

Remuneration report 2022

Introduction

This report describes how the guidelines for executive remuneration of Camurus AB (publ), adopted by the annual general meeting 2020, were applied in 2022. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes* issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in Note 9 (Personnel, personnel costs and remuneration to Board members and senior executives) on pages 97-100 in the annual report 2022. Information on the work of the remuneration committee in 2022 is set out in the corporate governance report available on page 121 in the annual report 2022.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in Note 28 Related party transactions on pages 110-111 in the annual report 2022.

Key developments 2022

The CEO summarizes the company's overall performance in his statement on pages 8-11 in the annual report 2022.

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

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

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

The guidelines are found on pages 97-100 in the annual report 2022 and on the company's website <https://www.camurus.com/investors/corporategovernance>. The remuneration guidelines, adopted by the annual general meeting, have been fully implemented during 2022. No deviations from the guidelines have been made and no derogations from the decision-making process that according to the guidelines are to be applied to determine the remuneration have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.camurus.com/investors/corporategovernance. No remuneration has been reclaimed. Remuneration presented in the report is either earned and paid during 2022, or earned and due to be paid in 2023.

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

Table 1 – Total CEO remuneration in 2022 (KSEK)

Name of director (position)	1		2		3	4	5	6
	Fixed remuneration		Variable remuneration		Extraordinary items ³	Pension expense	Total remuneration	Proportion of fixed and variable remuneration ⁶
	Base salary ¹	Other benefits ²	One-year variable	Multi-year variable				
Fredrik Tiberg (CEO)	5,592	69	1,838	N/A	119	2,089	9,707	80/20%

1 Including holiday pay of KSEK 326 and including a deduction for company car of KSEK 47

2 Healthcare insurance, car, and parking benefit

3 Stay-on bonus related to participation in TO2020/2023 resolved by the annual general meeting

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

Share-based remuneration

Outstanding share-related and share price-related incentive plans

Since May 2016, the annual general meetings of the company have resolved on implementation of long-term incentive programs for the employees and the CEO, in the company. In the beginning of 2022, the company had two active subscription warrant programs, TO2019/2022 (comprising 597,459 warrants), and TO2020/2023 (comprising 200,575 warrants). The employees are offered to purchase the subscription warrants at market value at the time of transfer, entailing that the participants make a personal investment, and each warrant entitles to subscription for one new share in Camurus at a predetermined subscription price. The warrants are exercisable 3-3,5 years after the award. As part of the programs, the participants receive a three-piece stay-on bonus from the company in the form of gross salary additions equivalent to the amount paid by the participants for the subscription warrants. The stay-on bonus is paid provided that the person is still employed in the group at the time of payment.

At the Annual General Meetings 2021 and 2022 it was resolved to implement incentive programs based on employee stock options for the company's employees, ESOP2021/2024 (comprising 967,400 employee stock options), and ESOP2022/2026 (comprising 957,166 employee stock options). The options are granted the employees free of charge and have a term of approximately 3 years from the grant date. Once the options are vested, the options can be exercised during the period 1 June 2024–16 December 2024 within ESOP2021/2024, and during the period 1 June 2025–1 March 2026 within ESOP2022/2026 provided that the participant is still employed. Each vested option gives the holder the right to acquire one share in Camurus at an exercise price of SEK 263.50 in ESOP2021/2024, and SEK 237.40 in ESOP2022/2026.

On 15 December 2022 the subscription period for the long-term incentive program TO2019/2022 ended. During the year, a total of 594,459 shares were subscribed for at the subscription price of SEK 98.90 per share.

During 2022 the CEO exercised a total of 75,000 warrants in the program TO2019/2022. Furthermore, the CEO was awarded 42,000 employee stock options in the program ESOP2022/2026. For more information see table 2 below.

Table 2 – Incentive plans (CEO)

Name of director (position)	The main conditions of share option plans						Information regarding the reported financial year ¹						
	1	2	3	4	5	6	7	Opening balance	During the year		Closing balance		13
	Name of plan	Performance period	Award date	Vesting date	End of retention period	Exercise period	Exercise price (SEK)	8 Share options held at beginning of year	9 Share options awarded	10 Share options vested	11 Share options subject to performance condition	12 Share options awarded and unvested	Share options subject to retention period
	TO2019/2022	2019-2022	2019-06-03	2022-05-15	N/A	2022-05-15 – 2022-12-15	98.90	75,000	0	75,000 ²	N/A	N/A	N/A
Fredrik Tiberg (CEO)	TO2020/2023	2020-2023	2020-08-31	2023-05-15	N/A	2023-05-15 – 2023-12-15	169.50	15,000	0	0	N/A	15,000	N/A
	ESOP2021/2024	2021-2024	2021-06-10	2024-06-01	2024-06-01	2024-06-01 – 2024-12-16	263.50	60,000	0	0	N/A	60,000	60,000
	ESOP2022/2026	2022-2026	2022-06-01	2025-06-01	2025-06-01	2025-06-01 – 2026-03-01	237.40	0	42,000 ³	0	N/A	42,000	42,000
Total								150,000	42,000	75,000	0	117,000	102,000

1 In 2022, no changes occurred regarding programs TO2020/2023 and ESOP2021/2024, in which the CEO holds a total of 15,000 warrants and 60,000 employee stock options. In the new program ESOP2022/2026, the CEO was awarded 42,000 employee stock options in 2022.

2 In the program TO2019/2023, the CEO exercised 75,000 warrants and subscribed for 75,000 new shares at the pre-determined price of SEK 98.90 per share and paid in total approximately KSEK 7,418. The closing price at Nasdaq Stockholm for the share at the time of exercise on 17 August 2022 was SEK 243.

3 The aggregate market value of the underlying 42,000 shares at the time of the award was approximately KSEK 7,837 based on Nasdaq Stockholm's closing price of SEK 186.60 on 1 June, 2022. The aggregate exercise price is approximately KSEK 9,971.

Application of performance criteria

The performance measures for the CEO's variable cash remuneration are resolved annually by the board of directors and have been selected to deliver the company's strategy and to encourage behavior which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives, and short-term and long-term business priorities for 2022 have been considered. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

In 2022, the CEO was entitled to a variable remuneration corresponding to a maximum of 50% of the annual fixed salary. Earned variable remuneration related to 2022, due to be paid in 2023, amounted to 34.6% of the fixed base salary, excluding vacation pay and company car, corresponding to KSEK 1,838. The variable remuneration for 2022 was based to 64% on financial targets and to 36% on targets related to corporate, business, and pharmaceutical development, and the outcome is detailed as below.

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

Name of director (position)	1 Description of the performance criteria	2 Relative weighting of the performance criteria	3 a) Actual award b) Remuneration outcome
Fredrik Tiberg (CEO)	Financial development 2022 related to Revenues and Operating result	64%	a) Total net revenues MSEK 956 , Product sales MSEK 935 , Operating Result MSEK 72 b) KSEK 1 176
	Corporate, business and pharmaceutical development 2022	36%	b) KSEK 662

Comparative information on the change of remuneration and company performance

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

	RFY-4 vs RFY-5	RFY-3 vs RFY-4	RFY-2 vs RFY-3	RFY-1 vs RFY-2	RFY vs RFY-1	RFY 2021
CEO remuneration	+2,449 (+39.7%)	+313 (+3.6%)	+1,113 (+12.5%)	+116 (+1.2%)	-448 (-4.4%)	9,707
Group operating profit	-43,694 (-17.9%)	-72,804 (-25.3%)	+154,790 (+43.0%)	+94,658 (+46.1%)	+182,530 (+165.1%)	71,956
Average remuneration on a full-time equivalent basis of employees* of the Group	+153 (+16.4%)	+7 (+0.6%)	-31 (-2.8%)	+55 (+5.2%)	+73 (+6.6%)	1,189

* Excluding members of the group executive management