confirmation of balance with the customers of Camurus, and in those cases no confirmation was received, we have performed confirmation of payments. For uninvoiced, accrued revenue, we have received supporting documentation from management of Camurus in order to verify that the revenue is attributable to the financial year 2016. We have not identified any material findings related to this key audit matter.
Accounting of deferred tax asset Camurus accounts for a deferred tax asset of approximately MSEK 62 on group level. The deferred tax asset is based on tax losses carried forward and is recognized to the extent that it is likely 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. We have not identified any material findings related to this key audit matter.

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 1-39 and 80-93. 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 error.

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 Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/ rev_dok/revisors_ansvar.pdf. 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 2016 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 Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

Stockholm, March 30, 2017

PricewaterhouseCoopers AB
Ola Bjärehäll
Authorized public accountant
Auditor in charge

CORPORATE GOVERNANCE REPORT

Camurus is a Swedish public limited liability company with its registered office in Lund, Sweden. The company's is since December 3, 2015, 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. Camurus applies the Code without deviations.

This report pertains to the 2016 financial year and has been reviewed by the company's auditors.

CORPORATE GOVERNANCE AT CAMURUS

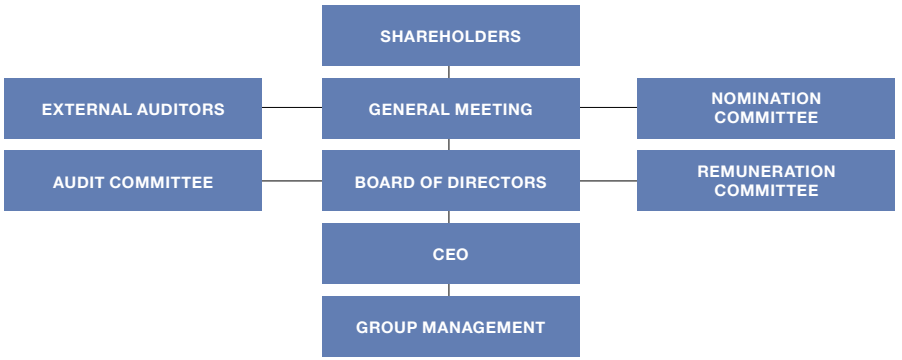
The aim of Camurus' corporate governance is to create a distinct allocation of roles and responsibilities between shareholders, the Board of Directors and the company's management.

The governance, management and control of Camurus is distributed 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
- The Swedish Corporate Governance code
- Other applicable rules and recommendations

Corporate governance structure



INTERNAL REGULATORY FRAMEWORKS OF SIGNIFICANCE TO CORPORATE GOVERNANCE

- Articles of Association
- Board of Directors' rules of procedure including instructions to the Board's Committees
- CEO's instructions
- Guidelines for remuneration to senior executives
- IT Policy
- Financial 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 36-37 of the annual report 2016 and camurus.com.

GENERAL MEETINGS OF SHAREHOLDERS

Shareholders' exercise their influence at the general meeting, which is Camurus' highest decisionmaking body. The general meeting decides on the Articles of Association and at the Annual General Meeting (AGM), which is the scheduled annual general meeting of shareholders, shareholders elect the Board members, the Chairman of the Board and auditors, and resolve on their fees.

In addition, the AGM makes decisions on the adoption of the income statement and balance sheet, on the appropriation of the company's profits and on the discharge of Board members and the CEO from liability to the company. The AGM also makes decisions on the composition and work of the

Nomination Committee, and on remuneration guidlines and terms of employment for the CEO and other senior executives.

Shareholders are entitled to participate in the general meetings and to vote for their own 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 meetings and extraordinary general meetings 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. Simultaneously therewith, the fact that notice has been given must be published in Svenska Dagbladet.

2016 ANNUAL GENERAL MEETING (AGM)

The AGM for 2016 was held on May 3. At the meeting, approximately 80 percent of the total votes were represented. Attorney Hans Petersson was elected Chairman of the meeting.

The AGM resolved that:

– Re-election of the Board members Per Olof Wallström, Per-Anders Abrahamsson, Marianne Dicander Alexandersson, Martin Jonsson, Svein Mathisen, Per Sandberg, Fredrik Tiberg and Kerstin Valinder Strinnholm. As chairman of the Board, Per Olof Wallström was proposed to be re-elected. It was informed that Björn Olsson had declined re-election.

– Re-election of PricewaterhouseCoopers AB, with Ola Bjärehäll as authorised public accountant

– Resolution on remuneration to the Chairman of the Board and Board members elected by the AGM, and the auditor.

– Resolution on the proposed guidelines on remuneration to senior executives.

– Resolution on implementation of incentive program for the company's employees by way of directed issue of subscription warrants.

– Resolution on discharge from liability in relation to the company for the Board members and the CEO.

The minutes and information from the 2016 AGM are available on camurus.com.

2017 AGM

Camurus' 2017 AGM will be held on Wednesday May 3, 2017 at 5:00 p.m. at Elite Hotel Ideon, on Scheelevägen 27, Ideon Science Park, 223 63 Lund, Sweden. For further information and the right to participate, see page 93 of Camurus' annual report or Camurus.com.

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

NOMINATION COMMITTEE

The Nomination Committee represents Camurus' shareholders and has the task of preparing resolutions on election and reimbursement issues at the AGM. According to the instructions and statutes adopted by the AGM on May 3, 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 August 31, of the year before the annual general meeting. As stipulated in the same resolution, the fourth person is to be the Chairman of the Board. The Nomination Committee observes the rules that apply to Board members' independence under the Swedish Corporate Governance Code. Furthermore, the composition of the Nomination Committee is to be announced no later than six months before the annual general meeting. The Nomination Committee of Camurus is tasked with assignments including the preparation and drafting of proposals for the election of Board members, the Chairman of the Board, the Chairman of the Meeting and the auditors. The Nomination Committee's duties also include the proposal of fees to Board members, committee members and auditors.

In 2016, the Nomination Committee held three meetings and also maintained contact by telephone. 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 external evaluation with the help of an independent part, of the Board's performance, as well as interviews with all Board members and the Chairman of the audit committee, and the Chairman of the Board's and the CEO's report from the development of the Company's operations and goals. The Nomination Committee has prepared proposals to the Annual General Meeting, including proposals for Board members, remuneration to Board and Committee members, proposals for auditors and fees to the auditors, and principles for appointing the Nomination Committee.

The Nomination Committee in respect of the Annual General Meeting 2017 consists of the three largest shareholders in terms of voting rights as of August 31, 2016, who together represents approximately 65 percent of the number of shares and votes in the company.

The Nomination Committee for the AGM 2017 consists of the following[1]

Representatives	Shareholders
Martin Jonsson	Sandberg Development AB
Jan Andersson	Swedbank Robur Fonder
Pär Josefsson	Fredrik Tiberg
Per Olof Wallström	Chairman of the Board of Camurus AB

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 nominee- registered 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.

Board of Directors

COMPOSITION AND INDEPENDENCE

In accordance with the Articles of Association, Camurus' Board of Directors is to comprise a minimum of three and maximum of ten Board members elected by the AGM, for the period until the end of the next AGM. At the 2016 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 must be independent in relation to the company and the company's management.

With the exception of CEO Fredrik Tiberg, all Board members are deemed to be independent in relation to the company and the company's management. Five of these Board members are also deemed to be 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 eight (8) Board members:

Chairman of the Board Per Olof Wallström and the Board members, Per-Anders Abrahamsson, Marianne Dicander Alexandersson, Martin Jonsson, Svein Mathisen, Per Sandberg, Fredrik Tiberg and Kerstin Valinder Strinnholm. Information about the Board members, with data about birth years, year of election to the Board of Directors, experience, ongoing and previous assignments, holdings of shares in the company at March 2, 2017 are presented on pages 88-89 in the annual report 2016. 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 and the Articles of Association, and, following the listing on Nasdaq Stockholm, the Swedish Corporate Governance Code. The work of the Board of Directors is further regulated by the written Rules of Procedure, which is adopted each year 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 procedure within the Board, the Board's meeting plans and the work of the Board on financial reporting and auditing issues, as well as the financial statements. The Board has also established instructions for the CEO and adopted other separate 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 activities pertaining to the overall strategies, resolutions regarding major acquisitions, divestments and capital expenditures, resolutions regarding possible investments and loans in accordance with 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 systems for the monitoring and internal control of Camurus' financial statements and financial position (see also "Internal controls" below). Furthermore, the Board is to ensure that Camurus' external disclosure is characterized by transparency and is correct, relevant and reliable. The Board is also responsible for the establishment of the requisite guidelines and other policy documents, such as a Communication Policy and Insider Policy. At Board meetings, the following recurring items are on the agenda: state of business, project status, market issues, adoption of interim and annual reports, strategic review, future prospects and economic and financial reporting.

The Chairman of the Board monitors Camurus' operations through continuous contact with the CEO. The Chairman organizes and directs the work of the Board and is responsible for ensuring that other Board members receive satisfactory information and decision data. The Chairman is also responsible for ensuring that both existing and new Board members continuously update and deepen their knowledge of Camurus and that they otherwise receive further 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 issues and for the annual evaluation of work of the Board of Directors. In 2016, an anonymous survey-based evaluation was performed, through which all the Board members received the opportunity to express themselves about the work of the Board of the company. This information has been collected, compiled and presented by the company's solicitors. The Nomination Committee, through the Chairman of the Board, has reviewed the evaluation of the Board and received information about the company's development.

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

In addition to the inaugurating Board meeting, a minimum of five ordinary Board meetings are to be held. The Board meets with auditors at the Board meeting when the audit is reviewed.

BOARD OF DIRECTORS' WORK DURING 2016

During the year, the Board held nine (9) meetings. One of these pertained to decisions made per capsulam. The Board's work during the year has been dominated by handling and making strategic decisions on issues concerning the Company's organizational and product development, including the decision to set up subsidiaries in England and Germany, business development, partnerships, and the company's commercialization of CAM2038 in key markets in Europe. The Board has made decisions regarding Camurus financial targets and dividend policy, financial reports and developed a new long-term incentive plan for the Company's management and staff for proposal to the AGM 2017.

The Board has planned a total of nine (9) meetings for 2017.

BOARD COMMITTEES

Within itself, the Board of Directors has established two committees, an Audit Committee and a remuneration Committee, which operates according to rules of procedure adopted by the Board of Directors.

Audit Committee

The main duties of the Audit Committee are to supervise the Company's financial reporting, monitor efficiency in its internal controls, and apprise itself of information regarding the audit of the annual report and consolidated financial statements, review and monitor the auditor's impartiality and independence and, in so doing take particularly into account whether the auditor provides Camurus with services other than audit services. The Audit Committee shall also assist the Nomination Committee with proposal to the general meeting for election of auditors. The Audit Committee has regular contacts with the auditors of Camurus. The members of the Audit Committee are Martin Jonsson (Chairman), Marianne Dicander Alexandersson, Svein Mathisen and Per Olof Wallström. The committee complies with the Companies Act's requirements for independence and accounting and auditing expertise. The Committee has convened seven times during the year. Camurus' auditors were present at four of these meetings. The meetings addressed items such as the audit plan, the auditors' observations and the review of the company and the company's financial reports.

Remuneration Committee

The main duties of the Remuneration Committee are to prepare decisions by the Board of Directors on issues concerning remuneration principles, remuneration and other employment terms for the CEO and other members of the Group management, and to monitor and assess ongoing programs for variable remuneration to the Group management, as well as such programs as have been completed during the year. Furthermore, the Committee shall monitor and assess the application of the guidelines for remuneration to the executive management resolved by the annual general meeting, as well as applicable remuneration structures and remuneration levels in the Company. The members of the Remuneration Committee are Per Olof Wallström (Chairman), Martin Jonsson, Svein Mathisen 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 convened three 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 focus of 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 2017, for resolution by the shareholders.

Information regarding salaries and fees to the CEO and senior executives is provided in Note 9 in the annual report 2016.

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 the guidelines, instructions and strategies established by the Board of Directors.

The CEO is to ensure that the Board of Directors receives the requisite factual and relevant information to enable taking well-founded decisions. Furthermore, the CEO is to ensure adherence to Camurus' goals, policies and strategic plans as established by the Board of Directors and the CEO is responsible for keeping the Board updated on Camurus' development in-between Board meetings.

The CEO directs the work of the Group management, which is responsible for overall business development. In addition to the CEO, Camurus' Group management comprises the CFO, the Vice President for Project Management and Planning, the Vice President for Pharmaceutical and Analytical Development, the Vice President for Technical Operations, the Vice President for Clinical and Regulatory Development, Vice President for Business Development and Alliance Management, Chief Commercial Officer and the Vice President for Investor Relations (a total of nine individuals).

During the year the Group management convened 24 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 and current and previous assignments, see pages 90-91. Their holdings in the Company at March 2, 2017 are also presented. Holdings in the Company include the individual's personal holdings and/or the holdings of closely related parties. Other Group assignments are not presented.

Remuneration for Board of Directors and senior executives

REMUNERATION FOR BOARD MEMBERS

The AGM of May 3, 2016 resolved that for the period up to the closing of the 2017 AGM, fees to the Board members are as follows: SEK 350,000 to the Chairman of the Board and SEK 150,000 to each of the other Board members. The AGM further resolved that for committee work, a fee of SEK 100,000 to be paid to the Chairman of the Audit Committee and SEK 50,000 to each other member of the Committee, while no fees be paid for work in the Remuneration Committee.

The table below shows the fees paid to the elected Board members in 2016.

Resolved fees and benefits 2016

			Remuneration, SEK[7]			Attendance[1]		
Board member	Function	Independence	Directors' fee	Audit Committee	Remuneration Committee	Total	Board of Directors	Audit Committee	Remuneration Committee
Björn Olsson[4]	Board member	3)	–	–	–	–	3/9	3/7	–
Per-Anders Abrahamsson	Board member	•	150	–	–	150	9/9	–	–
Marianne Dicander Alexandersson[5]	Board member	•	150	50	–	200	9/9	4/7[8]	–
Martin Jonsson	Board member	3)	150	100	–	250	9/9	7/7	3/3
Svein Mathisen[5]	Board member	•	150	50	–	200	9/9	7/7	3/3
Per Sandberg	Board member	3)	150	–	–	150	7/9	–	–
Fredrik Tiberg[6]	Board member, President and CEO	2)	–	–	–	–	9/9	–	–
Kerstin Valinder Strinnholm	Board member	•	150	–	–	150	9/9	–	1/3[8]
Per Olof Wallström[5]	Chairman of the Board	•	350	50	–	400	9/9	7/7	3/3
Totalt			**1,250**	**250**	**0**	**1,500**			

1) The figures in the table show total attendance/meetings. In 2016, the Board held a total of 9 meetings.
2) The Board member is to be regarded as dependent in relation to the company and its Management.
3) The Board member is to be regarded as dependent in relation to major shareholders.
4) The company's Chairman of the Board up to and including Mars 25, 2015. Board member until AGM May 3, 2016, when re-election was declined.
5) The fee refers to directors' fees excluding social security contributions paid to the Board member's company.
6) For remuneration to the CEO, refer to Note 29 in the annual report 2016.
7) AGM resolved fees excluding social security fee, proportionally accounted, for the period May 2016 – May 2017.
8) Elected to the committee May 3, 2016.

REMUNERATION TO GROUP MANAGEMENT

The remuneration committee of the Board of Directors handles questions of remuneration to the senior executives. Remuneration to the CEO is resolved by the Board of Directors upon the remuneration committee's proposal.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The AGM of May 3, 2016 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 2017 AGM. In this context, the term senior executives refers 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 a 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 monthly, 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 promoting the company's/Group's development, and to generate value and financial growth in the long term. Variable remuneration payments are to be maximised and may not exceed forty (40) percent of the fixed annual salary for the CEO and thirty (30) percent of the fixed salary for other senior executives. Variable remuneration may also be paid in the form of long-term incentive programs.

Share-based program
Decisions on share-based 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 premiumbased and amount to a maximum of thirty five (35) percent of the salary. Benefits other than fixed salary, variable remuneration and pension benefits are to be applied with restriction. Salary exchange against car allowance or pension benefit may occur. Fixed salary during the notice period and severance pay shall in total not exceed an amount equal to the fixed salary for 12 months; or for the CEO, the fixed salary for 18 months.

To the extent that a member of the Board performs work for the company, besides the board membership, consultant fee and other remuneration may be granted for such work. The remuneration shall correspond to relevant market conditions and shall, as well as other conditions, be determined by the Board.

Deviation from the guidelines
The Board of Directors may derogate 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. The following two deviations are explained below:

In order to market-align the remuneration to the CEO, the Board of Directors resolved at their meeting in February 2016, a maximum variable salary of forty (40) percent of the fixed annual salary. This represented a deviation against the resolution by the EGM October 7, 2015. The AGM May 3, 2016 resolved that the CEO should be entitled to a maximum variable remuneration of forty (40) percent of the fixed annual salary. In order to attract employees with key skills, an agreement was reached on the maximum variable compensation of forty-five (45) percent of the fixed annual salary in connection with the recruitment of a senior executive in December 2015. Information on the deviation from the guidelines resolved by the EGM October 7, 2015 was provided in the Corporate governance report and the annual report 2015.It is hereby informed that the deviation remains even against the guidelines resolved by the AGM on May 3, 2016.

Guidelines for remuneration to senior executives 2017
In essence it is proposed that the guidelines in its design is unchanged against the decision by the AGM of May 3, 2016 but with the change to variable cash remuneration which shall not exceed fifty (50) percent of the fixed salary for the CEO and other senior executives.

EXTERNAL AUDITORS

Camurus' auditor is the auditing firm Pricewaterhouse-Coopers AB (PwC), with Authorised Public Accountant Ola Bjärehäll as auditor in charge. PwC was elected as Camurus' auditor at the AGM 2016, until the end of the AGM 2017, and are elected auditors since the AGM May 11, 2015.

The auditors perform a review of the interim report for the third quarter, and audit the annual accounts and consolidated financial statements. The auditors also express an opinion on whether this Corporate Governance Report has been prepared in accordance with, and whether certain disclosures herein are consistent with, the annual accounts and consolidated financial statements.

The auditors report the results of their audit of the annual accounts and consolidated financial statements, [their review of the Corporate Governance Report in the auditor's report], and separate opinions on the Corporate Governance Report and guidelines for remuneration to senior executives in a presentation to the AGM. In addition, the auditors present detailed findings from their reviews to the Audit Committee three times per year, and to the Board in its entirety once per year. The fees invoiced by the auditors over the past two financial years are reported in note 8 of the annual report for 2016.

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 riskmanagement 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 division of 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 assessment 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.

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 and attestation control. The continuous analyses carried out of the financial reporting are crucial to ensuring 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 of Directors is also responsible for monitoring internal controls. 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 and 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. The auditors review the annual accounts and bookkeeping, as well as the Board of Directors' and CEO's administration in accordance with an audit plan established in consultation with the Board's Audit Committee. In connection with the review, the auditors report their findings to Group Management for discussion and subsequently to the Board of Directors through the Audit Committee. Reporting to the Audit Committee is carried out in conjunction with the completion of the examination of the administration and the review of the hard close of the annual accounts. The Board of Directors meets with the auditors not less than once a year, when the auditors report their observations directly to the Board of Directors without the presence of Camurus' CEO and CFO. The auditor's also participate at the AGM, where they present a summary of their auditing work and their recommendations in the audit report.

Lund, March 2017

Board of Directors

More information on Camurus's corporate governance and the Board of Directors can be found in the section on 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
The Board of Directors is responsible for the Corporate Governance Report for the year 2016 on pages 80-86 of the printed version of this document having been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report 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 report has been prepared. Disclosures in accordance with Chapter 6, Section 6, the second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, the second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 30, 2017

PricewaterhouseCoopers AB
Ola Bjärehäll
Authorized public accountant
Auditor in charge

BOARD OF DIRECTORS

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 Hansa Medical AB, Arosia Communication AB and Neo Dynamics AB.

Work experience: CEO of Q-Med AB, Melacure AB and Karo Bio AB. Senior management at Merck Sharpe & Dohme, AstraZeneca, Pharmacia and Bristol Myers Squibb.

Holdings: 62,748

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: Vice President, Global Medical Affairs, Ferring Pharmaceuticals. Chief Physician at Skåne University Hospital, Malmö. Board member of Medisport AB, GOAR Holding A/S, and Cernelle 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: 33,561

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), Addera Care AB (publ), and Praktikertjänst. 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. Partner and boardmember of Xperentia AB.

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: 10,550

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. Board member of Aimpoint AB and Granuldisk AB.

Work Experience: Over 25 years of combined experience in corporate management and working in senior positions in various industries such as medical devices, biotechnology and industrial kitchens.

Holdings: 22,682

SVEIN MATHISEN

Board member since 2010. Member of the Audit Committee and the Remuneration Committee.

Born: 1956.

Education: M.Sc. in engineering physics from the Norwegian University of Science and Technology.

Other current appointments: Chairman of the Board of iCell Science AB and Gabather AB. Board member of Athera Biotechnologies AB, Genagon Therapeutics AB and Arild Capital AB.

Work Experience: CEO of BioInvent International AB. 15 years of experience in various senior positions in the Norsk Hydro Group.

Holdings: 41,143

PER SANDBERG

Board member since 2006.

Born: 1962.

Education: M.Sc. in Mechanical Engineering from Lund Institute of Technology.

Other current appointments: Chairman of the Board of Sandberg Development AB and Aimpoint Sweden AB. Board member of Ögårdsros AB, ANORK AB, Lesurak AB, PGS Group AB, Aimpoint AB, Granuldisk AB and Fosieby Företagsgrupp Ekonomisk Förening.

Work Experience: Partner in E & G Sandberg Handelsbolag. Former CEO of Granuldisk, Aimpoint AB and Sandberg Development AB.

Holdings: 20,014,978 thru Sandberg Development AB.

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 Corline Biomedical AB, KVS Invest AB, Immunicum AB 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: 10,908

FREDRIK TIBERG

President & Chief Executive Officer and Board member since 2003. Employee of the company since 2002.

Born: 1963.

Education: M.Sc. in Chemical Engineering from Lund Institute of Technology and Ph.D. and Docent in Physical Chemistry from Lund University.

Other current appointments: Professor (Adjunct) at Physical Chemistry 1, Lund University. Member of the Board of Medicon Valley Alliance and Camurus Lipid Research Foundation.

Work Experience: CEO of Heptahelix AB, Head of R&D Camurus AB, Visiting Professor of Physical and Theoretical Chemistry, University of Oxford.

Holdings: 1,512,551 shares and 60,000 subscription warrants

AUDITORS

OLA BJÄREHÄLL

Authorised Public Accountant
PricewaterhouseCoopers AB

GROUP MANAGEMENT

FREDRIK TIBERG

President & Chief Executive Officer and Board member since 2003. Employee of the company since 2002.

Born: 1963.

Education: M.Sc. in Chemical Engineering from Lund Institute of Technology and Ph.D. and Docent in Physical Chemistry from Lund University.

Other current appointments: Professor (Adjunct) at Physical Chemistry 1, Lund University. Member of the Board of Medicon Valley Alliance and Camurus Lipid Research Foundation.

Work Experience: CEO of Heptahelix AB, Head of R&D Camurus AB, Visiting Professor of Physical and Theoretical Chemistry, University of Oxford.

Holdings: 1,512,551 shares and 60,000 subscription warrants

EVA PINOTTI-LINDQVIST

Chief Financial Officer since 2014.

Born: 1963.

Education: M.Sc. in Business Administration from Lund University.

Work Experience: More than 25 years experience of Finance and 15 years experience of the pharmaceutical industry as CFO and Vice President Business Development at EQL Pharma AB, Market analyst at Nordic Drugs AB and Financial Consultant at Poolia AB. Controller at Svedala Svenska AB and Finance Manager at Poseidon Yacht Charter AB.

Holdings: 36,291 shares and 20,000 subscription warrants.

RICHARD JAMESON

Chief Commercial Officer since June 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: 16,395 shares and 40,000 subscription warrants.

MARGARETA LINDEN

Vice President, Project Management and Planning since 2004.

Born: 1954.

Education: B.Sc. in Chemistry and Biology and Ph.D. in Zoophysiology from Lund University. Associate professor of Experimental Pulmonary Medicine at Lund University.

Work Experience: More than 35 years experience from various positions within preclinical and clinical research and development in the pharmaceutical industry at Draco and AstraZeneca.

Holdings: 36,291 shares.

MARKUS JOHNSSON

Vice President, Pharmaceutical and Analytical Development since 2009. Employed at the company since 2004.

Born: 1972.

Education: Ph.D. in Physical Chemistry and M.Sc. in Chemistry from Uppsala University.

Work Experience: Postdoctoral researcher at the University of Groningen. Senior Scientist at Uppsala University. Senior Research Scientist and Manager for Parenteral Drug Delivery Systems at Camurus.

Holdings: 45,363 shares and 20,000 subscription warrants.

AGNETA SVEDBERG

Vice President, Clinical and Regulatory Development since 2015.

Born: 1963.

Education: M.Sc. in Radiophysics and Executive MBA, Executive Foundation Lund (EFL), B.Sc. in Medicine, all from Lund University.

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: 9,073 shares and 20,000 subscription warrants.

FREDRIK JOABSSON

Vice President, Business Development and Alliance Management since 2011. Employed in Camurus 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: 36,391 share and 20,000 subscription warrants.

CECILIA CALLMER

Vice President, Human Resources since March 2017.

Born: 1974.

Education: Bachelor studies in Psychology at Lund University and Copenhagen University, and Master studies in Psychology at Copenhagen University and Bond University.

Work Experience: More than fifteen years experience of Human Resources in international companies and almost ten years within the pharmaceutical industry, including as HR Director at Novo NordiskSweden, HR Director Nordic at Diesel Aps, and Senior HR Manager and HR Manager at Ferring Pharmaceuticals A/S.

Holdings: --

TORSTEN MALMSTRÖM

Vice President, Technical Operations 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: 36,291 shares and 20,000 subscription warrants.

REIN PIIR

Vice President, Investor Relations since 2015, consultant.

Born: 1958.

Education: M.Sc. in Business Administration from Uppsala University.

Other current appointments: Chairman of the Board and CEO of Piir & Partner AB. Board member of Integrative Research Laboratories Sweden AB, Trygga Pengar i Mobilen Sverige AB and L. E. Svensson Snickeri AB.

Work Experience: CFO/Head of Investor Relations at Medivir AB and Auditor at PricewaterhouseCoopers AB. Many years experience of advising listed companies, including as Head of Research at Carnegie Investment Bank AB and Strategist at Alecta.

Holdings: 5,275 shares.

KEY FIGURES AND DEFINITIONS

Key figures, MSEK	2016	2015	2014	2013	2012
Net revenues	113,7	154,8	208,2	197,7	95,2
Operating result before items affecting comparability	-102,5	-30,5	62,3	127,3	18,8
Operating result	-102,5	-204,1	62,3	127,3	18,8
Result for the period	-81,0	-159,5	48,3	99,2	13,3
Cash flow from operating activities	-207,8	-5,7	69,4	163,1	24,7
Cash and cash equivalents	508,6	716,1	0,1	0,0	0,0
Equity	564,4	640,6	123,5	50,0	40,2
Equity ratio in Group, percent	88%	78%	59%	45%	70%
Total assets	639,8	816,3	207,7	111,7	57,4
Average number of shares, before dilution	37,281,486	26,497,361	23,458,908	23,341,240	23,341,240
Average number of shares, after dilution*)	37,487,937	37,281,486	25,208,560	25,208,560	25,208,560
Earnings per share before dilution, SEK	-2,17	-6,02	2,06	4,25	0,57
Earnings per share after dilution, SEK*)	-2,17	-6,02	1,92	3,93	0,53
Equity per share before dilution, SEK	15,14	24,17	5,26	2,14	1,72
Equity per share after dilution, SEK*)	15,06	17,18	4,90	1,98	1,59
Number of employees at end of period	62	48	43	36	31
Number of employees in R&D at end of period	44	35	28	29	25
R&D costs as a percentage of operating expenses	80%	83%	77%	71%	76%

**) 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 adjustment 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

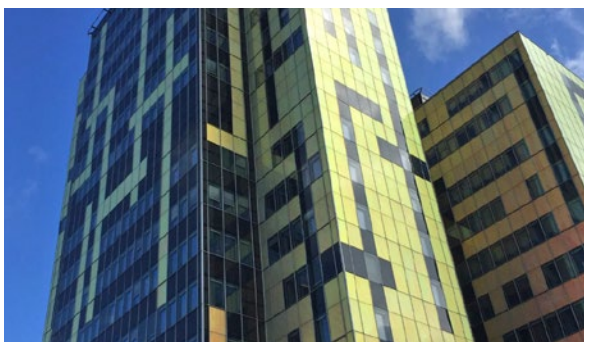
Earnings per share after dilution, SEK
Result divided by the weighted average number of shares outstanding after dilution

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)

Welcome to the Annual General Meeting 2017



Camurus Annual General Meeting 2017 will be held on Wednesday May 3, 2017, at 17.00 CET, at Elite Hotel Ideon, Scheelevägen 27, Ideon Science Park, 223 63 Lund.

Registration begins at 16.00 CET, when there will also by light refreshments served. Shareholders who wish to attend the meeting must be recorded in the share registered maintained by Euroclear Sweden AB (the Swedish Central Securities Depository) on Wednesday April 26, 2017.

REGISTRATION

You must have notified the intention to attend the meeting no later than Wednesday, April 26, 2017 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

Shareholders shall specify:

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

NOMINEE SHARES

Shareholders who have registered their shares with a bank or another nominee trust 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 registered maintained by Euroclear Sweden AB share register on Wednesday April 26, 2017. Shareholders wishing to register their shares in their own name should inform the trust nominee well before this date. Such registration may be temporary.

AGENT OR REPRESENTATIVE

Shareholders who intend to be represented by proxy must issue a written and dated power of attorney for the proxy. If the power of attorney is issued by a legal entity, a certified copy of a registration certificate or equivalent for the legal entity should be attached. The power of attorney is valid for one year from the issuance, or the longer period of validity as shown by the proxy, but not more than five years.

The registration certificate shall evidence the circumstances prevailing at the date of the General Meeting and should not be older than one year on the date of the AGM. 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.

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, 223 70 Lund, Sweden. The Annual Report in printed form will be sent to all who had requested and it is always available for download from camurus.com

CALENDAR

May 3, 2017	Annual General Meeting
May 3, 2017	at 13.00 CET, Interim Report, January-March 2017
July 13, 2017	Interim Report, January-June 2017
October 26, 2017	Interim Report, January-September 2017
February 15, 2018	Full year report 2017

CONTACT DETAILS

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Investor relation Contact: ir@camurus.com

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