

Remuneration report 2022

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 2022. 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 10 on p. 89-93 in the Company's annual report for 2022 (the "**Annual report 2022**"). The remuneration guidelines, adopted by the annual general meeting 2020, can be found on p. 52-54 in the annual report 2022. 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 2022 is set out in the corporate governance report, which is available on p. 48-57 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 10 on p. 90 in the annual report 2022.

Key Developments 2022

Key Developments in Q-linea is available in CEO Comment on p. 6-7 in the Company's annual report for 2022.

Overview of the application of the remuneration guidelines in 2022

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 52-54 in the annual report 2022.

Total remuneration of the CEO (kSEK)

The table reports remuneration earned in 2022. 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 ¹⁾	Total remuneration	Proportion of fixed and variable remuneration
		Base Salary	Other benefits	One-year variable	Multi-year variable			
Jonas Jarvius, CEO	2022	2,630	-	581	-	653	3,864	85%/15%

¹⁾ 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 2022, Q-linea has three (3) outstanding long-term share-based incentive programs briefly described below. The performance share-based programme LTIP 2019 expired during 2022, when it was decided that the performance targets had not been met. The CEO participates in the Employee Stock Option program 2020/2023 and 2022/2025.

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 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 December 2022, the Board of Directors made the assessment that the performance targets for LTIP 2019 were not met at the end of the program. 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 2,385 thousand for the year.

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.

Employee Stock Option program 2022/2025

At the annual general meeting on 24 May 2022, it was resolved to implement a long-term incentive programme in the form of an employee stock option program (**Employee Stock Option program 2022/2025**). The rights to receive stock options were allotted free of charge in June 2022 to current and future employees who i) are part of the management team or ii) are not covered by any of the previous long-term incentive programs in the Company. The program measures performance over a three-year period starting in June 2022 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 (Employee Stock Option program 2020/2023, 2021/2024 and 2022/2025) 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 programs 2020/2023 and 2022/2025 (Table 2).

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
	Employee stock option program 2022/2025	2022–2025	2022-06-30	2025-06-30	2025-06-30	2025-06-30 – 2025-09-30	SEK 102.82	0	14,340	0	14,340	14,340	0

TOTAL **15,660** **14,340** **0** **30,000** **30,000** **0**

1) The aggregate market value of the underlying shares at the time of the award (June 30, 2020) for the Employee stock Option program 2020/2023 was SEK 1,240 thousand. The aggregated exercise price is SEK 1,550 thousand. The aggregate market value of the underlying shares at the time of the award (June 30, 2022) for the Employee stock Option program 2022/2025 was SEK 1,180 thousand. The aggregated exercise price was SEK 1,474 thousand.

2)

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 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	Not applicable	-	-	-	-	-	-	-	-	-	-
TOTAL					0	0	0	0	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 can 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 2022 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 2022 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 achieved at the year-end resulted in two out of three goals being partially achieved. The regulatory target was achieved to approx. 75%, the operational target was achieved to approx. 50% and the commercial target was not

achieved, i.e. a total of approx. 60 percent of the total short-term remuneration was earned in 2022, corresponding to 60% of four months' basic salary amounting to SEK 581 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	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2022
Directors remuneration (SEK thousand)						
Jonas Jarvius, CEO	+895 (+76%)	+1,699 (+82%)	-449 (-12%)	+489 (+15%)	+59 (+1.6%)	3,864
Company's performance (SEK thousand)						
Operating result (EBIT) ¹⁾	-59,497 (+88%)	-51,749 (+41%)	-42,428 (+24%)	-10,490 (+4.7%)	-30,214 (+13%)	- 262,247
Average remuneration on a full-time equivalent basis of employees						
Average remuneration on a full-time equivalent basis of employees (SEK thousand)	+116 (+18%)	+32 (+4.1%)	-37 (-4.7%)	-76 (-9.9%)	+36 (+5.2%)	722
Average numbers of employees (number)	+11 (+31%)	+15 (+32%)	+27 (+43%)	+31 (+35%)	+30 (+25%)	150

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.

¹⁾ The figures for the years 2021 and 2022 are for the Group, while previous years refer to the Parent Company as the Group consisted only of the Parent Company during these periods.