

Underwritten rights issue of SEK 263 million

Second quarter: 1 April–30 June 2023

- Net sales amounted to SEK 1.4 million (4.1).
- The operating result totalled SEK -64.6 million (-72.7).
- The result for the period amounted to SEK -65.0 million (-73.2).
- Earnings per share before and after dilution amounted to SEK -2.23 (-2.51).
- Cash flow from operating activities totalled SEK -53.5 million (-67.5).

Period: 1 January–30 June 2023

- Net sales amounted to SEK 1.4 million (9.9).
- The operating result totalled SEK -126.9 million (-144.2).
- The result for the period amounted to SEK -126.5 million (-145.9).
- Earnings per share before and after dilution amounted to SEK -4.33 (-5.00).
- Cash flow from operating activities totalled SEK -125.9 million (-117.5).
- As of 30 June 2023, the Company had a total of SEK 25.0 million (72.9) in available funds.

Significant events

In the second quarter of 2023

- Q-linea AB received the first two orders for ASTar instruments from Pro-Lab Diagnostics in the UK.
- The Company entered into a non-exclusive distribution agreement for Poland with Integra Diagnostic Sp. z.o.o.
- Q-linea AB initiated a cost-saving programme with the aim of enabling the commercial investment.
- The Company signed a distribution agreement for Norway with Montebello Diagnostics AS.
- Q-linea AB announced that the Company had participated in a public tender in Italy with the ASTar® instrument and consumables.
- The Company's distributor for the UK, Pro-Lab Diagnostics, started its first commercial evaluation at a large regional hospital in the southwest UK.
- The Board resolved to carry out an underwritten new share issue of approximately SEK 263 million with preferential rights for the Company's existing shareholders.
- The Company signed a distribution partnership for the ASTar® instrument and consumables in France with Eurobio Scientific.
- Q-linea announced that the first patient had been enrolled in Lifetimes, a Q-linea sponsored multi-centre

study investigating the health economic benefits of using ASTar.

- Q-linea announced that the Company's principal owner, Nexttobe, had granted Q-linea an additional short-term loan of SEK 30 million (total SEK 87 million) within the framework of the previously communicated loan facility totalling SEK 200 million.

After the end of the period

- Q-linea AB held an extraordinary general meeting at which the Board's proposal regarding a new share issue with preferential rights for existing shareholders was approved.
- The Company strengthened its commercial team in Europe through the appointment of Franco Pellegrini as Sales Director for Southern Europe.
- Q-linea AB published a prospectus in connection with the rights issue resolved on by the Board on 1 June 2023 and approved by the extraordinary general meeting on 3 July 2023.
- The Company strengthened its commercial team in the US through the appointment of Jim Kathrein as VP of US Commercial Operations.

Underwritten rights issue of SEK 263 million



During the second quarter of the year, Q-linea made its most significant commercial progress to date, including signing a number of new distribution agreements for ASTar instruments and consumables. We now cover the main European geographic markets and are seeing considerable interest in ASTar.

The strong interest in distributing ASTar has allowed us to choose our partners carefully. Above all, we wanted to ensure that ASTar will be a priority product in our partners' ranges. During the quarter, we signed distribution agreements with Montebello Diagnostics in Norway, Integra Diagnostic in Poland and Eurobio Scientific in France. The companies all have comprehensive market knowledge, extensive expertise in bacteriology and good contacts at microbiology laboratories. We will continue to make methodical progress when it comes to finding the best commercialisation solution for each market.

We now have a presence in six European countries, either through distribution partnerships or directly, and we are particularly pleased with the agreement for the French market, which is very important – partly because it is a large agreement and partly because France is facing a major problem with antibiotic resistance. With Eurobio Scientific, we have added another strong company to our distributor network. The company brings extensive expertise, a highly motivated team and a large installed base of more than 500 diagnostic instruments at its customers' laboratories.

During the quarter, we also received our first commercial order since we began implementing our updated commercialisation strategy. The order was from our UK distribution partner Pro-Lab Diagnostics, which ordered two ASTar instruments for upcoming trade shows and customer evaluations. The order came early in our partnership and is a clear validation of Pro-Lab's strong commitment to ASTar.

An important parameter for successful commercialisation is health economic evidence. That is why we are

sponsoring the Lifetimes multi-centre study. The study enrolled the first patient in June and is expected to run for about a year at four major Italian hospitals with a total of 160 potential intensive care patients. The study will investigate the time to optimal treatment, the time spent in intensive care and in hospital, and the duration and cost of antibiotic treatment. By demonstrating the impact of ASTar on patient outcomes and healthcare costs, we hope that the implementation rate for ASTar implementation will increase.

With respect to the US market, we completed the additional testing required by the FDA in the spring. The FDA wanted us to verify the performance improvements made after the clinical study in the 510(k) application was completed. We are preparing to submit the supplementary application to the FDA, and we hope that the FDA will decide that the material is sufficient for processing our application for approval. Since ASTar has breakthrough device designation, we look forward to a continued positive dialogue with priority processing.

I would also like to take this opportunity to welcome Finn Sander Albrechtsen and Franco Pellegrini back to Q-linea. Finn Sander Albrechtsen was together with Karin Fischer elected to the Board of Q-linea in June, and Franco will join us as Sales Director for Southern Europe in July. Both Finn and Franco come from senior positions at Thermo Fischer Scientific, with Finn serving as VP of R&D and Business Development for the microbiology division between 2015 and 2021. It is very gratifying that people in senior positions such as Finn and Franco are interested in working with ASTar and Q-linea, particularly since this is a strong indication that the termination of the partnership between the companies was not due to ASTar itself, but rather to a change in Thermo Fischer Scientific's strategy.

Jim Kathrein has also been appointed to head the commercial organisation in the US. Jim will start in July and will initially focus on market preparation work to ensure we are as ready as possible once US approval is obtained. Jim previously worked at Biofire and Bio Mériex and has extensive commercial experience in infectious disease diagnostics.

Overall the commercial investment develops according to plan and I expect a clear positive sales trend in 2024.

During the spring our board of directors and our owners decided on a rights issue of SEK 263 million to finance the continued operation and it is gratifying to see that it is fully guaranteed. We look forward to having as many shareholders as possible participate.

Uppsala, 13 July 2023, Jonas Jarvius, President

The expanded testing for the clinical study in the US is completed and the work on submitting the supplementary 510k application for the ASTar instrument and the Gram-negative product to the FDA is in the final stage

Developments in the second quarter of 2023

Q-linea focuses on supplying the market with automated systems for rapid antibiotic susceptibility testing of bacteria that cause infectious diseases, primarily sepsis.

ASTar will be sold to hospital microbiology laboratories and is a fully automated instrument for measuring bacteria's antibiotic susceptibility using the consumables developed by the Company. The aim of the instrument is to be able to deliver patient-specific treatment prescriptions for the choice of antibiotics more than 24 hours faster than today's traditional technologies.

Consumables

Efforts to build capacity and reduce the cost of consumables production are continuing. During the second quarter, the development of a new process for faster joining of the AST disc was completed. The project has now entered the process validation phase and is expected to be implemented in production during the autumn. The development of new production equipment for dispensing reagents into the sample preparation cartridge (ASTar Cartridge) is also complete and has entered the process validation phase prior to implementation in production.

In parallel with the development of the new product for Gram-positive bacteria, the Company is developing its own process and production line for dispensing, drying and quality control of antibiotics in the AST disc. The new process is expected to significantly reduce production costs, increase production capacity and enable more flexible production planning. The Gram-positive product will be the first product to be produced using the proprietary process, but the equipment and process are generic and can also be used for other products in the future.

Instruments

During the past quarter, the Company completed the verification of a new version of the instrument software, which is now available to users. The new software includes support for several different types of consumables, which is a prerequisite for future parallel handling of both Gram-negative and Gram-positive bacteria in the same instrument. The new software also includes features that enable support and improvements to cybersecurity. Related to this, the process for deploying and releasing instruments has also been improved and streamlined.

Regulatory studies for the US market

During the quarter, additional testing was carried out at two US hospitals as well as Q-linea's microbiology laboratory in Uppsala during the quarter.

The FDA's recommendation to perform additional testing was prompted by an algorithm update, and its purpose is primarily to verify the resulting performance improvements. The update was performed due to the expansion of training data after completion of the clinical study in the 510(k) application. The training data is the basis for the machine learning algorithms that ASTar's software uses to calculate results. Similar performance improvements for ASTar have already been implemented and approved for the European market.

During the quarter, the Company engaged in a continued dialogue with the FDA to ensure that the additional testing meets the agency's requirements. As a result of ASTar's breakthrough device designation, the Company will likely be given higher priority by the FDA during this dialogue. Now the focus is on compiling the results of the testing. However, as previously communicated, it is difficult to assess the time it will take from submission to market approval in the US. The FDA could have additional questions, and the processing time is difficult to estimate.

Q-linea also intends to conduct a regulatory study in the US for the upcoming product for Gram-positive bacteria. The Company initiated a dialogue with the FDA during the quarter and has received feedback on plans for conducting analytical and clinical studies. The studies will be largely similar to those conducted for the Gram-negative product, which will facilitate planning and implementation. The results of the clinical study are expected to be used for both regulatory submission in the US and CE marking of the product in accordance with the EU In Vitro Diagnostic Regulation (IVDR).

Development of new products

The development of Podler, Q-linea's portable blood culture technology, continued to be given lower priority during the second quarter in order to focus on work with the ASTar platform.

Financial performance in brief

Comments on the report

Figures in parentheses refer to the outcome for the corresponding period in the preceding year with respect to earnings and cash flow and to the closing balance in the preceding financial year with respect to the balance sheet. Unless otherwise stated, the amounts are presented in thousands of kronor (SEK thousand). All amounts presented have been rounded, which may mean that certain totals do not tally.

Income, expenses and earnings

Net sales for the second quarter amounted to SEK 1,358 thousand (4,121), a decrease of SEK 2,763 thousand compared with the year-earlier period. Net sales for the January–June period totalled SEK 1,380 thousand (9,920), down SEK 8,540 thousand. Sales comprised ASTar instruments and associated consumables.

Other operating income amounted to SEK 533 thousand (36) for the second quarter and SEK 557 thousand (677) for the January–June period, and pertained primarily to sales of customer-specific prototypes to external customers.

The change in inventories of products in progress, semi-finished goods and finished goods amounted to SEK -1,147 thousand (-6,925) for the second quarter and SEK 2,808 thousand (-16,508) for the January–June period.

Costs for raw materials and consumables and goods for resale totalled SEK 2,344 thousand (3,204) for the second quarter and SEK 3,709 thousand (6,376) for the January–June period.

During the launch period for ASTar, the Company's margins will be negative. As volumes increase and the production mix shifts toward a higher share of consumables, the margins will improve. The efficiency-enhancement projects under way in the manufacturing division will also contribute to improved margins.

Other external costs totalled SEK 21,711 thousand (22,924) for the second quarter, down SEK 1,213 thousand. Costs for the January–June period totalled SEK 41,187 thousand (44,868), down SEK 3,681 thousand. The changes were mainly attributable to a decrease in the number of consultants during the quarter and the first half of the year.

Personnel costs amounted to SEK 36,422 thousand (39,635) for the second quarter, down SEK 3,213 thousand compared with the corresponding quarter in the preceding year. Personnel costs for the January–June period amounted to SEK 77,447 thousand

(79,159), down SEK 1,712 thousand. The Company's three employee share option programmes (LTIP) were discontinued during the second quarter and will be replaced by a new, approved programme. The earnings impact amounted to SEK 4,445 thousand (678) and to SEK 3,902 thousand (275) in the January–June period, including social security contributions. Personnel costs for the second quarter included SEK 6.4 million in restructuring costs for the communicated cost-saving programme. The combined earnings impact from the LTIP and restructuring costs amounted to SEK -2.0 million for the second quarter and to SEK -2.5 million for the January–June period.

Costs for depreciation, amortisation and impairment of tangible and intangible assets totalled SEK 4,500 thousand (3,817) for the second quarter and SEK 8,700 thousand (7,333) for the January–June period. This cost increase was attributable to the Company's investments in production improvements and ASTar instruments used in clinical studies, which are now being depreciated.

Other operating expenses amounted to SEK 375 thousand (351) for the second quarter and SEK 555 thousand (514) for the January–June period, and mainly pertained to exchange-rate losses.

The operating result amounted to SEK -64,607 thousand (-72,699) for the second quarter and SEK -126,851 thousand (-144,162) for the January–June period. The earnings improvement of SEK 17,311 thousand was primarily attributable to the valuation of inventories and lower costs for consultants.

The result from financial items totalled SEK -437 thousand (-489) for the second quarter and SEK 391 thousand (-1,792) for the January–June period.

The reported tax for the second quarter and the January–June period was SEK 0 thousand (0).

The result totalled SEK -65,044 thousand (-73,188) for the second quarter and SEK -126,460 thousand (-145,953) for the January–June period.

Financial position

Cash and cash equivalents at the end of the second quarter totalled SEK 25,032 thousand (72,878).

Financial assets totalled SEK 4,145 thousand (3,047) on the balance sheet date, an increase of SEK 1,098 thousand compared with 2022. The change is attributable to the revaluation of participations in associated companies.

The Company's financial assets primarily comprise

participations in EMPE Diagnostics AB amounting to SEK 4,095 thousand (2,997) at the end of the quarter. Q-linea AB's holding comprises 23,400 shares, corresponding to 4.97% of the capital and votes.

At the end of the quarter, equity amounted to SEK 32,940 thousand (163,190), the equity/assets ratio to 18% (71) and the debt/equity ratio to 188% (-45).

Cash flow and investments

Cash flow from operating activities totalled SEK -53,523 thousand (-64,470) for the second quarter and SEK -125,892 thousand (-117,466) for the January–June period. The decline was attributable to the working capital trend.

Cash flow from investing activities amounted to SEK -2,368 thousand (73,329) for the second quarter and SEK -5,505 thousand (125,222) for the January–June period, of which investments in tangible assets totalled SEK -2,368 thousand (7,268) for the second quarter and SEK -5,505 thousand (-13,071) for the January–June period.

The Company invested SEK 0 thousand (0) in short-term investments during the second quarter. During the January–June period, the Company invested SEK 0 thousand (70,000) in short-term investments, of which SEK 0 thousand (70,000) was invested in interest-bearing funds.

In addition, the Company divested short-term investments totalling SEK 0 thousand (80,597) in the second quarter. Of the amount for the quarter, short-term fixed-income funds comprised SEK 0 thousand (80,597). During the January–June period, the Company divested short-term investments totalling SEK 0 thousand (201,285).

The Company divested financial assets valued at SEK 0 thousand (0) in the quarter, and SEK 0 thousand (7,008) in the January–June period.

Cash flow from financing activities totalled SEK 60,231 thousand (-1,677) for the second quarter and SEK 83,419 thousand (-3,279) for the January–June period. SEK 62,000 thousand (0) of the loan from the Company's principal owner Nexttobe was utilised in the second quarter and SEK 87,000 thousand (0) in the January–June period. The remaining amount primarily pertains to the repayment of lease liabilities.

Financing

To provide the Company with sufficient liquidity to continue operating and developing according to its strategic plan, an extra general meeting has approved the decision from the board of directors to carry out an underwritten rights issue totalling SEK 263 million, in addition to the previously communicated cost-saving programme. This will generate proceeds of approximately SEK 175 million for the Company after offsetting the loan from the Company principal owner Nexttobe, but before issue costs.

As of 30 June 2023, the Company had access to cash and cash equivalents of SEK 25 million and an unutilised loan

facility of SEK 113 million from the Company's principal owner Nexttobe.

Other information

Employees

Calculated on the basis of full-time equivalents, Q-linea had 149 (151) employees at the end of the second quarter, 64 (65) of whom were women. The number of consultants at the end of the second quarter was five (24), six (nine) of whom were women.

2023 Annual General Meeting

In addition to the standard matters addressed by the Annual General Meeting, the following resolutions were passed:

- To re-elect directors Erika Kjellberg Eriksson, Mats Nilsson, Hans Johansson, Nina Korfu-Pedersen and Mario Gualano, and to elect Karin Fischer and Finn Sander Albrechtsen as new Board members. Erika Kjellberg Eriksson was re-elected as Board Chairperson, and Mario Gualano was elected as Deputy Chairperson.
- To appoint the registered accounting firm Öhrling PricewaterhouseCoopers AB as auditor.
- To introduce an employee share option programme ("Employee share option programme 2023/2026") for the Company's employees starting on 15 September.
- To authorise the Board of Directors, on one or more occasions during the period until the next Annual General Meeting, to decide to increase the Company's share capital by an amount corresponding to a maximum of 20% of the Company's registered share capital as of the date on which the authorisation is exercised for the first time.

Information about risks and uncertainties

Q-linea's management makes assumptions, assessments and estimates that impact the contents of the Company's financial statements. As stated in the Company's accounting policies, actual outcomes may differ from these assessments and estimates.

The goal of the Company's risk management is to identify, measure, control and limit the risks associated with its operations. Risks can be divided into financial risks and operational and business environment risks. Q-linea's operational and business environment risks mainly comprise risks related to research and development, production risks, clinical trials, market risks, risks associated with product approval and the dependence on key individuals. A detailed description of the company's risk exposure and risk management is presented in the 2022 Annual Report.

Definition of performance measures

In this financial report, Q-linea presents certain alternative performance measures that are not defined in accordance with IFRS. These performance measures are generic and are often used for the purpose of analysing and comparing different companies. Accordingly, the Company believes that these alternative performance measures serve as an important supplement to enable readers to conduct a quick overview and assessment of Q-linea's financial situation.

These alternative performance measures are not to be considered independent and are not deemed to replace the performance measures calculated in accordance with IFRS. Moreover, such performance measures, as defined by Q-linea, are not to be compared with other performance measures with similar names used by other companies. This is because the above performance measures have not always been defined in the same way and because other companies may not calculate them in the same way as Q-linea.

The performance measures "Net sales", "Result for the period", "Earnings per share" and "Cash flow from operating activities" are defined in accordance with IFRS.

Performance measure	Definition	Purpose
EBITDA	Operating result before depreciation/amortisation and impairment.	This performance measure provides an overall view of profit for the operating activities.
Operating result (EBIT)	Result before financial items according to the income statement.	This earnings measurement is used for external comparisons.
Equity/assets ratio, %	Equity in relation to total assets.	This performance measure shows the amount of the balance sheet that has been financed by equity and is used to measure the Company's financial position.
Debt/equity ratio	Net debt divided by recognised equity according to the balance sheet. Net debt is defined as total borrowing (comprising the items short-term borrowing and long-term borrowing in the balance sheet, including borrowing from related parties/Group companies and provisions), less cash and cash equivalents, and short and long-term investments.	This performance measure is a measure of capital strength and is used to determine the relationship between liabilities and equity. In the case of positive equity, a negative debt/equity ratio means that available cash and cash equivalents and short-term investments exceed total borrowing.
Equity per share before and after dilution	Equity attributable to the Company's shareholders in relation to the number of shares outstanding, excluding treasury shares, at the end of the period.	This performance measure shows the amount of the Company's equity that can be attributed to a share.

Reconciliation of alternative performance measures

The following is a reconciliation of certain alternative performance measures showing the various performance measure components that make up the alternative performance measures. Treasury shares refers to the Company's own holding to ensure the delivery of performance shares. In the event that share options are exercised, shares will be primarily allotted from treasury shares and secondarily through a new issue.

The Company's holding of treasury shares has been excluded from the calculation of per-share performance measures.

EBITDA

SEK thousand	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Operating result (EBIT)	-64,607	-72,699	-126,851	-144,162	-262,247
Depreciation, amortisation and impairment	4,500	3,817	8,700	7,333	15,286
EBITDA	-60,106	-68,882	-125,252	-136,828	-246,961

Equity/assets ratio

SEK thousand (unless otherwise stated)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Total assets	179,547	343,487	229,916
Equity	32,940	282,126	163,190
Equity/assets ratio (%)	18%	82%	71%

Debt/equity ratio

SEK thousand (unless otherwise stated)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Current liabilities to credit institutions	-	-	-
Current liabilities to owners	87,000	-	-
Total borrowing (a)	87,000	0	0
- Less cash and cash equivalents (b)	-25,032	-19,567	-72,878
- Less short-term investments (c)	-	-98,477	-
- Less long-term investments (d)	-	-90,555	-
Net debt (e=a+b+c+d)	61,968	-208,600	-72,878
Equity (f)	32,940	282,126	163,190
Debt/equity ratio (e/f) (%)	188%	-74%	-45%

Equity per share

SEK thousand (unless otherwise stated)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Equity (a)	32,940	282,126	163,190
Total number of shares outstanding (b)	29,537,947	29,537,947	29,537,947
- Less holding of treasury shares (c)	-328,472	-328,472	-328,472
Equity per share (a/(b-c)), SEK	1.13	9.66	5.59

Performance measures and other information

SEK thousand (unless otherwise stated)	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Earnings					
Net sales	1,358	4,121	1,380	9,920	12,788
EBITDA	-60,106	-68,882	-125,252	-136,828	-246,961
Operating result (EBIT)	-64,607	-72,699	-133,952	-144,162	-262,247
Result for the period	-65,044	-73,188	-133,560	-145,953	-268,694
Per share					
Equity per share, SEK	1.13	9.66	1.13	9.66	5.59
Earnings per share before and after dilution, SEK	-2.23	-2.51	-4.57	-5.00	-9.20
Total number of shares outstanding	29,537,947	29,537,947	29,537,947	29,537,947	29,537,947
- of which, treasury shares	328,472	328,472	328,472	328,472	328,472
Number of shares outstanding excl. treasury shares	29,209,475	29,209,475	29,209,475	29,209,475	29,209,475
Total average number of shares	29,537,947	29,537,947	29,537,947	29,537,947	29,537,947
- of which, average number of treasury shares	328,472	328,472	328,472	328,472	328,472
Average number of shares excl. treasury shares	29,209,475	29,209,475	29,209,475	29,209,475	29,209,475
Cash flow					
Cash flow from operating activities	-53,523	-67,470	-125,892	-117,465	-250,863
Cash flow from investing activities	-2,962	73,329	-6,099	125,222	315,254
Cash flow from financing activities	60,231	-1,677	83,419	-3,279	-6,604

SEK thousand (unless otherwise stated)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Financial position			
Total assets	179,547	343,487	229,916
Cash and cash equivalents	25,032	19,567	72,878
Short-term and long-term investments	-	189,032	-
Equity	32,940	282,126	163,190
Equity/assets ratio, %	18	82	71
Debt/equity ratio, %	188	neg	neg

The Board of Directors and the President hereby certify that this interim report provides a fair and true overview of the Company's operations, financial position and earnings and describes the material risks and uncertainties facing the Company.

Uppsala, 13 July 2023

Jonas Jarvius
President

Erika Kjellberg Eriksson
Chairperson

Mats Nilsson
Director

Mario Gualano
Director

Nina Korfu-Pedersen
Director

Karin Fischer
Director

Finn Sander Albrechtsen
Director

Hans Johansson
Director

This report has not been reviewed by the auditor of the Company. The report has been prepared in a Swedish original and an English translation. In the event of any discrepancies between the two, the Swedish version is to apply.

Upcoming reporting dates

2 November 2023	Interim report, Q3	January to September 2023
15 February 2024	Year-end report	January to December 2023
12 April 2024	2023 Annual Report	
3 May 2024	Interim report, Q1	January to March 2024
11 June 2024	2024 Annual General Meeting	
11 July 2024	Interim report, Q2	January to June 2024
31 October 2024	Interim report, Q3	January to September 2024

About the Company

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This information is information that Q-linea AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above, on 13 July 2023 at 7:30 a.m. (CEST).

Presentation

Q-linea invites investors, analysts and the media to an audiocast and teleconference (in English) today, 13 July 2023, at 1:00 to 2:00 p.m. (CEST). President Jonas Jarvius and CFO Christer Samuelsson will present Q-linea, comment on the interim report for the January to June 2023 period and respond to questions.

To participate via webcast, please visit the following link: <https://ir.financialhearings.com/q-linea-q2-2023>
There will be an opportunity to ask questions in writing at the webcast.

If you would like to ask questions verbally via conference call, please register at the following link:
<https://conference.financialhearings.com/teleconference/?id=200818>

You will receive a telephone number and a meeting ID to log into the conference call after registering. There will be an opportunity to ask questions verbally during the conference call.

Consolidated statement of profit and loss

Amounts in SEK thousand	Note	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Net sales	2	1,358	4,121	1,380	9,920	12,788
Other operating income		533	36	557	677	1,817
Changes in inventories of products in progress, semi-finished goods and finished goods ¹⁾		-1,147	-6,925	2,808	-16,508	-17,017
Raw materials and consumables, and goods for resale		-2,344	-3,204	-3,709	-6,376	-17,151
Other external costs		-21,711	-22,924	-41,187	-44,868	-80,695
Personnel costs	4	-36,422	-39,635	-77,447	-79,159	-145,639
Depreciation/amortisation of tangible and intangible assets		-4,500	-3,817	-8,700	-7,333	-15,286
Other operating expenses		-375	-351	-555	-514	-1,064
Operating result		-64,607	-72,699	-126,851	-144,162	-262,247
Financial income		-	519	1,098	1,238	2,174
Financial expenses		-437	-1,008	-706	-3,029	-8,621
Result from financial items		-437	-489	391	-1,792	-6,447
Result before tax		-65,044	-73,188	-126,460	-145,953	-268,694
Income tax				-	-	
Result for the period		-65,044	-73,188	-126,460	-145,953	-268,694
Result attributable to:						
Parent Company shareholders	7	-65,044	-73,188	-126,460	-145,953	-268,694
Non-controlling interests		-	-	-	-	-
Earnings per share before and after dilution		-2.23	-2.51	-4.33	-5.00	-9.20

Consolidated statement of comprehensive income

Amounts in SEK thousand	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Result for the period	-65,044	-73,188	-126,460	-145,953	-268,694
Other comprehensive income, net after tax	-	-2,682	-	-3,660	1,138
Items that may be subsequently reversed in profit or loss					
Change in fair value of financial instruments	-317	-	-	-	-
Translation differences	130		126	-	-4
Total comprehensive income	-65,231	-75,871	-126,334	-149,613	-267,559
Comprehensive income attributable to:					
Parent Company shareholders	-65,231	-75,871	-126,334	-149,613	-267,559
Non-controlling interests	-	-	-	-	-

Consolidated statement of financial position

Amounts in SEK thousand	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS				
Non-current assets				
Tangible assets		36,879	36,628	36,362
Right-of-use assets		24,230	18,507	21,957
Goodwill		4,889	4,889	4,889
Other intangible assets		169	312	235
Financial assets	6	4,145	93,602	3,047
Total non-current assets		70,311	153,938	66,489
Current assets				
Inventories	5	45,578	18,700	42,281
Accounts receivable		619	1,067	-
Other receivables		35,895	49,548	45,798
Prepaid expenses and accrued income		2,111	2,189	2,469
Short-term investments	6	-	98,477	-
Cash and cash equivalents		25,032	19,567	72,878
Total current assets		109,236	189,549	163,426
TOTAL ASSETS		179,547	343,487	229,916

Consolidated statement of financial position

Amounts in SEK thousand	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
EQUITY AND LIABILITIES				
Equity attributable to Parent Company shareholders				
Share capital		1,477	1,477	1,477
Reserves		110	-4,798	-4
<i>Other contributed capital</i>		1,234,972	1,234,972	1,234,972
Retained earnings, including result for the year		-1,203,618	-949,524	-1,073,255
Total equity attributable to Parent Company shareholders		32,940	282,126	163,190
Equity attributable to non-controlling interests		-	-	-
Total equity		32,940	282,126	163,190
Liabilities				
Non-current liabilities				
Non-current lease liabilities		16,121	17,867	14,813
Total non-current liabilities		16,121	17,867	14,813
Current liabilities				
Loan from principal owner	3	87,000	-	-
Accounts payable		10,271	8,195	21,555
Current lease liabilities		7,126	-493	6,117
Current tax liabilities		-	-	-
Other liabilities		7,117	11,488	11,613
Accrued expenses and deferred income		18,972	24,304	12,629
Total current liabilities		130,486	43,495	51,914
Total liabilities		146,607	61,361	66,726
TOTAL EQUITY AND LIABILITIES		179,547	343,487	229,916

Consolidated statement of changes in equity

Equity attributable to Parent Company shareholders ¹⁾						
Amounts in SEK thousand	Note	Share capital	Other contrib- uted capital	Reserves	Retained earnings, including result for the year	Total equity
Opening balance, 1 Jan 2022		1,477	1,234,972	-1,138	-804,857	430,454
Result for the period		-	-	-	-145,953	-145,953
Other comprehensive income		-	-	-3,660	-	-3,660
Comprehensive income for the pe- riod		0	0	-3,660	-145,953	-149,613
Share-based remuneration pro- grammes	4	-	-	-	1,285	1,285
Transactions with shareholders		0	0	0	1,285	1,285
Closing balance, 30 Jun 2022		1,477	1,234,972	-4,798	-949,525	282,126
Opening balance, 1 Jan 2022		1,477	1,234,972	-1,138	-804,858	430,454
Result for the period		-	-	-	-268,694	-268,694
Other comprehensive income		-	-	1,134	-	1,134
Comprehensive income for the pe- riod		0	0	1,134	-268,694	-267,560
Share-based remuneration pro- grammes	4	-	-	-	295	295
Transactions with shareholders		0	0	0	295	295
Closing balance, 31 Dec 2022		1,477	1,234,972	-4	-1,073,255	163,190
Opening balance, 1 Jan 2023		1,477	1,234,972	-4	-1,073,255	163,190
Result for the period		-	-	-	-126,460	-126,460
Other comprehensive income		-	-	130	-17	113
Comprehensive income for the pe- riod		0	0	130	-126,476	-126,347
Share-based remuneration pro- grammes	4	-	-	-	-3,903	-3,903
Transactions with shareholders		0	0	0	-3,903	-3,903
Closing balance, 30 Jun 2023		1,477	1,234,972	126	-1,203,635	32,940

¹⁾ There are no non-controlling interests.

Consolidated statement of cash flows

Amounts in SEK thousand	Note	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Cash flow from operating activities						
Operating result		-64,607	-72,699	-126,851	-144,162	-262,247
Adjustments for non-cash items		38	4,448	4,781	8,829	15,261
Interest received			410	0	1,059	2,599
Interest paid		-497	-1,541	-727	-2,261	-8,825
Tax paid						
Cash flow from operating activities before changes in working capital		-65,066	-69,382	-122,797	-136,535	-253,212
Changes in working capital						
Change in inventories	5	2,612	3,196	-3,297	9,946	-13,635
Change in accounts receivable		-591	-309	-619	2,414	3,481
Change in other current receivables		9,192	-2,770	10,290	-1,311	2,147
Change in other current liabilities		3,889	4,222	1,817	7,929	-3,096
Change in accounts payable		-3,559	-2,427	-11,285	92	13,451
Changes in working capital		11,543	1,913	-3,094	19,070	2,349
Cash flow from operating activities		-53,523	-64,470	-125,892	-117,466	-250,863
Cash flow from investing activities						
Investments in tangible assets		-2,368	-7,268	-5,505	-13,071	-17,249
Short-term investments		-	-	-	-70,000	-70,000
Divestment of short-term investments		-	80,597	-	201,285	331,958
Investments in financial assets	6	-	-	-	-	-12,000
Divestment of financial assets	6	-	-	-	7,008	82,545
Cash flow from investing activities		-2,368	73,329	-5,505	125,222	315,254
Cash flow from financing activities						
Loans raised from principal owner	3	62,000	-	87,000	-	-
Repayment of lease liabilities		-1,769	-1,638	-3,581	-3,200	-6,525
Repayment of loans		-	-40	-	-79	-79
Cash flow from financing activities		60,231	-1,677	83,419	-3,279	-6,604
Cash flow for the period		4,340	4,182	-47,978	4,478	57,787
Cash and cash equivalents at the beginning of the period		20,559	15,385	72,878	15,089	15,089
Exchange rate difference in cash and cash equivalents		133	-	132	-	2
Cash and cash equivalents at the end of the period		25,032	19,567	25,032	19,567	72,878

Parent Company income statement

Amounts in SEK thousand	Note	2023	2022	2023	2022	2022
		Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jan–Dec
Net sales	2	1,358	4,121	1,380	9,335	12,788
Other operating income		533	36	557	450	1,817
Changes in inventories of products in progress, semi-finished goods and finished goods		-1,147	-6,925	2,808	-21,455	-17,017
Raw materials and consumables, and goods for resale		-2,344	-3,204	-3,709	-12,908	-17,151
Other external costs		-23,592	-24,724	-44,980	-90,765	-87,815
Personnel costs	4	-36,042	-39,635	-77,067	-110,512	-145,639
Depreciation/amortisation of tangible and intangible assets		-2,961	-2,397	-5,598	-7,311	-9,693
Other operating expenses		-375	-351	-555	-383	-1,064
Operating result		-64,568	-73,080	-127,162	-233,550	-263,774
Revenue from holdings of listed corporate bonds that are non-current assets		-	281	-	1,668	1,348
Other interest income and similar profit items		-	238	1,098	2,580	826
Interest expenses and similar loss items		-209	-851	-274	-2,887	-7,903
Result from financial items		-209	-332	824	1,361	-5,729
Result before tax		-64,778	-73,412	-126,339	-232,189	-269,503
Tax on result for the period				-		
Result for the period		-64,778	-73,412	-126,339	-232,189	-269,503

Parent Company statement of comprehensive income

Amounts in SEK thousand	Note	2023	2022	2023	2022	2022
		Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jan–Dec
Result for the period		-64,778	-73,412	-126,339	-232,189	-269,503
Other comprehensive income, net after tax						
Items that may be subsequently reversed in profit or loss						
Changes in fair value of financial instruments		-317	-2,682	-	-354	1,138
Total comprehensive income		-65,095	-76,094	-126,338	-232,543	-268,365

Parent Company balance sheet

Amounts in SEK thousand	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS				
Non-current assets				
<i>Intangible assets</i>				
Licences		-	60	24
Technology and customer relationships		169	253	211
Goodwill		2,173	3,259	2,716
Total intangible assets		2,341	3,572	2,950
<i>Tangible assets</i>				
Equipment, tools, fixtures and fittings		36,879	36,628	36,362
Total tangible assets		36,879	36,628	36,362
<i>Financial assets</i>				
Participations in Group companies		2,976	-	264
Other securities held as non-current assets	6	4,095	93,552	2,997
Other non-current receivables		50	50	50
Total financial assets		7,121	93,602	3,312
Total non-current assets		46,341	133,802	42,624
Current assets				
Inventories	5	45,578	18,700	42,281
<i>Current receivables</i>				
Accounts receivable		619	1,067	-
Other receivables		35,895	49,548	45,798
Prepaid expenses and accrued income		3,780	3,753	4,065
Total current receivables		40,293	54,368	49,863
Short-term investments		-	98,477	-
Cash and bank balances		22,418	19,567	72,617
Total current assets		108,290	191,113	164,762
TOTAL ASSETS		154,631	324,915	207,386

Parent Company balance sheet

Amounts in SEK thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	1,477	1,477	1,477
Total restricted equity	1,477	1,477	1,477
Unrestricted equity			
Share premium reserve	1,234,972	1,234,972	1,234,972
Fair value reserve	-	-4,798	-
Retained earnings	-1,078,722	-804,326	-805,316
Result for the period	-126,339	-146,397	-269,503
Total unrestricted equity	29,911	279,451	160,153
Total equity	31,388	280,928	161,630
Liabilities			
<i>Current liabilities</i>			
Loan from principal owner	3	87,000	-
Accounts payable	10,271	8,195	21,515
Current tax liabilities	-	-	-
Other liabilities	7,117	11,488	11,613
Accrued expenses and deferred income	18,854	24,304	12,629
Total current liabilities	123,242	43,987	45,757
Total liabilities	123,242	43,987	45,757
TOTAL LIABILITIES AND EQUITY	154,631	324,915	207,386

Parent Company statement of changes in equity

Amounts in SEK thousand	Note	Restricted	Unrestricted				Total equity
		Share capital	Share premium reserve	Fair value reserve	Retained earnings	Result for the period	
Opening balance, 1 Jan 2022		1,477	1,234,97	-1,138	-573,423	-232,189	429,699
Result for the period		-	-	-	-	-146,397	-146,397
Other comprehensive income		-	-	-3,660	-	-	-
Appropriation of profits in accordance with AGM decision:		-	-	-	-232,189	232,189	0
- Carried forward to unrestricted equity		-	-	-	-	-	0
Total comprehensive income		0	0	-3,660	-232,189	85,792	-146,397
Transactions with shareholders							
Share-based remuneration programmes	4	-	-	-	1,285	-	1,285
Transactions with shareholders		-	-	-	1,285	-	1,285
Closing balance, 30 Jun 2022		1,477	1,234,97	-4,798	-804,326	-146,397	280,928
Opening balance, 1 Jan 2022		1,477	1,234,97	-1,138	-573,423	-232,188	429,699
Comprehensive income							
Result for the period		-	-	-	-	-269,503	-269,503
Other comprehensive income		-	-	1,138	-	-	1,138
Appropriation of profits in accordance with AGM decision:		-	-	-	-232,188	232,188	0
- Carried forward to unrestricted equity		-	-	-	-	-	0
Total comprehensive income		0	0	-1,138	-232,188	-37,315	-269,503
Transactions with shareholders							
Share-based remuneration programmes	4	-	-	-	295	-	295
Transactions with shareholders		0	0	0	295	0	295
Closing balance, 31 Dec 2022		1,477	1,234,97	0	-805,316	-269,503	161,630
Opening balance, 1 Jan 2023		1,477	1,234,97	2	0	-805,316	161,630
Comprehensive income							
Result for the period		-	-	-	-	-126,339	-126,339
Appropriation of profits in accordance with AGM decision:		-	-	-	-269,503	269,503	0
- Carried forward to unrestricted equity		-	-	-	-	-	0
Total comprehensive income		0	0	0	-269,503	143,165	-126,339
Transactions with shareholders							
Share-based remuneration programmes	4	-	-	-	-3,903	-	-3,903
Transactions with shareholders		-	-	-	-3,903	-	3,903
Closing balance, 30 Jun 2023		1,477	1,234,97	0	-1,078,722	-126,339	31,388

Accounting policies and notes

Note 1 Accounting policies

Q-linea has prepared consolidated financial statements in accordance with the IFRS issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The accounting policies applied in this interim report are the same as the policies applied and described in the 2022 Annual Report. Nor have the significant estimates and judgements described in the aforementioned Annual Report changed significantly during the period.

Parent Company accounting policies

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. RFR 2 means that IFRS is applied with certain limitations.

Note 2 Specification of net sales

Net sales comprise sales of ASTar instruments and associated consumables, and are distributed by geographic markets as follows:

SEK thousand	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Sweden	38		60	-	-
UK	1,320	-	1,320	9,920	12,788
Total net sales by geographic market	1,358	-	1,380	9,920	12,788

Note 3 Related-party transactions

Related parties are defined as owners with a significant or controlling influence, senior executives in the Company, meaning directors and members of the management team, and their close family members. In addition to the groups mentioned, Q-linea AB's subsidiaries Q-linea Inc. and Q-linea S.r.l. are also related parties.

Disclosures concerning transactions between the Company and other related parties are presented below. Related-party transactions are performed on an arm's length basis.

As of 30 June, Q-linea AB had a loan of SEK 87 million from the Company's principal owner Nexttobe AB. The available facility totals SEK 200 million, meaning that SEK 113 million was unutilised as of 30 June. The loan extends from 13 June on market terms in accordance with the resolution by the Company's Annual General Meeting. The same terms also apply for the unutilised portion of the loan facility.

Note 4 Share-based remuneration programmes

During the second quarter, the Company discontinued three employee share option programmes (LTIP 2020/2023, LTIP 2021/2024 and LTIP 2022/2025) since the operational targets will not be achieved. The general meeting on 13 June resolved in accordance with the Board's proposal to introduce a new employee share option programme (LTIP 2023/26) to replace the three discontinued programmes. More information about the new employee share option programme is available in the bulletin from Q-linea's Annual General Meeting on 13 June.

Note 5 Inventories

At the end of the second quarter of 2023, the Company had an inventory value of SEK 45,578 thousand (42,281).

SEK thousand (unless otherwise stated)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Raw materials and consumables	8,600	3,207	8,180
Goods for resale	27,729	10,264	29,450
Products in progress	862	879	510
Semi-finished goods	6,883	3,162	3,317
Finished goods	1,504	1,188	824

Total inventories	45,578	18,700	42,281
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Note 6 Financial instruments

Cash and cash equivalents not used in daily operations are invested in low-risk listed corporate bonds as well as in fixed-income funds that invest in low-risk interest-bearing securities and other interest-rate instruments.

Since most of the securities in these fixed-income funds have a remaining term of more than three months, they have been recognised as short-term investments rather than cash and cash equivalents. The fixed-income funds are measured at fair value. Changes in fair value are recognised in profit or loss. They are traded in an active market with quoted market prices comprising their fair value. The Company had no holdings in fixed-income funds at 30 June 2023.

The corporate bonds in which Q-linea invests some of its positive cash flow are also traded in an active market with quoted market prices, which comprise their fair value, which is also the amount at which they are measured. Changes in the bonds' fair value are recognised in other comprehensive income. The Company had no bonds at 30 June 2023.

Note 7 Earnings per share

Earnings per share are calculated by dividing the result for the period by a weighted average of the number of ordinary shares outstanding, excluding holdings of treasury shares, during the period:

SEK thousand (unless otherwise stated)	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Result for the period	-65,044	-73,188	-126,460	-145,953	-268,694
Weighted average number of shares outstanding	29,537,947	29,537,947	29,537,947	29,537,947	29,537,947
- Less average holding of treasury shares	-328,472	-328,472	-328,472	-328,472	-328,472
Earnings per share before and after dilution (SEK)	-2.23	-2.51	-4.33	-5.00	-9.20

Note 8 Risk management

The Company is exposed to various types of risks during the course of its operations. By creating an awareness of the risks associated with the operations, such risks can be limited, controlled and managed while allowing business opportunities to be utilised in order to increase the Company's earnings.

At the end of second quarter, the Company had a credit reserve of SEK -179 thousand (-179). Material risks associated with Q-linea's operations are presented in the Annual Report for the 1 January to 31 December 2022 financial year.

Note 9 Future financing

Q-linea's product, ASTar, has been approved for sales in Europe. However, the Company is yet to generate any positive cash flow. Therefore, the Company is continually engaged in pursuing other financing options. This process includes holding discussions with potential partners for the licensing of distribution and sales rights, negotiations with new and existing investors, financiers and lenders.

At 30 June 2023, Q-linea had available cash and cash equivalents of SEK 25 million as well as the unutilised portion of the loan facility offered by the Company's principal owner Nexttobe amounting to SEK 113 million. The Company's cash and cash equivalents, the unutilised portion of the loan facility, and the underwritten ongoing rights issue are sufficient to cover the Company's requirements to carry out the activities planned for the next 12 months.

Note 10 Significant events after the end of the period

Q-linea AB held an extraordinary general meeting at which the Board's proposal regarding a new share issue with preferential rights for existing shareholders was approved.

The Company strengthened its commercial team in Europe through the appointment of Franco Pellegrini as Sales Director for Southern Europe.

Q-linea AB published a prospectus in connection with the rights issue resolved on by the Board on 1 June 2023 and approved by the extraordinary general meeting on 3 July 2023.

The Company strengthened its commercial team in the US through the appointment of Jim Kathrein as VP of US Commercial Operations.