

Remuneration report 2021

Introduction

This remuneration report provides an outline of how Q-linea's ("**Q-linea**" or the "**Company**") guidelines for executive remuneration (the "remuneration guidelines"), adopted unanimously by the annual general meeting 2020, have been implemented in 2021. The guidelines for executive remuneration shall apply until the 2024 Annual General Meeting, unless circumstances arise that entail that the guidelines need to be revised at an earlier point in time. The report also provides details on the remuneration of Q-linea's CEO. In addition, the report contains a summary of Q-linea's outstanding share- and share-related incentive programs. The report has been prepared in compliance with the Swedish Companies Act (2005:551) and the Swedish Corporate Governance Code / Remuneration Rules issued by the Swedish Corporate Governance Board.

Information required by the Annual Accounts Act (1995:1554) is available in note 24 on p. 81 in the Company's annual report for 2021 (the "**Annual report 2021**"). The remuneration guidelines, adopted by the annual general meeting 2020, can be found on p. 50-52 in the annual report 2021. The auditor's report regarding whether the Company has complied with the guidelines is available on the Company's website www.qlinea.com.

Information on the work of the remuneration committee in 2021 is set out in the corporate governance report, which is available on p. 46-55 in the annual report 2021.

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 24 on p. 81 in the annual report 2021.

Key Developments 2021

Key Developments in Q-linea is available in CEO Comment on p. 6 in the Company's annual report for 2021.

Overview of the application of the remuneration guidelines in 2021

A prerequisite for the successful implementation of the Company's 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 shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be 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 promote the executive's long-term development. The guidelines are found on pages 50-52 in the annual report 2021.

Total remuneration of the CEO (kSEK)

The table reports remuneration earned in 2021. Disbursement of any payments may or may not have been made in the same year.

Name of Director, position	Financial year	Fixed remuneration		Variable remuneration		Pension expense ²⁾	Total remuneration	Proportion of fixed and variable remuneration ³⁾
		Base Salary	Other benefits ¹⁾	One-year variable	Multi-year variable			
Jonas Jarvius, CEO	2021	2,848	40	282	-	635	3,805	93%/7%

1) Includes occupational group life assurance and sick insurance.

2) Pension expense is entirely related to Base salary and premium based. Health insurance is included in the amount.

3) The entire pension expense has been included in the fixed remuneration in the proportion calculation.

Share based remuneration

Outstanding share and share-price related incentive programs

At the end of 2021, Q-linea has three (3) outstanding long-term share-based incentive programs briefly described below. The performance share-based programme LTIP 2018 expired during 2021, when it was decided that the performance targets had not been met. The CEO participates in the Employee Stock Option program 2020/2023 and participated in the performance share-based program LTIP 2018.

LTIP 2018

At the extraordinary general meeting on 12 November 2018, it was resolved to implement a long-term incentive programme in the form of a performance share-based programme (LTIP 2018). The rights to receive performance shares were allotted free of charge in March 2019. The program measures performance over a three-year period starting in March 2019 and the performance criteria are linked to various operational sub-targets during this period. The criteria include product development, product approval and commercialisation being achieved, which is in line with the Company's business strategies. The performance share rights are vested if the performance criteria are met.

In the later part of 2021, the Board of Directors made the assessment that the performance targets for LTIP 2018 will not be met when the programme ends on 28 February 2022. The Board thus decided that all performance share rights in the program expire. The recognised dissolution of costs in previous periods since the start of the programme, including social security contributions, amounted to SEK 8,950 thousand for the year.

LTIP 2019

At the annual general meeting on 22 May 2019, it was resolved to implement a long-term incentive programme in the form of a performance share-based programme (LTIP 2019). The rights to receive performance shares were allotted free of charge in December 2019. The program measures performance over a three-year period starting in December 2019 and the performance targets are linked to various operational sub-targets during this period. The targets include product development, product approval and commercialisation being achieved, which is in line with the Company's business strategies. The performance share rights are vested if the performance criteria are met.

Employee Stock Option program 2020/2023

At the annual general meeting on 26 May 2020, it was resolved to implement a long-term incentive programme in the form of an employee stock option program (Employee Stock Option program 2020/2023). The rights to receive stock options were allotted free of charge in June 2020. The program measures performance over a three-year period starting in June 2020 and the performance targets are linked to various operational sub-targets during this period. The targets include product development, product approval and commercialisation being achieved, which is in line with the Company's business strategies. The employee stock options are vested if the performance criteria are met.

Employee Stock Option program 2021/2024

At the annual general meeting on 25 May 2021, it was resolved to implement a long-term incentive programme in the form of an employee stock option program (Employee Stock Option program 2021/2024). The rights to receive stock options were allotted free of charge in June 2021 to employees who are not covered by any of the previous share-based incentive programmes in the Company. The program measures performance over a three-year period starting in June 2021 and the performance targets are linked to various operational sub-targets during this period. The targets include product development, product approval and commercialisation being achieved, which is in line with the Company's business strategies. The employee stock options are vested if the performance criteria are met.

Remuneration to the CEO in shares and share options

Incentive programs consisting of share- and share-price-related remuneration are resolved by the annual general meeting and these guidelines do not apply to such incentive programs. However, existing incentive programs are described below to give a complete picture of the Company's total remuneration package to the senior executives. The existing long-term share-related incentive programs (LTIP 2019, Employee Stock Option program 2020/2023 and Employee Stock Option program 2021/2024) contain performance requirements that are

linked to the Company's business strategy. Jonas Jarvius, CEO of Q-linea is included in the Employee Stock Option program 2020/2023 (Table 2) and in LTIP 2018 (Table 3) until the program expired.

Table 2 – Remuneration of the CEO in share options

Name of the Director (position)	The main conditions of share option plans							Information regarding the reported financial year					
								Opening balance	During the year		Closing balance		
	Specification of plans	Performance period	Award date	Vesting date	End of retention period	Exercise period	Exercise price of the share and date ¹⁾	Share options held at the beginning of the year	Share options awarded	Share options vested	Share options subject to a performance condition	Share options awarded and unvested	Share options subject to a retention period
Jonas Jarvius, CEO	Employee stock option program 2020/2023	2020–2023	2020-06-30	2023-06-30	2023-06-30	2023-06-30 - 2023-09-30	SEK 98.98	15,660	0	0	15,660	15,660	0

TOTAL **15,660** **0** **0** **15,660** **15,660** **0**

1) The aggregate market value of the underlying shares at the time of the award (June 30, 2020) was SEK 1,240 thousand. The aggregated exercise price is SEK 1,550 thousand.

Table 3 – Remuneration of the CEO in shares

Name of Director, position	The main conditions of share award plans				Information regarding the reported financial year						
					Opening balance	During the year			Closing balance		
	Specification of plans	Performance period	Award date	Vesting date	Shares held at the beginning of the year	Shares awarded	Shares vested	Shares expired	Shares subject to a performance condition	Share awarded and unvested at year end	Share subject to a retention period
Jonas Jarvius, CEO	LTIP 2018	2019–2022	2019-03-01	2022-02-28	32,250	0	0	-32,250	0	0	0
TOTAL					32,250	0	0	-32,250	0	0	0

Compliance with the remuneration guidelines and application of performance criteria

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. Q-linea's remuneration guidelines enable the Company to offer the executive management and the CEO a competitive total remuneration. Total remuneration of the CEO during 2021 has complied with the Company's remuneration guidelines.

The performance criteria include product development, product approval and commercialisation being achieved, which is in line with the Company's business strategies.

Performance of the CEO in the reported financial year

The criteria for the short- and long-term remuneration to the CEO were chosen by the board to ensure that the activities performed by the management are in line with the Company's business plan. The long-term business plan was broken down in yearly targets within each business strategy area, with the overriding target to build a profitable and sustainable company. The short-term criteria for 2021 were that the Company should achieve certain commercial and operational milestones as well as entering into certain stages in the regulatory process. The assessment of the extent to which the criteria had been met at year-end resulted in one target reached (the operational target) and two targets not fully reached (the regulatory and commercial target), i.e. 30 percent of the short-term remuneration was earned in 2021, corresponding to 30% of four months base salary amounting to SEK 282 thousand.

Derogations and deviations from the remuneration guidelines and from the procedure for implementation of the guidelines

The board may decide to temporarily deviate from the guidelines only in individual cases if there are special and considerable reasons for doing so and the deviation is necessary to meet Q-linea's long-term interests and sustainability or to ensure the Company's financial viability. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. No remuneration has been reclaimed.

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

Annual change	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2021
Directors remuneration (SEK thousand)						
Jonas Jarvius, CEO	+113 (+11%)	+895 (+76%)	+1,699 (+82%)	-449 (-12%)	+489 (+15%)	3,805
Company's performance (SEK thousand)						
Operating result (EBIT)	-7,784 (+13%)	-59,497 (+88%)	-51,749 (+41%)	-42,428 (+24%)	-12,587 (+5.4%)	- 233,550
Average remuneration on a full-time equivalent basis of employees						
Average remuneration on a full-time equivalent basis of employees (SEK thousand)	+38 (+6.2%)	+116 (+18%)	+32 (+4.1%)	-37 (-4.7%)	-76 (-9.9%)	686
Average numbers of employees (number)	+5 (+16%)	+11 (+31%)	+15 (+32%)	+27 (+43%)	+31 (+35%)	120

Note: The Q-linea share has been listed on Nasdaq Stockholm since 7 December 2018. The level of remuneration to the CEO increased in the 2019 financial year compared to 2018 due to a review of applicable wage level.