

COMMERCIALISATION OF ASTar STARTED

Second quarter: 1 April–30 June 2021

- Net sales amounted to SEK 4.3 million (0.1).
- The operating result totalled SEK -68.2 million (-58.6).
- The result for the period amounted to SEK -68.0 million (-57.4).
- Earnings per share before and after dilution amounted to SEK -2.47 (-2.37).
- Cash flow from operating activities totalled SEK -45.0 million (-54.8).

Period: 1 January–30 June 2021

- Net sales amounted to SEK 4.3 million (0.2).
- The operating result totalled SEK -131.9 million (-114.5).
- The result for the period amounted to SEK -131.1 million (-113.4).
- Earnings per share before and after dilution amounted to SEK -4.81 (-4.81).
- Cash flow from operating activities totalled SEK -101.1 million (-113.9).
- At 30 June 2021, cash and cash equivalents totalled SEK 48.1 million (10.1). Short-term investments in fixed-income funds amounted to SEK 221.4 million (165.7), short-term components of listed corporate bonds to SEK 57.1 million (131.0) and long-term investments in listed corporate bonds to SEK 184.2 million (24.4).

Significant events

in the second quarter of 2021

- The Company achieved CE-IVD approval for ASTar and carried out the first sales of ASTar instruments and consumables to Thermo Fisher Scientific.
- Q-linea initiated a US regulatory study for ASTar.
- Q-linea carried out a directed issue of 2.2 million shares in June 2021, raising gross proceeds of SEK 301.4 million.
- The Annual General Meeting was held on 25 May. Refer to “Other information” for information about the resolutions passed at the Annual General Meeting.

after the end of the period

- No significant events took place after the end of the period.

Commercialisation of ASTar started



The second quarter of the year was very intense and rewarding. We achieved a number of important milestones, of which I would like to particularly highlight ASTar's CE-IVD approval. We are now able to commercialise the system and provide sepsis patients with quicker and more accurate care. We also initiated our pivotal US clinical study.

Partnership with Thermo Fisher Scientific working very well

In preparation for the launch, we ramped up our training of personnel from our global sales partner Thermo Fisher Scientific. We have had strict internal restrictions in place since the start of the pandemic. In the second quarter – for the first time in over a year – we relaxed some of these restrictions, enabling us to train sales and service personnel from Thermo Fisher Scientific in well-adapted premises on site in Uppsala. Training took place electronically for some time, but real-life hands-on training provides a much stronger connection to the product and the opportunity to complete more advanced training.

The feedback we are receiving remains extremely positive and enthusiastic. We are consistently hearing that the system is easy to manage, smartly designed and thoroughly robust. This feedback is in line with our own argument, and to now be hearing the same opinions from Thermo Fisher Scientific's organisation bodes very well. Thermo Fisher Scientific is investing in a dedicated support, service and sales force that will expand as sales accelerate. This is a strong indication that Thermo Fisher Scientific has great faith in ASTar. The Company's own substantial infrastructure is also an enormous asset.

The launch and the next steps

We expect the launch to take place in several stages, in which we essentially hand-pick the first customers to carry out thorough evaluations and ensure that the system delivers a first-rate performance. Only then can we pick up the pace. At this point, we will also have a clear idea of how the system works in practice, and how much support is required. Both Thermo Fisher Scientific and Q-linea anticipate healthy growth for ASTar and are aiming for a long-term, successful and strong expansion. Q-linea's plan does not involve achieving positive margins for the first year of the launch.

Instead, we regard the systems currently being sold as an investment in the Company's future capacity. It should also be noted that the product mix of systems and even more profitable consumables will shift toward a higher share of consumables as the distribution and use of ASTar increases.

The next step for ASTar is geographical expansion, primarily to the US, but we are also working on broadening the antibiotic panel. Our panel already provide the broadest combination of antimicrobials and dilution ranges in the market, but we want to offer the broadest panel by a significant margin. We are also looking at other applications for ASTar, such as isolates¹, that could be a follow-up product.

When it comes to our portable blood culture technology, we now have the first fully integrated prototypes ready. We are conducting market studies in Europe and the US that are providing us with good insight into how we can adjust the prototype before it is taken into production. Provided everything goes to plan, we will be able to initiate pivotal studies for the product next year.

Study progressing as planned

We have now begun the analytical part of the US study for ASTar, which is being carried out at Q-linea, and are in the final phase of discussions with a number of US hospitals for the prospective portion of the study. One more US hospital than previously announced will be included, which means that three US hospitals will take part in the study. We made the decision to expand the study in preparation for the launch. We aim to complete the study this year to be able to then submit a 510(k) application for market approval.

The goal is to secure a clear pole position

I am highly confident for the future. 2021 will truly be a year of development. We have received market approval for ASTar, seen that our partnership with Thermo Fisher Scientific is working very well, and before the end of the year, we will have a number of systems at customer sites. Q-linea targets an enormous market with substantial requirements, and has the opportunity to establish a leading position in the next few years. We are investing in order to become the most successful company in the sector in the long term.

In summary, I am proud of what we have achieved and the journey ahead of us remains interesting. During the quarter, we carried out a directed issue that raised gross proceeds of SEK 301 million, which will mainly be used for the commercialisation of ASTar. I would like to take this opportunity to thank you for your confidence and I look forward to continuing this journey with you all.

Uppsala, 14 July 2021, Jonas Jarvius, President

¹ A colony of identical microorganisms

Launch in Europe and regulatory study for the US market started

Developments in the second quarter of 2021

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

The production of consumables is now fully under way and the Company is continually raising its capacity to be able to deliver consumables for commercial activities and to provide the clinical studies with kits. Scale-up efforts and processes to improve consumable margins have intensified during the year, and an important aspect of the Company's long-term goals is to achieve strong margins.

ASTar's consumables and antibiotic panel were released during the quarter for the US market and the regulatory study for the US market began. The consumables for the European and US markets are the same, while the AST disc contains certain antibiotics that are specifically formulated for each market. Having such significant capacity built in to the same consumables is a sign of the system's strength.

Instruments

The instrument design and software received a CE marking during the quarter and the commercial launch of ASTar began. Of course, the development of ASTar will continue and improve on an ongoing basis based on customer feedback.

The Company has also completed the adaptation of ASTar's software to support the US clinical study that started during the quarter.

Clinical performance study for the US market

During the quarter, the Company started the regulatory study in the US with ASTar, which is an important sub-target for the commercial availability of ASTar in the US.

The structure of the study will follow the design of the European clinical study starting at Q-linea with analytical and retrospective spike-in samples and then expand to US hospitals for the prospective part of the study. The size of the US study will be slightly larger compared to the European study with an expanded analytical study according to FDA guidelines and is planned to include up to 150 prospective patient samples from each participating hospital. The focus of the study will be on antibiotic susceptibility testing for gram-negative bacteria, including fastidious² bacteria, directly from positive blood cultures.

Development of new products

Work on the technology for portable blood cultures remained positive.

The first fully functioning prototypes have been completed and data has demonstrated very good results, which, aside from improving transportation times, also provide quicker or equally quick responses as traditional blood culture cabinets in proving growth in blood culture bottles.

Discussions have begun with potential manufacturers with the aim of selecting a strong production partner that is well-suited to the manufacturing of high-volume products in medical technology.

The market analysis in the US has proceeded well and the first compilation of feedback from potential future customers has been completed. As the scope of the Covid-19 pandemic decreases, the plan is to visit customers to gather more detailed feedback on the design and how the technology can best be implemented.

² Bacteria that require special growing conditions

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 4,320 thousand (65), up SEK 4,255 thousand compared with the year-earlier period. Net sales for the first half of the year totalled SEK 4,320 thousand (243), up SEK 4,077 thousand. Sales comprised ASTar instruments and associated consumables.

Other operating income amounted to SEK 45 thousand (162) for the second quarter and SEK 48 thousand (170) for the first half of the year.

Operating expenses including depreciation, amortisation and impairment totalled SEK 72,517 thousand (58,834) for the second quarter, up SEK 13,682 thousand compared with the corresponding quarter in the preceding year. Operating expenses for the first half of the year totalled SEK 136,279 thousand (114,920). The increase in the period of SEK 21,359 thousand was mainly due to higher personnel costs as a result of an increase in the number of employees.

Costs for raw materials and consumables for the second quarter totalled SEK 12,640 thousand (11,170), up SEK 1,470 thousand compared with the corresponding period in the preceding year. This includes the cost of sold goods of SEK 9,253 thousand (0) for the second quarter. The gross margin for the second quarter was SEK -5,033 thousand (0), corresponding to -117% (0) of net sales. Costs for raw materials and consumables totalled SEK 21,762 thousand (20,669) for the first half of the year, including the cost of sold goods of SEK 10,827 thousand (0), which corresponded to -151% (0) of net sales. The cost increases for both quarters and the period were partly attributable to the commencement of the sale of ASTar and associated consumables during the second quarter and partly attributable to the Company recognising an impairment of finished goods that amounted to SEK -2,821 thousand (0).

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 23,656 thousand (23,081) for the second quarter, up SEK 575 thousand. Operating expenses for the first half of the year totalled SEK 45,728 thousand (47,294), down SEK 1,566 thousand. This change is largely attributable to a reduction in external consultants and lower purchases of consumables than in the corresponding quarter in the preceding year.

Personnel costs amounted to SEK 34,454 thousand (22,993) for the second quarter, up SEK 11,461 thousand compared with the corresponding quarter in the preceding year. Personnel costs amounted to SEK 65,288 thousand (44,082) for the first half of the year, up SEK 21,206 thousand. The cost increase is attributable to an increase in the average number of employees compared with the corresponding quarter in the preceding year.

Costs for depreciation, amortisation and impairment of tangible and intangible assets totalled SEK 1,721 thousand (1,581) for the second quarter and SEK 3,414 thousand (2,784) for the first half of the year. The cost increase in the quarter and the period was attributable to the Company's investments in production equipment and other equipment in the building such as machines, security systems and IT server equipment.

Other operating expenses amounted to SEK 46 thousand (9) for the second quarter and SEK 87 thousand (91) for the first half of the year.

The operating result amounted to SEK -68,152 thousand (-58,607) for the second quarter and SEK -131,911 thousand (-114,507) for the first half of the year. The planned reduction in the operating result, which amounted to SEK 9,545 thousand for the second quarter and SEK 17,404 thousand for the first half of the year, was primarily attributable to increased personnel costs.

The result from financial items amounted to SEK 223 thousand (1,166) for the second quarter and SEK 789 thousand (1,106) for the first half of the year. This positive result from financial items was attributable to coupon rates received, accrued interest on listed corporate bonds and capital gains and losses in conjunction with the divestment of short-term fixed-income funds. In conjunction with the new share issue in the period, the Company also purchased listed corporate bonds and short-term fixed-income funds.

The reported tax for both the second quarter and the first half of the year was SEK 0 (0) thousand.

The result for the second quarter totalled SEK -67,929 thousand (-57,440) and the result for the first half of the

year totalled SEK -131,122 thousand (-113,400).

Financial position

Cash and cash equivalents at the end of the second quarter totalled SEK 48,137 thousand (10,144). Cash and cash equivalents that are not required for daily operations over the coming 12 months have been invested in fixed-income funds and listed corporate bonds.

On the balance sheet date, the Company's short-term investments amounted to SEK 278,484 thousand (296,748), consisting of fixed-income funds and the short-term component of listed corporate bonds. The fixed-income funds consist of low-risk securities and other interest-rate instruments that were recognised at cost in an amount of SEK 221,404 thousand (165,749) at the end of the second quarter. The fair value of the fixed-income funds totalled SEK 221,726 thousand on the balance sheet date (level 1 in the fair value hierarchy).

The Company's short-term component of the listed corporate bonds was recognised at cost in an amount of SEK 57,080 thousand (130,999) on the balance sheet date. The value includes accrued coupon rates of SEK 165 thousand (324). The fair value of the bonds amounted to SEK 57,169 thousand.

Financial assets totalled SEK 187,243 thousand (27,411) on the balance sheet date, an increase of SEK 159,832 thousand. The change is attributable to the Company having invested SEK 164,844 thousand in listed corporate bonds and having sold bonds amounting to SEK 5,150 thousand. The remaining amount is attributable to changes in accrued interest and credit reserve.

The Company's financial assets primarily comprise listed corporate bonds in several sectors with a diversified maturity structure with high credit ratings. At the end of the second quarter, the Company's total value of listed corporate bonds amounted to SEK 184,196 thousand (24,364). These are recognised at amortised cost and include a credit reserve of SEK 105 thousand (63). The Company tests for impairment on each recognition date using data from S&P and Moody's. Due to the Company having increased the number of listed bonds in its holding, the credit reserve increased SEK 42 thousand in the second quarter.

Other long-term financial assets mainly comprise participations in EMPE Diagnostics AB amounting to SEK 2,997 thousand (2,997) at the end of the quarter.

At the end of the quarter, equity amounted to SEK 534,989 thousand (380,197), the equity/assets ratio to 89% (92) and the debt/equity ratio to -95% (-87).

Cash flow and investments

Cash flow from operating activities totalled SEK -45,036 thousand (-54,755) for the second quarter and SEK -101,137 thousand (-113,874) for the first half of the year.

The improvement in cash flow for the quarter was mainly due to an improvement in working capital that exceeded the decline in the operating result. The decrease in cash flow for the first half of the year is mainly due to an increase in accounts payable and other current liabilities, which was partly offset by a planned accumulation of inventory.

Changes in working capital totalled SEK 19,785 thousand (830) for the second quarter and SEK 24,791 thousand (-4,754) for the first half of the year.

Cash flow from investing activities totalled SEK -203,311 thousand (-190,282) for the second quarter and SEK -144,775 thousand (-128,677) for the first half of the year. Investments in production equipment and other equipment in the building amounted to SEK 2,388 thousand (3,165) for the second quarter and SEK 3,186 thousand (9,554) for the first half of the year. The decline of SEK 6,368 thousand is attributable to fewer purchases for the production premises, which were completed in 2020.

The Company invested SEK 165,073 thousand (185,000) in short-term investments in the second quarter and SEK 170,079 thousand (185,000) in the first half of the year, of which SEK 160,000 (185,000) was invested in interest-bearing funds and SEK 10,079 thousand (0) in short-term listed bonds.

In addition, the Company divested short-term investments totalling SEK 75,187 thousand (40,022) in the second quarter and SEK 188,184 thousand (99,991) in the first half of the year. Of this amount, short-term fixed-income funds comprised SEK 104,345 thousand (99,991) and short-term bonds valued at SEK 83,839 thousand (0) matured. Sales of fixed-income funds are continuously carried out on a monthly basis to cover overhead expenses since the Company does not generate a positive cash flow.

The Company invested SEK -116,187 thousand (-50,127) in financial assets in the second quarter and SEK -164,844 thousand (-50,127) in the first half of the year. The Company only invests in listed bonds that have the highest rating from S&P and Moody's.

In addition, the Company divested financial assets valued at SEK 5,150 thousand (7,987) in the second quarter and SEK 5,150 thousand (16,013) in the first half of the year. Corporate bonds generated total coupon rates of SEK 497 thousand (487) for the second quarter and SEK 940 thousand (952) for the first half of the year.

Cash flow from financing activities totalled SEK 283,985 thousand (254,670) for the second quarter and SEK 283,905 thousand (254,565) for the first half of the year. The positive cash flow in 2021 is attributable to the directed issue that was completed in June, raising gross proceeds for the Company of SEK 301,400 thousand (270,000). Issue costs totalled SEK -17,335 thousand (-15,225).

Repayments to credit institutions amounted to SEK -80 thousand (-105) in the second quarter and SEK -160

thousand (-210) in the first half of the year. The decline in the quarter and in the period is attributable to the fact that the Company has completed the repayment of a loan to Nordea. The two remaining loans are planned to be repaid within one year.

Financing

To provide the Company with sufficient liquidity to continue operating and developing according to its strategic plan, the Company carried out a directed issue during the second quarter of 2021. This issue raised gross proceeds for the Company of SEK 301,400 thousand. As of 30 June 2021, the Company had access to cash and cash equivalents of SEK 48,137 thousand (10,144), short-term investments including short-term components of other securities held as non-current assets of SEK 278,484 thousand (296,748) and long-term listed corporate bonds of SEK 184,196 thousand (24,364), totalling SEK 510,817 thousand (331,256).

Future financing

Q-linea now has the first ASTar product approved for sales in Europe. During the second quarter, the Company registered the first customer order from, and sale to, its sales partner Thermo Fisher Scientific. However, the Company is yet to generate any positive cash flow as a result. During the second quarter, the Company carried out a directed issue amounting to SEK 301.4 million before issue costs, which is described under "Financing" above. Based on the proceeds generated for the Company, the Board's assessment is that the existing working capital, as of 30 June 2021, is sufficient to cover the Company's needs for at least the next 12 months.

Other information

Capital raise through directed issue

In early June, Q-linea's Board of Directors decided, based on the issue authorisation from the Annual General Meeting on 25 May 2021, to carry out a directed issue of 2.2 million new shares at a subscription price of SEK 137 per share, thereby raising gross proceeds of SEK 301 million for the Company.

The subscription price of SEK 137 per share corresponded to a discount of approximately 5.8% in relation to the closing price on Nasdaq Stockholm on 10 June 2021. The investors in the directed issue included numerous Swedish and international institutional investors and industry specialists.

The net proceeds from the directed issue are intended to be used for:

- funding of the final stages of the commercial launch of ASTar® together with the Company's global sales partner; including a ramp-up and increased preparedness to meet higher than initially expected sales volumes, as its global sales partner increases internal application and sales personnel numbers for their joint conceptual launch;
- acceleration of the development of ASTar® additional assays, including urine and isolates, as well as acceleration of the development of the Company's portable blood culture technology product, in preparation for the start of clinical studies in 2022;
- enhancement of the Company's financial flexibility to pursue additional commercialisation activities and geographical expansion; and
- the Company's operating activities.

The directed issue resulted in a dilutive effect of approximately 7% of the total number of shares and votes in the Company. As a result of the directed issue, the number of shares outstanding and votes increased by 2,200,000 from 27,337,947 till 29,537,947. The share capital increased by SEK 110,000 from SEK 1,366,897.35 to SEK 1,476,897.35.

Jonas Jarvius, President of Q-linea, divested 95,000 shares in the Company to the Company's largest shareholder Nexttobe AB. Jonas Jarvius remains highly committed to Q-linea, where he will retain approximately 75% of his existing fully diluted holding. Jonas Jarvius co-founded Q-linea in 2008 and has been President from the start.

In connection with the directed issue, the Company has agreed to a lock-up undertaking, with customary exceptions, on future share issues for a period of 180 days after the completion of the directed issue. In addition, the Company's largest shareholder Nexttobe AB, members of the Board of Directors and management representatives have agreed not to sell any shares in Q-linea for a period of 180 days after the completion of the directed issue, subject to customary exceptions. Jonas Jarvius, President, has agreed to not sell any shares in Q-linea for a period of 365 days after the completion of the directed issue.

ABG Sundal Collier, Carnegie Investment Bank and Kempen & Co are Joint Bookrunners in connection with the directed issue. Advokatfirman Lindahl is legal adviser to the Company and White & Case Advokatbyrå is legal advisor to the Joint Bookrunners in connection with the directed issue.

2021 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, Marianne Hansson, Marcus Storch, Per-Olof Wallström, Hans Johansson and Mario Gualano. Erika Kjellberg Eriksson was re-elected as Board Chairperson.
- To appoint the registered accounting firm Öhrling

PricewaterhouseCoopers AB as auditor.

- To introduce an employee share option programme (“Employee share option programme 2021/2024”) for the Company’s employees.
- 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 a maximum of SEK 273,379.45. The Board may decide to issue shares, warrants and/or convertibles by disapplying the preferential rights of the shareholders and/or with payment through contribution in kind, by offset or on terms in accordance with Chapter 2, Section 5, Paragraph 2, Subsections 1-3 and 5 of the Swedish Companies Act. Issues in accordance with this authorisation are to be on market terms.

Employee share option programme 2021/2024

The Company’s Annual General Meeting on 25 May 2021 resolved to introduce an employee share option programme for the Company’s employees. Employee share option programme 2021/2024 is to comprise a maximum of 160,650 employee share options. Employee share options are to be offered free of charge to individuals employed by the Company as of 15 June 2021 who are not covered by any of the previous share-based incentive programmes in the Company.

Each employee share option shall entitle the holder, on the achievement of certain strategic and operational goals set by the Board in advance and connected to significant events in the Company’s development, such as advances in product development, product approval and commercialisation, and after a three-year vesting period, to acquire one (1) new common share in the Company at an exercise price corresponding to 125% of the volume-weighted average price of the Company’s share according to Nasdaq Stockholm’s price list during the period ten (10) trading days before 25 May 2021. However, the subscription price may not under any circumstances be less than the quotient value.

Employees who have the right to participate in the employee share option programme 2021/2024 may be allotted 3,570 employee share options each at the most.

To enable the Company’s delivery of shares under the programme and to cover the cash flow effects as a result of any social security contributions arising under the programme, the Annual General Meeting resolved to carry out a directed issue of a maximum of 211,126 warrants to the Company, of which a maximum of 50,476 warrants were issued to cover any cash flow effects as a result of social security contributions arising under the employee share option programme 2021/2024.

As of 30 June 2021, when the programme was closed to new participants, a total of 128,520 employee share options had been allotted to the 36 participants who had registered for the programme.

The volume-weighted average price for the Company’s

share according to Nasdaq Stockholm’s price list during the period 10–24 May, meaning the ten (10) trading days prior to 25 May 2021, was SEK 153.45, and the exercise price was thus set at SEK 191.81 per share. The option value on the allotment date of 30 June 2021 was based on the average price on the allotment date and was calculated at SEK 23.71 per option.

Employees

Calculated on the basis of full-time equivalents, Q-linea had 118 (86) employees at the end of the second quarter, 49 (33) of whom were women. The number of consultants at the end of the second quarter was 32 (36), nine (nine) of whom were women.

Covid-19

Q-linea has taken action to protect its employees, assume its responsibility in society and at the same time minimise the negative impact of the ongoing pandemic on the Company’s operations. As of the date of the signing of this interim report, Q-linea has seen a slight increase in sickness absence, directly as well as indirectly, while employees whose duties allow it are working from home.

Although it is currently not possible to estimate the extent to which Q-linea’s operations could be affected, the following are the significant areas that could be subject to the effects of any outbreak:

The timeframe of the planned clinical study, if hospitals are tied up with activities related to SARS-CoV-2 and Covid-19. Availability for the inclusion of hospitals in the clinical study follows the national guidelines.

Expense levels and financing strategy

Q-linea is monitoring the ongoing situation very closely and will implement further measures as required and keep the markets informed if the assessment of potential impact changes significantly. It is currently impossible to estimate the ultimate impact on the Company.

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 is 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 on pages 32–72 of the 2020 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 financial 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.
Adjusted equity	Equity recognised in the balance sheet plus untaxed reserves less the tax portion of untaxed reserves.	The equity measure is used to calculate all performance measures that include equity, for example, equity/assets ratio and equity per share.
Operating result	Result before financial items according to the income statement.	This earnings measurement is used for external comparisons.
Equity/assets ratio, %	Adjusted equity in relation to total assets.	This performance measure shows the amount of the Company's equity that can be attributed to a share.
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 adjusted liabilities and adjusted 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	Adjusted equity attributable to the Company's shareholders in relation to the number of shares outstanding, excluding treasury holdings, 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 refer to the Company's own holding to ensure the delivery of performance shares under LTIP 2018 and LTIP 2019. The Company's holding of treasury shares has been excluded from the calculation of per-share performance measures.

EBITDA

SEK thousand (unless otherwise stated)	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Operating result	-68,152	-58,607	-131,911	-114,507	-221,543
Depreciation, amortisation and impairment	1,721	1,581	3,414	2,784	6,101
EBITDA	-66,431	-57,026	-128,497	-111,723	-215,442

Equity/assets ratio

SEK thousand (unless otherwise stated)	30 Jun 2021	30 Jun 2020	31 Dec 2020
Total assets	600,226	516,745	412,233
Equity	534,989	483,905	380,197
Equity/assets ratio (%)	89%	94%	92%

Debt/equity ratio

SEK thousand (unless otherwise stated)	30 Jun 2021	30 Jun 2020	31 Dec 2020
Long-term liabilities to credit institutions (a)	0	171	79
Current liabilities to credit institutions (b)	171	328	252
Total borrowing (c=a+b)	171	499	331
- Less cash and cash equivalents (d)	-48,137	-37,982	-10,144
- Less short-term investments (e)	-278,484	-330,485	-296,748
- Less long-term investments (f)	-184,196	-90,357	-24,364
Net debt (g=c+d+e+f)	-510,646	-458,325	-330,925
Equity (h)	534,989	483,905	380,197
Debt/equity ratio (g/h) (%)	-95%	-95%	-87%

Equity per share

SEK thousand (unless otherwise stated)	30 Jun 2021	30 Jun 2020	31 Dec 2020
Equity (a)	534,989	483,905	380,197
Total number of shares outstanding (b)	29,537,947	27,337,947	27,337,947
- Less holding of treasury shares (c)	-328,472	-328,472	-328,472
Equity per share, (a/(b-c)), SEK	18.32	17.92	14.08

Performance measures and other information

SEK thousand (unless otherwise stated)	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Earnings					
Net sales	4,320	65	4,320	243	243
EBITDA	-66,431	-57,026	-128,497	-111,723	-215,442
Operating result	-68,152	-58,607	-131,911	-114,507	-221,543
Result for the period	-67,929	-57,440	-131,122	-113,400	-218,655
Per share					
Equity per share, SEK	18.32	17.92	18.32	17.92	14.08
Earnings per share before and after dilution, SEK	-2.47	-2.37	-4.81	-4.81	-8.64
Total number of shares outstanding	29,537,947	27,337,947	29,537,947	27,337,947	27,337,947
- of which, treasury shares	328,472	328,472	328,472	328,472	328,472
Number of shares outstanding excl. treasury shares	29,209,475	27,009,475	29,209,475	27,009,475	27,009,475
Total average number of shares	27,821,463	24,524,760	27,581,041	23,918,393	25,637,513
- of which, average number of treasury shares	328,472	328,472	328,472	328,472	328,472
Average number of shares excl. treasury shares	27,492,991	24,196,288	27,252,569	23,589,921	25,309,041
Cash flow					
Cash flow from operating activities	-45,036	-54,755	-101,137	-113,874	-237,305
Cash flow from investing activities	-203,311	-190,282	-144,775	-128,677	-32,295
Cash flow from financing activities	283,985	254,670	283,905	254,565	253,777

SEK thousand (unless otherwise stated)	30 Jun 2021	30 Jun 2020	31 Dec 2020
Financial position			
Total assets	600,226	516,745	412,233
Cash and cash equivalents	48,137	37,982	10,144
Short-term investments and non-current securities	462,680	420,842	321,112
Equity	534,989	483,905	380,197
Equity/assets ratio, %	89	94	92
Debt/equity ratio, %	-95	-95	-87

CERTIFICATION AND UPCOMING REPORT DATES

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, 14 July 2021

Jonas Jarvius
President

Erika Kjellberg Eriksson
Chairperson

Mats Nilsson
Director

Mario Gualano
Director

Marcus Storch
Director

Marianne Hansson
Director

Per-Olof Wallström
Director

Hans Johansson
Director

This report has not been reviewed by the Company's auditors. 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

4 November 2021	Interim report, Q3	January to September 2021
17 February 2022	Year-end report	January to December 2021
week of 12 April 2021	2021 Annual Report	
5 May 2022	Interim report, Q1	January to March 2022
24 May 2022	Annual General Meeting	
14 July 2022	Interim report, Q2	January to June 2022
3 November 2022	Interim report, Q3	January to September 2022

About the Company

Q-linea AB (publ)

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Registered office:	Uppsala	
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For questions about the report, contact:

Jonas Jarvius, President	Tel: +46 70 323 7760	E-mail: jonas.jarvius@qlinea.com
Anders Lundin, CFO & IR	Tel: +46 70 600 1520	E-mail: anders.lundin@qlinea.com

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 15 July 2021 at 7:30 a.m. (CEST).

Presentation

Q-linea invites investors, analysts and the media to an audiocast and teleconference (in English) today, 15 July 2021, at 1:00 to 2:00 p.m. (CEST). President Jonas Jarvius and CFO Anders Lundin will present Q-linea, comment on the interim report for the January to June 2021 period and respond to questions.

Webcast: <https://tv.streamfabriken.com/q-linea-q2-2021>

Telephone numbers for the teleconference: SE: +46856642695 UK: +443333009265 US: +16467224956

Income statement

Amounts in SEK thousand	Note	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Operating income						
Net sales	1	4,320	65	4,320	243	243
Other operating income		45	162	48	170	911
Total operating income		4,365	227	4,368	413	1,155
Operating expenses						
Raw materials and consumables		-12,640	-11,170	-21,762	-20,669	-32,263
Other external costs		-23,656	-23,081	-45,728	-47,294	-89,409
Personnel costs		-34,454	-22,993	-65,288	-44,082	-94,576
Depreciation of tangible assets		-1,721	-1,581	-3,414	-2,784	-6,101
Other operating expenses		-46	-9	-87	-91	-349
Total operating expenses		-72,517	-58,834	-136,279	-114,920	-222,697
Operating result		-68,152	-58,607	-131,911	-114,507	-221,543
Other interest income and similar profit items		1,170	1,589	2,302	2,196	4,423
Interest expenses and similar loss items		-947	-423	-1,513	-1,090	-1,536
Result from financial items		223	1,166	789	1,106	2,887
Result before tax		-67,929	-57,440	-131,122	-113,400	-218,655
Tax on result for the period			-		-	-
Result for the period		-67,929	-57,440	-131,122	-113,400	-218,655
Earnings per share before and after dilution, SEK	7	-2.47	-2.37	-4.81	-4.81	-8.64
Average number of shares excl. treasury shares		27,492,991	24,196,288	27,252,569	23,589,921	25,309,041

Statement of comprehensive income

Amounts in SEK thousand	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Result for the period	-67,929	-57,440	-131,122	-113,400	-218,655
Other comprehensive income, net after tax	-	-	-	-	-
Total comprehensive income	-67,929	-57,440	-131,122	-113,400	-218,655

Balance sheet

Amounts in SEK thousand	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS				
Non-current assets				
<i>Intangible assets</i>				
Licences		130	202	167
Technology and customer relationships		337	503	420
Goodwill		4,345	5,432	4,889
Total intangible assets		4,812	6,137	5,475
<i>Tangible assets</i>				
Equipment, tools, fixtures and fittings		22,255	21,001	21,821
Total tangible assets		22,255	21,001	21,821
<i>Financial assets</i>				
Other securities held as non-current assets	6	187,193	93,354	27,361
Other long-term receivables		50	50	50
Total financial assets		187,243	93,404	27,411
Total non-current assets		214,310	120,543	54,707
Current assets				
Inventories	4	22,596	-	12,433
<i>Current receivables</i>				
Accounts receivable		4,751	227	43
Other receivables		28,713	24,720	35,198
Prepaid expenses and accrued income		3,234	2,788	2,958
Total current receivables		36,698	27,735	38,200
Short-term investments	5	278,484	330,485	296,748
Cash and bank balances		48,137	37,982	10,144
Total current assets		385,916	396,202	357,525
TOTAL ASSETS		600,226	516,745	412,233

Balance sheet

Amounts in SEK thousand	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		1,477	1,367	1,367
Total restricted equity		1,477	1,367	1,367
Unrestricted equity				
Share premium reserve		1,234,972	951,637	951,017
Retained earnings		-570,338	-355,698	-353,531
Result for the year		-131,122	-113,400	-218,655
Total unrestricted equity		533,512	482,538	378,830
Total equity		534,989	483,905	380,197
Liabilities				
<i>Long-term liabilities</i>				
Loans from credit institutions		0	171	79
Total long-term liabilities		0	171	79
<i>Current liabilities</i>				
Loans from credit institutions		171	328	252
Accounts payable		25,058	12,151	8,068
Current tax liabilities		1,667	1,298	1,932
Other liabilities		5,894	2,419	3,463
Accrued expenses and deferred income		32,447	16,472	18,241
Total current liabilities		65,237	32,668	31,956
TOTAL LIABILITIES AND EQUITY		600,226	516,745	412,233

Changes in equity

Amounts in SEK thousand	Note	Restricted equity		Unrestricted equity			Total equity
		Share capital	Unregistered share capital	Share premium reserve	Retained earnings	Result for the period	
Opening balance, 1 January 2020		1,162	5	697,062	-179,930	-177,354	340,944
Comprehensive income							
Result for the period		-	-	-	-	-113,400	-113,400
Appropriation of profits		-	-	-	-177,354	177,354	0
Total comprehensive income		-	-	-	-177,354	63,954	-113,400
Transactions with shareholders							
New share issue		205	-5	269,800	-	-	270,000
Issue costs		-	-	-15,225	-	-	-15,225
Share-based remuneration programmes	3	-	-	-	1,587	-	1,587
Total transactions with shareholders		205	-5	254,575	1,587	-	256,362
Closing balance, 30 June 2020		1,367	0	951,637	-355,698	-113,400	483,905
Opening balance, 1 January 2020		1,162	5	697,062	-179,930	-177,354	340,944
Comprehensive income							
Result for the year		-	-	-	-	-218,655	-218,655
Appropriation of profits in accordance with AGM decision		-	-	-	-	-	
- Carried forward to unrestricted equity		-	-	-	-177,354	177,354	0
Total comprehensive income		-	-	-	-177,354	-41,301	-218,655
Transactions with shareholders							
New share issue		205	-5	269,800	-	-	270,000
Issue costs		-	-	-15,845	-	-	-15,845
Share-based remuneration programmes	3	-	-	-	3,754	-	3,754
Total transactions with shareholders		205	-5	253,955	3,754	-	257,909
Closing balance, 31 December 2020		1,367	0	951,017	-353,531	-218,655	380,197
Opening balance, 1 January 2021		1,367	0	951,017	-353,531	-218,655	380,197
Result for the period		-	-	-	-	-131,122	-131,122
Appropriation of profits		-	-	-	-218,655	218,655	0
Total comprehensive income		-	-	-	-218,655	87,533	-131,122
Transactions with shareholders							
New share issue	2	110	-	301,290	-	-	301,400
Issue costs		-	-	-17,335	-	-	-17,335
Share-based remuneration programmes	3	-	-	-	1,848	-	1,848
Total transactions with shareholders		110	0	283,955	1,848	-	285,913
Closing balance, 30 June 2021		1,477	-	1,234,972	-570,338	-131,122	534 989

Cash flow statement

Amounts in SEK thousand	Note	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Cash flow from operating activities						
Operating result		-68,152	-58,607	-131,911	-114,507	-221,543
Adjustments for non-cash items						
- Depreciation reversal		1,721	1,581	3,414	2,784	6,101
- Scrapping of inventory		-	-	-	-	201
- Change in guarantee reserve		175	-	175	-	-
- Share-based remuneration programmes	3	1,005	797	1,848	1,587	3,754
Interest received		874	481	1,870	951	2,764
Interest paid		-692	-69	-1,059	-75	-434
Tax paid		248	232	-264	140	774
Cash flow from operating activities before changes in working capital		-64,821	-55,585	-125,928	-109,120	-208,383
<i>Changes in working capital</i>						
Increase/decrease in inventories	4	-6,247	-	-10,163	-	-12,433
Increase/decrease in accounts receivable		-2,645	-223	-4,707	-210	-27
Increase/decrease in other current receivables		1,781	-997	6,210	-3,990	-14,638
Increase/decrease in other current liabilities		11,006	3,344	16,462	-3,525	-711
Increase/decrease in accounts payable		15,890	-1,294	16,989	2,971	-1,113
<i>Changes in working capital</i>		<i>19,785</i>	<i>830</i>	<i>24,791</i>	<i>-4,754</i>	<i>-28,922</i>
Cash flow from operating activities		-45,036	-54,755	-101,137	-113,874	-237,305
Cash flow from investing activities						
Investments in tangible assets		-2,388	-3,165	-3,186	-9,554	-13,228
Short-term investments	5	-165,073	-185,000	-170,079	-185,000	-185,000
Divestment of short-term investments	5	75,187	40,022	188,184	99,991	200,046
Investments in financial assets	6	-116,187	-50,127	-164,844	-50,127	-50,127
Sales of financial assets	6	5,150	7,987	5,150	16,013	16,013
Cash flow from investing activities		-203,311	-190,282	-144,775	-128,677	-32,295
Cash flow from financing activities						
New share issue	2	301,400	270,000	301,400	270,000	270,000
Issue costs		-17,335	-15,225	-17,335	-15,225	-15,845
Repayment of loans		-80	-105	-160	-210	-378
Cash flow from financing activities		283,985	254,670	283,905	254,565	253,777
Cash flow for the period		35,638	9,633	37,993	12,015	-15,823
Cash and cash equivalents at the beginning of the period		12,499	28,349	10,144	25,968	25,968
Cash and cash equivalents at the end of the period		48,137	37,982	48,137	37,982	10,144

Accounting policies and notes

Compliance with IFRS

Q-linea AB has prepared its financial statements 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 entails that Q-linea applies all of the EU-endorsed International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU and statements, with the limitations that follow the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

Financial assets

Financial assets such as shares in Swedish companies are recognised at cost. Financial assets such as bonds in listed companies are recognised at amortised cost. The Company tests for impairment on each listed bond on a quarterly basis. Assets in Swedish companies are recognised at cost.

The carrying amount of the short-term component of financial assets corresponds to the amortised cost. Interest-bearing securities correspond to the lower of fair value and cost. Other current receivables and liabilities are measured at fair value since these items are current by nature. For a more detailed description of the accounting policies applied in this interim report, refer to Note 2 on pages 57–61 of the Annual Report for the 2020 financial year.

The interim report comprises pages 1–21 and pages 1–11 thus comprise an integrated component of this financial report.

Revenue recognition

Revenue includes the value that Q-linea has the right to receive for goods and services sold in the Company's operating activities, excluding VAT and volume discounts. Contracted volume discounts reduce revenue and are recognised at expected fair value.

Sales of goods

The Company develops, manufactures and sells instruments, consumables and spare parts on a global basis to both a global retailer and directly to Swedish end users. Revenue from sales to retailers and end users is recognised when control of the goods has passed from Q-linea to the customer.

The time at which control passes from Q-linea to the customer is typically upon delivery. The delivery time to the retailer is when the goods are transported from Q-linea's production premises. The delivery time to the end user is normally when the goods have been transported to the specific location designated by the end user and the installation has been carried out. In these cases, revenue from sales is recognised at a point in time. Freight is normally paid by the customer.

Sales of services

The Company offers services, mainly in the form of maintenance of instruments. Service agreements can be signed directly between Q-linea and the end user and are typically invoiced one year in advance. Q-linea's efforts to meet its performance obligation in service agreements is assessed to be evenly distributed during the contract period. This is because the customer can take advantage of the service at any time during the entire contract period and the degree of usage is unknown. Revenue is thus recognised in a linear manner across the entire contract period.

Services can also be offered to retailers, in which a suborder is made according to a contracted price list. The contract is typically on current account based on a price per hour. The Company's efforts to meet its performance obligation to the retailer take place upon completion, and revenue is recognised during the period in which the service is carried out.

Q-linea applies an average credit period of 30–60 days for the sale of instruments and 30–45 days for the sale of consumables and spare parts. Q-linea receives partial payments for instruments in advance and recognises the advance received as a contract liability until the time of delivery.

Cost of goods sold

The cost of goods sold is included in the earnings line "Raw materials and consumables" and consists of design costs, raw materials, direct salaries, other direct costs, classifiable indirect manufacturing costs, provisions to guarantee reserves, impairment of inventories and costs for purchased ASTar instruments from contract manufacturers.

Provisions

Guarantees

The Company sells instruments with guarantees in accordance with industry practice. The guarantee period is normally 12 months from the date of the approved installation. The right of return is only valid upon technical errors. Provisions for these guarantee commitments are calculated for each individual instrument based on applicable guarantee conditions and assessed product quality and are recognised as a liability until the guarantee period is complete or the guarantee has been utilised.

Significant judgements

Significant estimates and judgements of the size of the guarantee reserve.

Assumptions about the size of the guarantee reserve are based on estimates and judgements since data on actual historic guarantee costs is not available.

Holding of treasury shares

At the end of the second quarter of 2021, Q-linea had a holding of 328,472 treasury shares. The shares are valued at SEK 0.05 per share, which is also the quotient value of the share. The aim of these shares is to ensure the delivery of performance shares under the long-term incentive programmes LTIP 2018 and LTIP 2019. The holding of treasury shares has been excluded from the calculation of per-share performance measures.

Note 1 Specification of net sales

Net sales specified by geographic market:

SEK thousand (unless otherwise stated)	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Sweden	-	65	-	243	243
UK	4,320	-	4,320	-	-
Total net sales by geographic market	4,320	65	4,320	243	243

Net sales specified by type of income

SEK thousand (unless otherwise stated)	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Instruments and consumables	4,320	-	4,320	-	-
Prototype development	-	65	-	243	243
Total net sales by type of income	4,320	65	4,320	243	243

Instruments and consumables pertain to ASTar instruments with associated consumables. Prototype development pertains to the development of customer-specific prototypes for external customers. Prototype development is recognised as revenue on the date when the control is transferred to the customer.

Note 2 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. Disclosures concerning transactions between the Company and other related parties are presented below. Related-party transactions are performed on an arm's length basis.

One of EMPE Diagnostics AB's co-founders, shareholders and directors is Mats Nilsson, who is also a co-founder, shareholder and director of Q-linea AB. One of Q-linea's senior executives, Mats Gullberg, remains a director of EMPE Diagnostics AB.

In conjunction with the Company's directed issue in June 2021, Jonas Jarvius, President of Q-linea, divested 95,000 shares in the Company to the Company's largest shareholder Nexttobe AB. Jonas Jarvius remains highly committed to Q-linea, where he will retain approximately 75% of his existing fully diluted holding. Jonas Jarvius co-founded Q-linea in 2008 and has been President from the start. Jonas Jarvius has agreed to not sell any shares in Q-linea for a period of 365 days after the completion of the directed issue.

Note 3 Share-based remuneration programmes

At the end of the second quarter, Q-linea had four ongoing share-based remuneration programmes: LTIP 2018, LTIP 2019, Employee share option programme 2020/2023 and Employee share option programme 2021/2024.

Performance share-based programme LTIP 2018

The rights to receive performance shares were allotted free of charge in March 2019. As of the Annual General Meeting on 22 May 2019, when the programme was closed to new participants, 142,720 performance share rights had been allotted to participants of the programme. The performance targets are linked to product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met. The value of each performance share right is SEK 55.54 and is based on the closing price on the allotment date (1 March 2019). The cost recognised including social security contributions amounted to SEK 524 thousand (1,171) for the second quarter and SEK 1,166 thousand (1,937) for the first half of the year.

Performance share-based programme LTIP 2019

The rights to receive performance shares were allotted free of charge in December 2019. As of 31 December 2019, when the programme was closed to new participants, 40,990 performance share rights had been allotted to participants of the programme. The performance targets are linked to product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met. The value of each performance share right is SEK 56.00 and is based on the closing price on the allotment date (20 December 2019). The cost recognised including social security contributions amounted to SEK 221 thousand (274) for the second quarter and SEK 533 thousand (497) for the first half of the year.

Employee share option programme 2020/2023

Employee share options were allotted free of charge on 30 June 2020 following a resolution by the Annual General Meeting on 26 May 2020. The programme measures the fulfilment of certain strategic and operational targets established by the Board, and employees may acquire one ordinary share in the Company after a vesting period of three years. When the programme was closed to new participants, a total of 345,850 employee share options had been allotted. The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period from 11–25 May, meaning the ten (10) trading days prior to 26 May 2020, was SEK 79.19, and the exercise price was thus set at SEK 98.98 per share.

The option value on the allotment date was based on the average price on the allotment date and was calculated at SEK 11.38 per option. At the end of the second quarter, there were 335,140 (0) employee share options outstanding and 10,710 (0) employee share options had expired. The option value on the balance sheet date was SEK 53.50 per option, according to the Black & Scholes model. The cost recognised including social security contributions amounted to SEK 184 thousand (0) for the second quarter and SEK 811 thousand (0) for the first half of the year.

Employee share option programme 2021/2024

The Company's Annual General Meeting on 25 May 2021 resolved to introduce an employee share option programme for the Company's employees. Employee share option programme 2021/2024 is to comprise a maximum of 160,650 employee share options. Employee share options are to be offered free of charge to individuals employed by the Company as of 15 June 2021 who are not covered by any of the previous share-based incentive programmes in the Company.

Each employee share option shall entitle the holder, on the achievement of certain strategic and operational goals set by the Board in advance and connected to significant events in the Company's development, such as advances in product development, product approval and commercialisation, and after a three-year vesting period, to acquire one (1) new common share in the Company at an exercise price corresponding to 125% of the volume-weighted average price of the Company's share according to Nasdaq Stockholm's price list during the period ten (10) trading days before 25 May 2021. However, the subscription price may not under any circumstances be less than the quotient value.

Employees who have the right to participate in the employee share option programme 2021/2024 may be allotted 3,570 employee share options each at the most.

To enable the Company's delivery of shares under the programme and to cover the cash flow effects as a result of any social security contributions arising under the programme, the Annual General Meeting resolved to carry out a directed issue of a maximum of 211,126 warrants to the Company, of which a maximum of 50,476 warrants were issued to cover any cash flow effects as a result of social security contributions arising under the employee share option programme 2021/2024.

As of 30 June 2021, when the programme was closed to new participants, a total of 128,520 employee share options had been allotted to the 36 participants who had registered for the programme.

The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period 10–24 May, meaning the ten (10) trading days prior to 25 May 2021, was SEK 153.45, and the exercise price was thus set at SEK 191.81 per share. The option value on the allotment date of 30 June 2021 was calculated according to the Black & Scholes model based on the average price on the allotment date and was calculated at SEK 23.93 per option. The cost recognised for the second quarter and for the January to June period amounted to SEK 0 thousand (0) since the employee share options were allotted to the participants on 30 June 2021.

Note 4 Inventories

At the end of the second quarter of 2021, the Company had an inventory value of SEK 22,596 thousand (12,433).

SEK thousand (unless otherwise stated)	30 Jun 2021	30 Jun 2020	31 Dec 2020
Raw materials and consumables	3,352	-	713
Products in progress	630	-	1,051
Semi-finished goods	2,109	-	1,164
Finished goods	19,327	-	9,505
Write-off of finished goods	-2,821	-	-
Total	22,596	-	12,433

During the first half of the year, the Company impaired completed goods in an amount of SEK 2,821 thousand.

Note 5 Short-term investments

Cash and cash equivalents not used in the daily operations have been placed in fixed-income funds that invest in low-risk interest-bearing securities and other interest-rate instruments. Since most of the securities in these funds have a remaining term of more than three months, the securities have been recognised and measured at the lower of cost and fair value in the balance sheet. Short-term investments also include the short-term component of the Company's listed corporate bonds with a maturity of less than 12 months. The short-term component of the Company's financial assets was recognised at amortised cost.

At the end of the second quarter, the Company's short-term investments totalled SEK 278,484 thousand (296,748), of which 57,080 (130,999) represents the short-term component of the Company's listed corporate bonds. The fair value of the fixed-income funds amounted to SEK 221,726 thousand (166,745) and the fair value of the bonds amounted to

SEK 57,169 thousand (130,659). Accrued interest on the listed bonds amounted to SEK 165 thousand (324).

Note 6 Other securities held as non-current assets

Other securities held as non-current assets primarily comprise low-risk listed corporate bonds that were measured at an amortised cost of SEK 184,196 thousand (24,364) on the balance sheet date, of which the accrued interest amounted to SEK 375 thousand (170) and the credit reserve to SEK -105 thousand (-63). Impairment tests are carried on a quarterly basis on each recognition date. As of 30 June 2021, the Company deemed that the credit reserve should be increased by SEK 42 thousand. The Company invests exclusively in bonds belonging to level 1 of the fair value hierarchy, and the impairment test is based on information from S&P and Moody's. The bond coupon rates carry both variable and fixed interest with periodic payments. Coupon rates received amounted to SEK 497 thousand (487) for the second quarter and SEK 940 thousand (952) for the first half of the year. In the first half of the year, the Company has received SEK 5,150 thousand (16,013) from bonds that expired. In the same period, the Company purchased bonds for SEK 164,844 thousand (50,127).

Other securities held as non-current assets pertain to participations in EMPE Diagnostics AB acquired at the end of 2017. Participations were recognised at cost in the balance sheet in an amount of SEK 2,997 thousand (2,997). As of 30 June 2021, the Company deemed that there was no impairment requirement for the participations in EMPE Diagnostics AB since the share price in the latest directed issue exceeded the price paid by Q-linea. Q-linea's holding comprises 23,400 shares, corresponding to 5.84% of the capital and votes.

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)	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Result for the period	-67,929	-57,440	-131,122	-113,400	-218,655
Weighted average number of shares outstanding	27,821,463	24,525,760	27,581,041	23,918,393	25,637,513
- Less average holding of treasury shares	-328,472	-328,472	-328,472	-328,472	-328,472
Earnings per share before and after dilution (SEK)	-2.47	-2.37	-4.81	-4.81	-8.64

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 -105 thousand (-63). The material risks associated with Q-linea's operations are presented in the Annual Report for the 1 January to 31 December 2020 financial year and in the prospectus prepared prior to the listing on Nasdaq Stockholm.

Note 9 Future financing

Q-linea now has now received approval for sales of the first ASTar product in Europe. During the second quarter, the Company registered the first customer order from, and sale to, its sales partner Thermo Fisher Scientific. However, the Company is yet to generate any positive cash flow as a result. During the second quarter, the Company carried out a directed issue amounting to SEK 301.4 million before issue costs. Based on the proceeds generated for the Company, the Board's assessment is that the existing working capital, as of 30 June 2021, is sufficient to cover the Company's needs for at least the next 12 months.

Note 10 Significant events after the end of the period

No significant events took place after the end of the period.