

**CAMURUS AB (PUBL)  
PROPOSAL BY THE BOARD OF DIRECTORS ON RESOLUTIONS REGARDING**

- A. Implementation of Incentive Program 2021/2024**
  - B. Directed issue of warrants and approval of transfer of warrants to fulfil the company's commitments under the Incentive Program and to secure social security charges**
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**Background and reasons**

The Board of Directors of Camurus AB ("**Camurus**") proposes that the 2021 annual general meeting resolves to establish a long-term incentive program based on employee stock options for senior executives and other employees in the Camurus Group ("**Incentive Program 2021/2024**")

Since 2016, the annual general meeting of Camurus has resolved on annually recurring incentive programs for the employees based on the issue and transfer of subscription warrants. Following an evaluation, the Board has now decided to propose to the annual general meeting the establishment of a new incentive program based on employee stock options. The introduction of an incentive based on employee stock options that are linked to the development of the share price, rewards the long-term value growth in Camurus, creating common interests and goals for the company's shareholders and its employees. A successful implementation of Camurus' business strategy and the safeguarding of the company's long-term interests, presupposes that the company can recruit and retain qualified employees. The purpose of the proposed program is to be able to offer competitive remuneration, which is required in order to attract, retain and motivate employees, both in Sweden and internationally, and to ensure a long-term commitment from senior executives and other employees, through an incentive paired with the company's value growth.

To secure Camurus' commitments in accordance with Incentive Program 2021/2024 as well as the social security charges associated with the program, the Board also proposes that the annual general meeting resolves on a directed issue of warrants and to approve the transfer of warrants in accordance with item B below.

Considering the terms proposed below, the size of the allotment and other circumstances, the Board considers that the proposed Incentive Program 2021/2024 is well-balanced and beneficial for Camurus and its shareholders.

**A PROPOSAL BY THE BOARD OF DIRECTORS ON RESOLUTION REGARDING IMPLEMENTATION OF INCENTIVE PROGRAM 2021/2024**

The Board proposes that the annual general meeting resolves to implement Incentive Program 2021/2024 on the principal terms and conditions set out below:

1. The Incentive Program shall include the issuance of a maximum of 1,215,500 employee stock options (the "**Employee Options**").
2. Each Employee Option entitles the holder to acquire one (1) new share in Camurus at an exercise price corresponding to 130 percent of the volume-weighted average price of the company's share on Nasdaq Stockholm during the ten days of trading immediately following the company's 2021 annual general meeting (the "**Exercise Price**"). The Exercise Price and the number of shares to which each Employee Stock Option entitles to may be subject to recalculation as a result of bonus issue, split, rights issue and similar measures.
3. The Employee Options shall be granted free of charge. Over-allocation may not occur.
4. The Employee Options shall not constitute securities and may not be transferred or pledged. However, the rights associated with the Employee Options are transferred to the estate and its co-owners in the event of the participants' death.
5. Of the total number of Employee Options, a maximum of 1,057,000 Employee Options shall be allocated to participants who, at the time of implementation of the Incentive Program 2021/2024, are included in any of the following categories ("**Option Group 1**"), where allocation shall be made in accordance with the following principles.

Category	Number of Employee Options, maximum
CEO	maximum 60,000 Employee Options
Chief Commercial Officer and Chief Financial Officer	maximum 33,750 Employee Options per person

Other senior executives (7 persons)	maximum 22,500 Employee Options per person
Business Unit Head, Global Manager and General Manager (6 persons)	maximum 18,000 Employee Options per person
Country managers, senior specialists and regional key employees (18 persons)	maximum 14,000 Employee Options per person
Other specialists (27 persons)	maximum 6,500 Employee Options per person
Sales functions (27 persons)	maximum 4,500 Employee Options per person
Other employees (46 persons)	maximum 2,500 Employee Options per person

6. In view of Camurus' expected expansion in the coming year, at least 158,500 options, or the higher number of options that may remain after the allotment of the Employee Options in Option Group 1 has taken place in accordance with item A.5 above, shall be reserved for allotment and transfer, at market value at the time of transfer, to future employees. Such allocation to future employees shall take place in accordance with the allocation principles specified in item A.5, whereby the number of employees in each category specified above may change.
7. Allocation of Employee Options is expected to take place in May 2021. For subsequent new employees in the Camurus Group, allocation of Employee Options will be possible until the company's annual general meeting 2022. The reason why any new employees covered by the program may be allocated Employee Options at such point in time that the time period between the allotment and the start of the Exercise Period (as defined below) may be less than three years is that the Board deems it important that new employees, for the reasons that apply generally to the program, are given the opportunity to take part in a value growth in Camurus' share from the start of the employment.
8. Participants may exercise allotted and earned Employee Options during the period from and including 1 June 2024 to and including 16 December 2024 (the "**Exercise Period**"). The Board has the right to limit the number of occasions during the Exercise Period when the Employee Options can be exercised.

9. Exercise of Employee Options presupposes that the participant remains in his or her employment or equivalent employment in the Camurus Group at the time of exercise. The Board may decide otherwise in individual cases.
10. Upon exercise of the Employee Options, each Employee Option shall entitle the participant to receive one (1) share in Camurus, or one (1) warrant that can be immediately converted into a share, upon payment of the Exercise Price.
11. Participation in Incentive Program 2021/2024 presupposes that such participation can legally take place, and that such participation in Camurus' assessment can take place with reasonable administrative costs and financial efforts. The Board shall have the right to adapt the terms of Incentive Program 2021/2024 to the extent necessary to enable allotment of warrants to persons in other countries, as far as practicable, on terms and conditions corresponding to those that follows from Incentive Program 2021/2024.
12. The other conditions for participation in Incentive Program 2021/2024 shall be determined by the Board.

**B. DIRECTED ISSUE OF WARRANTS AND APPROVAL OF TRANSFER OF WARRANTS TO FULFIL THE COMPANY'S COMMITMENTS UNDER INCENTIVE PROGRAM 2021/2024 AND TO SECURE SOCIAL SECURITY CHARGES**

To enable Camurus to deliver shares or warrants than can be immediately converted into shares in accordance with Incentive Program 2021/2024 and to secure associated costs, such as social security charges, the Board proposes that the annual general meeting resolves on a directed issue of warrants and to approve the transfer of warrants on the following terms:

1. A maximum of 1,313,500 warrants shall be issued.
2. Camurus Development AB, a wholly owned subsidiary of Camurus, shall, with deviation from the shareholders' preferential rights, be entitled to subscribe for the warrants.
3. Subscription of the warrants shall be made on a separate subscription list no later than on 30 June 2021, whereby the Board has the right to extend the subscription period.
4. The warrants shall be issued free of charge.

5. Each warrant shall entitle the holder to subscribe for one (1) new share.
6. The subscription price per share shall amount to 130 percent of the volume-weighted average price for the company's share on Nasdaq Stockholm during the ten days of trading immediately following the company's annual general meeting 2021 (the "**Exercise Price**").
7. Subscription of shares in the company by exercising the warrants may take place on one or more occasions during the period from and including 1 June 2024 to and including 16 December 2024.
8. If all warrants are exercised to subscribe for new shares, the share capital may increase by a maximum of SEK 32,837.50. In the event that the subscription price for newly subscribed shares exceeds the quota value of the shares, the excess subscription amount shall be added to the unrestricted share capital.
9. A share issued after exercise of a warrant shall entitle to a dividend for the first time on the record date for dividends that falls immediately after the share has been registered with the Swedish Companies Registration Office.
10. Other terms for the warrants, including conditions for recalculation of the subscription price and the number of shares that each warrant gives the right to subscribe for, are set out in the "Terms & conditions for Camurus AB's warrants 2021/2024".

The reason for the deviation from the shareholders' preferential rights is that the issue forms part of the implementation of Incentive Program 2021/2024. In light of what has been stated in Background and reasons above, the Board believes that it is to the advantage of Camurus and its shareholders that senior executives and other employees in the Camurus Group are offered participation in Incentive Program 2021/2024.

The Board further proposes that the annual general meeting resolves to approve that Camurus Development AB, directly or indirectly, is permitted to transfer warrants and/or shares free of charge to the participants of Incentive Program 2021/2024 in connection with the Employee Options being exercised in accordance with their terms, or to otherwise dispose of the warrants, including (but not limited to) selling them to financial institutions to secure Camurus' commitments and costs in connection with the Incentive Program 2021/2024.

Last, the Board of Directors proposes that the Board of Directors, or anyone appointed by the Board of Directors, should be authorised to make the minor adjustments to the above-mentioned resolution that may prove necessary in

connection with registration with the Swedish Companies Registration Office and possible Euroclear accession of the warrants.

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### **Costs related to Incentive Program 2021/2024**

The Board estimates that Incentive Program 2021/2024 will incur costs for the company from an accounting perspective in accordance with IFRS 2. Personnel costs in accordance with IFRS 2 do not affect the company's cash flow. Social security charges will be expensed in the income statement during the vesting period.

Based on the assumption of a share price at the time of allocation of the Employee Options of SEK 222, an annual increase in the share price of 20 percent, that 100 percent of the Employee Options included in the program will be exercised and that the Employee Options at the time of allocation are valued in accordance with a Monte Carlo simulation, the annual personnel cost from an accounting perspective according to IFRS 2 for the Incentive Program 2021/2024 is estimated to amount to a total of approximately SEK 20 million during the period 2021-2024. Assuming instead that 50 percent of the Employee Options in the program are exercised, the corresponding cost is estimated to a total of SEK 10 million. The Employee Option have no market value because they are not transferable. However, with the help of Optio Incentives, an external and independent party, the company has calculated a theoretical value of the Employee Option using the Black & Scholes valuation model. The calculations have been based on the term of the Employee Option, the Exercise Price, an assumed share price of SEK 222 at allotment, an assumed volatility of 44.7 percent, an expected dividend of SEK 0 and a risk-free interest rate during the term of the Employee Option of -0.172 percent. According to this valuation, the value of the Employee Options amounts to approximately SEK 53.7 per Employee Option. The restrictions on transferability have not been considered in the valuation. The actual IFRS 2 cost during the vesting period depends on how many Employee Options that are exercised.

Upon exercise of the Employee Options, Incentive Program 2021/2024 also results in costs in the form of social security charges. Total costs for social security charges during the vesting period depend on how many Employee Options that are exercised and on the value of the benefit that the participant will ultimately receive, i.e. on the value of the Employee Options upon exercise. Assuming that 100 percent of the Employee Options included in the program will be exercised, that the social security charges amount to 26.61 percent, an assumed Exercise Price of SEK 288.67 and an assumed share price of SEK 383.71 when exercising the Employee Options, the costs for the social security charges amount to approximately SEK 28.3 million. Under the same conditions, but assuming that 50 percent of the Employee Options

included in the program are exercised, the cost of social security charges is estimated to amount to approximately SEK 14,2 million. The company's entire cost for social security charges is proposed to be secured through the directed issue of warrants in accordance with item B above.

### **Dilution and effects on important key figures**

Incentive Program 2021/2024 entails the issue of a maximum of 1,313,500 warrants, of which 1,215,000 warrants to cover Camurus' commitments to the participants in the program and 98,000 warrants to cover costs for social security charges. Assuming that all warrants issued in connection with Incentive Program 2021/2024 are used to subscribe for new shares, Camurus' share capital will increase by SEK 32,837.50. This corresponds to approximately 2.4 percent of the shares and votes in the company after full exercise. In such case, the key ratio earnings per share for the full year 2020 had changed in such a way that the loss per share had decreased by approximately SEK 0.15 from SEK -3.18 to SEK -3.03.

Camurus already has three ongoing incentive programs based on warrants, Warrants Program 2018/2010, Warrants Program 2019/2022 and Warrants Program 2020/2023. After the allotment and after recalculation as a result of the company's rights issue in 2019, these programs together comprise a maximum of 1,404,600 new shares in Camurus, corresponding to a total dilution effect of approximately 2.6 percent. In total, the warrant programs and Incentive Program 2021/2024 entail a maximum dilution effect of approximately 5.0 percent.

The above calculations are subject to any additional recalculations of the warrants in accordance with the terms that apply to the respective incentive program. All dilution effects have been calculated as the number of additional shares in relation to the number of existing and additional shares.

### **Program preparation**

The proposal for Incentive Program 2021/2024 has been prepared by the Board and its Remuneration Committee in consultation with certain major shareholders and external advisers.

### **Majority requirements**

The Board's proposal for a resolution regarding Incentive Program 2021/2024 and the necessary measures to fulfil the company's associated commitments in accordance with items A and B above is put forward as single proposal. The Board therefore proposes that the resolution of the annual general meeting under items A

and B above is made as a single resolution in compliance with the majority rules in chapter 16 in the Swedish Companies Act, meaning that shareholders with at least nine tenths of both the votes cast and the shares represented at the meeting must vote in favour of the proposals.

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Lund in March 2021

THE BOARD OF DIRECTORS IN CAMURUS AB (PUBL)