

THE YEAR ENDS WITH SEVERAL SIGNIFICANT EVENTS

Fourth quarter: 1 October–31 December 2021

- Net sales amounted to SEK 3.9 million (0.0).
- The operating result totalled SEK -51.6 million (-57.1).
- The result for the period amounted to SEK -51.0 million (-56.6).
- Earnings per share before and after dilution amounted to SEK -1.75 (-2.10).
- Cash flow from operating activities totalled SEK -90.9 million (-76.7).

Period: 1 January–31 December 2021

- Net sales amounted to SEK 9.3 million (0.2).
- The operating result totalled SEK -233.6 million (-221.5).
- The result for the year amounted to SEK -231.2 million (-218.7).
- Earnings per share before and after dilution amounted to SEK -8.19 (-8.64).
- Cash flow from operating activities totalled SEK -255.0 million (-237.3).
- As of 31 December 2021, the Company had access to cash and cash equivalents of SEK 15.1 million (10.1), short-term investments including short-term components of other securities held as non-current assets of SEK 150.9 million (296.7) and long-term listed corporate bonds of SEK 181.8 million (24.4), totalling SEK 347.8 million (331.3) in available funds.

Significant events

In the fourth quarter of 2021

- The Company signed the first commercial evaluation contract for ASTar.
- The first patients were enrolled in the US clinical study for ASTar.
- Thermo Fisher Scientific, the Company's global partner, has presented ASTar at two different industry fairs.

after the end of the period

- The antibiotic panel in ASTar was expanded to offer even broader results.
- The clinical study has progressed well and the Company has begun compiling a 510(k) application to the FDA for approval of ASTar for the US market.
- Q-linea announced that Thermo Fisher Scientific's evaluation study of ASTar showed very strong results.

THE YEAR ENDS WITH SEVERAL SIGNIFICANT EVENTS



The fourth quarter of 2021 caps off a year of successes for Q-linea. During the quarter, we achieved several important milestones: we signed the first commercial evaluation contract for ASTar, enabling us to demonstrate the patient benefit of rapid AST during the evaluation, and the first patient was enrolled in our pivotal US study. In addition, we made major progress with our portable blood culture technology, which has been trademarked under the trademark Podler®.

Thermo Fisher Scientific continued its launch of ASTar in Europe. Thermo Fisher Scientific has in-depth knowledge of our potential customers and can meet them at exactly the right level. After many years of hard work, it's fantastic to finally see ASTar being launched and to receive such a positive response. Next comes a period of procurement administration before the Company's sales and revenue increase. In recent years, there has been a global trend in the health-care system towards stricter procurement rules, which has led to prolonged sales processes. This trend is essentially positive but has resulted in sales cycles that are longer than in the past.

In Sweden, we sell ASTar ourselves, and during the fourth quarter our first potential customer performed an evaluation with extremely good results. During the evaluation, we could clearly see that ASTar made a difference in healthcare so that patients received correct care faster, which is exactly what we want the system to accomplish. In addition, after the end of the quarter we announced that we have broadened the panel to further increase the benefit to patients and physicians.

In December, the pivotal clinical study for the US entered the final prospective stage when the first patient was enrolled. A total of approximately 450 patient samples will be analysed at three US hospitals where ASTar has been installed. We expect to be able to conclude the study at the beginning of 2022, enabling us to prepare the

submission of our marketing application to the US Food and Drug Administration (FDA).

During the first quarter of 2022, after the end of the reporting period, we hired our first employees in the US whose job duties will include supporting the clinical studies. These hires mark the beginning of a process of building a small team that will also support Thermo Fisher Scientific and potential customers as well as being responsible for various pre-market activities. It's important for us to be able to hold training in the US time zone as we proceed towards US market approval.

We are working to be able to initiate patient studies with Podler in the US in late 2022. In parallel with the development of the technology, we had several extremely positive discussions with a number of major commercial firms that would be able to launch Podler successfully. Interest in the technology has proven to be strong since a diagnosis immediately after sampling would be incredibly valuable compared with today's procedure where time is lost in transport. Our objective is to sign an agreement with one or more partners with the best prospects of commercialising our technology on favourable terms.

We are now closing the books on an eventful year and look forward with confidence to a continued busy and interesting 2022 where ASTar could contribute to improved patient outcomes for as many patients as possible around the world.

Uppsala, 16 February 2022

Jonas Jarvius, President

MAJOR STEPS INTO THE US MARKET

Developments in the fourth 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 and launch of the ASTar kit continued during the quarter. The material produced has mainly been used for regulatory studies for the US market and commercial evaluations in Europe. This is possible because the consumables contain all of the reagents required for both markets.

The programme for the scale-up of consumables and processes to improve the margins continued. In the fourth quarter, this work mainly focused on eliminating bottlenecks in the production process, for example by improving specific manufacturing steps. The development of new production equipment continued, and significantly improved and automated equipment for dispensing antibiotics in AST-disc has been developed.

Instruments

One area of focus during the quarter was to develop strategies to manage any component shortages resulting from the pandemic. The Company has built up safety stock in order to guarantee delivery of instrument orders during the first half of 2022. Its instrument production capacity also increased during the quarter with the aim of managing expected higher volumes during 2022.

Regulatory studies for the US market

The regulatory studies for the US market entered their final stage during the quarter. This stage focuses on analysing prospective (patient) samples, and it is expected that approximately 450 samples will be analysed by a total of three US hospitals. Preparations have begun for the next planned clinical study for gram-positive bacteria in patients with sepsis. A new strategy will be applied for future clinical studies, which means that the US and European studies will be conducted simultaneously in order to reduce costs and minimise the time it takes to gain market approval. This is a difference compared with our first product for gram-negative bacteria, for which the studies were conducted sequentially.

Development of new products

The development of the portable blood culture technology went well during the quarter and discussions with several potential manufacturers progressed. The results have been very strong, indicating an improvement in performance compared with traditional culture cabinets and naturally additional time savings by using the transport time for the diagnostic workflow. The launch strategy is primarily planned to follow the same path as ASTar, and discussions with multiple strategic partners progressed during the quarter.

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 in the fourth quarter amounted to SEK 3,893 thousand (0), an increase of SEK 3,893 thousand compared with the corresponding period in the preceding year. Net sales for the January to December period totalled SEK 9,335 thousand (243), up SEK 9,092 thousand. Sales primarily comprised ASTar instruments and associated consumables.

Other operating income amounted to SEK 351 thousand (653) for the fourth quarter and SEK 450 thousand (911) for the January to December period.

Changes in inventories of products in progress, semi-finished goods and finished goods amounted to SEK 3,141 thousand (5,330) during the quarter and SEK 2,165 thousand (5,330) in the January to December period, which is primarily attributable to the gradual accumulation of inventory prior to the launch of the Company's products in Europe.

Costs for raw materials and consumables as well as goods for resale for the fourth quarter totalled SEK 10,525 thousand (10,436), up SEK 89 thousand compared with the corresponding period in the preceding year. In the January to December period the cost totalled SEK 36,529 thousand (37,592). The Company recognised an impairment of goods for resale and finished goods that amounted to SEK -4,734 thousand (0) in the January to December 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 25,015 thousand (22,802) for the fourth quarter, up SEK 2,213 thousand. External costs for the January to December period totalled SEK 90,765 thousand (89,409), up SEK 1,356 thousand. The changes are largely attributable to a decrease in costs for internal consultants and renovation costs,

which were offset by higher costs for software and external consultancy services compared with the corresponding period in the preceding year.

Personnel costs amounted to SEK 21,161 thousand (27,899) for the fourth quarter, down SEK 6,738 thousand compared with the corresponding quarter in the preceding year. The decrease during the quarter is primarily attributable to the expiration of the performance share-based programme LTIP 2018 during the fourth quarter, when it was decided that the performance targets had not been met. Costs which were reserved in earlier periods since the LTIP 2018 programme began, which were reversed during the quarter, amounted to SEK 10,823 thousand including social security contributions. Personnel costs for the January to December period totalled SEK 110,512 thousand (94,576), up SEK 15,936 thousand. Costs which were reserved in earlier periods since the LTIP 2018 programme began, which were reversed during the January to December period, amounted to SEK 8,950 thousand including social security contributions. The cost increase during the period is attributable to an increase in the number of employees compared with the corresponding period in the preceding year.

Depreciation, amortisation and impairment of tangible and intangible assets totalled SEK 2,090 thousand (1,676) for the fourth quarter and SEK 7,311 thousand (6,101) for the January to December period. 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.

Other operating expenses amounted to SEK 211 thousand (235) for the fourth quarter and SEK 383 thousand (349) for the January to December period and pertain largely to exchange-rate losses.

The operating result totalled SEK -51,620 thousand (-57,065) for the fourth quarter and SEK -233,549 thousand (-221,544) for the January to December period. The planned reduction in the operating result, which amounted to SEK 12,005 thousand for the January to December period, was primarily attributable to increased personnel costs.

The result from financial items totalled SEK 631 thousand (465) for the fourth quarter and SEK 2,307 thousand (2,887) for the January to December period. 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.

The reported tax for both the fourth quarter and the January to December period was SEK 0 (0) thousand.

The result for the fourth quarter totalled SEK -50,989 thousand (-56,600) and the result for the January to December period totalled SEK -231,242 thousand (-218,655).

Financial position

Cash and cash equivalents at the end of the fourth quarter totalled SEK 15,089 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 150,945 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 91,245 thousand (165,749) at the end of the fourth quarter. The fair value of the fixed-income funds totalled SEK 91,295 thousand (166,745) 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 59,700 thousand (130,999) on the balance sheet date. The value includes accrued coupon rates of SEK 150 thousand (324). The fair value of the bonds amounted to SEK 59,427 thousand.

Financial assets totalled SEK 184,815 thousand (27,411) on the balance sheet date, an increase of SEK 157,404 thousand. The change is attributable to the Company having invested issue proceeds from the second quarter in listed corporate bonds and having sold bonds amounting to SEK 5,150 thousand (16,013). 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. During the quarter, the credit rating of the bonds deteriorated somewhat, resulting in a higher credit reserve. At the end of the fourth quarter, the Company's total value of listed corporate bonds amounted to SEK 181,768 thousand (24,364). These are recognised at amortised cost and include a credit reserve of SEK 215 thousand (63). The Company tests for impairment on each recognition date using data from S&P and Moody's. Other long-term financial assets also 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 430,788 thousand (380,197), the equity/assets ratio to 92% (92) and the debt/equity ratio to -81% (-87).

Cash flow and investments

Cash flow from operating activities totalled SEK -90,880 thousand (-76,720) for the fourth quarter and

SEK -255,049 thousand (-237,305) for the January to December period. The change in cash flow in the quarter was mainly due to working capital having been impacted by increases in other current receivables and inventories. Other current receivables primarily comprise advance payments to suppliers to build up a safety stock of critical components.

Cash flow from investing activities amounted to SEK 84,430 thousand (69,148) for the fourth quarter and SEK -23,819 thousand (-32,295) for the January to December period. Investments in production equipment and other equipment in the building amounted to SEK -6,036 thousand (-1,014) for the fourth quarter and SEK -11,971 thousand (-13,228) for the January to December period. The decrease of SEK -1,257 thousand during the period was partly due to purchases for the new production premises, which were mainly completed in 2020, having been charged to the comparative period.

The Company invested SEK 0 thousand (0) in short-term investments in the fourth quarter and SEK 176,134 thousand (185,000) in the January to December period, of which SEK 160,000 thousand (185,000) was invested in interest-bearing funds and SEK 16,135 thousand (0) in short-term listed bonds.

In addition, the Company divested short-term investments totalling SEK 95,050 thousand (70,162) in the fourth quarter. Of this amount, short-term fixed-income funds comprised SEK 89,990 thousand (39,785) and short-term bonds comprised SEK 5,060 thousand (30,376). The Company divested short-term investments totalling SEK 363,231 thousand (200,046) in the January to December period. 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 4,584 thousand (0) in financial assets in the fourth quarter and SEK 204,095 thousand (50,127) in the January to December period. 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 (16,013) in the January to December period.

Cash flow from financing activities amounted to SEK -40 thousand (-80) for the fourth quarter and SEK 283,814 thousand (253,777) for the January to December period. The positive cash flow from financing activities 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 (-15,845).

Repayments to credit institutions amounted to SEK -40 thousand (-80) in the fourth quarter and SEK -252 thousand (-378) in the January to December period. The remaining loan has a repayment plan that is shorter than 12 months.

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 31 December 2021, the Company had access to cash and cash equivalents of SEK 15,089 thousand (10,144), short-term investments including short-term components of other securities held as non-current assets of SEK 150,945 thousand (296,748) and long-term listed corporate bonds of SEK 181,768 thousand (24,364), totalling SEK 347,802 thousand (331,256).

Future financing

Q-linea now has the first ASTar product approved for sales in Europe. During the year, 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. During the second quarter, the Company carried out a directed issue amounting to SEK 301.4 million (270) before issue costs, which is described under "Financing" above. Based on the proceeds generated for the Company, the Board deems the existing working capital, as of 31 December 2021, to be sufficient to cover the Company's needs over at least the next 12 months.

Other information

Employees

Calculated on the basis of full-time equivalents, Q-linea had 136 (107) employees at the end of the fourth quarter, 59 (43) of whom were women. The number of consultants at the end of the fourth quarter was 37 (33), 12 (8) 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. We have now begun to see light in the tunnel in the wake of the pandemic, and many of Q-linea's employees began to return to working at the office during the quarter. At the same time, we are analysing which positive aspects of working from home we can take with us as we create a new way of working in the future.

It is not currently possible to estimate the extent to which Q-linea's operations could be affected given that certain areas are under constant change. We have noted positive effects, but also have a certain degree of uncertainty in the following significant areas, which 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. The possibility to visit hospitals during the study, given that this could be limited during certain

periods and in certain regions.

- Delays in commercialisation if customers are less available as a result of the pandemic.
- Expense levels and financing strategy.
- Shortage of components that are necessary for the ASTar instrument, which could also apply for consumables.

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 the 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 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.
Operating result	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 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 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 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	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Operating result	-51,620	-57,065	-233,550	-221,543
Depreciation, amortisation and impairment	2,090	1,676	7,311	6,101
EBITDA	-49,530	-55,389	-226,238	-215,442

Equity/assets ratio

SEK thousand (unless otherwise stated)	31 Dec 2021	31 Dec 2020
Total assets	466,633	412,233
Equity	430,788	380,197
Equity/assets ratio (%)	92%	92%

Debt/equity ratio

SEK thousand (unless otherwise stated)	31 Dec 2021	31 Dec 2020
Long-term liabilities to credit institutions (a)	0	79
Current liabilities to credit institutions (b)	79	252
Total borrowing (c=a+b)	79	331
- Less cash and cash equivalents (d)	-15,088	-10,144
- Less short-term investments (e)	-150,945	-296,748
- Less long-term investments (f)	-181,768	-24,364
Net debt (g=c+d+e+f)	-347,722	-330,925
Equity (h)	430,788	380,197
Debt/equity ratio (g/h) (%)	-81%	-87%

Equity per share

SEK thousand (unless otherwise stated)	31 Dec 2021	31 Dec 2020
Equity (a)	430,788	380,197
Total number of shares outstanding (b)	29,537,947	27,337,947
- Less holding of treasury shares (c)	-328,472	-328,472
Equity per share, (a/(b-c)), SEK	14.75	14.08

Performance measures and other information

SEK thousand (unless otherwise stated)	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Earnings				
Net sales	3,893	-	9,335	243
EBITDA	-49,530	-55,389	-226,238	-215,442
Operating result	-51,620	-57,065	-233,550	-221,543
Result for the period	-50,988	-56,600	-231,242	-218,655
Per share				
Equity per share, SEK	14.75	14.08	14.75	14.08
Earnings per share before and after dilution, SEK	-1.75	-2.10	-8.19	-8.64
Total number of shares outstanding	29,537,947	27,337,947	29,537,947	27,337,947
- of which, treasury shares	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
Total average number of shares	29,537,947	27,337,947	28,567,536	25,637,513
- of which, average number of treasury shares	328,472	328,472	328,472	328,472
Average number of shares excl. treasury shares	29,209,475	27,009,475	28,239,064	25,309,041
Cash flow				
Cash flow from operating activities	-90,880	-76,720	-255,049	-237,305
Cash flow from investing activities	84,430	69,148	-23,819	-32,295
Cash flow from financing activities	-40	-80	283,813	253,777

SEK thousand (unless otherwise stated)	31 Dec 2021	31 Dec 2020
Financial position		
Total assets	466,633	412,233
Cash and cash equivalents	15,089	10,144
Short-term investments and non-current securities	332,712	321,112
Equity	430,788	380,197
Equity/assets ratio, %	92	92
Debt/equity ratio, %	-81	-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, 16 February 2022

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

Week of 11 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

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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 17 February 2022 at 7:30 a.m. (CET).

Presentation

Q-linea invites investors, analysts and the media to an audiocast and teleconference (in English) today, 17 February 2022 at 1:00 to 2:00 p.m. (CET). President Jonas Jarvius and CFO Anders Lundin will present Q-linea, comment on the interim report for the January to December 2021 period and respond to questions.

Webcast: <https://tv.streamfabriken.com/q-linea-q4-2021>

Telephone numbers for the teleconference: SE: +46 850 558 357 UK: +44 333 300 9261 US: +1 646 722 4903

Income statement

Amounts in SEK thousand	Note	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Net sales	1	3,893	0	9,335	243
Other operating income		351	653	450	911
Changes in inventories of products in progress, semi-finished goods and finished goods ¹⁾		3,141	5,330	2,165	5,330
Raw materials and consumables, and goods for re-sale		-10,528	-10,436	-36,529	-37,592
Other external costs		-25,015	-22,802	-90,765	-89,409
Personnel costs	3	-21,161	-27,899	-110,512	-94,576
Depreciation/amortisation of tangible and intangible assets		-2,090	-1,676	-7,311	-6,101
Other operating expenses		-211	-235	-383	-349
Operating result		-51,620	-57,065	-233,550	-221,543
Revenue from holdings of listed corporate bonds that are non-current assets ²⁾		674	97	1,668	933
Other interest income and similar profit items		294	903	2,580	3,490
Interest expenses and similar loss items		-337	-535	-1,941	-1,536
Result from financial items		631	466	2,307	2,887
Result before tax		-50,988	-56,600	-231,242	-218,655
Tax on result for the period		-	-	-	-
Result for the period		-50,988	-56,600	-231,242	-218,655
Earnings per share before and after dilution, SEK	7	-1.75	-2.10	-8.19	-8.64
Average number of shares excl. treasury shares		29,209,475	27,009,475	28,239,064	25,309,041

Statement of comprehensive income

Amounts in SEK thousand	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Result for the period	-50,988	-56,600	-231,242	-218,655
Other comprehensive income, net after tax	-	-	-	-
Total comprehensive income	-50,988	-56,600	-231,242	-218,655

¹⁾ This item was previously included in the line "Raw materials and consumables, and goods for resale"

²⁾ This item was previously included in the line "Other interest income and similar profit items"

Balance sheet

Amounts in SEK thousand	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Licences		95	167
Technology and customer relationships		295	420
Goodwill		3,802	4,889
Total intangible assets		4,193	5,475
<i>Tangible assets</i>			
Equipment, tools, fixtures and fittings		27,669	21,821
Total tangible assets		27,669	21,821
<i>Financial assets</i>			
Other securities held as non-current assets	6	184,765	27,361
Other long-term receivables		50	50
Total financial assets		184,815	27,411
Total non-current assets		216,676	54,707
Current assets			
Inventories	4	28,646	12,433
<i>Current receivables</i>			
Accounts receivable		3,481	43
Other receivables		48,440	35,198
Prepaid expenses and accrued income		3,355	2,958
Total current receivables		55,276	38,200
Short-term investments	5	150,945	296,748
Cash and bank balances		15,089	10,144
Total current assets		249,957	357,525
TOTAL ASSETS		466,633	412,233

Balance sheet

Amounts in SEK thousand	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		1,477	1,367
Total restricted equity		1,477	1,367
Unrestricted equity			
Share premium reserve		1,234,972	951,017
Retained earnings		-574,419	-353,531
Result for the year		-231,242	-218,655
Total unrestricted equity		429,311	378,830
Total equity		430,788	380,197
Liabilities			
<i>Long-term liabilities</i>			
Loans from credit institutions		0	79
Total long-term liabilities		0	79
<i>Current liabilities</i>			
Loans from credit institutions		79	252
Accounts payable		8,103	8,068
Current tax liabilities		2,238	1,932
Other liabilities		10,969	3,463
Accrued expenses and deferred income		14,456	18,241
Total current liabilities		35,845	31,956
TOTAL LIABILITIES AND EQUITY		466,633	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
<i>Comprehensive income</i>							
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
<i>Transactions with shareholders</i>							
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
<i>Comprehensive income</i>							
Result for the year		-	-	-	-	-231,242	-231,242
Appropriation of profits in accordance with AGM decision							
- Carried forward to unrestricted equity		-	-	-	-218,655	218,655	0
Total comprehensive income		-	-	-	-218,655	-12,587	-231,242
<i>Transactions with shareholders</i>							
New share issue	2	110	-	301,290	-	-	301,400
Issue costs		-	-	-17,335	-	-	-17,335
Share-based remuneration programmes	3	-	-	-	-2,233	-	-2,233
Total transactions with shareholders		110	-	283,955	-2,233	-	281,833
Closing balance, 31 December 2021		1,477	-	1,234,972	-574,419	-231,242	430,788

Cash flow statement

Amounts in SEK thousand	Note	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Cash flow from operating activities					
Operating result		-51,620	-57,065	-233,550	-221,543
Adjustments for non-cash items					
- Depreciation/Amortisation reversal		2,090	1,676	7,311	6,101
- Scrapping of inventory		94	201	94	201
- Change in guarantee reserve		140	-	350	-
- Share-based remuneration programmes	3	-5,440	1,082	-2,233	3,754
Interest received		901	898	3,735	2,764
Interest paid		-36	-337	-1,180	-434
Tax paid		311	334	306	774
Cash flow from operating activities before changes in working capital		-53,560	-53,211	-225,167	-208,383
<i>Changes in working capital</i>					
Increase/decrease in inventories	4	-5,289	-12,433	-16,213	-12,433
Increase/decrease in accounts receivable		-3,342	49	-3,438	-27
Increase/decrease in other current receivables		-17,613	-6,802	-13,639	-14,638
Increase/decrease in other current liabilities		-1,935	1,568	3,371	-711
Increase/decrease in accounts payable		-9,141	-5,892	36	-1,113
<i>Changes in working capital</i>		<i>-37,320</i>	<i>-23,510</i>	<i>-29,883</i>	<i>-28,922</i>
Cash flow from operating activities		-90,880	-76,720	-255,050	-237,305
Cash flow from investing activities					
Investments in tangible assets		-6,036	-1,014	-11,971	-13,228
Short-term investments	5	-	-	-176,134	-185,000
Divestment of short-term investments	5	95,050	70,162	363,231	200,046
Investments in financial assets	6	-4,584	-	-204,095	-50,127
Sales of financial assets	6	-	-	5,150	16,013
Cash flow from investing activities		84,430	69,148	-23,819	-32,295
Cash flow from financing activities					
New share issue	2	-	-	301,400	270,000
Issue costs		-	-	-17,335	-15,845
Repayment of loans		-40	-80	-252	-378
Cash flow from financing activities		-40	-80	283,814	253,777
Cash flow for the period		-6,490	-7,652	4,945	-15,823
Cash and cash equivalents at the beginning of the period		21,579	17,796	10,144	25,968
Cash and cash equivalents at the end of the period		15,089	10,144	15,089	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.

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 1–10 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.

Goods for resale

Goods for resale are goods that are purchased in order to be sold without Q-linea processing them further. They are valued at the purchase price invoiced by the supplier plus costs for quality control. Goods for resale were included in the item "Finished goods" in the 2020 Annual Report.

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 fourth 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	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Sweden	-	-	-	243
UK	3,893	-	9,335	-
Total net sales by geographic market	3,893	-	9,335	243

Net sales specified by type of income

SEK thousand	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Instruments and consumables	3,893	-	9,335	-
Prototype development	-	-	-	243
Total net sales by type of income	3,893	-	9,335	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 fourth quarter, Q-linea had three ongoing share-based remuneration programmes: LTIP 2019, Employee share option programme 2020/2023 and Employee share option programme 2021/2024. The performance share-based programme LTIP 2018 expired during the fourth quarter, when it was decided that the performance targets had not been met.

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).

In December 2021, the Board of Directors made the assessment that the performance targets for LTIP 2018 will not be met when the programme ends on 28 February 2022. The Board decided that all 142,720 performance share rights in the programme consequently expired.

The recognised dissolution of costs in previous periods since the start of the programme, including social security contributions, amounted to SEK -10,823 thousand (1,426) for the fourth quarter and SEK -8,950 thousand (6,201) for the January to December period.

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). At the end of the fourth quarter, there were 40,990 (40,990) performance share rights outstanding and no performance share rights had expired. The cost recognised, including social security contributions, amounted to SEK 153 thousand (380) for the fourth quarter and SEK 934 thousand (1,410) for the January to December period.

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 fourth quarter, there were 324,430 (345,850) employee share options outstanding and 21,420 (0) employee share options had expired. The option value on the balance sheet date was SEK 27.36 (77.91) per option, according to the Black & Scholes model. The cost recognised, including social security contributions, amounted to SEK -118 thousand (919) for the fourth quarter and SEK 970 thousand (1,751) for the January to December period.

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 balance sheet date was SEK 10.07 per option, according to the Black & Scholes model.

At the end of the fourth quarter, there were 124,950 (0) employee share options outstanding and 3,570 (0) options had expired. The cost recognised, including social security contributions, amounted to SEK 302 thousand (0) for the fourth quarter and SEK 697 thousand (0) for the January to December period.

Note 4 Inventories

At the end of the fourth quarter of 2021, the Company had an inventory value of SEK 28,646 thousand (12,433).

SEK thousand (unless otherwise stated)	31 Dec 2021	31 Dec 2020
Raw materials and consumables	2,781	713
Goods for resale ¹⁾	18,369	6,390
Products in progress	2,019	1,051
Semi-finished goods	3,226	1,164
Finished goods	2,251	3,115
Total inventories	28,646	12,433

¹⁾ The line "Goods for resale" was previously included in the item "Finished goods".

During the year, the Company impaired the inventory of goods for resale and finished goods in an amount of SEK 4,734 thousand (0). SEK 3,445 thousand (0) in goods was expensed for the quarter, and SEK 14,494 thousand (0) was expensed for the January to December period.

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 fourth quarter, the Company's short-term investments totalled SEK 150,945 thousand (296,748), of which SEK 59,700 thousand (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 91,295 thousand (166,745) and the fair value of the bonds amounted to SEK 59,427 thousand (130,659). Accrued interest on the listed bonds amounted to SEK 150 thousand (324). Coupon rates received amounted to SEK 192 thousand (578) for the fourth quarter and SEK 834 thousand (1,494) for the January to December period

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 181,768 thousand (24,364) on the balance sheet date, of which the accrued interest amounted to SEK 275 thousand (170) and the credit reserve to SEK -215 thousand (-63). The Company carries out impairment tests on a quarterly basis on each recognition date. 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 674 thousand (97) for the fourth quarter and SEK 1,668 thousand (933) for the January to December period. In the January to December period, the Company received SEK 5,150 thousand (16,013) from bonds that matured. In the same period, the Company purchased bonds for SEK 204,095 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 31 December 2021, the Company deemed that there was no impairment requirement for the participations in EMPE Diagnostics AB since the share price at 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 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Result for the period	-50,988	-56,600	-231,242	-218,655
Weighted average number of shares outstanding	29,537,947	27,337,947	28,567,536	25,637,513
- Less average holding of treasury shares	-328,472	-328,472	-328,472	-328,472
Earnings per share before and after dilution (SEK)	-1.75	-2.10	-8.19	-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 fourth quarter, the Company had a credit reserve of SEK 215 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 the first ASTar product approved for sales in Europe. During the year, 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. During the second quarter, the Company carried out a directed issue amounting to SEK 301.4 million (270) before issue costs. Based on the proceeds generated for the Company, the Board deems the existing working capital, as of 31 December 2021, to be sufficient to cover the Company's needs over the next 12 months.

Note 10 Significant events after the end of the period

The antibiotic panel in ASTar was expanded to offer even broader results. The panel now covers 222 combinations of antibiotics and bacteria in order to offer even broader results, increasing the benefit to patients and reducing the need for resources.

Q-linea announced the results from the commercial evaluation performed by Thermo Fisher Scientific™ and supported by Q-linea during the summer 2021. The overall Essential Agreement (EA, meaning reaching the same results as the reference method) was 96,6%, thus exceeding the results from Q-linea's pivotal CE-IVD study. ASTar® could also provide results for 98,7% of all organisms analyzed.