

INTERIM REPORT

Camurus AB

January–September 2015



LEGAL#12977014/2

Camurus is a research focused pharmaceutical company with a firm commitment to the development and commercialization of innovative specialty medicines that provide patients suffering from serious conditions with better treatment outcomes and quality of life

Interim report January–September 2015

Camurus and Braeburn Pharmaceuticals ready to start Phase III trials for CAM2038 for treatment of opioid dependence.

Third quarter 2015

- Net sales SEK 37.2 million (34.0).
- Operating profit/loss before items affecting comparability SEK -7.1 million (-1.9).
- Profit/loss after tax SEK -22.7 million (-1.6), including a charge of SEK 17.2 million (0) for a share-related bonus program.
- Earnings per share before and after dilution SEK -3.61 (-0.27).
- Cash flow from operating activities SEK -24.0 million (-24.4).
- Cash and cash equivalents SEK 112.3 million (0.0).
- A development-related milestone payment of USD 2.5 million has been reached in the collaboration with Novartis regarding CAM2029 for treatment of acromegaly and neuroendocrine tumors.
- CAM2038 has been granted Fast Track designation by the US Food and Drug Administration (FDA) for treatment of opioid dependence.
- The FDA has approved the start of two clinical trials, a Phase III and a Phase II trial, forming the basis of the registration of CAM2038 for treatment of opioid dependence.
- Clinical trial applications for a Phase III trial of CAM2038 for treatment of opioid dependence have been submitted to national agencies in the EU and Australia.
- The Board of Camurus has been strengthened with two new members: Kerstin Valinder Strinnholm and Marianne Dicander Alexandersson.
- Preparation for a possible public listing of Camurus on the Nasdaq Stockholm exchange progresses. Costs relating to this have been charged to operating earnings in the amount of SEK 5.1 million.

January–September 2015

- Net sales SEK 118.5 million (63.3).
- Operating earnings before items affecting comparability SEK -25.6 million (-34.3), charged with SEK 10.9 million relating to preparation for a possible public listing of Camurus.
- Profit/loss after tax SEK -127.7 million (-26.5), including a charge of SEK 107.7 million (0) for a share based bonus program.
- Earnings per share before and after dilution, SEK -20.26 (-4.55).
- Cash flow from operating activities SEK -45.2 million (-77.2).
- A license and distribution agreement has been entered into with Solasia Pharma regarding the registration and commercialization of episil® in Japan and China.
- Two development-related milestone payments amounting to a total of USD 5.0 million have been reached in the collaboration with Novartis regarding CAM2029 for treatment of acromegaly and neuroendocrine tumors.
- Positive results have been reported from two clinical trials comparing CAM2038 (subcutaneous weekly and monthly depots of buprenorphine) against active control (Subutex®).
- An End-of-Phase II meeting has been held with the FDA regarding CAM2038 for treatment of opioid dependence.
- GMP manufacturing of CAM2038 (subcutaneous weekly and monthly depots of buprenorphine for treatment of opioid dependence) and placebos has been conducted prior to the start of Phase III trials.
- All patients have been enrolled in a Phase II trial of CAM2032 for treatment of prostate cancer.
- Two new research collaborations have been initiated with international pharmaceutical companies, in which Camurus' FluidCrystal® injection depots are being evaluated for long-term release of patent protected active ingredients.

Amounts in SEK million	2015 July–Sep	2014 July–Sep	2015 Jan–Sep	2014 Jan–Sep	2014 Jan–Dec
Net sales	37.2	34.0	118.5	63.3	208.2
Operating profit/loss before items affecting comparability	-7.1	-1.9	-25.6	-34.3	62.3
Operating profit/loss	-29.1	-1.9	-163.7	-34.3	62.3
Profit/loss for the period	-22.7	-1.6	-127.7	-26.5	48.3
Cash flow from operating activities	-24.0	-24.4	-45.2	-77.2	69.4
Cash and cash equivalents	112.3	0.0	112.3	0.0	0.1
Equity ratio in Group, %	49%	37%	49%	37%	59%
Total assets	210.2	64.2	210.2	64.2	207.7

CEO statement on the third quarter

Following a period of intensive planning, preparations and dialogue with the US and European regulatory authorities, we and our partner Braeburn Pharmaceuticals are now ready to start clinical Phase III trials which will form the basis for the registration of CAM2038 (weekly and monthly products). CAM2038 has the potential to transform the treatment of opioid dependence by increasing patient compliance and relieving the burden of having to administer medication daily, while on the same time virtually eliminating the risks of diversion, abuse, misuse, and accidental pediatric exposure associated with current daily medications. Granting fast track to the CAM2038 development program demonstrates the FDA's recognition of the unmet need in this area, and may also contribute to a shorter development time to market approval.

Recruitment of patients to the Phase II and Phase III trials of CAM2038 for treatment of opioid dependence will begin in the US in the fourth quarter. Meanwhile, an additional Phase III trial of CAM2038 for treatment of opioid dependence is being started in Europe and Australia. We are also working with our partner Braeburn Pharmaceuticals on the preparations of clinical trials of CAM2038 for treatment of chronic pain.

Production preparations are under way with Novartis prior to the forthcoming start of Phase III trials of CAM2029 for treatment of acromegaly and neuroendocrine tumors (NET). Alongside this, a Phase II pilot study in two patient groups; acromegaly and NET, is being concluded. In addition, Camurus and Novartis are conducting a dose escalation Phase I trial of another drug candidate, CAM4071, a long-acting peptide (undisclosed ingredient) based on Camurus' FluidCrystal® injection depot.



Fredrik Tiberg
Chief Executive Officer
Camurus AB

A Phase II trial of CAM2032 for treatment of prostate cancer will also be finalized over the next few months. Top-line results from this trial will be available at the beginning of 2016.

In addition to the activities and progress in the clinical project portfolio, preclinical evaluations of a number of new drug candidates are being completed. These include both in-house development projects and several project collaborations with international biotech and pharmaceutical companies. Camurus aims at taking one of the product candidates into clinical development during 2016.

In anticipation of a future marketing approval of CAM2038 (weekly and monthly products) in Europe, we have also recently initiated a process to develop and strengthen our commercial organization for launching CAM2038 on selected European markets. The product is deemed to have significant market potential for treatment of opioid dependence and has a concentrated and familiar target group of prescribing physicians.

In the third quarter, our net sales amounted to SEK 37.2 million (34.0), with an operating profit/loss before items affecting comparability of SEK -7.1 million (-1.9), of which SEK 5.1 million relates to costs incurred for preparations for a possible public listing of the Company. Profit/loss after tax totaled SEK -22.7 million (-1.6), of which SEK 17.2 million represents the cost of a share based bonus program, issued to the employees and Board members of Camurus

In order to realize our strategy and goals of growing and advancing the clinical portfolio and, in parallel, establishing an effective commercial organization for the marketing and sales of CAM2038 in Europe, and other complimentary products, we are now preparing the company for a public listing on the Nasdaq OMX Stockholm exchange.

We look forward to a successful fourth quarter, with considerable opportunities, including the start of our two Phase III trials for CAM2038 to treat opioid dependence together with our US partner Braeburn Pharmaceuticals.

Activities

Product and development portfolio

Camurus is a research-based pharmaceutical company with a focus on the development and commercialization of new and innovative pharmaceuticals for serious and chronic conditions, where there are clear medical needs and the potential to significantly improve treatment. The company's research portfolio contains product candidates for treatment of cancer and the side effects of cancer treatment, endocrine diseases, pain and addiction; see figure below.

By combining its proprietary drug delivery technologies (such as the FluidCrystal® Injection depot) with active

ingredients that have proven efficacy and safety profiles, the Company develops new and patented medicines with improved properties and treatment outcomes. These are developed with significantly lower cost and risk, compared with the development of completely new medicines. Camurus has also developed and launched a medical device with the name episil® on markets in the EU, US and Middle East, where sales are conducted both through Camurus and its partners.

To follow is a summary and status update for Camurus' development projects.

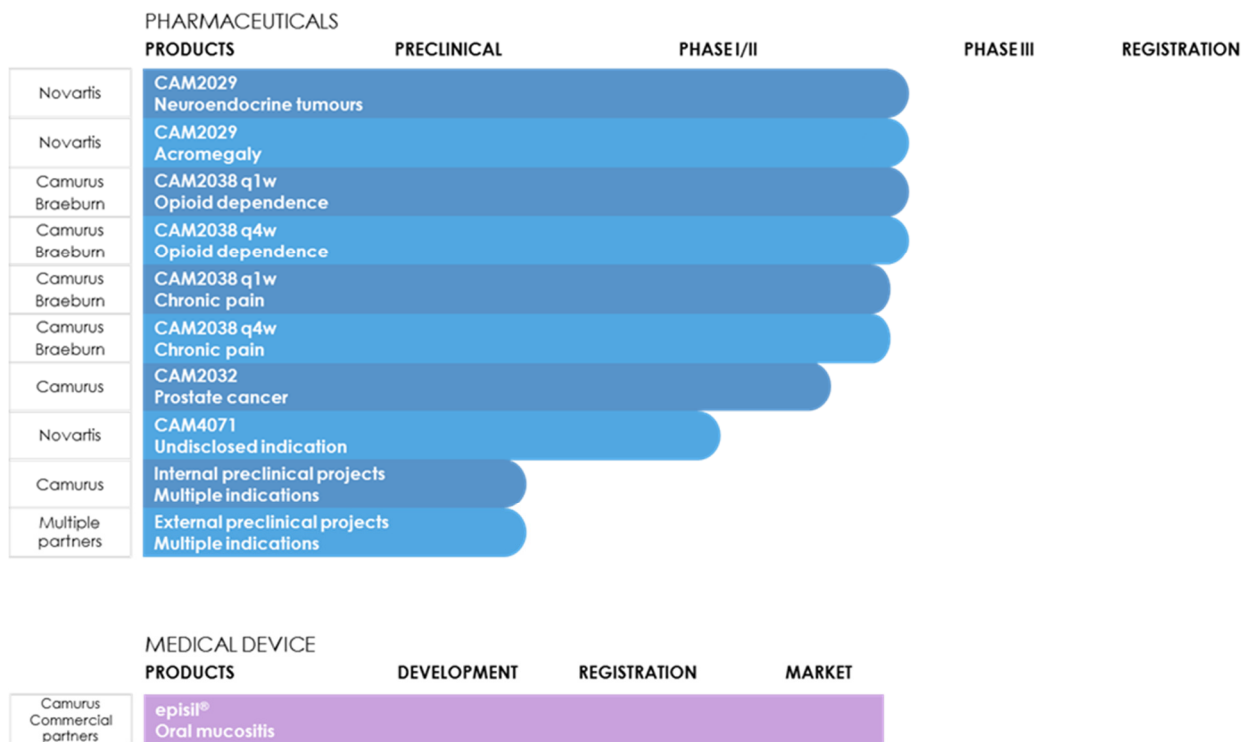


Figure 1. Camurus' product development portfolio, third quarter 2015

CAM2029 – acromegaly and neuroendocrine tumors (NET)

CAM2029 is a subcutaneous depot of octreotide, which is being developed for treatment of patients with acromegaly or neuroendocrine tumors (NET). CAM2029 is being developed by Novartis, as a new treatment alternative to the current market-leading product Sandostatin® LAR®, which achieved global sales of USD 1.65 billion in 2014¹. CAM2029 is provided ready-for-use in prefilled syringe and is administered as a simple subcutaneous injection,

whereas Sandostatin® LAR® has to be prepared from powder in a process consisting of six stages, and then administered by a healthcare professional via an intramuscular injection.

In clinical trials, CAM2029 has demonstrated around 500 percent higher bioavailability of octreotide compared with Sandostatin® LAR®, which may potentially result in an

¹ Source: Medtrack

improved treatment effect for patients who do not respond satisfactorily to current treatment alternatives.

Status Q3

Preparations prior to planned Phase III trials are continuing, while a Phase II pilot study on patients with acromegaly and NET is nearing conclusion.

CAM2038 – opioid dependence

CAM2038 includes subcutaneous weekly and monthly depots of buprenorphine, which is being developed by Camurus and its partner Braeburn Pharmaceuticals for treatment of opioid dependence in the form of, for example, painkillers or heroin.

The products are being developed to address a number of shortcomings in currently available medicines, including inadequate patient compliance with frequent relapses, and an extensive diversion, misuse and abuse of current daily buprenorphine medications. To date, CAM2038 has been examined in three clinical studies involving a total 188 individuals, 176 of whom have received doses of CAM2038. In all the studies, the products have displayed a good safety profile, including local tolerance, as well as desirable pharmacokinetic and pharmacodynamic profiles suitable for weekly and monthly dosing, respectively.

Status Q3

CAM2038 has been granted Fast Track designation by the FDA. Fast Track status is assigned to drug candidates that are deemed by the FDA to be capable of satisfying a significant medical need in the treatment of serious or life-threatening conditions. The FDA has also approved the start of two clinical trials of CAM2038 that will form the basis for the new drug application (NDA); a Phase III efficacy trial and a supporting Phase II trial, which will examine the opioid blocking efficacy of CAM2038. Clinical trial applications for an additional Phase III trial have been submitted to national agencies in Europe and Australia.

CAM2038 – chronic pain

In addition to treatment of opioid dependence, CAM2038, weekly and monthly depots, is also being developed for treatment of chronic pain. CAM2038 offers rapid onset, dose-proportional, prolonged exposure to buprenorphine, while avoiding the risks of respiratory depression and fatal overdoses associated with full mu-opioid agonists such as morphine, oxycodone and fentanyl. The properties of CAM2038 conform well to the guidelines and recommendations for treatments of chronic pain, i.e. a combination of stable efficacious plasma levels with a reduced risk of misuse, abuse and illicit diversion.

Status Q3

Camurus and Braeburn Pharmaceuticals are currently preparing start registration supportive trials of CAM2038 for treatment of chronic pain.

CAM2032 – prostate cancer

CAM2032 is a new subcutaneous depot product that is being developed by Camurus for treatment of prostate cancer. Other possible indications include premature sexual maturation and endometriosis. The product is based on the active ingredient leuprolide, which belongs to the class of gonadotropin releasing hormones, with global sales of around USD 4 billion in 2014². CAM2032 is, as the first product in its class, being developed for easy subcutaneous injection, also by patients themselves, in the form of a small volume injections with a duration of one month.

Status Q3

CAM2032 is being evaluated in patients with advanced prostate cancer in a repeat dose Phase II trial, which also includes the marketed product Eligard® as active control. All patients have been included in the trial and treatment of patients where the last patient will be completing the trial in November 2015. The topline study results from this study are expected to be available in the beginning of 2016.

Pre-clinical drug candidates

Camurus has several projects in the pre-clinical phase, during which physical, chemical and pharmacological properties are optimized, while toxicological and pre-clinical safety studies are carried out in parallel with initial market evaluations. Combining proven active ingredients with Camurus' unique formulation platform FluidCrystal® enables the development of new patent protected drugs with improved properties and treatment outcomes for market launch in a shorter period of time, and with a reduced risk compared with traditional drug development.

Status Q3

Four drug candidates targeted at different indications, including inflammation and pain, are currently being evaluated in various pre-clinical studies and market analyses. Camurus aims to take one of these candidates into clinical development during 2016.

Pre-clinical project collaborations

Camurus is also pursuing collaborative work with various pharmaceutical companies regarding the development of new product candidates based on Camurus' formulation technology and the partner company's patented active

² Source: Medtrack

ingredient. These collaborations often involve formulation various pharmacological properties with respect to predetermined technical and market-related product objectives. The project period for these formulation and evaluation projects, or feasibility studies, is usually around 6–12 months. Following evaluation, product development may continue under a license agreement, with opportunities for future development- and sales-related milestone and royalty payments.

Status Q3

A number of collaboration projects, based on Camurus' FluidCrystal® formulation technologies are also under early development with different pharmaceutical companies, targeting cancer, obesity, diabetes and viral infection indications.

Medical devices – episil®

episil® is a medical device that is used to treat inflammatory and painful conditions in the oral cavity. The product provides effective pain relief and works by spreading and adhering to the oral mucosa as a thin bioadhesive film, which acts as a long-acting protective barrier that reduces pain and protection of sore and inflamed mucosal surfaces, such as caused by oral mucositis, a common and serious side effect of cancer treatment. episil® transforms into a protective layer of gel in contact with the buccal membrane, offering effective local pain relief for up to 8 hours.

Status Q3

Camurus' partner Solasia Pharma has initiated work on registering episil® in China and Japan. Camurus has also begun marketing episil® in Germany, where a new 3 ml product was recently been launched.

Financial information

Sales and earnings

Revenue

The total revenues in the third quarter amounted to SEK 37.2 million (34.0), an increase of SEK 3.2 million compared with the year-earlier period. The increase is largely attributable to a development-related milestone payment of USD 2.5 million from Novartis, as well as payments for execution of R&D activities relating to clinical trials.

Expenses and earnings

Marketing, business development and sales costs

Marketing, business development and sales costs in the third quarter amounted to SEK 5.3 million (2.8). The increase is to SEK 1.5 million due to a retroactive reallocation of costs, mainly between administrative expenses and marketing, business development and sales costs. The remaining increase is attributable to costs incurred for contracted sales representatives for episil® on Camurus' own markets.

Administrative expenses

Administrative expenses in the third quarter totaled SEK 0.9 million (5.9). The decrease is mainly explained by a retroactive reallocation of expenses between administrative expenses, marketing and sales costs and research and development costs. Without this reallocation, expenses for the period would have amounted to

SEK 11.3 million and the increase relates to higher personnel costs and the ongoing process of preparing the company for a public listing.

Research and development costs

Research and development costs in the third quarter 2015 amounted to SEK 38.3 million (25.7) and include depreciation/amortization of tangible and intangible assets. The increase is primarily attributable to a retroactive reallocation between administrative expenses and research and development costs. Prior to the reallocation, costs for the period totaled SEK 29.4 million and the increase is primarily explained by high activity and increased costs for clinical trials.

Other operating income and expenses

Other operating income and expenses mainly consists of exchange gains attributable to operational activities. In the third quarter 2015, exchange gains amounted to SEK 0.3 million (-1.6) and have occurred as a result of the fluctuations in the Swedish krona against the euro and the US dollar.

Items affecting comparability

Since January 2013, Camurus has had a long-term share-based incentive program, whereby employees and Board members of Camurus, in the event of a public listing of the company's share, receive shares in the company on the listing date.

At each balance sheet date, Camurus assesses the likelihood of the service and performance conditions being

fulfilled in the share bonus program. On 30 June, 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 and Board members in a previous accounting period, and is therefore already earned to a certain extent, the result after tax was charged with a cost of SEK 90.5 million on 30 June, 2015. In the third quarter, the result after tax was charged with an additional SEK 17.2 million.

In order to compensate for the social security costs arising net after tax, the company and the principal shareholder Sandberg Development have entered into an agreement (conditional upon a public listing), in which the principal shareholder undertakes 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 in connection with the public listing. It is not yet possible to establish the exact number of shares that will be issued.

Since the total cost of the share bonus program is of an unusual nature, non-recurring, and significant in terms of the amount, the item will be recognized as an item affecting comparability in this and future financial reports.

Depreciation/amortization

Depreciation and amortization for the third quarter of 2015 amounted to SEK 0.9 million (0.3). The difference compared to the previous year relates to that depreciation/amortization of internally generated intangible assets was initiated in the first quarter of 2015.

Net financial items

Net financial items for the period July–September 2015 amounted to SEK 0.0 million (0.1).

Profit/loss after tax for the period

The result after tax for the period totaled SEK -22.7 million (-1.6), which corresponds to earnings per share of SEK -3.61 (-0.27) before dilution and SEK -3.61 (-0.27) after dilution. Tax for the quarter totaled SEK 6.4 million (0.4) and the difference is mainly attributable to deferred tax for the SEK 22.1 million that was recognized as an expense for the long-term incentive program.

Financial position

Cash and cash equivalents at 30 September, 2015, totaled SEK 112.3 million (0.0). No loans had been raised as at 30 September, 2015, and none have been raised since.

Cash flow from operating activities in the third quarter was SEK -24.0 million (-24.4), primarily due to an increase in the working capital requirement.

Cash flow from investing activities amounted to SEK 0.0 million (12.8) in the third quarter, which is a decline of SEK 12.8 million attributable to the company being released from the principal shareholder's intercompany account for cash handling. Cash flow for the period from investing activities relates to acquisitions of tangible assets totaling SEK 0.4 million and payment of a long-term receivable of SEK 0.4 million from the principal shareholder.

Group equity at 30 September, 2015, totaled SEK 103.1 million (23.5). The difference compared to the year-earlier period is mainly related to a greater portion of earnings for 2014 being generated in the fourth quarter, along with that warrants were exercised in the month of December.

The Camurus share

At the end of the quarter, the total number of shares in the company amounted to 6,302,140 (5,835,310).

Acquisitions

No acquisitions or divestments were made during the third quarter.

Other disclosures

Personnel

At the end of the period, Camurus had 48 (39) employees, of whom 35 (28) were within research and development. The average number of employees during the quarter was 49 (37).

Significant risks and uncertainties

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 revenues and costs in connection with licensing agreements.

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 on 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 on the international market and the company is therefore exposed to currency risks, since revenues and costs arise in different currencies, mainly SEK, EUR and USD.

Events after the reporting period

Except for the Company's decision to amend its articles of association entailing that the Company has become a public company and the inclusion of a CSD provision, and from the company has decided on a 4:1 share split, no significant changes have occurred to Camurus' financial position or its market position since 30 September, 2015

Parent company

Net sales and earnings development

Net sales for the third quarter 2015 totaled SEK 37.2 million (33.9) and operating result before items affecting comparability amounted to SEK -28.6 million (-2.1), while result after tax was SEK -22.3 million (-1.7).

Parent company equity at 30 September, 2015, totaled SEK 72.9 million (6.5). The difference compared to the year-earlier period is mainly attributable to a greater portion of earnings for 2014 being generated in the fourth quarter, along with that warrants were exercised in the month of December.

Total assets at the end of the period amounted to SEK 197.5 million (46.4), and cash and cash equivalents totaled SEK 112.3 million (0.0).

Upcoming reporting dates

The year-end report and interim report for the fourth quarter 2015 will be published on 17 February 2016.

The annual report for 2015 will be published during the third week of March 2016.

Further information

For further information, please contact:
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Lund, 22 October, 2015

Camurus AB

Board of Directors

Consolidated statement of comprehensive income

SEK thousand	Note	2015	2014	2015	2014	2014
		July-Sep	July-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	3	37,232	33,992	118,459	63,330	208,207
Cost of goods sold		-131	88	-132	-523	-656
Gross profit		37,101	34,080	118,327	62,807	207,551
Marketing and distribution costs		-5,255	-2,847	-12,425	-6,555	-11,402
Administrative expenses		-925	-5,891	-18,712	-15,996	-22,165
Research and development costs		-38,263	-25,722	-111,940	-73,062	-114,146
Other operating income		267	10	41	86	2,481
Other operating expenses		-	-1,567	-904	-1,567	-
Operating profit/loss before items affecting comparability	7	-7,074	-1,937	-25,613	-34,287	62,319
Items affecting comparability	7	-22,075	-	-138,075	-	-
Operating profit/loss	6	-29,149	-1,937	-163,688	-34,287	62,319
Finance income		1	4	1	393	394
Finance expenses		-4	-59	-21	-108	-170
Net financial items		-3	-55	-20	285	224
Profit/loss before tax		-29,152	-1,992	-163,708	-34,002	62,543
Income tax	9	6,414	438	36,016	7,480	-14,197
Profit/loss for the period		-22,739	-1,554	-127,692	-26,522	48,346

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

Total comprehensive income is attributable to parent company shareholders.

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

Key figures	2015 July – Sep	2014 July–Sep	2015 Jan–Sep	2014 Jan–Sep	2014 Jan–Dec
Earnings per share before dilution, SEK	-3.61	-0.27	-20.26	-4.55	8.24
Earnings per share after dilution, SEK	-3.61	-0.27	-20.26	-4.55	7.67

Since 2013, Camurus has had a long-term share-based incentive program aimed at employees and Board members. At each balance sheet date, Camurus assesses the likelihood of conditions in the program being fulfilled. On 30 September, 2015, it was deemed that an exit event through a public listing was likely. Since the bonus program was allocated to the employees during a previous accounting period, and can be regarded as being earned to some extent, a retroactive cost has been charged to earnings in June and in addition a further SEK 22.1 million has been charged to earnings before tax in the third quarter. The total cost of the program charged to earnings at 30 September, 2015, amounts to SEK 138.1 million before tax, with a corresponding increase in equity of SEK 107.3 million and a social security liability of SEK 30.8 million. For further information, see Note 7. During the January–September period, earnings per share have been impacted by the share bonus program by a corresponding SEK -17.09 per share before dilution and SEK -17.09 after dilution respectively.

Consolidated balance sheet

SEK thousand	Note	30 Sep 2015	30 Sep 2014	31 Dec 2014
ASSETS				
Fixed assets				
Intangible assets				
Capitalized development expenditure		21,344	21,902	22,551
Tangible assets				
Equipment		6,566	6,035	7,119
Financial assets				
Other long-term receivables		-	406	406
Deferred tax receivables	9	27,936	3,247	-
Total fixed assets		55,846	31,590	30,076
Current assets				
Inventories				
Finished goods and goods for resale		2,570	3,126	702
Current receivables				
Receivables from Group companies		-	-	157,908
Trade receivables		27,792	25,199	6,118
Other receivables		2,149	2,636	1,883
Prepayments and accrued income		9,516	1,599	10,925
Cash and cash equivalents		112,347	49	56
Total current assets	5	154,374	32,609	177,592
TOTAL ASSETS		210,220	64,199	207,668

SEK thousand	Note	30 Sep 2015	30 Sep 2014	31 Dec 2014
EQUITY				
Equity attributable to parent company shareholders				
Share capital		630	583	630
Other contributed capital		58,634	33,617	58,634
Retained earnings, including profit/loss for the period		43,801	-10,675	64,193
Total equity	4	103,065	23,525	123,457
LIABILITIES				
Long-term liabilities				
Deferred tax liability		-	-	8,079
Total long-term liabilities		-	-	8,079
Short-term liabilities				
Liabilities to Group companies		2	12,712	1,697
Trade payables		14,177	5,785	9,938
Deferred tax liability	9	458	344	458
Income taxes		8,936	-	9,600
Other liabilities		1,292	1,595	1,287
Accrued expenses and deferred income		82,290	20,237	53,152
Total short-term liabilities	5	107,155	40,673	76,132
TOTAL EQUITY AND LIABILITIES		210,220	64,199	207,668

Consolidated statement of changes in equity

SEK thousand	Note	Share capital	Other contributed capital	Retained earnings, including profit/loss for the period	Total equity
Opening balance at 1 January, 2014		583	33,617	15,847	50,047
Profit/loss for the period and comprehensive income				-26,522	-26,522
Closing balance at 30 September 2014		583	33,617	-10,675	23,525
Opening balance at 1 January, 2014		583	33,617	15,847	50,047
Profit/loss for the period and comprehensive income				48,346	48,346
Transactions with shareholders					
New share issue		47	25,017	-	25,064
Closing balance at 31 December, 2014		630	58,634	64,193	123,457
Opening balance at 1 January, 2015		630	58,634	64,193	123,457
Profit/loss for the period and comprehensive income				-127,692	-127,692
Transactions with shareholders					
Ongoing share bonus program for personnel and Board members	7			107,300	107,300
Closing balance at 30 September 2015		630	58,634	43,801	103,065

Consolidated statement of cash flow

SEK thousand	Note	2015 July–Sep	2014 July–Sep	2015 Jan–Sep	2014 Jan–Sep	2014 Jan–Dec
Operating activities						
Operating profit/loss before financial items		-29,149	-1,937	-163,688	-34,287	62,319
Adjustments for non-cash items	8	19,886	333	109,888	914	1,427
Interest received		1	4	1	393	394
Interest paid		-4	-59	-21	-108	-170
Income taxes paid		-212	-184	-664	-552	37
		-9,478	-1,843	-54,484	-33,640	64,007
Increase/decrease in inventories		-870	-116	-1,868	562	2,986
Increase/decrease in trade receivables		-16,381	-16,790	-21,673	-17,408	1,672
Increase/decrease in other current receivables		-491	-374	1,143	1,521	-8,278
Increase/decrease in trade payables		1,821	1,898	4,239	-1,982	2,169
Increase/decrease in other current operating liabilities		1,427	-7,142	27,448	-26,275	6,873
Cash flow from changes in working capital		-14,494	-22,524	9,289	-43,582	5,422
Cash flow from operating activities		-23,972	-24,367	-45,195	-77,222	69,429
Investing activities						
Acquisition of intangible assets		-	-603	-355	-1,179	-1,828
Acquisition of tangible assets		-363	-436	-473	-3,775	-5,370
Divestment/amortization of other financial assets		406	-	406	-	-
Increase/decrease in current financial investments		0	13,860	157,908	70,664	-87,244
Cash flow from investing activities		43	12,821	157,486	65,710	-94,442
Financing activities						
Increase/decrease in current financial liabilities		-	11,556	-	11,556	-
New share issue		-	-	-	-	25,064
Cash flow from financing activities		-	11,556	-	11,556	25,064
Net cash flow for the period		-23,929	10	112,291	44	51
Cash and cash equivalents at beginning of period		136,276	39	56	5	5
Cash and cash equivalents at end of period		112,347	49	112,347	49	56

Key figures

Key figures	2015 July – Sep	2014 July–Sep	2015 Jan–Sep	2014 Jan–Sep	2014 Jan–Dec
Average number of shares, before dilution	6,302,140	5,835,310	6,302,140	5,835,310	5,864,727
Average number of shares, after dilution	6,771,458	6,302,140	6,458,579	6,302,140	6,302,140
Earnings per share before dilution, SEK	-3.61	-0.27	-20.26	-4.55	8.24
Earnings per share after dilution, SEK	-3.61	-0.27	-20.26	-4.55	7.67
Equity per share before dilution, SEK	16.35	4.03	16.35	4.03	19.59
Equity per share after dilution, SEK	15.19	3.73	15.19	3.73	19.59
Number of employees at end of period	48	39	48	39	43
Number of employees in R&D at end of period	35	28	35	28	28
Equity, SEK thousand	103,065	23,525	103,065	23,525	123,457
Equity ratio in Group, %	49%	37%	49%	37%	59%
R&D costs as a percentage of operating expenses	86%	75%	78%	76%	77%

Definition of key figures

Equity ratio, %	Equity divided by total capital
Average number of shares, before dilution	Average number of shares before adjustment for the dilution effect of new shares
Average number of shares, after dilution	Average number of shares adjusted for the dilution effect of new shares
Earnings per share before dilution, SEK	Profit/loss divided by the average number of shares outstanding before dilution
Earnings per share after dilution, SEK	Profit/loss divided by the average number of shares outstanding after dilution
Equity per share before dilution	Equity divided by the number of shares at the end of the period before dilution
Equity per share after dilution	Equity divided by the 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 (marketing and distribution costs, administrative expenses and research and development costs).

Income statement – parent company

SEK thousand	Note	2015	2014	2015	2014	2014
		July–Sep	July–Sep	Jan–Sep	Jan–Sep	Jan–Dec
Net sales		37,232	33,964	118,459	63,143	207,982
Cost of goods sold		-131	98	-132	-467	-525
Gross profit		37,101	34,062	118,327	62,676	207,457
Marketing and distribution costs		-5,255	2,583	-12,425	-1,125	-11,402
Administrative expenses		-925	-5,870	-18,712	-15,928	-22,087
Research and development costs		-37,741	-31,350	-110,731	-78,564	-114,250
Other operating income		267	10	41	40	2,481
Other operating expenses		-	-1,567	-904	-1,521	-
Operating profit/loss before items affecting comparability		-6,553	-2,132	-24,404	-34,422	62,199
Items affecting comparability	7	-22,075	-	-138,075	-	-
Operating profit/loss		-28,628	-2,132	-162,479	-34,422	62,199
Profit/loss from interests in Group companies		-	-	-	-	-1,697
Interest income and similar items		1	4	1	393	394
Interest expense and similar items		-4	-55	-21	-82	-140
Profit/loss after financial items		-28,631	-2,183	-162,499	-34,111	60,756
Appropriations		-	-	-	-	-16,348
Profit/loss before tax		-28,631	-2,183	-162,499	-34,111	44,408
Tax on profit for the period		6,299	480	35,750	7,504	-10,198
Profit/loss for the period		-22,332	-1,703	-126,749	-26,607	34,210

Total comprehensive income is the same as profit/loss for the period, as the parent company contains no items that are recognized under other comprehensive income.

Balance sheet - parent company

SEK thousand	Note	30 Sep 2015	30 Sep 2014	31 Dec 2014
ASSETS				
Fixed assets				
Tangible assets				
Equipment		6,566	6,009	7,119
Financial assets				
Interests in Group companies		573	673	573
Deferred tax assets		35,988	7,703	238
Total fixed assets		43,127	14,385	7,930
Current assets				
Inventories				
Finished goods and goods for resale		2,570	2,595	702
Current receivables				
Receivables from parent company		-	-	157,908
Trade receivables		27,792	25,171	6,118
Other receivables		2,150	2,590	1,884
Prepayments and accrued income		9,516	1,561	10,925
Total current receivables		39,458	29,322	176,835
Cash and bank deposits		112,347	49	56
Total current assets		154,375	31,966	177,593
TOTAL ASSETS		197,502	46,351	185,523

SEK thousand	Note	30 Sep 2015	30 Sep 2014	31 Dec 2014
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital (6,302,140 and 5,835,310 shares respectively)		630	583	583
Ongoing new share issue (0 and 466,830 shares respectively)		-	-	47
Statutory reserve		11,327	11,327	11,327
Total restricted equity		11,957	11,910	11,957
Unrestricted equity				
Retained earnings		162,673	21,164	21,164
Share premium reserve		25,017	-	25,017
Profit/loss for the period		-126,749	-26,607	34,210
Total unrestricted equity		60,941	-5,443	80,391
Total equity		72,898	6,467	92,348
Untaxed reserves				
Depreciation/amortization in excess of plan		1,825	986	1,825
Tax allocation reserve		15,510	-	15,510
Long-term liabilities				
Liability to subsidiaries		572	166	166
Short-term liabilities				
Liabilities to Group companies		2	11,269	1,697
Trade payables		14,177	5,681	9,938
Current tax liability		8,936	-	9,600
Other liabilities		1,292	1,595	1,287
Accrued expenses and deferred income		82,290	20,187	53,152
Total short-term liabilities		106,697	38,732	75,674
TOTAL EQUITY AND LIABILITIES		197,502	46,351	185,523

Notes

Note 1 General information

Camurus AB, Corp. ID no. 556667-9105 is the parent company of the Camurus Group. Up until 7 October 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.

Camurus AB Group's interim report for the third quarter 2015 was approved for publication in accordance with a decision from the Board on 22 October, 2015.

All amounts are stated in SEK thousand, unless otherwise indicated. Figures in brackets refer to the year-earlier period.

Note 2 Summary of key accounting policies

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 Accounts Act.

This interim report has been drawn up in accordance with IAS 34, Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups.

The parent company statements have been prepared in accordance with the Annual Accounts Act and recommendation RFR 2 Accounting for legal entities from the Swedish Financial Reporting Board. The application of RFR 2 means that the parent company in the interim report for the legal entity shall apply all EU-approved IFRS standards and statements as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act (Tryggandelagen) and taking into consideration the relationship between accounting and taxation.

The parent company's accounting policies are the same as for the Group, unless otherwise stated in Note 2.2.

The most important accounting policies that are applied in the preparation of these consolidated financial statements are detailed below.

2.1 Basis of preparation of reports

2.1.1 Changes to accounting policies and disclosures

New or revised IFRS standards that have come into force have not had any material impact on the Group.

2.2 Parent company's accounting policies

The parent company applies accounting policies that differ from those of the Group in the cases stated below.

Internally generated intangible assets

All expenses that relate to the development of internally generated intangible assets are recognized as expenses as they arise.

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. Impairment losses are recognized under the item "Profit/loss from interests in Group companies".

Group contributions

Group contributions paid by the parent company to subsidiaries and Group contributions received from subsidiaries by the parent company are recognized as appropriations.

Financial instruments

IAS 39 is not applied in the parent company and financial instruments are measured at cost.

Share-based payment

The Group has a share-based bonus plan, in which payments are settled in the form of shares, and where the company receives services from employees as remuneration for the Group's equity instruments (shares). The fair value of the service entitling the employee to allocation is expensed. The total amount that is to be expensed is based on the fair value of the shares allotted, excluding the effect of service conditions and non-market-based vesting conditions.

At the end of each reporting period, the Group reviews its assessments of the number of shares expected to be earned, based on the non-market-based vesting conditions and service conditions. Any deviation from the original assessments brought about by the review is recognized in the income statement and corresponding adjustments are made against equity.

Once the bonus shares have been exercised, the company issues new shares. Payments received, less any directly attributable transaction expenses, are credited to the share capital (quota value) and other contributed capital.

The social security contributions arising on the allocation of the shares are treated as an integral part of the allocation, and the cost is treated as a cash-settled share-based payment.

Note 3 Segment information

Company management have established that the Group as a whole constitutes one segment based on the information managed by the CEO, in consultation with the Board, and which is used as a basis for allocating resources and evaluating results.

Group-wide information

To follow is a breakdown of revenues from all products and services:

	2015 July–Sep	2014 July–Sep	2015 Jan–Sep	2014 Jan–Sep
Sales of development-related goods and services	15,825	6,641	67,986	18,870
Milestone payments	21,050	18,025	42,700	18,025
Licensing revenues	180	9,041	7,193	24,030
Other	177	285	580	2,405
Total	37,232	33,992	118,459	63,330

Revenues from external customers is allocated by country, based on where the customers are located:

	2015 July–Sep	2014 July–Sep	2015 Jan–Sep	2014 Jan–Sep
Europe (of which Sweden)	26,544 (196)	32,179 (11)	95,761 (1,906)	59,241 (26)
North America	10,666	1,811	15,639	3,910
Other geographical areas	21	2	7,058	179
Total	37,232	33,992	118,459	63,330

Revenue of approximately SEK 26.0 million (32.1) relates to a single external customer.

All fixed assets are located in Sweden.

Note 4 Earnings per share

(a) Before dilution

Earnings per share before dilution is calculated by dividing the profit or loss 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.

	2015 July–Sep	2014 July–Sep	2015 Jan–Sep	2014 Jan–Sep
Profit/loss attributable to parent company shareholders	-22,739	-1,554	-127,692	-26,522
Total	-22,739	-1,554	-127,692	-26,522
Weighted average number of ordinary shares outstanding (thousands)	6,302	5,835	6,302	5,835

(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.

	2015 July–Sep	2014 July–Sep	2015 Jan–Sep	2014 Jan–Sep
Profit/loss attributable to parent company shareholders	-22,739	-1,554	-127,692	-26,522
Total	-22,739	-1,554	-127,692	-26,522
Weighted average number of ordinary shares outstanding (thousands)	6,302	5,835	6,302	5,835
Adjustments for:				
- Warrants (thousands)	-	467	-	467
- Share bonus program Board of Directors and personnel	434	-	145	-
Weighted average no. of ordinary shares used in calculation of earnings per share after dilution (thousands)	6,736	6,302	6,447	6,302

Note 5 Financial instruments – Fair value of financial assets and liabilities measured at amortized cost

All of the Group's financial instruments that are measured at amortized cost are short-term and expire within one year. The fair value of these instruments is deemed to correspond to their reported amounts, since discounting effects are minimal.

Carrying amount	30 Sep 2015	30 Sep 2014
Loans and receivables		
Trade receivables	27,792	25,199
Other receivables	0	0
Cash and cash equivalents	112,347	49
Total	140,139	25,248
Other liabilities		
Other liabilities	-	-
Other financial liabilities	-	-
Liabilities to Group companies	-	12,712
Trade payables	14,177	5,785
Total	14,177	18,497

Note 6 Related party transactions

Transactions with Sandberg Development AB have occurred regarding IT and HR support services. Pricing is done in accordance with allocation of costs in relation to utilization rate and on market terms.

At the end of the period the company had a liability to Sandberg Development AB regarding these services that amounted to SEK 0.0 million (0.3) MSEK. There were no other receivables or liabilities.

Note 7 Items affecting comparability

Camurus has a share-based bonus program whereby employees and Board members of Camurus, in the event of a public listing of the company's share, receive shares in the company on the listing date. The shares are received on payment of the share's quota value, i.e. essentially free of charge. Should an exit event occur involving the transfer of more than 90% of all shares in Camurus, employees and Board members are entitled to receive cash.

Up until 12 June 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 assesses the likelihood of service and performance conditions being fulfilled. On 30 June 2015, Camurus deemed it likely for the first time that an exit event would occur via a public listing, which means that employees and members of the Board of Camurus will receive a share bonus in the form of shares in the company on the listing date. Since the bonus program was allocated to the employees in a previous accounting period, and is therefore already earned to a certain extent, earnings on 30 June 2015 have been charged with a retroactive cost of SEK 116.0 million, including social security contributions before tax, with a corresponding increase in equity of SEK 88.3 million and a social security liability of SEK 27.7 million. In the third quarter, earnings have been charged with a cost of SEK 22.1 million, including social security contributions before tax, with a corresponding increase in equity of SEK 19.9 million and a social security liability of SEK 3.1 million. The total cost of the bonus program charged to earnings at 30 September, 2015, amounts to SEK 107.7 million after tax.

In order to compensate for the social security costs arising net after tax, the company and principal shareholder Sandberg Development have entered into an agreement (conditional upon a public listing), in accordance with which the principal shareholder undertakes 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 submitted in connection with the public listing. Since the agreement is conditional upon a public listing, this undertaking on the part of the principal shareholder has not, in accordance with generally accepted accounting practices, been recognized as a receivable as of 30 September 2015.

Since the total cost is of an unusual nature, non-recurring, and significant in terms of the amount, the item will be recognized as an item affecting comparability in future financial reports.

To follow below is the consolidated income statement as it would have looked had the cost not been separated out.

A reallocation of costs in the current period, primarily from administrative expenses to marketing and sales costs as well as research and development costs, means that the outcome in the third quarter and comparisons to previous periods will be misleading. If the outcome is adjusted for this reallocation, costs for the period (both for the third quarter and for the January–September period) for marketing and sales would have been SEK 1.2 million higher. If administrative expenses are adjusted correspondingly, these costs would have been SEK 25.6 million higher and research and development costs SEK 26.8 million lower.

Note 7 Items affecting comparability cont.

SEK thousand	Note	2015	2014	2015	2014	2014
		July–Sep	July–Sep	Jan–Sep	Jan–Sep	Jan–Dec
Net sales	3	37,232	33,992	118,459	63,330	208,207
Cost of goods sold		-131	88	-132	-523	-656
Gross profit		37,101	34,080	118,327	62,807	207,551
Marketing and distribution costs		-4,701	-2,847	-23,471	-6,555	-11,402
Administrative expenses		7,862	-5,891	-43,565	-15,996	-22,165
Research and development costs		-69,679	-25,722	-214,116	-73,062	-114,146
Other operating income		267	10	41	86	2,481
Other operating expenses		-	-1,567	-904	-1,567	-
Operating profit/loss	6	-29,149	-1,937	-163,688	-34,287	62,319
Finance income		1	4	1	393	394
Finance expenses		-4	-59	-21	-108	-170
Net financial items		-3	-55	-20	285	224
Profit/loss before tax		-29,152	-1,992	-163,708	-34,002	62,543
Income tax	9	6,414	438	36,016	7,480	-14,197
Profit/loss for the period		-22,739	-1,554	-127,692	-26,522	48,346

Note 8 Cash flow

Adjustment for non-cash items:

Adjustments for non-cash items	2015 July – Sep	2014 July–Sep	2015 Jan–Sep	2014 Jan–Sep	2014 Jan–Dec
Depreciation/amortization	886	333	2,588	914	1,427
Estimated costs of share bonus program	19,000	-	107,300	-	-
Total	19,886	333	109,888	914	1,427

Note 9 Deferred tax

Tax for the period amounted to SEK 6.4 million (0.4), an increase of SEK 6.0 million, primarily attributable to the cost of the ongoing bonus program, which in the third quarter 2015 impacted on earnings in the amount of SEK 22.1 million before tax.