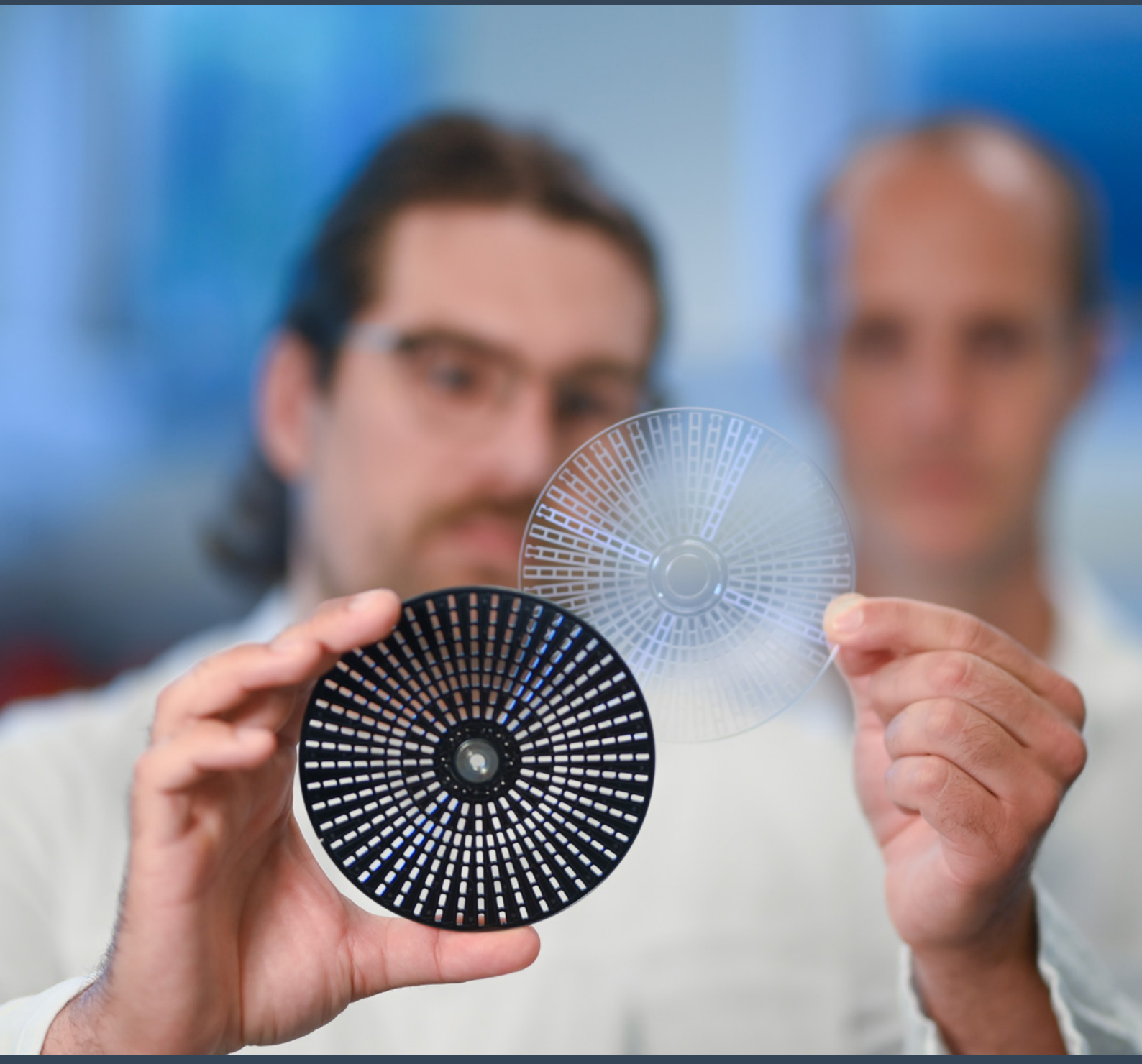
Annual report

2023



Q-LINEA

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2023 in brief

Q-linea develops groundbreaking infection diagnostics that benefit patients, the healthcare sector and society

In 2023, Q-linea executed on its business concept to develop and deliver solutions that make it possible to accurately diagnose and treat infectious diseases in the shortest possible time.

Q1

- Distribution partnership for the UK with Pro-Lab Diagnostics.
- Q-linea achieved IVDR certification.
- Q-linea's principal owner Nexttobe supported the new strategy and expanded the existing loan facility from SEK 100 million to SEK 200 million.
- Christer Samuelsson was appointed CFO and IR Director.
- Ethics approval of clinical ASTar study in Belgium.

Q2

- First two orders received from Pro-Lab Diagnostics in the UK.
- Distribution agreements signed for France, Poland and Norway.
- Cost-saving programme initiated.
- First patient included in Lifetimes health economics study.

Q3

- An extraordinary general meeting resolved on a rights issue that added 87.6 shares and gross proceeds of approximately SEK 263 million.
- Sales directors for southern Europe and the US were added to the commercial team.
- 510(k) application for US market approval supplemented with additional information.
- First two orders received from Eurobio Scientific in France.
- CEO Jonas Jarvius announced that he planned to leave the Company before summer 2024.

Q4

- The results from the first commercial evaluation of ASTar in the UK were presented at the IBMS Congress in Birmingham.
- Distribution agreements signed for Finland and the Baltic countries.
- Q-linea won its first public procurement for rapid susceptibility testing.
- Distribution agreement signed for Benelux.
- Two ASTar systems were installed in the US in preparation for market approval.

Events after the end of the period

- Stuart Gander appointed as Q-linea's CEO and Anders Ljunggren appointed as Managing Director of Q-linea AB, both with a start date of 1 March 2024.
- A cost-saving programme amounting to SEK 50 million annually was initiated.
- The technology behind Podler was placed in a separate limited company.
- Strong ASTar results presented at AMCLI.

Q-linea, sepsis and ASTar in brief

Q-linea in brief

Q-linea develops innovative infection diagnostics solutions that benefit patients, healthcare providers and society, enabling rapid diagnosis of blood infections such as sepsis within six hours of a positive blood culture. ASTar is a fully automated instrument that provides susceptibility testing and produces a sensitivity profile directly from a blood culture, which can potentially reduce the time to correct treatment by up to 48 hours compared with current methods and thereby save lives. Q-linea is also developing ASTar for other types of clinical samples and can offer it at a lower price than fully automated tests. The Company aims to become an industry leader in infection diagnostics through rapid and innovative diagnostic solutions.

Sepsis in brief

Sepsis, previously known as blood poisoning, is a potentially deadly condition where the immune system overreacts to an infection. When bacteria from a local infection reach the bloodstream, multiple organs can be rapidly affected. Rapid diagnosis of sepsis is decisive for initiating the correct antibiotic treatment in time. Research has shown a 7.6% reduction in the survival rate for septic shock for each hour that treatment is delayed [1].

About ASTar – ASTar enables a sought-after paradigm shift

ASTar produces faster results than traditional susceptibility testing (AST) methods. This has the potential to save lives, reduce hospital costs, limit overuse of antibiotics and discourage the development of resistant bacteria. ASTar Instrument and ASTar BC G- Kit provide comprehensive results by testing the sensitivity of gram-negative bacteria to a broad spectrum of antibiotics. This includes fastidious bacteria, leading to rapid and detailed treatment recommendations.

Our history and future

Q-linea was founded in **2008** by scientists from the Rudbeck Laboratory at Uppsala University, together with Olink AB and Uppsala University's holding company, UUAB. The Company initially focused on bioprotection applications using proprietary technology for the molecular identification of bacteria and viruses.

In **2012**, Q-linea entered the in vitro infection diagnostics business with its innovative technologies for rapid and sensitive analyses of nucleic acids and proteins. A partnership with risk capital firm Nexttobe ensured long-term financing and technological progress. Clinical partnerships were also initiated in **2016**, including successful tests on septic patients with Örebro University Hospital.

The following years saw a revolution in the identification of bacteria from positive blood cultures through technologies including mass spectrometry. This led to the development of ASTar, a fully automated susceptibility testing system for positive blood cultures. Q-linea was listed on the stock exchange in **2018** in order to finance its development, and ASTar was launched in Europe in 2021. Future functions include the analysis of isolates.

With its broad knowledge base, Q-linea is well positioned to develop in vitro diagnostics systems for multiple infectious diseases. One example is the Podler portable blood culture technology, which will reduce the time to results for sepsis patients regardless of the distance between lab and hospital. Q-linea's future products will help improve and accelerate diagnostics for patients with serious infections.

Footnotes – see References on page 94.

Employees

Q-linea has a dedicated team with extensive knowledge and experience from various areas. At year-end, the Company had 127 (151) employees, of whom 53 (65) were women and 74 (86) were men, as well as 3 (18) consultants. Five employees are based in the US and four employees are based in Italy for clinical and commercial activities. Q-linea focuses on strategic partnerships for technical evaluation and providing additional expertise, as well as market expansion. The Company has state-of-the-art facilities at three locations in Uppsala.

Vision

Q-linea helps to save lives by ensuring antibiotics continue to be an effective treatment for future generations.

Mission

Q-linea develops and delivers innovative solutions for healthcare providers, enabling them to diagnose and treat infectious diseases in the shortest possible time. The Company's solutions help healthcare providers worldwide to reduce the use of antibiotics by providing optimal treatment information for each patient.

Business concept

Q-linea develops and delivers solutions for healthcare providers, enabling them to accurately diagnose and treat infectious diseases in the shortest possible time.

Strategy

Q-linea has built up robust competence and infrastructure in order to develop and supply integrated diagnostics systems. Sales are made directly and via partners, with the majority of income expected to come from sales of consumables.

Commercialisation strategy

At the beginning of 2023, Q-linea adopted an updated commercialisation strategy focusing on three key geographies in Europe – the UK, Italy and Benelux – to be implemented through an internal sales force, subsidiaries and partnerships. Of course, the size of the region is important, but the region's interest in adopting new technology and being at the leading edge of antimicrobial management is important as well. The objective is to adopt an in-depth focus rather than a broad approach. In the US, Q-linea will initially focus on the East Coast and will be assisted by a subsidiary with a dedicated sales force of five to seven people.

Building on a strong foundation of clinical impact and commercial traction

It is a great honour to be joining the Q-linea team at this key juncture for the Company. As incoming CEO as of 1 March 2024, I have had the opportunity to witness thefruits of significant achievements made during 2023 on all fronts. Most notably, how the Company has laid the groundwork for the coming phase of commercialisation of our flagship ASTar rapid AST testing platform.

We are in a period of transition now, moving from a focus on the development and launch of a novel technology with great clinical promise to the methodical commercialisation of a solution for our laboratory and clinical users. Significant investments were made in 2023 which have opened key markets across Europe and created the basis for commercial activities in the US once we have secured FDA clearance. Offsetting this expansion of commercial capacity, the Company has implemented a cost-saving programme that recognises that the majority of its foundational R&D work has been completed. The programme is expected to reduce running costs by some SEK 4 million per month while simultaneously shifting resources closer to the market interface.

With more than a decade of development and clinical testing behind us, the ASTar platform is ready to lead the market in the next generation of antimicrobial susceptibility testing. We are proud to announce our commercial installation in Italy, at Tor Vergata Hospital. Feedback from that process, and others advanced in the commercial pipeline, has emphasised the superior engineering of ASTar, with its outstanding ease-of-use and workflow integration, breadth of menu and unparalleled fidelity of test results that enable a same-shift report to clinicians and consequent adjustment of therapy where needed.

Early indications of this impact are already being seen. I was inspired to hear the presentations from our clinical partners at the AMCLI conference in Rimini, where Dr Verroken and Dr Sanguinetti shared interim results from studies in Belgium and Italy respectively, indicating that up to 45 per cent of patients received appropriate therapeutic adjustment 20–34 hours faster than with the current standard of care, depending on the clinical workflow environment. We expect to see more evidence of this tremendous clinical impact as more results are published, with our clinical partners and other ongoing research in this emerging field. During 2024, we expect deeper findings related to the health economics to be ready, which will underscore the anticipated savings that accompany the faster treatment and discharge of sepsis patients.

In 2024, my focus will be on anchoring ASTar with our customers and accelerating our commercialisation. We are energised by the signals we are receiving from customers, including pre-market interactions with leading hospital and reference lab groups in the US who are eagerly awaiting our FDA clearance. We initiated two Early Access Programs in the US during 2023 and anticipate more placements through 2024. We also see a steady expansion in our pipeline across Europe, including a tender worth over EUR 2 million in Italy which has been submitted with results expected in the coming months. Our distribution partners in the UK, France, Benelux, and the Nordics are similarly seeing growing interest and anticipate orders for the ASTar platform through 2024.

In conclusion, I would like to extend my heartfelt gratitude to Jonas Jarvius, who has been supportive through the leadership transition and, more importantly, has imbued in Q-linea the technical vision, passion for patient impact, and creative problem-solving spirit that has built the Company to this point and established a legacy in the team I inherit now. I am excited to lead Q-linea during this next phase of our journey, and committed to delivering on our mission for patients, and thereby our value promise to customers, employees and shareholders.

Uppsala, April 2024

Stuart Gander, CEO

In 2024, my focus will be on anchoring ASTar with our customers and accelerating our commercialisation.

Stuart Gander, CEO

Sepsis is an overreaction by the immune system

Sepsis is the term for a life-threatening condition that occurs when the immune system overreacts to an infection.

Sepsis can occur as a complication after common bacterial infections such as tonsillitis, infected wounds, pneumonia or urinary tract infections. In several studies, mortality from sepsis has proven to be between 15 and 50%[2].

Sepsis is a global health challenge that affects up to 50 million people per year[3], making it the most common cause of death in hospitals, more common than deaths from lung, prostate and breast cancer combined. Sepsis is responsible for approximately 30% of deaths in hospital, and it is the most expensive disease to treat in the US, where the cost exceeds USD 24 billion per year[4].

Sepsis causes organ failure through a dysfunctional immune response that spreads the infection through the entire body and seriously affects vital organs such as the heart, lungs and kidneys. The condition can be classified into two levels of severity, sepsis and septic shock, with the second being the most serious form that means that blood pressure cannot be normalised quickly despite fluid resuscitation.

The definition of sepsis has varied historically, and it is possible to detect bacteria in the blood even if they do not always cause sepsis. For example, temporary bacteraemia with no symptoms may arise after oral or throat surgery.

A rapid and accurate diagnosis is crucial to survival in the case of sepsis.

Q-linea's susceptibility testing system was developed with the future in mind

Q-linea's susceptibility testing system, ASTar, was designed to future needs in rapid susceptibility testing (rapid AST) for infectious diseases caused by bacteria. The fully automated ASTar instrument provides accurate and reproducible sample preparation for accurate MIC identification through a high-quality optical detection system. The first area of application for ASTar is to analyse gram-negative bacteria from patients with positive cultures who are suspected of having sepsis.

ASTar is intended for medium-sized and larger clinical microbiology laboratories at hospitals, and is a fully automated instrument that uses Q-linea's proprietary consumables. ASTar can be combined with rapid bacteria identification systems to meet the need for early and correct antibiotic treatment. ASTar provides patient-specific treatment recommendations for antibiotics up to 48 hours faster than traditional technologies.

Rapid antibiotic results are critical when diagnosing blood infections, and can provide major benefits for patients, hospitals and society. As antibiotic resistance continues to increase, accurate diagnostics and the correct antibiotic treatment are becoming even more important. ASTar can also handle especially demanding, so-called fastidious bacteria that are often involved in pneumonia. One example is pneumococci, which are present in up to 10% of sepsis patients.

Footnotes—see References on page 94.

VOICES ON Q-LINEA FROM 2023

I used ASTar in my previous role, and from day one I saw the system's high capacity and how it can change treatment and outcomes for critically ill patients, so I definitely wanted to be part of Q-linea."

Franco Pellegrini was appointed Sales Director for southern Europe during the year in order to expand Q-linea's commercial presence in Europe. Franco Pellegrini previously held a leading position at Thermo Fisher Scientific's microbiology division.

VOICES ON Q-LINEA FROM 2023

We look forward to an exciting future and partnership. High-quality innovative products such as ASTar make it possible to increase our sales to hospital microbiology laboratories."

Mohammed Benlakhdar, CEO of Labema, Q-linea's partner in Finland and the Baltic countries

ASTar – rapid and comprehensive – when time saves lives. The details make the difference

	Advantages for laboratory staff and physicians	Advantages for patients – with the potential to save lives
Fully automated ASTar offers a fully automated solution with the capacity to load 12 samples at a time with random-access loading, requiring less than two minutes' manual preparation time	• Anyone on staff can start a test in ASTar, regardless of their level of training and even under time pressure (such as at night). • Perfectly integrated into the workflow: you only need to interact with ASTar once and then turn to other tasks. • ASTar is suited for managing peaks in sample flow in daytime laboratories. It also has a high capacity for large hospitals.	• Results are available in the fastest possible time, since ASTar can be loaded whenever there is available capacity.
Accurate MIC results Accurate MIC results are delivered in about six hours thanks to a controlled inoculum and between six and 14 two-fold dilution steps for each antibiotic in the panel.	• MIC values make it possible to customise treatment, since a bacterium's level of resistance/sensitivity to various preparations can be taken into account. • Long antibiotic dilution series increase the likelihood of determining an accurate MIC value, making it possible to provide the correct dosage if the bacterium is not completely sensitive.	• Greater likelihood of correct treatment, since the dosage can also be taken into account. Even highly resistant bacteria can be managed correctly during treatment.
A comprehensive AST panel The AST disc has over 330 wells available for antibiotics in varying concentrations against both fastidious and non-fastidious pathogens, making it possible to obtain clinically applicable results after only one analysis	• A test is more likely to provide results that can be used as a basis for treatment if the panel is comprehensive. • Since the panel contains numerous different preparations, this reduces the need for parallel tests or follow-up tests. • Saves time and money since only one test needs to be performed on the sample. • It is possible to track the development of resistance and switch treatment strategies when needed to reduce further development of resistance.	• There is a higher likelihood of rapid and correct treatment, since the laboratory does not need to perform follow-up tests in cases where the patient has a bacterium that is highly resistant or multi-drug resistant. These are the patients for whom the time it takes to obtain accurate results is the most important. • Even patients with fastidious bacteria infections (up to 10% of all sepsis patients[5]) can receive the correct treatment rapidly. • ASTar has already demonstrated that a comprehensive panel has affected the time it takes to treat patients with serious infections. The aim is to save lives.
Samples can be included later ASTar is approved to include positive blood cultures up to 16 hours after proven bacteria growth	• It is important for daytime laboratories to be able to include samples that signalled positive the night before. • Simple workflow, since it is often not necessary to consider whether the sample can be included in ASTar.	• Fastest possible time for results, regardless of whether patients are treated at a daytime or 24/7 hospital.
ASTar is approved for many different blood bottles ASTar is approved for nine different types of culture bottles	• The most frequently used culture bottles from leading suppliers can be used with ASTar. • This enables many hospitals to begin using ASTar.	• Enables rapid and correct treatment regardless of the hospital where the patient is treated, since ASTar supports most types of blood bottles.
ASTar is future-proofed for new tests and sample types ASTar's consumables are prepared to handle new sample types such as urine, and they also make it possible to analyse samples such as isolate samples at a lower price, because the AST disc can be run separately semi-automatically.	• ASTar's architecture has the ability to offer the inclusion of numerous sample types in the future as well as the ability to analyse samples at different price levels, Presenting opportunities for the lab to expand the use of ASTar cost effectively.	• More patients with other infections will be able to receive rapid, comprehensive results in the future as the product portfolio is expanded.

Footnotes – see References on page 94.

VOICES ON Q-LINEA FROM 2023

Medical lab assistants and associate practitioner staff are capable of using the instrument with ease, reducing the pressure on biomedical scientists."

Jennifer Monkhouse et al, Poster IBMS 2023
Mersey and West Lancashire Teaching Hospitals NHS Trust, UK

VOICES ON Q-LINEA FROM 2023

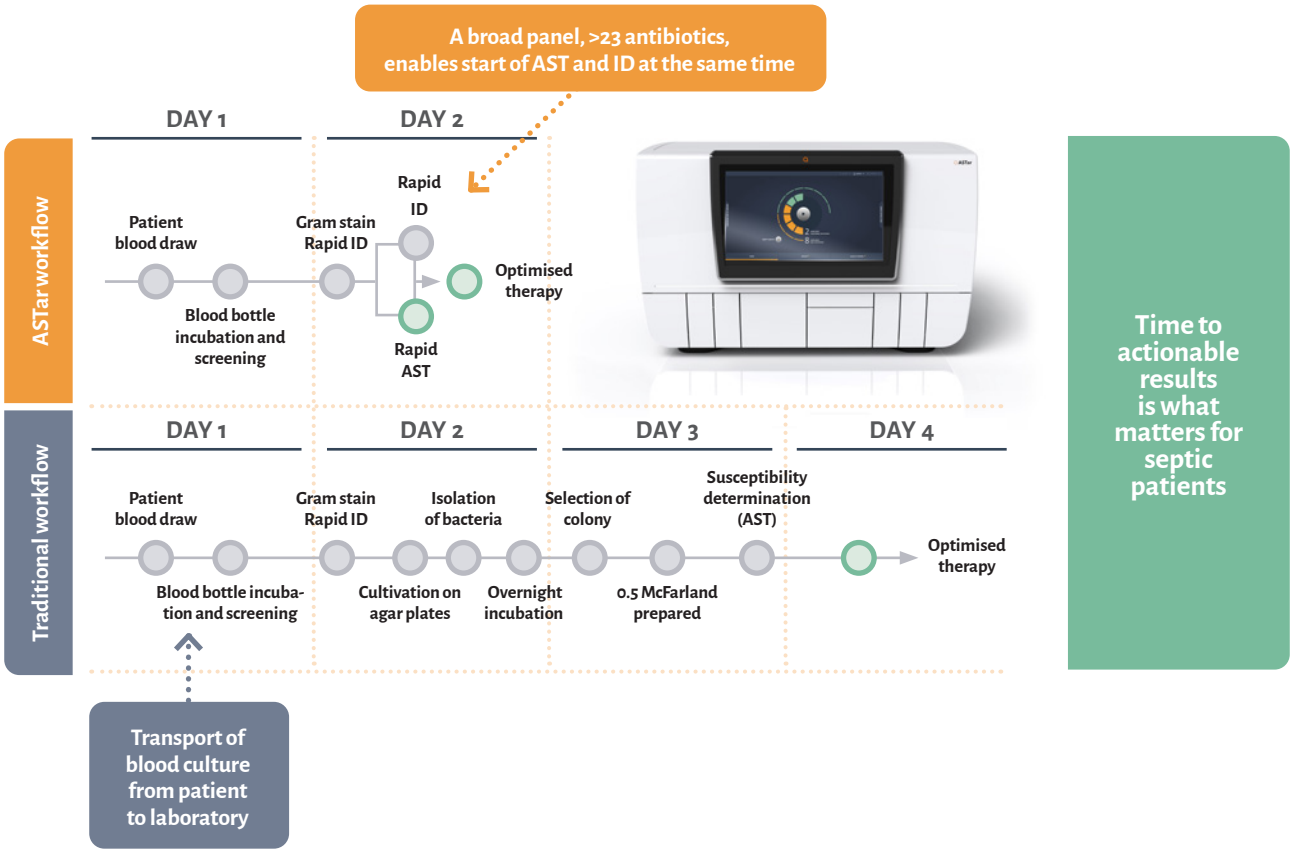
ASTar is a user-friendly system with a broad antibiotic panel for gram-negative bacteria."

Alisa Rizvanovic et al, poster spring meeting 2023
Clinical Microbiology, Medical Diagnostics Karolinska, Karolinska University Hospital, Stockholm, Sweden

Large laboratories have unmet needs

There is a vast need for rapid treatment recommendation in cases of infectious diseases, a need that is not being met in the market today.

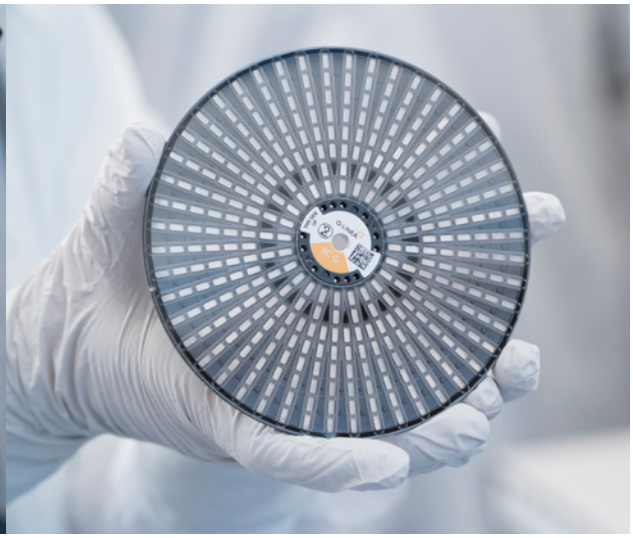
Results up to 48 hours faster



To meet the daily sample throughput at a large laboratory, a system should handle 10–30 positive blood cultures per day. In addition, blood cultures may signal positive during the night, which means that a system needs high peak capacity. 24/7 laboratories have a need for random access in order to be able to quickly start and run a sample any time it signals positive.

ASTar is easy to use and fully automated, with an intuitive and user-friendly interface, so that it is quick and easy to start and to obtain results. ASTar has high sample throughput and the ability to handle peaks in the sample flow. ASTar can analyse up to 12 samples simultaneously and offers random access.

ASTar was developed for high sample throughput, and it offers the ability to handle peaks in the sample flow.



ASTar Instrument

The fully automated ASTar instrument provides accurate and reproducible sample preparation for susceptibility testing as well as MIC identification through a high-quality optical detection system. ASTar can be combined with a rapid bacteria identification system, and reinforces current laboratory capacity in order to meet the clinical need for faster results.

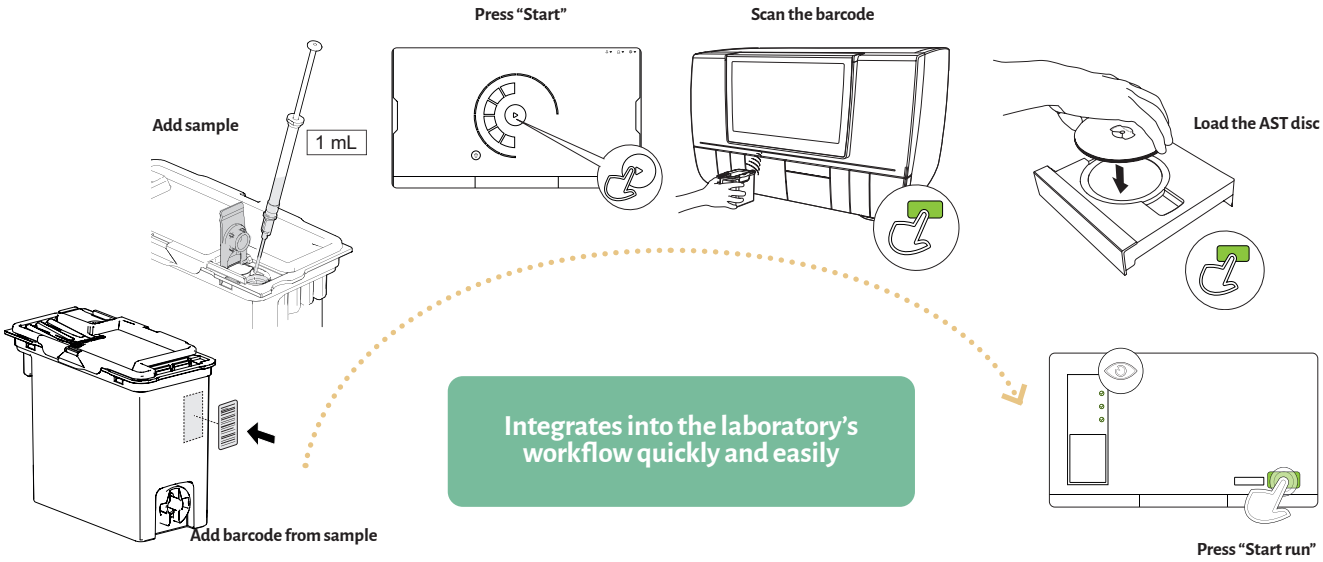
ASTar BC G- kit

The ASTar BC G- kit has two parts: a sample preparation cartridge and an AST disc. A frozen insert is added to the cartridge before use. The cartridge contains all reagents and disposable articles needed for sample preparation, concentration determination, dilution and growth medium adaptation. The AST disc is used for concentration determination and susceptibility testing.

AST disc

The AST disc contains more than 330 wells, allowing for an extremely broad antibiotic panel with many two-fold dilution steps for each antibiotic. Susceptibility testing from a broader panel gives a more complete result and reduces the need for further time-consuming tests. For rapid direct testing from clinical samples, a broad panel also makes it possible to start the analysis before the bacteria is identified, cutting the time to correct antibiotic treatment.

Anyone at the lab can load ASTar at any time



Add positive blood culture and load consumables

The user transfers the blood sample from the blood bottle to a position in the sample preparation cartridge, scans the cartridge's patient barcode and places the cartridge and the appropriate AST disc/panel in the instrument. All steps take place automatically from that point.

Fully automated sample preparation and susceptibility testing

The instrument's ability to handle different organisms simultaneously saves time and allows analysis without knowing the bacterial ID. The AST disc, loaded with bacteria and antibiotics, is placed in a temperature-controlled part of the instrument. The culture cabinets are read by an optical detection system, and an image analysis algorithm quantifies the bacterial biomass over time. MIC is determined using an algorithm that also takes the bacterial ID into account, and the bacteria is classified as susceptible (S), susceptible, increased exposure (I) or resistant (R).

Q-linea achieved IVDR status in 2023

In February 2023, Q-linea announced that the Company had received certification under the new and more comprehensive EU IVDR for its quality management system (QMS) as well as the product groups consumables and analysis software for testing antibiotic resistance. ASTar Instrument has been CE-marked under the IVDR since May 2022. The certification was issued by Q-linea's notified body TÜV SÜD.

Certification is evidence of the Company's consistent focus on quality, and a condition for CE-marking the ASTar BC G- kit (consumables and analysis software) under the IVDR. ASTar BC G- kit is CE-marked under the previous directive, which may be used until 2026. However, no significant changes may be made to products with CE markings under the previous directive. Therefore, it has been important for Q-linea to fully implement the IVDR, which will enable the implementation of significant changes to the products as well as the CE marking of new products in the same category.

"The system definitely gets a gold star for usability, hands-on time and user-friendliness"

Stephen P. Kidd MSc (Res), DipRCPath, Lead Healthcare Scientist at Hampshire Hospitals NHS Foundation Trust

Stephen Kidd is an HCPC-registered clinical scientist in medical microbiology and virology and the lead healthcare scientist at Hampshire Hospitals NHS Foundation Trust. He has over 20 years' experience in clinical research and clinical diagnostics, focusing on the interface between human health and infectious diseases. Stephen is interested in developing new diagnostics and new diagnostic pathways and implementing service improvements through innovation and clinical relationships.

What was your first encounter with Q-linea?

I'd known about Q-linea and ASTar for a couple of years, since I've seen them and met them at various conferences. Q-linea was at ECCMID in Copenhagen in 2023 with Pro-Lab Diagnostics, a company that we are very familiar with since they are one of our major suppliers, and we began talking.

And now you've also worked with Q-linea?

Yes, after an extremely productive meeting with Pro-Lab and Q-linea at ECCMID, we had the opportunity to test the system in a clinical setting. We are especially interested in rapid susceptibility testing here at Hampshire Hospitals, and when one of my Master's students wanted to investigate rapid susceptibility testing, we conducted a study using ASTar. We've been evaluating systems similar to ASTar for seven or eight years, so we have in-depth experience in evaluating these systems, both clinically and analytically.

What were your conclusions?

The system provides entirely comparable results when it comes to accuracy, compared with the current standard of care, so its analytical performance is extremely good. But the major difference is the time and the quantity of information that ASTar provides. We can obtain much more information in a shorter time from ASTar. The current standard of care is about 24 hours, but we get more information in about seven hours from ASTar. With ASTar, we receive an MIC (minimum inhibitory concentration) value, which we don't get with the current standard of care without additional work.

Are there any other differences?

Yes, the greatest difference compared with the current standard of care is probably the flexibility provided by random access as well as the user-friendliness. Since the system is extremely simple and easy to use, this reduces the amount of labour needed in a laboratory. As I said, we've evaluated many systems through the years, and ASTar is the most automated system with the highest throughput of all the systems that we've ever tested. The system definitely gets a gold star for usability, hands-on time and user-friendliness.

Would you recommend ASTar?

ASTar produces rapid high-quality results, and is probably the most attractive system that we've tested in the market when it comes to usability, cost, quality and production. Altogether, the study showed that the analytical performance is extremely good and that the clinical impact on patient care can be significant. I was happy to see the system achieve such a positive result, and to see that it could benefit patients if used in a clinical setting.

Q-linea's European study

The European pivotal clinical study initiated in December 2020 comprised approximately 75 prospective patient samples and approximately 600 samples that were analysed internally. In May 2021, Q-linea announced that the Company had received CE-IVD marking for ASTar thanks to very good study results.

Essential Agreement (EA) was 94.9%, Categorical Agreement (CA) 97.6% and overall reproducibility 99.6%. To achieve CE-IVD approval in Europe, EA and CA must exceed 90%. EA means giving the same result as the reference method on the concentration of antibiotics that kill or inhibit bacterial growth. CA means giving the same classification of the bacterium within one of three groups (S.I.R) with respect to susceptibility to antibiotics.

VOICES ON Q-LINEA FROM 2023

We are very pleased to be partnering with Q-linea in the French market. ASTar is an innovative solution for determining antibiotic susceptibility in a few hours. This leads to improved patient outcomes, which is the core of Eurobio Scientific's business. We are expanding our microbiology offering thanks to our partnership, and we continue to promote innovation in the laboratory in general."

Jean-Michel Carle Grandmougin, Chairman and CEO of Eurobio Scientific, Q-linea's partner in France

VOICES ON Q-LINEA FROM 2023

Based on these findings, ASTar may be a valid laboratory tool for rapid AST of BSI-causing gram-negative bacteria."

Giulia De Angelis et al., P0319 ECCMID 2023
Università Cattolica del Sacro Cuore, and Policlinico Unviersitario Agostino Gemellei IRCCS, Rome Italy

Q-linea's updated commercialisation strategy

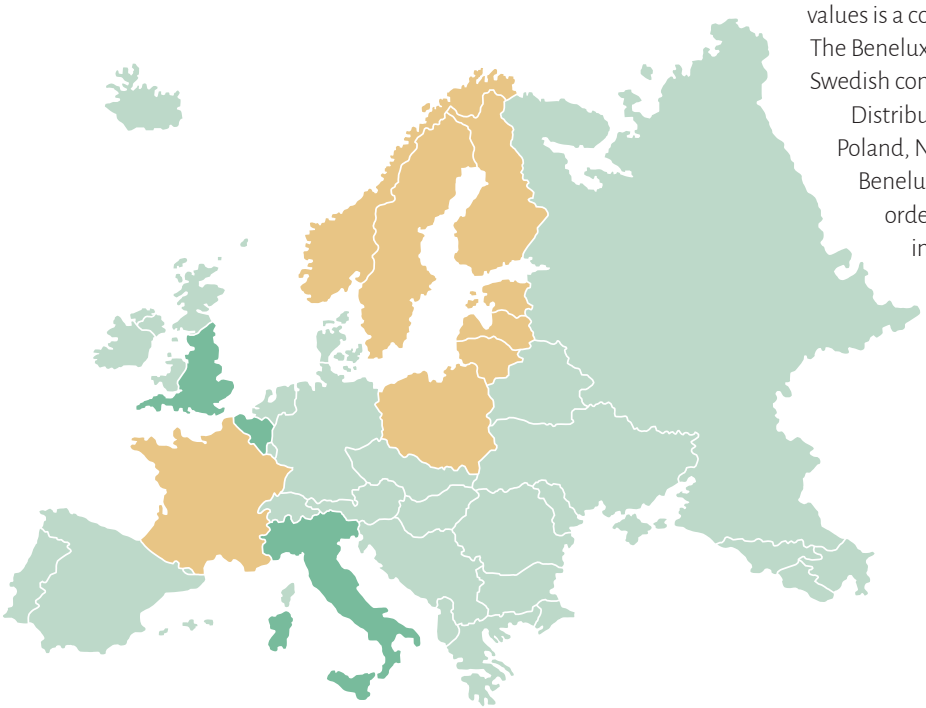
In 2023, Q-linea adopted an updated commercialisation strategy focusing on three key geographies in Europe: the UK, Italy and Benelux.

The choice of geographic focus markets in Europe is based on both the UK and Italy being large markets that are very advanced when it comes to rapid AST and sepsis awareness. Moreover, Q-linea has received positive feedback from commercial evaluations in these countries. In the UK, Q-linea's distribution partner Pro-Lab Diagnostics placed its first order for two systems in spring 2023.

Lifetimes, Q-linea's first health economic study, is currently being conducted in Italy, where a number of ASTars were tested during the summer, so there is already noticeable awareness of ASTar. Italy will serve as a base for expansion into other countries in southern Europe. Franco Pellegrini was hired as Sales Director for southern Europe during the year to lead the local organisation and cooperation with distribution partners in France, Spain/Portugal and Belgium.

Benelux was chosen as one of Q-linea's priority regions since it is at the cutting edge in both research on rapid susceptibility testing and pharmacokinetic/pharmacodynamic-driven and individualised antibiotic treatment, where demand for MIC values is a cornerstone of treatment recommendation. The Benelux market is addressed both by Q-linea's Swedish commercial team and by local staff.

Distribution agreements were signed for France, Poland, Norway, Finland, the Baltic countries and Benelux during the year. In addition, the first two orders were received from Eurobio Scientific in France.



Key geographies:
UK, Italy and Benelux

Countries covered by Q-linea (Sweden) or through distribution agreements:
France, Poland, Sweden, Norway, Finland, Baltic countries

Q-linea's external evaluations

In 2022 and 2023, Q-linea had about ten external evaluations of ASTar and ASTar BC G-kit performed. One of the most important parameters in these evaluations was the time to results.

In general, the laboratories that evaluated ASTar already had equipment for rapid AST. The results of the studies have consistently shown that ASTar provides results on the same day, while existing equipment provides results the following morning.

Chloe Hylton, Senior Biomedical Scientist Microbiology at Whiston Hospital, UK, participated in an external evaluation. This is what she said: "Patients may currently be on empiric treatment for 48 hours before we can change that treatment. ASTar has the potential to reduce that by as much as 24 hours, which is a massive impact."

"We're engaged in pushing the boundaries of innovation"

Mark Reed, General Manager of Pro-Lab Diagnostics Europe

Can you tell us about Pro-Lab Diagnostics?

Certainly. Pro-Lab Diagnostics is part of a group of three companies that were originally founded in 1974. Our head office is based in Toronto, but we expanded to the US in 1984, and then to the UK in 1989, so we have over 30 years of experience. We have grown into a recognised key player in Europe and worldwide, especially in microbiology.

How did you encounter Q-linea?

We met Q-linea several years ago, when we participated at AACC in Anaheim, California. We became enthusiastic about ASTar when we understood the significant effect that the system could have in fighting antimicrobial resistance, which is a critical problem. You could say that hospitals often use a scattershot approach, but what's needed is to ensure that the right antibiotic is chosen quickly.

How did you end up selling ASTar?

Initially, Q-linea had a global deal with Thermo Fisher Scientific (TFS), and we were disappointed that we wouldn't have the chance to represent ASTar. But after Q-linea ended their agreement with TFS and decided to partner with individual companies in Europe, we had the opportunity to enter into a partnership. We already had close relationships with hospitals such as Whiston, and we worked with Q-linea to place a system there for evaluation. The evaluation is now complete, and the system is being used routinely. This was a strategic move that was in line with our focus on the UK microbiology market.

What are you doing to introduce ASTar?

We form decision units at hospitals and laboratories, and we cooperate with senior hospital management, purchasing departments and clinics. Communicating with the entire chain and making sure everyone is involved is crucial. We've organised scientific seminars in various locations, targeting the right people who are interested in rapid diagnostics. Q-linea supports us in these seminars, and the sales process takes place in connection with them.

What can you say about the implementation of ASTar in the UK?

This is not a system that you can sell quickly, particularly in view of the financial challenges facing the NHS.
We've made significant investments in hardware and seminars, and we've faced challenges due to tight budgets. But our efforts have yielded results, and there is a genuine interest in our solutions. Our focus on automation and on accelerating the diagnostic process has proven to be effective. The UK market is probably at least a hundred systems, and I'm sure we'll reach that number eventually. In the case of other systems, we've seen that it's like pulling the plug: once the system is running at several laboratories and hospitals, then "everyone" wants one.

What's your view of the diagnostics systems of the future?

There's no doubt that automation is the future. Even though you might think that some parts of the microbiology can't be automated, systems such as ASTar are replacing older methods. The gains in efficiency are significant, and we've seen a shift towards centralised and modernised laboratories with a higher degree of automation. The challenge now is to ensure that clinics in hospitals can act quickly based on the results, and we're working towards overcoming that challenge.

Thank you for sharing your insights about partnering with Q-linea and progress in diagnostics. Is there anything more you would like to add?

Just that the journey is still ongoing, and the impact of rapid diagnostics on patient care is enormous. We're engaged in pushing the boundaries of innovation and in making a difference in the fight against antimicrobial resistance.

VOICES ON Q-LINEA FROM 2023

Antimicrobial resistance continues to be a challenge for the diagnostics industry, and managing it rapidly and correctly is extremely important. We are happy to partner with Q-linea in the UK, and we look forward to introducing this exciting technology in the fight against sepsis."

Mark Reed, General Manager of Pro-Lab Diagnostics

ABOUT HUMANITAS RESEARCH HOSPITAL

Humanitas Research Hospital is an accredited hospital located south of Milan, Italy, with approximately 750 beds and an emergency department (level II DEA). Humanitas is also a university that offers courses in medicine, medical technology, nursing science, biomedical laboratory technology and radiography as well as 24 specialist courses.

“The development of rapid diagnostic methods has become a necessity.”

Dr. Erminia Casari, Humanitas Research Hospital

How did you encounter Q-linea and ASTar?
A while ago, I heard a presentation by Thermo Fisher Scientific, which was marketing the instrument at the time, and later on we were contacted by the company that is currently marketing the system.

Now you are evaluating ASTar: what does the evaluation consist of?
We perform tests based on positive blood cultures, and compare them with the reference system that we normally use as standard procedure (BD Phoenix).

Can you explain the medical necessity of a system such as ASTar?
There are about 47 to 50 million cases of sepsis every year (worldsepsisday.org), resulting in approximately 11 million deaths. Therefore, clinical bacteriological laboratories need to continually verify and update diagnostic tests for bloodstream infections. In addition, the development of rapid diagnostic methods has become a necessity due to increased antibiotic resistance. Rapid reporting of antibiotics when blood cultures are positive can have a major impact on antibiotic treatment, which supports the physician in the considered selection of targeted therapy. It’s possible to obtain a relevant antibiogram, comparable with the ordinary one, which cuts the time involved in the clinical decision on antibiotic treatment. Compared with tests that show positive results at night and are therefore handled the following morning, reporting times are cut by approximately 11 hours, and the impact on blood cultures that show positive results during the day is even greater – in these cases, times are cut by approximately 48 hours.

What will be needed to implement ASTar in clinical routines?
It will be necessary to develop a process that involves all of the parties involved in the treatment of sepsis at our hospital: physicians, infection specialists, microbiologists and pharmacists. After presenting the system and the evaluation data to our colleagues, we will develop a flowchart to manage the evaluation in order to reserve the system for specific cases chosen in consultation with our clinical colleagues.

What obstacles to the adoption of the system do you see?
The completion of the evaluation with a comparison of at least 40 samples and an economic evaluation that also takes patient aspects and the administration of hospital spaces into account.

What are the differences compared with other systems?
The primary differences to other systems are: the breadth of the available MIC range; the type of underlying technology; random access; operating methods for preparing samples; the availability of MIC values in real time (other instruments only let you see the complete MICs that you define at the end of the process); standardisation of the inoculum.

ABOUT DR. ERMINIA CASARI

Dr. Erminia Casari received her degree in biological sciences from the University of Milan in 1988, and a specialist degree in microbiology and virology from the University of Pavia in 2009. She has worked at the analytical laboratory of the San Raffaele Scientific Institute in Milan since 1986, and in 1991 she became an assistant biologist at the laboratory for chromatographic separation technologies at San Raffaele Scientific Institute-DNSP. In February 1996, she became an assistant biologist at the Humanitas Clinical Institute’s Clinical Analysis Laboratory, and since July 2011 she is the director of the microbiology laboratory at IRCCS Humanitas Research Hospital. She is a contract professor at the Specialization School of Microbiology and Virology at the University of Pavia, and for the course “Promotion of health and safety in the community” for the Humanitas University nursing programme.

Health economics studies: an important part of Q-linea's clinical strategy

ASTar has undergone clinical studies in both Europe and the US to demonstrate its safety and efficacy. The studies focused on AST for gram-negative bacteria, including fastidious bacteria, directly from positive blood cultures. The results of the studies form part of the documentation for IVD approval for ASTar in each of these markets. Q-linea is sponsoring the Lifetimes health economics study in order to advance the adoption of ASTar.

About the Lifetimes health economics study

Q-linea is sponsoring the Lifetimes health economics study in order to advance the adoption of ASTar. The study is an important
milestone in Q-linea's clinical strategy, since Q-linea expects the study to show that ASTar improves quality-adjusted life years (QALYs), combats antibiotic resistance, reduces hospital costs and streamlines the laboratory workflow. This data is expected to accelerate ASTar's rate of implementation.

VOICES ON Q-LINEA FROM 2023

The ASTar system's impressive performance is combined with user-friendliness and a short practical time for the lab technician, which are advantages that are often overlooked. The demonstrable rapid clinical measures can provide significant advantages for individual patients and healthcare organisations when it comes to quality of care, patient safety, anti-microbial administration and infection prevention measures."

From the first commercial evaluation
of ASTar in the UK

VOICES ON Q-LINEA FROM 2023

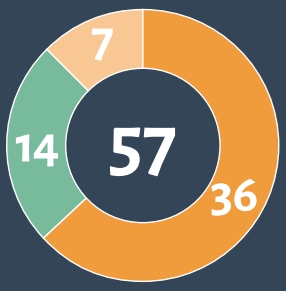
The performance of this system is high, and could add value for early detection of multi-drug resistant gram-negative bacteria in sepsis."

Hélène Pailhories et al, ECCMID 2023
Laboratoire de Bactériologie, CHU Angers and Laboratorie HIFH, Université d'Angers, France

Q-linea's Lifetimes health economic study

In June 2023, Q-linea proudly announced that the first patient had been registered in Lifetimes, a multi-centre study sponsored by Q-linea that studies the health economic advantages of ASTar
when treating intensive care patients with bloodstream infections.

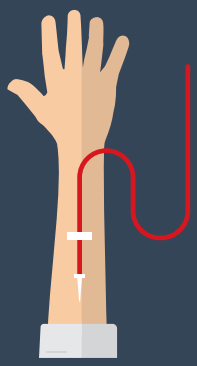
The study will include 160 potential intensive care patients, including adults and children, who are being treated for gram-negative bacteraemia at four large Italian hospitals. The study aims to investigate the effect of using ASTar, in terms of the time to optimal treatment, the time in intensive care and hospital care, respectively, and the duration and cost of antibiotic treatment. It is expected to run for about a year.



Evaluations of ASTar with successful results

Several evaluations of ASTar were performed in 2023. The results from the first commercial evaluation of ASTar in the UK were presented at the IBMS Congress in Birmingham, England in October.

The study was conducted at Basingstoke Hospital, part of Hampshire Hospitals NHS Foundation Trust. It evaluated 57 positive blood cultures from septic patients in order to determine the analytic performance and the theoretical clinical effect of potential early measures. In 36 of these 57 cases, the rapid susceptibility testing led to clinical procedures. 14 of these were treatment optimisations, and seven were infection control measures to prevent the spread of extremely resistant isolates.



ASTar can help in the fight against antibiotic resistance

By delivering MIC results in approximately six hours for a broad spectrum of antibiotics, including new molecules, ASTar enables faster adjustment and optimisation of antimicrobial treatment when every minute counts. Critically ill patients frequently show varying pharmacokinetics/dynamics, which makes MIC values decisive in avoiding underexposure or overexposure to antimicrobial agents.

Antibiotic treatment can considerably improve patient outcomes, while correct antibiotic use reduces the risk of the development of additional resistance and the occurrence of other undesirable antibiotic-related effects, such as infections caused by Clostridoides difficile.

Health economics effects of AST results that are 24 hours faster

USD 2,500-20,000

Estimated cost savings per patient due to lower mortality and shorter hospitalisations[7)]

~ 40%

Up to 40% lower mortality[8)]

25%

Up to 25% reduction in *C. difficile* infections caused by broad-spectrum antibiotic treatment[9)]

Footnotes – see References on page 94.

Strong study results – the foundation for market approval

Q-linea has conducted clinical studies in the US with the goal of receiving market approval for ASTar in the US market. The Company hopes to receive market approval to be able to launch ASTar in the US in 2024.

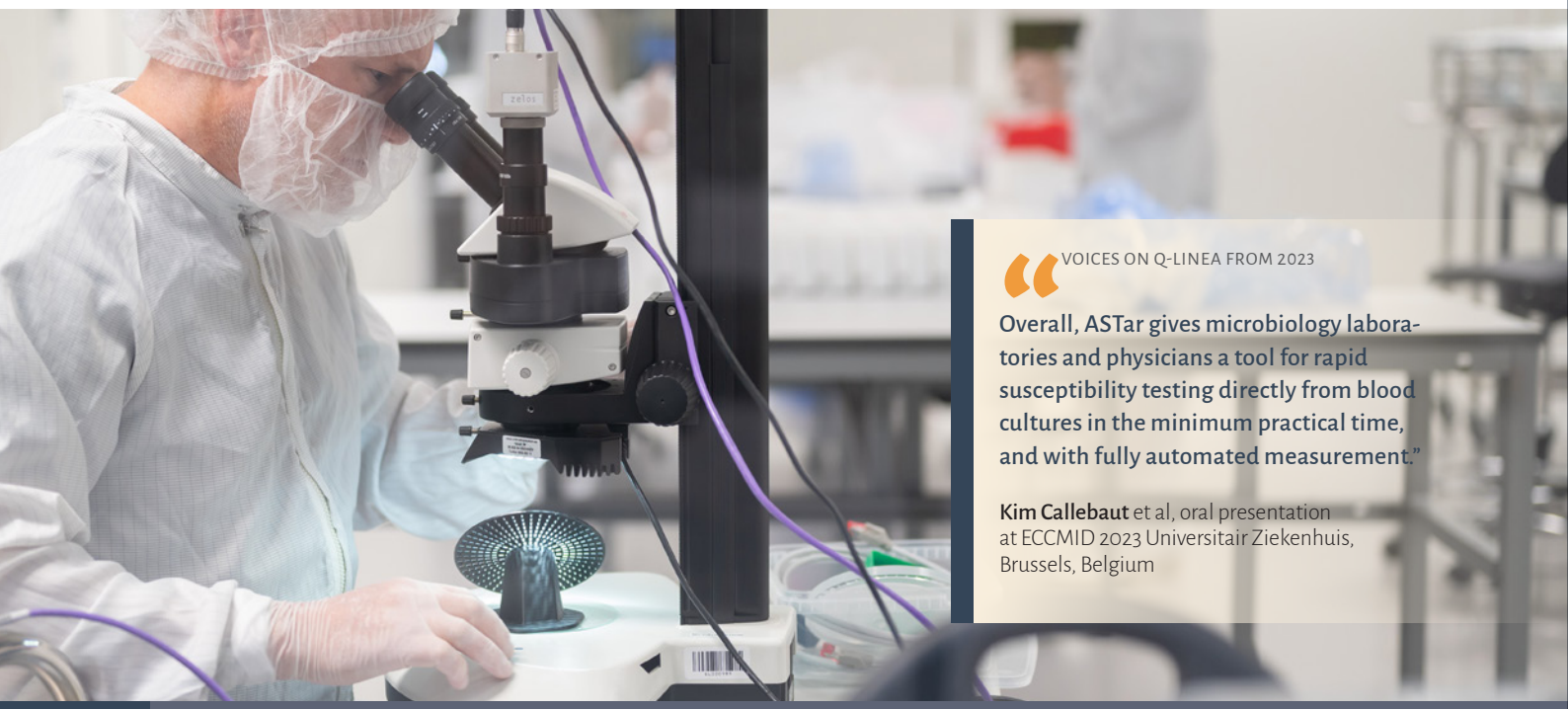
In July 2023, Q-linea provided supplementary information for the 510(k) application that it submitted in June 2022. The FDA's recommendation to conduct supplementary analytical and clinical tests was due to an algorithm update, and was primarily intended to verify the performance improvements brought about by the algorithm update.

The update was made because the training data was expanded after the clinical study in the 510(k) had been completed. The training data is the foundation for the machine learning algorithms that ASTar's software uses to calculate results. Similar performance improvements for ASTar have already been implemented in the European market.

Q-linea has held a continuous dialogue with the FDA, which has probably been facilitated by ASTar's designation as a breakthrough device. This designation is given to devices that are considered to provide more effective treatment of severe diseases when no comparable equivalent is available on the market. The aim of the designation is to accelerate the regulatory review of new medical devices and provide patients with faster access to new treatment alternatives.

EU and US regulations stipulate that performance for each antibiotic combined with the intended types of bacteria are to be evaluated separately. If any combination of a type of bacteria and antibiotic in the clinical studies does not meet regulatory requirements, it can be included in the next version of the product instead. This does not affect the combinations that have met the limit values for approval, which reduces the regulatory risk before launch. Q-linea's inclusion of powerful and important antibiotics such as colistin in the panel as well as the analysis of fastidious bacteria show that the technology is well equipped for the future.

In line with Q-linea's strategy to expand its commercial presence in the US and the formation of a US legal entity, Q-linea Inc., the Company hired a Chief Commercial Officer for the US (VP of US Commercial Operations) during summer 2023 to lead the local organisation and build up the commercial team. Thanks to the new hire, Q-linea can participate more actively in partnership discussions in order to further expand its presence and reach in the US.



VOICES ON Q-LINEA FROM 2023

Overall, ASTar gives microbiology laboratories and physicians a tool for rapid susceptibility testing directly from blood cultures in the minimum practical time, and with fully automated measurement."

Kim Callebaut et al, oral presentation at ECCMID 2023 Universitair Ziekenhuis, Brussels, Belgium

A large and growing market

An investment in rapid diagnostics is the most beneficial and cost-effective way to slow the development of antibiotic resistance, for both the individual patient and for society.

Rapid diagnostics shortens the time to optimal patient treatment, resulting in reduced use of broad-spectrum antibiotics. This has several advantages, including curbing the trend of resistant bacteria, reducing patient suffering and reducing the number of treatment days. All in all, rapid diagnostics significantly cuts costs for hospitals, the healthcare sector and society in general.

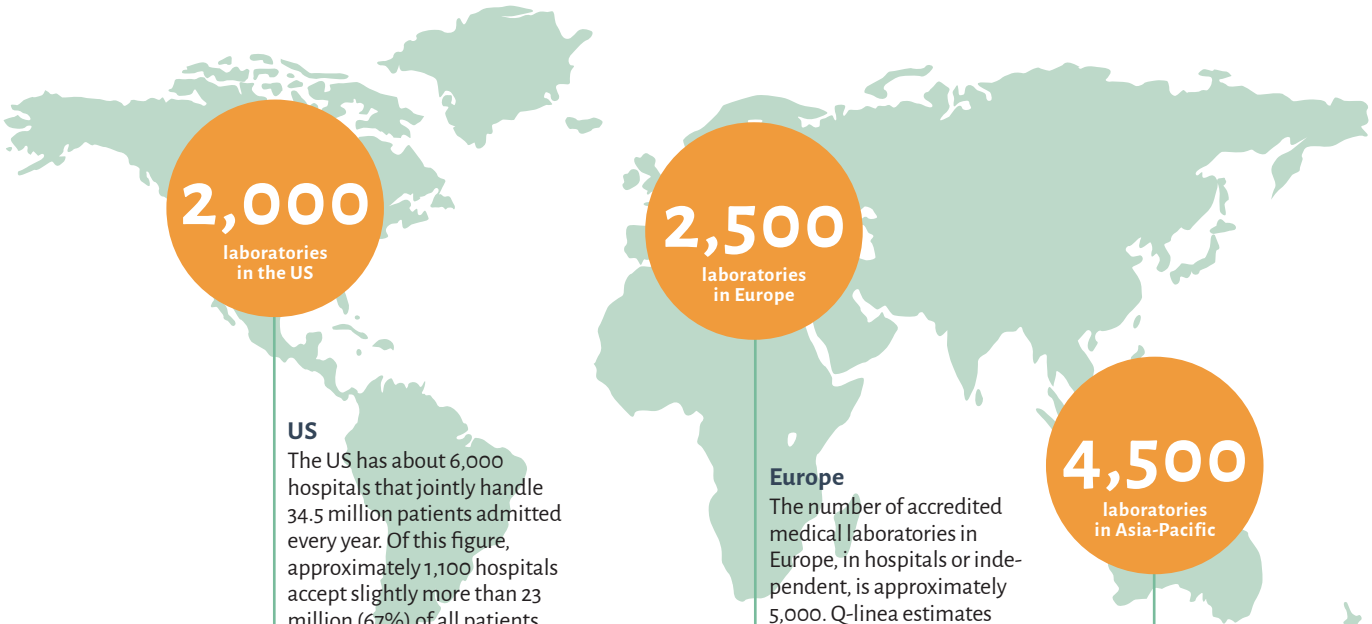
The market for ASTar

The global susceptibility testing market was valued at USD 3.56 billion in 2022 and is expected to grow by an average annual growth rate of 5.7% to USD 5.55 billion by 2030[9].

The primary markets for ASTar are hospital and clinical microbiology laboratories that perform susceptibility testing. There are a total of about 9,000 hospitals constituting the addressable market within the Company's planned geographic areas.

Of the global sample volume estimated at just over 17 million samples from patients with positive blood cultures that are currently analysed using traditional methods, Q-linea estimates that approximately one third of them constitute the initial market for ASTar, which is equivalent to about 5.7 million tests on an annual basis. Growth in the Company's target geographic areas is estimated at about 5% annually, with potentially higher growth in the Asia-Pacific region.

Addressable market for Q-linea's ASTar



US
The US has about 6,000 hospitals that jointly handle 34.5 million patients admitted every year. Of this figure, approximately 1,100 hospitals accept slightly more than 23 million (67%) of all patients. Of all the hospitals in the US, approximately 2,000 are large hospitals equipped with laboratories that have one or more blood culture systems, which are deemed to be the addressable market for Q-linea.

Europe
The number of accredited medical laboratories in Europe, in hospitals or independent, is approximately 5,000. Q-linea estimates that approximately half of the laboratories in Europe conduct blood cultures and subsequent susceptibility testing, corresponding to an addressable market of about 2,500 laboratories in Europe.

Asia-Pacific (APAC)
The size of the APAC market for susceptibility testing from positive blood cultures is difficult to assess, but Q-linea estimates the addressable market to be about 4,500 laboratories in total.

Footnotes – see References on page 94.

The world's first portable blood culture unit

In many cases, the time it takes to transport blood bottles from satellite hospitals to central hospitals with microbiology laboratories lengthens the important time it takes to get a result. Making use of the transport time for analysis could save many hours in the workflow.

Q-linea's groundbreaking portable blood culture unit, called Podler®, is designed to shorten the time to results for blood cultures and could revolutionise the management of blood infections. It can take more than ten hours for a sample to get to the laboratory, depending on when and where the sample is taken, and it is only once the sample has arrived that diagnostics can start. Podler integrates transport and culture, enabling a dramatic improvement in the time to diagnosis and treatment, which is decisive to both sensitivity when culturing and patient outcomes.

This has the potential to save patients from serious conditions such as sepsis. The technology could also enable advanced diagnostics in areas where microbiological analysis was previously limited due to the distance to laboratories, which would open the door to more equitable healthcare.

At the beginning of 2024, the Board Of Directors decided to place the technology behind Podler in a separate subsidiary, so that Q-linea can focus on the Company's core product, ASTar. In addition, the move means that it will be easier to further develop Podler independently from Q-linea's core business, thus maximising Podler's value.

The market for portable blood cultures

Blood culturing cabinets on the market have a capacity to handle between 40 and 1,280 blood bottles in order to match the sample throughput handled at laboratories. Q-linea estimates that Becton Dickinson in the US and bioMérieux in France jointly account for approximately 90% of the total market for automated blood culture systems.

Together, ASTar and the portable blood culture technology could enable a major improvement in diagnostics. According to Q-linea's estimates, the addressable market of blood culture systems in Europe and the US is equivalent to about SEK 15 billion, offering a large potential market for Q-linea's portable blood culture technology.

Q-linea has developed a portable culture container – Podler – with the goal of cutting the time from sampling to correct antibiotic result.

VOICES ON Q-LINEA FROM 2023

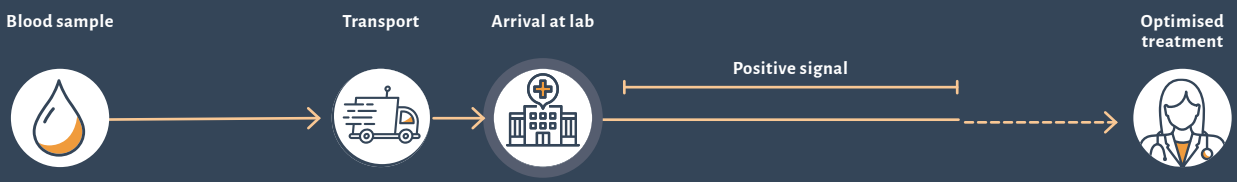
Using ASTar considerably shortened the time from sampling to results when compared to the VITEK 2 system from 5 h short-term cultures."

Jan Esset et al, J Clin Microbiol 2023 Nov; 61(11): e00549-23
Mikrobiologisches Institut – Klinische Mikrobiologie, Immunologie und Hygiene – Universitätsklinikum Erlangen och Friedrich-Alexander-Universität (FAU) Erlangen-Nürnberg, Erlangen, Germany

Podler workflow | Traditional workflow

Podler workflow

Traditional workflow



Sustainability is an integral part of Q-linea's vision

Developing tools for improved diagnosis of bacterial infectious diseases, particularly serious illnesses such as sepsis where incorrect treatment or treatment with effective antibiotics that comes too late can have fatal consequences, means working for a sustainable world. Q-linea's vision is to help ensure that antibiotics continue to be an effective treatment for future generations. This gives sustainability an even broader significance.

Specifically, in 2023 Q-linea continued its work in the three areas of governance, environmental and social responsibility (ESG). The review was conducted by an interdepartmental group led by Vice President Mats Gullberg. First, the project's procedures and level of ambition were defined, and in summer 2021 a gap analysis was performed that resulted in several objectives for 2022–2024.

Some objectives require investments, while others can be fulfilled within the existing organisation. Work to be able to meet the requirements for ISO 14001 certification, which is a time-consuming process, continued in 2023. Most of Q-linea's managers underwent ISO 14001 training during the year. Q-linea's existing process structure and previous investments – to be able to meet regulatory requirements for approval of products in both the EU and the US, including ISO 13485 certification – form a good basis for its work towards ISO 14001 certification. It is likely that the actual certification will be able to take place in 2024.

VISION – Q-linea helps to save lives by ensuring antibiotics continue to be an effective treatment for future generations.

Corporate Governance

An important objective for Q-linea's governance is better documentation of the Company's sub-suppliers. This work continued in 2023, and the ongoing processes for this purpose and how already established suppliers are to be monitored and evaluated are continually being refined. In addition, Q-linea initiated a partnership with several companies in Uppsala during the year for cooperation on supplier verifications. This work was delayed due to reorganisations by several of the participating companies, but it will pick up pace in the years to come. Q-linea updated the Company's supplier verifications in 2023 and is continuing to do so in 2024. Q-linea has a Supplier Code of Conduct that all of its sub-suppliers are expected to comply with. It is available on Q-linea's website.

In 2023, Q-linea updated its management responsibility policy, which is part of the Company's quality management system. The changes include management having greater responsibility for the environmental policy and its aims.

Environment

The environment is one of three areas where Q-linea concentrated its sustainability efforts during the year. Q-linea is adamant about preserving and protecting the environment in all parts of its business. The Company seeks to minimise its direct and indirect negative environmental impact and to continuously lessen its environmental impact by maintaining sound work procedures and using environmentally friendly technology.

Q-linea updated its environmental policy in 2022, and it was adopted by the Board of Directors in December 2022. The most important changes to the policy are a clarification of the purpose of an environmental policy and the inclusion of an ambition to introduce ISO 14001 in order to take a structured approach to successful environmental work. ISO 14001 certification will be the foundation for continued efforts to enable additional changes, including improvements that require more complex solutions. Gearing up our activities from employee-driven projects to the structure offered by ISO 14001 certification enables activities that affect both OpEx and CapEx. This work is still in its inception, but our objective is clear: our sustainability activities must become a natural part of our profitability and risk assessments. We are gearing up in order to make a greater difference.

One requirement for ISO 14001 is for the Company to publish its environmental policy, which Q-linea expects to do in 2024. Q-linea views ISO 14001 as being important not only from an environmental perspective, but also from a business perspective since it looks like certification will be a requirement to participate in certain procurements, primarily in the EU. Systems that

The more antibiotics we use, the faster the increase in antibiotic resistance and its consequences – ASTar can reduce unnecessary antibiotic use.

are sold to the healthcare sector, like Q-linea's ASTar, are often included in procurement processes where reporting of environmental work is already part of the documentation required in the procurement. Q-linea expects that the requirements for this type of environmental documentation will both increase and be given more weight in the future.

The Company's environmental responsibility can be described in the following four areas:

Production

In its own production operations, Q-linea recycles waste and residual products via Ragn-Sells, which is ISO 14001 certified. It also purchases packaging from manufacturers that are ISO 14001 certified. Q-linea shall:

- ✔ Engage in safe, resource-efficient and environmentally friendly production and development.
- ✔ Use natural resources effectively. Q-linea currently purchases green electricity, meaning electricity that comes from renewable energy sources.
- ✔ Lower energy consumption and emission of greenhouse gases in every part of the organisation, both during development and manufacturing of components and during future use of the systems.
- ✔ Consider environmental criteria when selecting suppliers.

The product

Q-linea seeks to ensure that all of the components in its products are recyclable. However, consumables on users' premises must be regarded as infectious waste, and are currently destroyed for the purpose of infectious disease control, primarily through incineration. This also applies to items that have come into contact with antibiotics, which are incinerated to prevent the release of the antibiotics into the environment. However, Q-linea is evaluating alternatives.

Transports

Q-linea shall consider environmental criteria when selecting suppliers, and utilise electric transports where possible. Electric trucks have not yet been implemented widely, and Q-linea has chosen carriers that are ISO 14001 certified as its preferred alternative.

Travel

Q-linea shall consider environmental criteria when selecting suppliers, and seek to communicate digitally while continuously evaluating various environmentally friendly travel alternatives. During 2023, we continued using digital communication, which gives employees flexibility in where they work when appropriate with respect to the operation. Q-linea has also continued

to utilise the option for employees to participate in large trade fairs and conferences digitally in order to give more employees the opportunity to engage in continuing education and to stay up-to-date in their field without needing to travel to these conferences.

Social responsibility

Social responsibility is one of three areas where Q-linea concentrated its sustainability efforts during the year. Q-linea's philosophy is that all employees are equally valuable and should have the same opportunities regardless of individual differences. In fact, Q-linea believes that these differences improve its capacity to develop and change and are an asset to the organisation. The Company's diversity efforts focus on eliminating discrimination and instead valuing and cultivating diversity.

Three of the seven members of Q-linea's Board of Directors are women, including the Chairperson.

Q-linea continually reviews its processes to ensure that they function properly in terms of taking diversity into consideration when hiring employees and consultants. In 2023, Q-linea reviewed certain processes and began initiatives to make the development of existing employees more structured and active.

Some important objectives are to:

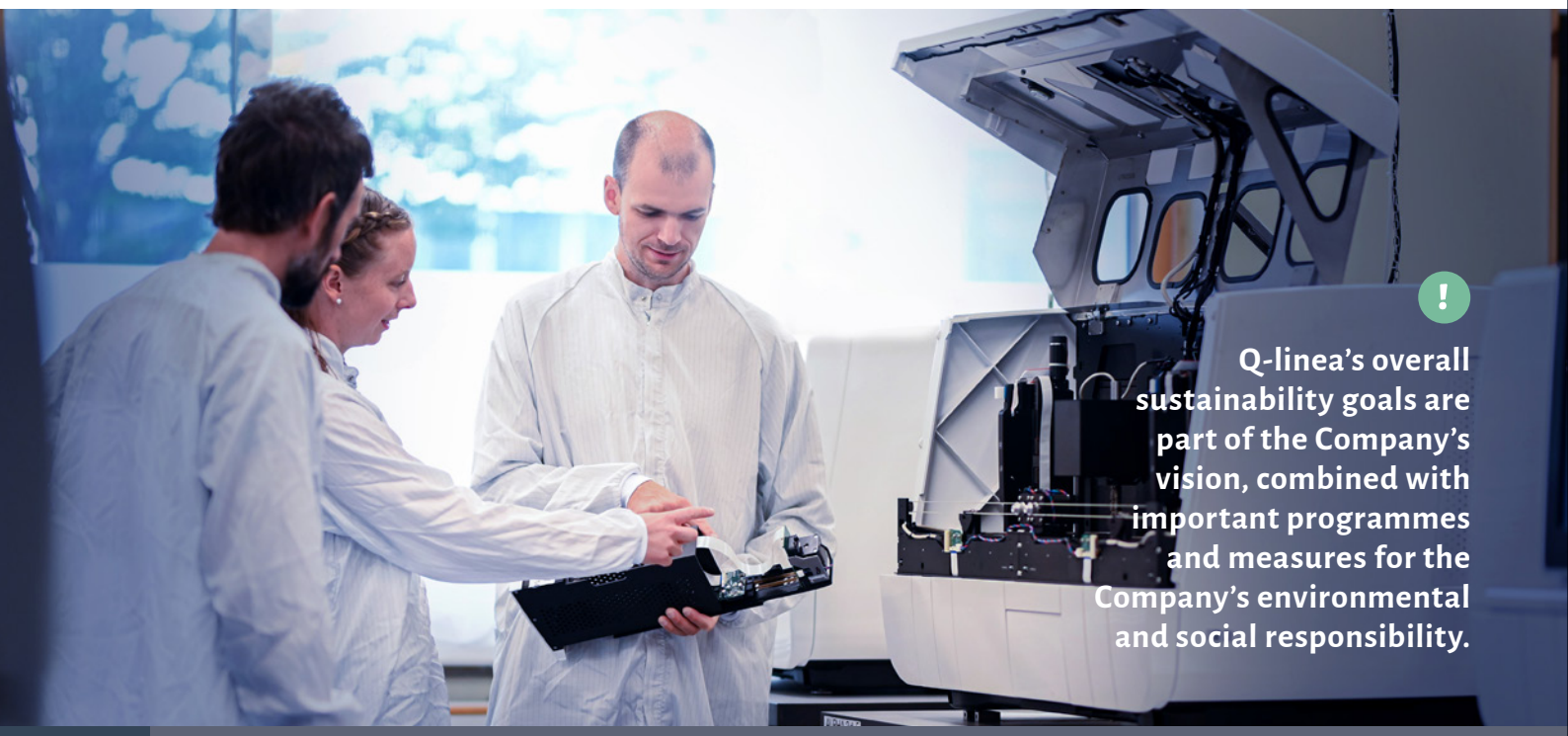
- ✔ Achieve a high level of dedication to the Company's operations and vision.
- ✔ Be an attractive employer for current and future employees.
- ✔ Support diversity.
- ✔ Offer environmental training courses when relevant.

Interaction with academia is an important part of Q-linea's social responsibility. Q-linea interacts a great deal with Uppsala University. Q-linea staff sometimes lecture at the university, and every year Q-linea accepts students who do their degree projects at Q-linea to complete their degrees. In addition, in the last few years Q-linea has had several educational visits, both from the university's undergraduate and postgraduate studies as well as from the SENNA project, which integrates people with foreign degrees into the Swedish labour market

Antibiotic resistance – one of the biggest threats to human health

Resistant bacteria strains are a major health problem. Otherwise trivial infections can be deadly if causal bacteria are resistant to the medication given. If the development of antibiotic resistance is not slowed, it will pose one of the biggest threats to human health. It has been shown that the more antibiotics we use, the faster the increase in antibiotic resistance. Furthermore, there are few new antibiotics under clinical development. Most antibiotics under development are modifications of older types of antibiotics, which is why resistance to these antibiotics will develop rapidly according to WHO.

The lack of sufficiently rapid and effective diagnostics leads to greater mortality, a high risk of superinfections and high healthcare costs. It also poses a challenge for healthcare, where physicians are currently forced to choose between a broad antibiotic treatment that contributes to higher antibiotic resistance in society and a narrow-spectrum treatment that risks being ineffective for the patient.



Q-linea's overall sustainability goals are part of the Company's vision, combined with important programmes and measures for the Company's environmental and social responsibility.

Fighting antibiotic resistance promotes sustainability

The more antibiotics we use, the faster the increase in antibiotic resistance. When antibiotic resistance increases, infections become more difficult or impossible to cure, which in turn causes great suffering and high healthcare costs. Healthcare is currently dependent on the use of effective antibiotics, for example in surgical procedures, transplants and cancer treatments, which entail a greater risk of infection. Therefore, it is important that antibiotics be used rationally – correctly and only when needed.

If the development of antibiotic resistance is not stopped, it will pose one of the biggest threats to human health. A shorter result time to the optimal treatment would enable a considerable reduction in the use of broad-spectrum antibiotics and allow the development of antibiotic resistance to be slowed. Thanks to ASTar's innovative technology, Q-linea's products have substantial potential to save lives, reduce hospital costs, avoid unnecessary antibiotic treatment and slow the development of resistant bacteria.

The international independent network ReAct was created by the Swedish International Development Cooperation Agency (SIDA) in 2005. It was initiated with the objective of serving as a catalyst for global commitment to the issue of antibiotic resistance. ReAct has linked its efforts to minimise the development of antibiotic resistance to five of the UN SDGs.

According to ReAct, increased antibiotic resistance interferes with efforts to:

- ✔ end poverty (Goal 1)
- ✔ end hunger (Goal 2)
- ✔ ensure good health and promote well-being (Goal 3)
- ✔ promote decent work and economic growth (Goal 8)
- ✔ reduce inequality (Goal 10)

The Uppsala:2030 network

The Uppsala:2030 network is a three-year programme initiated in 2020 with the aim of helping companies define their sustainability goals and then make them actionable. The network is made up of several companies in Uppsala that work through the network to jointly take the UN Sustainable Development Goals (SDGs) from Agenda 2030 and bring them to the local level and to their member companies' core operations in order to strengthen their market position. Uppsala University and Almi are among the organisers of Uppsala:2030. Q-linea has linked its work to UN SDGs 3 (Good health and well-being) and 9 (Industry, innovation and infrastructure). Q-linea received input and expertise from other companies in the network during the year.

Using Uppsala:2030 as a starting point, Q-linea intends to increase the depth and structure of its sustainability agenda and is eager to get the entire Company involved, which will increase its impact. Therefore, Q-linea has initiated an employee-driven sustainability agenda where all departments at the Company identify goals that they can pursue in their part of the operation. These goals pertain to such areas as reduced environmental impact, work environment, procurement, production, development and internal approaches to work. Employee-driven projects are an effective way to encourage engagement within the Company, and now that the project has concluded after three years, 38 initiatives have been completed or implemented in the Company's operating activities. One of these projects is the beginning of ISO 14001 certification, which will now be the foundation for continued efforts to enable additional improvements.

The Q-linea share

Q-linea AB (publ) is a Swedish public limited liability company whose share has been listed on Nasdaq Stockholm since 7 December 2018.

Market capitalisation and trading

The Q-linea share has been listed on Nasdaq Stockholm since 7 December 2018. The Company's market capitalisation at year-end amounted to SEK 434 million (310). The share is part of the Small Cap segment. The Company is classified as a health-care company. The listing enables the Company to execute its long-term strategy by broadening its ownership base, thereby contributing to increased awareness of the Company and its operations and creating access to the Swedish and international capital markets.

Share capital and number of shares

The Company's share capital at year-end amounted to SEK 5,858,318.60 (1,476,897.35), distributed between 117,166,372 (29,537,947) shares. Of the total of 117,166,372 shares outstanding at year-end, 328,472 were treasury shares. Each share carries one vote per share and the quotient value per share is SEK 0.05.

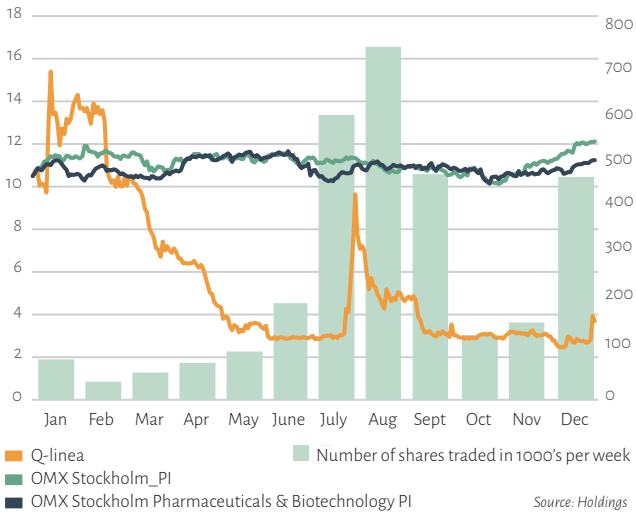
Share capital trend

	Number of shares, thousand	Share capital, SEK thousand
Opening balance at 1 January 2022	**29,538**	**1,477**
Closing balance, 31 December 2022	29,538	1,477
Opening balance, 1 January 2023	**29,538**	**1,477**
New share issue in July 2024	87,628	4,381
Closing balance, 31 December 2023	**117,166**	**5,858**

Share turnover

In 2023, a total of 65.9 million (3.8) shares were traded at a value of SEK 341 million (187). An average of 262,543 (15,199) Q-linea shares were traded each day. In July, 117.2 million new shares were added through a rights issue.

Share price trend and turnover



Shareholder information

Q-linea communicates with its shareholders and the public through several channels. Information disclosed through press releases, interim reports and annual reports is published on the Company's website: www.qlinea.com. Material from presentations of interim reports can also be downloaded from the website by journalists, investors, analysts and other stakeholders. Q-linea's website is the primary channel for the annual report and copies will not be sent to shareholders unless expressly requested.

Shareholders at 31 December 2023[1)]

	Number of shares	Number of shares and votes
Nexttobe AB	62,712,440	53.52%
Fourth Swedish National Pension Fund	9,396,699	8.02%
Investment AB Öresund	8,936,000	7.63%
Third Swedish National Pension Fund	3,579,564	3.06%
Transferator Ventures AB	2,311,304	1.97%
Avanza Pension	2,037,699	1.74%
Ulf Landegren	1,603,324	1.37%
The Swedish Cancer Society	1,227,934	1.05%
Aktie-Ansvar Sverige	1,220,000	1.04%
SEB-Stiftelsen	1,073,800	0.92%
Biocyclica Holding AB	586,654	0.50%
Hans Malm	568,000	0.48%
Jan Grawe	521,274	0.44%
Redén Trotting AB	504,716	0.43%
Jonas Jarvius	471,152	0.23%
Nordnet Pensionsförsäkring AB	468,025	0.40%
Handelsbanken Sverige Index Criteria	456,902	0.39%
Mats Nilsson Bernitz	444,000	0.38%
Linda Lilja	350,818	0.30%
Mariham Consulting AB	337,352	0.29%
Holdings, 20 largest shareholders	98,807,657	84.15%
Other shareholders	18,358,715	15.85%
Total number of shares	**117,166,372**	**100%**

[1)] Ownership may refer to personal ownership or ownership through a company.

Source: Monitor

Financial objectives

Until the establishment of ASTar in the US and European markets, Q-linea's objective will be for the Company to be in a strong financial position in order to ensure that its product development and launch programmes and its expansion of production can proceed according to plan. Q-linea will continue to focus on the launch of ASTar.

Dividends and dividend policy

Available financial resources are reinvested in the operations to finance the Company's short-term and long-term strategies. The Board's intention is thus not to propose the payment of any dividends to shareholders before Q-linea generates long-term sustainable profitability.

Any future dividends and their amount will be determined based on the Company's long-term growth, earnings trend and capital requirements, taking into account targets and strategies applicable at any time. Any dividends proposed are to be carefully considered against the targets, scope and risk of the operations.

Share-based incentive programmes

At the end of 2023, Q-linea had two share-based incentive programmes in the form of employee share option programmes. One performance-based incentive programme (LTIP 2020) ended towards the end of the year and the performance share rights expired since the performance targets were not met. These programmes are described in detail in the Corporate Governance Report, in the section "Share-based incentive programmes" on pages 48–50 as well as in Note 9.

Analysts

These analysts regularly follow Q-linea's performance:

ABG Sundal Collier

- Sten Gustafsson: sten.gustafsson@abgsc.se

Carnegie Investment Bank AB

- Ulrik Trattner: ulrik.trattner@carnegie.se

Redeye

- Johan Unnerus: johan.unnerus@redeye.se

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Board of Directors' Report

The Board of Directors and President of Q-linea AB, corporate registration number 556729-0217, with its registered office in Uppsala, Sweden, hereby submit the annual report for 2023 financial year. All figures pertain to 2023 and are compared with the 2022 financial year, unless otherwise stated.

Operations

Q-linea develops innovative solutions for improved infectious disease diagnostics through the manufacturing of instruments and consumables that benefit patients, healthcare providers and society. Q-linea's solutions enable healthcare providers to diagnose and treat infectious diseases in the shortest possible time.

The Company's leading product, ASTar, is a fully automated instrument for rapid susceptibility testing of positive blood cultures that provides results in about six hours. ASTar is expected to shorten the time it takes to identify a suitable antibiotic treatment for patients with sepsis by up to 40 hours. The method has substantial potential to save lives, reduce hospital costs, avoid unnecessary antibiotic treatment and slow the development of resistant bacteria.

In addition to ASTar, Q-linea has also developed a portable blood culture unit called Podler. The Podler technology could enable a crucial step in blood culturing for patients with blood infections, of which sepsis is the most serious condition. Podler is a handheld autonomous device for incubating and detecting growth in blood bottles. The technology makes it possible to make use of valuable transportation time that is wasted with traditional methods. Using the transportation time can enable much faster response times for patients with blood infections and ensure that equal care is provided to all patients with serious infections. The Board of Directors has decided to develop the Podler technology in a separate subsidiary, so that Q-linea can focus on the Company's core product, ASTar.

Q-linea was founded in 2008 by scientists from the Rudbeck Laboratory at Uppsala University, together with Olink AB and Uppsala University's holding company, UUAB, and is now a Group with subsidiaries in the US and Italy, while the Parent Company conducts its operations in Uppsala. In addition to management functions, the Parent Company's activities mainly comprise development and production.

Significant events during the financial year

Commercial development

During the year, the Company focused on building an internal sales force and a distributor network. At the end of the year, Q-linea had employees in Sweden, Italy and the US as well as partners in the UK, France, Belgium, the Netherlands, Norway, Finland, Estonia, Lithuania and Poland.

Q-linea participated in ECCMID in Copenhagen in April and ASM Microbe in Houston in June, and took part in the US medical conference IDWeek for the first time. During the spring, the Company received IVDR certification in Europe and the first patient was enrolled in Lifetimes, a Q-linea sponsored multi-centre study investigating the health economic benefits of ASTar. Towards the end of the year, the Company worked on adding the drug Meropenem-Vaborbactam to its CE-marked portfolio for gram-negative bacteria. Q-linea also installed the first systems in the US, giving two hospitals access to ASTar pending market approval and commercial launch. In July, a rights issue was carried out that added 87.6 million new shares and gross proceeds of approximately SEK 263 million.

Product development

ASTar kit products

Development of the Company's upcoming kit product for gram-positive bacteria continued during the year. The components are largely identical with those of the gram-negative product, which will enable greater synergies in production and storage. Production will be based on the Company's own process and production line for dispensing, drying and quality control of antibiotics in the AST disc. The new process is expected to significantly reduce production costs, increase production capacity and enable more flexible production planning. The equipment and process are generic and as such can also be used for other products in the future.

Towards the end of the year, the Company worked on adding the drug Meropenem-Vaborbactam to its CE-marked portfolio for gram-negative bacteria. It has been possible to coordinate the clinical trials with the Company's trials in the US, which meant that resources could be used efficiently. Meropenem-Vaborbactam is a combination drug of a Carbapenem and a beta-lactamase inhibitor with enhanced activity against gram-negative organisms. As previously announced, the Company expects the expanded panel to be available in Europe in the second quarter of 2024.

Production process

Work to reduce production costs and increase production capacity for consumables continued during the year by addressing cost-driving production steps and bottlenecks in production.

- The Company has introduced a new, faster process for joining AST discs. Process validation of the new equipment was completed at the end of the year and the process has now been implemented in production.
- New dispensing equipment and quality control of antibiotics on the disc were implemented during the year. The has resulted in a significantly higher capacity and level of automation and will thus be able to reduce production costs while enabling higher production volumes. During the year, the new equipment was installed at the production facilities of one of the Company's sub-suppliers and process validation was largely completed.

ASTar Instrument

During the year, the Company developed and verified a new version of the instrument software, making it available to users. The new software includes support for several different types of consumables, which is a prerequisite for future parallel handling of both Gram-negative and Gram-positive bacteria in the same instrument. The new software also includes features that enable support and improvements to cybersecurity. In connection with this, the process for deploying and releasing instruments has also been improved and streamlined, which has enabled the Company to build up a stock of instruments for delivery to the European market.

In parallel, the Company began work on additional software updates that are planned for next year, which aim to ensure compatibility with new hardware components and to simplify or reduce the need for service measures for the instrument.

Regulatory studies

During the first half of the year, supplementary clinical testing was conducted to provide support for the Company's 510(k) application for US market approval of the ASTar platform. This testing was carried out at two US hospitals as well as Q-linea's microbiology laboratory in Uppsala during the quarter and was conducted in accordance with FDA recommendations, prompted by an algorithm update. The supplementary testing was completed as planned in the first half of the year, enabling the Company to submit the results for review by the FDA. The Company carried out an ongoing dialogue with the FDA during the autumn, with follow-up questions about the new data that had come in. As a result of ASTar's breakthrough device designation, the Company will likely be given higher priority by the FDA. Communication with the FDA gradually intensified towards the end of the year, and the questions from the FDA have become increasingly specific and detailed, which the Company interprets to mean that the review process is entering its final stage. However, as previously communicated, it is difficult to assess the exact time it will take from submission to market approval in the US.

Q-linea also intends to conduct a regulatory study in the US for the upcoming kit product for Gram-positive bacteria. The Company initiated a dialogue with the FDA during the year and has received feedback on plans for conducting analytical and clinical studies. The studies will be largely similar to those conducted for the Gram-negative product, which will facilitate planning and implementation. The results of the clinical study are expected to be used for both regulatory submission in the US and CE marking. The main partners for the implementation of the study have been identified, and planning of the number of samples and sites has started.

Podler

The development of Podler, Q-linea's portable blood culture technology, was given lower priority during the year in order to focus on building value with the ASTar platform. The Board has explored different options to determine the best way to commercialise the technology, and discussions with potential partners have been ongoing.

The Annual General Meeting

In addition to the matters normally addressed, the Annual General Meeting in June 2023 voted to re-elect Erika Kjellberg Eriksson, Mats Nilsson, Hans Johansson, Nina Korfu-Pedersen and Mario Gualano and to elect Finn Sander Albrechtsen and Karin Fischer as new directors. Erika Kjellberg Eriksson was re-elected Chairperson of the Board and Mario Gualano was appointed as Deputy Chairperson.

As proposed by the Nomination Committee, the Annual General Meeting resolved to appoint the registered accounting firm Öhrlings PricewaterhouseCoopers AB as the Company's auditors.

The Annual General Meeting also resolved, as proposed by the Board of Directors, to authorise the Board, 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 20% of the Company's registered share capital at the time the authorisation is exercised for the first time. 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.

It was also resolved, in accordance with the Board's proposal, to introduce an employee share option programme ("Employee Share Option Programme 2023/2026"), to be conditional on participants entering into an option agreement with the Company. However, the Board subsequently decided not to implement Employee Share Option Programme 2023/26 as the value of the programme decreased substantially after the rights issue carried out after the Annual General Meeting.

Financing

The SEK 100 million loan commitment issued by Q-linea's principal owner, Nexttobe, in November 2022 was increased to SEK 200 million in February. In conjunction with the rights issue carried

out in July 2023, a large portion of the loan was converted into shares. After the issue, a loan commitment of SEK 41.5 million remains from the Company's principal owner Nexttobe.

Significant events after the end of the financial year

The Company was awarded a public tender for rapid AST instruments and consumables issued by Fondazione PTV in Italy. The contract extends for five years and the value of the contract is estimated at approximately SEK 6 million.

Q-linea announced that the Company had concluded the clinical trials for the drug Meropenem-Vaborbactam with strong results, which meant that the Company was able to claim IVDR compliance and add the drug to its existing panel. Q-linea expects commercial availability in Europe during the second quarter of 2024.

The Company announced that Stuart Gander would succeed Jonas Jarvius as CEO of Q-linea and that Anders Ljunggren would take office as Managing Director of Q-linea AB in Sweden on 1 March 2024.

Q-linea initiated a cost-saving programme with the aim of focusing on its commercial operations. The Company's product development activities for the European and US markets has reached a point where a reduction in the development organisation is considered possible. The cost savings are estimated to amount to approximately SEK 50 million per year and are expected to result in restructuring costs of approximately SEK 5 million in 2024. The cost savings are expected to contribute positively to both earnings and cash flow starting in the third quarter of 2024. The Company signed an agreement with a logistics partner for the US market.

Q-linea's Board Of Directors decided to place the technology behind Podler in a separate subsidiary, so that Q-linea can focus on the Company's core product, ASTar. In addition, the move means that it will be easier to further develop Podler independently from Q-linea's core business, thus maximising Podler's value.

Research and development

The Company's ongoing development of its core product, ASTar, a fully integrated and automated system for rapid susceptibility testing of bacteria in clinical samples, continued successfully during the year. The Company develops both consumables and instruments as well as related software. The first consumable on the that can be used with the ASTar instrument on the market is aimed at sepsis (blood poisoning) and today we have a product for analysis of gram-negative bacteria from samples taken from patients with suspected sepsis that has been approved for clinical use in Europe (CE/IVD).

Sepsis is a critical condition that occurs when the immune system overreacts to an infection. This reaction can be extremely serious, impacting most of the body's organs, potentially resulting in permanent organ damage or death.

The most important sub-target achieved in the Company's product development was the submission of additional information supplementing the Company's 510(k) application for regulatory approval in the US for ASTar and analysis of gram-negative bacteria from positive blood cultures to the FDA during the year.

The Company has continued to develop consumables and software adapted for analysis of gram-positive bacteria using ASTar, including the clinically important streptococci bacteria. These are particularly fastidious bacteria that require a richer growth medium. The Company initiated a dialogue with the FDA during the year and has received feedback on plans for conducting analytical and clinical studies. The studies will be largely similar to those conducted for the Gram-negative product, which will facilitate planning and implementation.

Multi-year overview

Amounts in SEK thousand	2023	2022	2021	2020	2019
Earnings					
Net sales	4,440	12,788	9,335	243	1,005
Operating result (EBIT)	-230,587	-262,247	-232,033	-221,543	-179,115
EBITDA	-213,066	-246,961	-219,844	-215,442	-174,988

	2023	2022	2021	2020	2019
Financial position					
Total assets	231,976	229,916	484,460	412,233	374,407
Cash and cash equivalents, short-term and long-term investments	81,895	72,878	346,713	331,256	327,456
Equity	189,636	163,190	430,454	380,197	340,994
Equity/assets ratio, %	82	71	89	92	91
Debt/equity ratio, %	neg	neg	neg	neg	neg

For definitions of performance measures, refer to Note 27 "Definitions of performance measures". The figures for the years 2021, 2022 and 2023 pertain to the Group, while previous years refer to the Parent Company (as the Group consisted only of the Parent Company during these periods), see the section "Financial reporting" below.

At the end of 2023, Q-linea's IP portfolio comprised 17 different patent families and five registered design families, with a total of 158 patent applications and registered designs in various geographies. In total, at the end of 2023, Q-linea had 81 patents granted in various geographies, seven of which were granted in 2023. The patents granted comprise those that describe aspects of ASTar as well as patents that relate to potential future products such as a portable blood culture system.

Production and supply chain

The Company has production, inventories, logistics and quality control of its consumables at its production premises on Palmbladsgatan in Uppsala. Production largely takes place in ISO 8-compliant clean rooms. Deployment and quality control of the Company's ASTar diagnostic instruments also takes place at the production premises.

The following significant events and sub-targets were achieved in 2023:

- Continued development of methods and equipment for filling and drying antibiotics.
- Development of the process to meet future demand.
- Continued optimisation of the production process to minimise the risk of production errors.

Commercialisation

The Company has methodically built up a strong network of partners in Europe and is now represented through distribution partners in the UK, France, Benelux, Poland, Norway, Finland and the Baltic countries and through its own subsidiaries in Italy and the US.

During the year, several commercial evaluations demonstrated the value of rapid AST and improved diagnostics as well as the excellent performance of ASTar. The largest comparative study of rapid AST was carried out in Belgium during the year, and we look forward to the presentation of the results. We can see that carrying out evaluations with customers is yielding results, with several tenders announced or prepared in the EU, mostly in Italy.

The Company's dialogue with the FDA continued and intensified during the year, and the assessment is that approval can be expected in the near future. In preparation for the US launch, two ASTar systems have been placed for evaluation at two prominent labs. Discussions about potential partnerships for the US market are in progress, and are expected to intensify once approval is received. Work on obtaining a New Technology Add-on Payment (NTAP) code for the US market is continuing based on our breakthrough designation from the FDA.

Financial reporting

As mentioned above, see the previous section, Q-linea AB established a subsidiary in the US, Q-linea Inc., in November 2022. In January 2023, the Company formed an additional subsidiary in Italy. Q-linea has thus become a corporate group, with Q-linea AB as the Parent Company, and is therefore preparing consolidated financial statements according to IFRS for the second time, in addition to the Parent Company annual report.

Income, expenses and earnings

Net sales for the full year totalled SEK 4,440 thousand (12,788), down SEK 8,348 thousand due to the terminated partnership with Thermo Fisher and the recommencement of commercial preparations in 2023. Sales comprised ASTar instruments and associated consumables.

Other operating income for the full year amounted to SEK 2,183 thousand (1,817), an increase of SEK 366 thousand, and mainly pertained to the sale of customer-specific prototypes to external customers.

Changes in inventories of products in progress, semi-finished goods and finished goods amounted to SEK 2,341 thousand (-17,017) for the full year, mainly due to increased sales of Q-linea's products. Costs for raw materials and consumables as well as goods for resale for the year totalled SEK 5,786 thousand (17,151).

The margins for ASTar will gradually improve as volumes increase and the product mix shifts towards a higher share of consumables. The efficiency-enhancement projects under way in the manufacturing division will also contribute to improved margins.

Other external costs totalled SEK 64,083 thousand (80,695), a decrease of SEK 16,612 thousand. This change was largely attributable to a decrease in the number consultants compared with the preceding year.

Personnel costs amounted to SEK 150,643 thousand (145,639), up SEK 5,004 thousand compared with the preceding year. This was mainly due to non-recurring effects linked to the Company's long-term incentive programmes (LTIP) and the fact that Q-linea now has employees in two subsidiaries. The dissolution of costs in previous periods for employee share option programme 2020/23 and costs for the remaining employee share option programmes amounted to SEK 3,248 thousand (-1,840) for the full year.

Costs for depreciation, amortisation and impairment of tangible and intangible assets amounted to SEK 17,521 thousand (15,286). This cost increase was primarily attributable to Q-linea's investments in expanded production capacity and ASTar instruments used in clinical studies, which are now being depreciated.

Other operating expenses amounted to SEK 1,519 thousand (1,064) for the year and pertained primarily to exchange-rate losses.

The operating result totalled SEK -230,587 thousand (-262,247) for the full year, an improvement of SEK 31,660 thousand compared with the preceding financial year. This improved result was mainly attributable to reduced costs for consultants as well as an improved gross result. The result from financial items totalled SEK 1,221 thousand (-6,447) for the full year and primarily pertained to interest income from savings accounts. No tax was recognised for 2023 or 2022. The result for the year totalled SEK -229,366 thousand (-268,694).

Financial position

Cash and cash equivalents at the end of the financial year totalled SEK 81,895 thousand (72,878). Q-linea's policy is that cash and cash equivalents that will not be used in the daily operations over the coming 12 months are to be invested in fixed-income funds and listed corporate bonds. Q-linea follows an investment policy approved by the Board of Directors. It contains, for example, rules on the management and investment of cash and cash equivalents. The average maximum fixed-interest period permitted is five years for the long-term bonds and investments are made in securities with an investment grade rating or equivalent. Q-linea's short-term investments totalled SEK 0 thousand (0) at year-end. Q-linea's short-term component of listed corporate bonds was recognised at an amount of SEK 0 thousand (0) on the balance sheet date.

Financial assets totalled SEK 4,146 thousand (3,047) on the balance sheet date, an increase of SEK 1,099 thousand compared with 2022. The change is attributable to the revaluation of participations in associated companies.

Q-linea sold bonds amounting to SEK 0 thousand (173,878) and invested SEK 0 thousand (12,000) in new bonds.

At the end of the year, Q-linea held listed corporate bonds with a total value of SEK 0 thousand (0), of which SEK 0 thousand (0) has been classified as short-term investments and SEK 0 thousand (0) as financial assets. Other financial assets mainly consisted of participations in EMPE Diagnostics AB amounting to SEK 4,095 thousand (2,997) at the end of the year. Q-linea's holding comprises 23,400 shares, corresponding to 4.97% of the capital and votes.

At the end of the year, equity amounted to SEK 189,636 thousand (163,190), the equity/assets ratio to 82% (71) and the debt/equity ratio to -43% (-45).

Cash flow and investments

Cash flow from operating activities for the full year amounted to SEK -228,521 thousand (-250,863). The change is attributable to an improved operating result.

Cash flow from investing activities for the full year amounted to SEK -7,766 thousand (315,254), of which SEK 7,766 thousand (17,249) refers to investments in tangible assets.

During the year, Q-linea invested SEK 0 thousand (70,000) in short-term investments and SEK 0 thousand (12,000) in financial assets. Q-linea divested short-term investments amounting to SEK 80,000 thousand (331,958) and financial assets amounting to SEK 0 thousand (82,545) during the year.

Cash flow from financing activities for the year amounted to SEK 245,408 thousand (-6,604). In 2023, Q-linea carried out a directed issue that raised gross proceeds of SEK 262,885 thousand. Issue costs totalled SEK 10,111 thousand.

Future financing and development

Q-linea's first product, ASTar, has been approved for sales in Europe and expected to obtain FDA approval in the near future. However, the Company is yet to generate any positive cash flow and is thus continually engaged in pursuing other financing options. This process includes holding discussions with potential partners for the licensing of distribution and sales rights, investments linked to strategic partnerships, negotiations with new and existing investors, financiers and lenders. In addition, the Board has approved the Company's decision to place Podler in a separate company in order to facilitate financing and to maximise the value of Q-linea's core business.

On 31 December 2023, Q-linea had available cash and cash equivalents of SEK 81.9 million as well as an unutilised loan facility of approximately SEK 41.5 million from the Company's principal owner Nexttobe. The Board does not consider the available cash and cash equivalents and the unutilised portion of the loan facility as of 31 December to be sufficient to cover the liquidity needed for the Company to conduct its planned operations for the next 12 months.

In light of the ongoing efforts to obtain an adequate level of financing and the Company's recently implemented cost-saving plan, it is the Board's assessment that the Group will be able to finance the operations. If the efforts to secure the necessary financing are not successful, this may affect the Group's ability to implement the current business plan and also constitute a significant source of uncertainty regarding the Group's continued operations.

Employees

Q-linea believes that all employees and job applicants should be treated equally. All individuals are equally valuable and should have the same opportunities regardless of individual differences. In fact, Q-linea believes that these differences improve its capacity to develop and change and are an asset to the organisation. The Company's diversity efforts focus on eliminating discrimination and instead valuing and cultivating diversity. Q-linea has processes to ensure that they function properly in terms of taking diversity into consideration when hiring employees and consultants.

Q-linea had 127 (151) employees at year-end, 53 (65) of whom are women. The number of consultants at year-end was 3 (18), 1 (5) of whom was a woman. The average number of employees during the financial year was 142 (150).

Total salaries, remuneration and social security contributions amounted to SEK 141,035 thousand (136,169). Reversal

of personnel costs for employee share option programme 2020/23, which ended in 2023 and for which provisions have been made continuously since 2020, amounted to SEK 2,385 thousand including social security contributions. For information concerning remuneration of the Board of Directors, President and other senior executives, refer to Note 9.

The share and shareholders

The Company's three largest owners at year-end were Nexttobe AB, the Fourth Swedish National Pension Fund and Investment AB Öresund. A list of the 20 largest owners and a diagram with more information concerning the share are presented in the section "The Q-linea share" on pages 30–31.

Legal considerations

Q-linea is not, and has not been during the past 12 months, a party to any legal proceedings or arbitration proceedings. Nor has Q-linea been informed of any claims that could result in the Company becoming a party to such proceedings.

Sustainability and environment

Q-linea's vision is to save lives and help ensure that antibiotics continue to be an effective treatment for future generations. This gives sustainability an even broader significance.

Specifically, in 2023 Q-linea continued its review of the Company in the three areas of environment, social responsibility and governance. The review was conducted by an interdepartmental group led by Vice President Mats Gullberg. First, the project's procedures and level of ambition were defined, and in summer 2021 a gap analysis was performed that resulted in several objectives for 2022–2024.

The basis of strategic and everyday activities is Q-linea's Code of Conduct. The Code is based on the principles of the UN Global Compact, to which Q-linea became a signatory in 2018. Consequently, the Company supports the fundamental principles on human rights, labour, environment and anti-corruption. As part of its sustainability efforts, Q-linea participates, for example, in the Uppsala:2030 network, a local programme that helps companies define their sustainability goals and then make them actionable.

Another objective for Q-linea's governance is better documentation of the Company's sub-suppliers. For information on the Company's sustainability agenda, see pages 26–29.

Significant risk factors

Risk management is carried out by company management in consultation with the President and Board of Directors in accordance with the guidelines established by the Board. The risk function includes the identification, evaluation and hedging of financial risks. Effective risk assessments help to align Q-linea's business opportunities and earnings with the requirements of the shareholders and other stakeholders with respect to stable, long-term value growth and control. The company's financial risks and risk management are described in Note 4.

Research and development risks

Q-linea's future growth depends on its ability to develop new products and to further develop and commercialise its existing products. Research and development of diagnostic instruments through to approval is a highly risky, complicated, time-consuming and capital-intensive process. The vast number of circumstances and rules involved means that there is a risk of delays and failure. Q-linea's future success rests on its ability to develop new products, enter into partnerships and successfully develop its own projects through to market launch and sale.

Research and development is a time-consuming and resource-intensive process and, like many other research and development companies, Q-linea may become dependent on external financing of its projects in the core area of in vitro diagnostics. Q-linea has the first ASTar product approved for sales in Europe and expects ASTar to be approved for sale in the US in the near future. However, the Company is yet to generate any positive cash flow. The Board's assessment is that the existing working capital, as of 31 December 2023, is not sufficient to cover the Company's needs for at least the next 12 months.

Intellectual property protection and patent risks

Although Q-linea has patent protection for its technology, the area of medical technology is nevertheless associated with a number of risks related to intellectual property rights and patents. There is a risk that product development will lead to a product that is impossible to patent, that current or future patent applications may not result in patents being approved, that approved patents may not provide sufficient protection, that other patents could supersede the Company's own patents, and that Q-linea will use substances, methods or procedures that are patented or patent pending by another party. There is also a risk that competitors could infringe on the Company's patent rights. To date, Q-linea has not been involved in any disputes pertaining to patents or trademarks.

Patents and other intellectual property rights, such as trademarks, are a core asset of the Company's operations and the value of the Company is largely dependent on the ability to obtain and defend patents as well as the ability to protect other intellectual property rights and specific knowledge of the Company's operations. However, the legal position regarding patents for companies in the Company's industry, including the Company, is generally uncertain and comprises complex medical, legal and technical assessments that may result in uncertainty regarding validity, scope and priority regarding a certain patent.

There is a risk that existing and/or future patent portfolios and other intellectual property rights held by the Company will not provide the Company with complete commercial protection. Even if patents are granted, there is a risk that the protective scope of the patent will be insufficient and that competitors or similar technologies will sidestep the patent.

There is also a risk that it will not be possible to maintain the patents granted or that they may become restricted. If the Company does not obtain patents for its technologies or if the patents are cancelled (for example, due to the discovery of a predicate technology), a third party with the necessary know-how could use the technology without compensating the Company. In addition, a patent has a limited lifetime and the Company's industry is characterised by a high pace of change and innovation, and accordingly, the Company's patents and patent applications could rapidly become unattractive from a commercialisation perspective.

Given that the technology is well protected by patents and know-how, the Company considers the probability of the risk occurring, wholly or partially, to be low and considers the effect of the risk, if realised, to be moderate.

Production risks

The ASTar instrument is produced by an international contract manufacturer with a subsidiary in Sweden as well as global production capacity. This global contract manufacturer has the ability to move production to other regions if this should prove to be desirable. Consumables are produced primarily in-house in rented production premises in Uppsala, while some production steps are handled by contract manufacturers, primarily in Sweden and Germany. Damage to the production facility and associated logistics chains caused, for example, by fire, breakdown, weather conditions, labour conflicts or natural disasters can have negative consequences, partly in the form of direct damage to the production facility and partly in the form of interruptions that slow the production of ASTar or consumables, entailing a risk that the Company will struggle to fulfil its obligations to customers.

Increased raw material or transport costs and incorrect delivery forecasts could also have a negative impact on production and result in bottlenecks in the processes, which in turn could affect the Company's ability to fulfil its obligations to customers. There is also a risk of delivery errors or non-delivery on the part of current or future suppliers for the manufacture of instruments as well as a risk that one or more of the Company's current or future suppliers may choose to discontinue cooperation with the Company (for example, if a supplier is bought out by a competitor of the Company), or that the price of their goods or services may change significantly. The Company has currently not ensured that there are alternative suppliers ("second sources") for all of the Company's components and products, which means that the impact could be significant if delivery errors or non-delivery were to occur, or if prices were to change significantly.

If the product volumes increase, large inventory levels may also be needed to meet demand. The production facilities have the capacity to increase production capacity on relatively short notice. Dependence on external production capacity may increase the risk that deliveries are delayed or do not occur, but this risk is considered limited. The Company has staff dedicated to monitoring how well suppliers are meeting their commitments in terms of both quality and delivery times. As the Company has taken a long-term approach to building production capacity and has collaborated with production partners for a long time, the Company considers the probability of the risk occurring, wholly or partially, to be low and considers the effect of the risk, if realised, to be moderate.

Clinical study risks

Before a medical device can be launched in the market, clinical studies must be conducted. Demands on such studies vary among different geographic markets. Clinical studies are costly and time-consuming, and they are associated with risks such as difficulties in finding clinical partners and in collecting sufficient quantities of patient samples, study costs that exceed the budget and shortcomings by clinical partners as they conduct the study.

There is also a risk of delays in clinical studies. Such delays may arise for a number of reasons, including difficulties in reaching agreements at acceptable terms with clinical partners, delays in receiving ethics approval and difficulties in adding new clinical partners when this is deemed necessary or a clinical partner chooses to discontinue participation in the study. If delays arise due to circumstances that are difficult or impossible for the Company to control, or if the actions required to continue the studies are considered too expensive or complicated in relation to the scope or objectives of the studies, there is a risk that the studies will be delayed or discontinued.

If the desired results of the clinical study are not achieved, this may result in not receiving market approval, which may in turn delay or obstruct the Company's ability to develop, market and sell the product in question; or it may lead to limited approval, which means that further studies are required in the parts of the study that were not approved. At all stages of development, the Company may discontinue development of its planned products based on its review of available clinical data, estimated costs for continued development, market considerations or other factors. If any of these risks should materialise, this could adversely impact the Company's operations, financial position and earnings.

Risks associated with product approval

The Company is obligated to fulfil regulatory requirements, including receiving regulatory approval according to applicable legislation and regulations, before it can market and sell its products in each market. The process for receiving regulatory approval for medical devices can be long, extensive and uncertain.

Since May 2021, ASTar holds CE-IVD certification, which is required in the EU for the marketing and sale of medical devices (including in vitro diagnostic products). The new In Vitro Diagnostics Regulation (IVDR), which became effective

in Europe in 2022, has introduced significantly expanded regulatory requirements for diagnostic medical devices, and the instrument was granted CE marking in accordance with the IVDR in May 2022. In April 2023, the Company's consumables and analytical software were also granted CE marking in accordance with the IVDR, which have a higher risk classification and must therefore need to be reviewed by a notified body. The Company's notified body TÜV SÜD reviewed the product documentation and quality systems in accordance with the IVDR in 2022, and IVDR certification was obtained in February 2023. In 2023, TÜV SÜD also conducted an annual review according to ISO 13485 and the IVDR with good results.

To receive market approval in the US, a regulatory application containing information including the results of completed clinical studies is required. In the US, the FDA examines both the study protocol and the results of the study. Which requirements apply for the clinical study depends primarily on the required type of classification and regulatory application. After a dialogue with the Company, the FDA confirmed the Company's interpretation that it should use the 510(k) regulatory application mechanism. In a 510(k), the applicant company shows that the new product is of "substantial equivalence" with a comparable predicate device in terms of use, technical properties and performance testing. This means the Company's product will be compared with a product already cleared by the FDA. In 2023, the Company held a continuous dialogue with the FDA, which has probably been facilitated by ASTar's designation as a breakthrough device. In 2023, the Company conducted extended testing and supplemented its ongoing 510(k) application based on feedback from the FDA.

The Company is furthermore obligated to meet local regulatory requirements and other relevant markets. The approval process for medical devices varies between different countries and healthcare systems, which means that it can be difficult for the Company to predict the amount of resources that may be required in terms of time and cost to receive product approvals, particularly for the potential launch of products outside Europe and the US (which are the Company's intended main markets for ASTar). If the Company fails to receive approval for ASTar or future products in relevant markets (in time or at all), or fails to maintain such approvals, marketing and sales of ASTar and potential future products may be delayed or may not take place in certain markets, which could have a significant adverse impact on the Company's operations, financial position and results.

Even after market approval has been obtained, the approved medical devices are continuously evaluated by the Company and the relevant authorities and there is a risk that an approved product may be recalled from the market by regulatory authorities or upon the Company's initiative, for example, for safety reasons, defects in the design or manufacture or defective components. Recalls or other follow-up actions (such as repair of instruments or communications to relevant healthcare personnel) may demand financial resources and senior management's time, result in damage to relationships with regulatory authorities and result in a loss of market share to competitors.

The regulations to which the Company is subject are complex and have become increasingly demanding over time. In addition to regulations that are specific to in vitro diagnostics products, the Company may also be subject to other applicable regulations in relevant markets, such as environmental regulations. The Company may be negatively affected by changes to government policies or legislation. Strict or amended government policies or legislation in relevant markets may delay, reduce or prevent sales or lead to higher costs. Possible changes to regulations run the risk of not being implemented time or correctly, which may expose the Company to regulatory actions and sanctions or other legal liability.

Given that the Company has undergone ISO-13485 certification, has received CE-IVD approval for its current products (ASTar Instrument and ASTar BC G-) and has been assessed as meeting all the requirements of the new stricter IVDR, and that it has submitted an application for market approval in the US in the form of a 510(k) application to the FDA, and also that the Company has good internal regulatory competence, the Company considers the probability of the risk occurring, wholly or partially, to be low but considers the effect of the risk, if realised, to be high. If any of these risks should materialise, this could adversely impact the Company's operations, financial position and earnings.

Market risks

The Company operates in a global and competitive market that is subject to rapid changes and technological development. A large number of companies are active in the research and development of products that could compete with the Company's products. Some of the Company's competitors have substantial financial resources and these competitors may also have a higher manufacturing and distribution capacity as well as better prospects for selling and marketing their products than the Company does. In addition, the Company's competitors may develop products that are more effective, safer and less expensive
than the Company's products.

Research and development in other companies – alongside changes in complementary technology – could lead to the Company's products becoming outdated. Competitors, some of whom have considerable financial and other resources, could overtake the Company in terms of developing products and obtaining official approval, or succeed in developing a product that is more effective and more financially viable. Moreover, the development of products must satisfy clinical praxis and meet patient expectations. There is thus a risk that the Company will be unable to sustain its position in the face of competition. If competing products were to gain market shares or reach the market faster than Q-linea's products, the

future value of Q-linea's product and project portfolio could be lower than originally expected.

As the Company regularly analyses the market with regard to competitors and as the Company's first product was developed in close collaboration with end customers, the Company considers that the probability of the risk occurring, wholly or partially, to be low and considers the effect of the risk, if realised, to be moderate.

If any of these risks should materialise, this could adversely impact the Company's operations, financial position and earnings.

Lack of market acceptance

There is a risk that a product that has been approved for marketing and sales may not achieve the desired level of market acceptance from physicians, hospitals, laboratories, healthcare payers and the medical profession in general, which could prevent the Company from generating income or achieving profitability.

Market acceptance of the Company's current and future products by physicians, hospitals, laboratories, healthcare payers and patients will depend on a number of factors that in many cases are beyond the Company's control, including: the clinical indications for which each product is approved, acceptance by physicians, hospitals, laboratories and healthcare payers that the product comprises a safe and effective analysis method, relative user-friendliness, simple administration and other perceived benefits compared with competing analysis methods, the cost of the product and its use in relation to alternative products, the extent to which the product has been approved for procurement by hospital laboratories, whether the product, in accordance with guidelines, has been named as a preferred method for the establishment of treatment preparations for the relevant diagnosis, and restrictions and warnings that are found on the product's approved labelling.

Market acceptance is also dependent on the possibility of adequate reimbursement for the product and related consumables from third parties, such as insurance companies and other healthcare payers. In many countries, reimbursement for ASTar, related consumables and/or any future products is dependent on obtaining a reimbursement code for the procedure and product or on the existence of reimbursement codes for similar products that may be applied. The Company believes that there are reimbursement codes that can be applied to ASTar in both Europe and the US. If this assessment proves to be incorrect or if existing reimbursement codes are not considered to provide adequate reimbursement, new reimbursement codes may be required to achieve the desired market acceptance for ASTar. Obtaining a reimbursement code can be a lengthy process (months to years) and there is a risk that it may not be possible to obtain a satisfactory code. After a new reimbursement code has been obtained, healthcare payers (meaning national healthcare systems or health insurance companies) have to agree to provide coverage for the procedures that use the product related to the code. If laboratories, hospitals and other healthcare facilities do not receive sufficient reimbursement for treatments that are carried out using the Company's products, this could result in declining interest in the Company's products and a loss of sales.

Securing adequate or attractive reimbursement often requires a successful outcome from health economics studies, which are clinical studies designed to demonstrate the cost effectiveness of a product or procedure. There is no assurance that such studies will demonstrate the cost effectiveness of ASTar or other products from the Company, which could adversely impact the Company's operations, financial position and earnings.

Many countries, including a number of EU countries, are increasingly relying on health technology assessment (HTA) to make policy decisions on pricing and reimbursement and to establish best practice on the basis of evidence-based guidelines. HTA refers to the systematic evaluation of the properties, effects and/or impact of health technology. It is a multidisciplinary process to evaluate the social, economic, organisational and ethical issues associated with a health project or health technology. The application of HTA to medical devices is challenging. HTA is a data-driven process and many HTA agencies adopt a strict adherence to the hierarchy of evidence, demanding that technologies are supported by evidence from robust, controlled studies. For many medical devices, such evidence is often limited or unavailable at the time of launch, which may lead to restrictions in market acceptance.

The Company cannot predict what healthcare programmes and regulations will ultimately be implemented in the EU and its member states, in the US (at federal and/or state level) and other target markets or the effect of any future legislation or regulations. However, these types of provisions could materially change the way healthcare is delivered and financed, and may have a material impact on numerous aspects of the Company's business.

In Sweden, like other markets, the Company's products will also be subject to public procurement whereby the Company will compete on the basis of a combination of price and function. Depending on how the calls for tenders in the procurement processes are formulated and which requirements are specified, this could impact the prices of Q-linea's products and thus the Company's earnings. Such procurements often take place once a year or every second year, which could entail changes to price levels on specific occasions.

Furthermore, the Company's efforts to train and make healthcare providers aware of the benefits of the products in comparison with other technologies and processes could fail. Insufficient measures in this regard could lead to the incorrect use of the products, which in turn, could result in unsatisfactory results for patients, injury to patients, incorrect treatment (which could impact price and reimbursement levels), negative publicity and/or legal action. Negative media reporting may prevent broad acceptance of the products,

which increases the risk of unexpected results in the market. A lack of market acceptance from laboratories and other relevant healthcare players could impact the Company's reputation and general demand for the Company's products and hinder the commercial success of the current and future products.

Based on feedback from customers and institutions that have evaluated ASTar, the Company considers the probability of the risk occurring, wholly or partially, to be low and considers the effect of the risk, if realised, to be high.

Ability to manage growth

The Company is in an expansion phase with approved products in Europe, and the Company's ability to manage growth is crucial to its future success. Among other objectives, the Company is aiming to expand its own sales organisations in the US and other relevant countries in order to accelerate its market penetration. The Company's intended markets could thereby grow considerably by way of a rapid increase in demand for the Company's products, which would place major demands on the Company's management and operational and financial capacity as well as the ability of the Company's suppliers to increase the pace of delivery of finished products (or components included in products). In pace with this, the Company's operations would also need to expand by way of an increased personnel and the implementation of efficient planning and management processes to effectively implement the business plan in a rapidly developing market. If the Company and its suppliers do not succeed in managing increased capacity requirements, this could lead to the Company's prospective customers selecting competing products instead, which could have an adverse impact on the Company's operations, financial position and earnings.

The Company considers the risk that it will not have the ability to manage growth to be low and considers the effect of the risk, if realised, to be moderate.

Key employees and recruitment

Q-linea's success is largely dependent upon its key employees and qualified staff and the extensive expertise and experience held by these individuals in the Company's area of operation. If Q-linea were to lose key employees and/or was unable to recruit additional qualified staff at the necessary pace in order to meet its future needs, this could delay or interrupt the development of the operations. There is a risk that it may be impossible to conduct recruitment on satisfactory terms as a result of the competition for labour with other companies in the industry, universities and other institutions.

The Company aims to reduce the risk of losing key employees by creating and maintaining a positive work environment with good working conditions. Q-linea is mainly located in Uppsala, a town that is home to a wealth of people with the skills needed in the industry, which provides the Company with ample recruitment possibilities.

The Company considers the probability of the risk occurring to be low and considers the effect of the risk, if realised, to be moderate.

Foreign subsidiaries

As described in the section "Commercialisation" above, Q-linea AB founded a subsidiary in Italy in 2023 and now has two foreign subsidiaries. Operating through foreign subsidiaries means operating in a foreign jurisdiction, which may deviate to varying degrees from Swedish legislation, jurisprudence and tradition, and which may therefore be more difficult and expensive for Q-linea to navigate (and where it may therefore be more difficult for Q-linea to operate). It also means that, to a greater or lesser extent, parts of the Group's assets are allocated to the foreign subsidiaries and these assets are generally denominated in foreign currency. Overall, this means that there is a risk of a higher cost of legal protection, an increased risk that control over assets will be reduced or lost, and a risk that assets will lose value due to changes in exchange rates. The Company considers the probability that risks associated with establishing operations in foreign subsidiaries will occur, wholly or partially, to be low and considers the effect of the risk, if realised, to be moderate.

Proposed appropriation of unrestricted equity

The following unrestricted equity is at the disposal of the Annual General Meeting:

	SEK
Share premium reserve	1,483,364,423
Retained earnings	-1,071,621,674
Result for the year	-219,763,946
Total	**191,978,803**

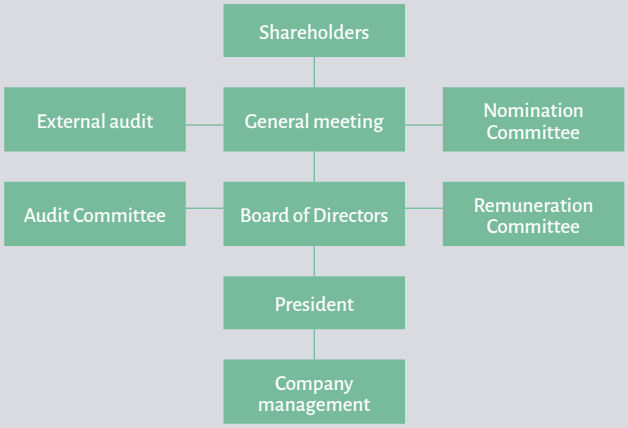
The Board proposes that profit be appropriated as follows: SEK 191,978,803 to be carried forward. The Board proposes to the Annual General Meeting that no dividend be paid for 2023. For more information concerning the Company's earnings and financial position, refer to the following income statement and balance sheet as well as the statement of comprehensive income and related notes.

Unless otherwise stated, all amounts in the financial statements and accompanying notes are presented in thousands of kronor (SEK thousand).

Corporate Governance Report

Q-linea AB (publ) ("Q-linea" or "the Company") is a Swedish public limited liability company whose shares have been listed on Nasdaq Stockholm's Main Market since December 2018. Q-linea's corporate governance is guided by the Swedish Companies Act, the Company's Articles of Association, Nasdaq's Issuer Rules, the Swedish Corporate Governance Code ("the Code"), the Rules of Fair Practice for the stock exchange and other applicable provisions and recommendations and internal governing documents. These internal governing documents mainly consist of the Board's rules of procedure, instructions for the President and instructions for financial reporting. In addition, Q-linea also has several policy documents and manuals containing rules, recommendations and principles, which provide guidance for the Company's operations and its employees.

The diagram below provides an overview of Q-linea's corporate governance structure.



Compliance with the Swedish Corporate Governance Code ("the Code")

Q-linea has applied the Code since 7 December 2018, and has undertaken to follow corporate governance best practices wherever possible. The Company did not deviate from any of the rules stipulated in the Code in 2023. In addition, Q-linea was not subject to a ruling by Nasdaq Stockholm's Disciplinary Committee or statement from the Securities Council.

Shareholders

Q-linea's shares are listed on Nasdaq Stockholm. The Company's share capital at 31 December 2023 amounted to SEK 5,858,318.60, distributed between 117,166,372 shares, of which 117,166,372 were ordinary shares and 0 were Class C shares. The shares' quotient value is SEK 0.05. Of these 117,166,372 shares, 328,472 are treasury shares held by the Company. As of 31 December 2023, Nexttobe AB was the only shareholder whose holding in Q-linea represented at least one tenth of the voting rights for all shares in the Company. Nexttobe AB accounted for 53.52% (33.50) of the shares and votes in the Company at year-end and the Company's 20 largest owners are presented in the section "The Q-linea share" on pages 30–31.

General meeting of shareholders

Shareholders exercise their influence in the Company at the Annual General Meeting, or at an extraordinary general meeting where appropriate. Every shareholder who is entered in the shareholder register kept by Euroclear and recorded in a CSD register or CSD account on the record date of the general meeting is entitled to participate personally or vote by proxy.

The general meeting may resolve on any issues related to the Company that do not fall expressly under another corporate body's exclusive competence according to the Swedish Companies Act or Articles of Association.

The Annual General Meeting is held annually within six months of the end of the financial year. The Chairperson of the Annual General Meeting is to be nominated by the Nomination Committee and elected by the Meeting. The business of the Annual General Meeting includes election of the Company's directors and auditors, adoption of the Company's balance sheet and income statement, resolving on allocations of the Company's profit or loss in accordance with the adopted balance sheet, and resolving on whether the directors and the President should be discharged from liability. The Annual General Meeting also resolves on the fees payable to the directors and the Company's auditors. During the Annual General Meeting, shareholders are also given the opportunity to pose questions to the Board of Directors, management and auditors. Each ordinary share carries one vote, and each Class C share carries one-tenth of one vote. Q-linea's Articles of Association include no restrictions on the number of votes each shareholder may cast at a general meeting.

The Board may also decide to convene an extraordinary general meeting should it determine that a general meeting is required before the next Annual General Meeting. The Board may also convene an extraordinary general meeting should an auditor or shareholder holding more than 10% of the Company's shares submit a written request that a meeting be convened to address a specific matter.

Notice of a meeting should also be published in Post- och Inrikes Tidningar (Official Swedish Gazette) and on the Company's website. Information that notice has been given will be announced in Svenska Dagbladet on the date of issuing the notice. Notice of an ordinary or extraordinary general meeting at which amendments to the Articles of Association will be addressed must be issued no earlier than six weeks and

no later than four weeks prior to the general meeting. Notice of other extraordinary general meetings must be issued no earlier than six weeks and no later than three weeks prior to the general meeting. The minutes of the meeting are to be available on the Company's website within two weeks of the general meeting.

2023 Annual General Meeting

In addition to standard matters, the following resolutions were passed at the Annual General Meeting on 13 June 2023:

- To re-elect directors Erika Kjellberg Eriksson, Mats Nilsson, Nina Korfu-Pedersen, Hans Johansson and Mario Gualano, and to elect Karin Fischer and Finn Sander Albrechtsen as new Board members. Erika Kjellberg Eriksson was re-elected as Board Chairperson.
- To appoint the registered accounting firm Öhrling PricewaterhouseCoopers AB as auditor.
- To discontinue the existing employee share option programmes (2020/23, 2021/24, 2022/25).
- To introduce a new employee share option programme ("Employee Share Option Programme 2023/2026") 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 1,171,663.72. In accordance with this authorisation, 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.
- To approve the terms and conditions for a short-term loan from the Company's principal owner Nexttobe AB totalling SEK 57,000,000 and to approve the corresponding terms and conditions for any future loans disbursed under the remaining loan facility (SEK 143,000,000).

2024 Annual General Meeting

Q-linea's 2024 Annual General Meeting will be held at 3:00 p.m. on Friday, 24 May 2024. The meeting is currently planned to be held at Hubben Konferens (Uppsala Science Park Room 3+4), Dag Hammarskjölds väg 38 in Uppsala, Sweden. Shareholders who wish to have a matter addressed by the Annual General Meeting must submit a request to the Board in writing not later than 9 April 2024.

The Board may be reached by mail at: Board of Directors, Q-linea AB, Dag Hammarskjölds väg 52A, SE-752 37 Uppsala, Sweden or by e-mail at: info@qlinea.com. For more information, see Q-linea's website at www.qlinea.com.

Nomination Committee

The Nomination Committee's duties include the preparation and drafting of proposals for the election of directors, the Board's Chairperson, the general meeting's Chairperson and auditors. The Nomination Committee is also to recommend the fees payable to directors and auditors. On 13 June 2023, the Annual General Meeting adopted instructions and rules of procedure for the Nomination Committee, whereby the Nomination Committee would consist of three members. The Nomination Committee is appointed, on behalf of the general meeting, by the Board's Chairperson contacting the three largest shareholders according to Euroclear's transcript of the shareholder register on 1 September 2023, each of whom has the right to appoint one member of the Nomination Committee. Should any of the three largest shareholders not wish to appoint a member of the Nomination Committee, the fourth-largest shareholder will be approached, and so forth, until the Nomination Committee consists of three members.

The members of the Nomination Committee must be announced on the Company's website no later than six months prior to the Annual General Meeting. The term of office for members appointed to the Nomination Committee continues until a new Nomination Committee is appointed. No fees shall be paid to the members for their work on the Nomination Committee. The Nomination Committee shall appoint one of its own members to chair the committee. Neither the Chairperson of the Board nor any other director may chair the Nomination Committee.

The Nomination Committee must submit proposals for resolutions on the following issues for the 2024 Annual General Meeting:

a) Election of Chairperson for the Meeting,
b) Determination of the number of directors,
c) Determination of fees and other remuneration payable to the Board and its committees, divided between the chairpersons and other members,
d) Determination of audit fees,
e) Election of directors and Chairperson of the Board,
f) Election of auditors, and
g) Principles for the Nomination Committee's composition and work prior to the 2025 Annual General Meeting.

Ahead of the 2024 Annual General Meeting and until a new Nomination Committee is appointed, the Company's Nomination Committee consists of Erika Kjellberg Eriksson (Nexttobe AB), Ulf Landegren (Landegren Gene Technology AB) and Öystein Engebretsen (Investment AB Öresund). Öystein Engebretsen is Chairperson of the Nomination Committee.

Shareholders who wish to contact the Nomination Committee may do so in writing at: Nomination Committee,

Q-linea AB, Dag Hammarskjölds väg 52A, SE-752 37 Uppsala, Sweden or by e-mail at: contact@qlinea.com.

Board of Directors

Duties of the Board of Directors

The Board is ultimately accountable for the Company's organisation and management of the Company's operations, which should be carried out in the best interests of the Company and all of its shareholders. The Board's main duties include the management of strategic issues related to the business, financing, establishments, growth, results and financial position, and continuously assessing the Company's financial situation. The Board is also to ensure that effective systems are in place for monitoring and controlling the Company's operations and that the information disclosed by the Company is characterised by openness, and is accurate, relevant and reliable.

Composition of the Board

According to Q-linea's Articles of Association, the Board is to consist of not less than three and not more than ten directors, with no deputy directors. The Articles of Association do not contain any provisions on appointing or dismissing directors. The directors are normally elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting, but additional directors may also be elected during the year at an extraordinary general meeting. The Board considers Hans Johansson, Nina Korfu-Pedersen, Karin Fischer, Finn Sander Albrechtsen and Mario Gualano to be independent of the Company, its management and major shareholders.

Board Chairperson

The Chairperson of the Board is responsible for leading the Board's work and for ensuring that it is carried out efficiently and that the Board fulfils its obligations and commitments. Through contact with the President, the Chairperson shall receive regular updates of the information required to follow the Company's position, financial planning and development. In addition, the Chairperson is to consult with the President in regard to strategic issues and ensure that the Board's decisions are implemented effectively. The Chairperson is responsible for contact with the shareholders in regard to ownership matters and for conveying the views of the shareholders to the Board.

The Annual General Meeting elects the Chairperson of the Board.

Board procedures

The Board follows written rules of procedure that are revised annually and adopted by the statutory Board meeting after the Annual General Meeting. The rules of procedure regulate the Board's procedures and duties, the Company's decision-making process, the Board's meeting procedure, the Chairperson's duties and the division of duties between the Board and the President. The instructions for financial reporting and for the President are also adopted at the statutory Board meeting.

Work of the Board

			Independent in relation to		Attendance (total number of meetings)		
Name	Position	Director since	The Company and management	Major shareholders	Board meetings	Audit Committee	Remuneration Committee
Erika Kjellberg Eriksson	Chairperson	Director since 2012, Chairperson since 2018	Yes	No	17(18)[3]	5(5)	**6(6)**
Mario Gualano	Deputy Chairperson	Director since 2020, Deputy Chairperson since 2023	Yes	Yes	16(18)		
Mats Nilsson	Director	Director since 2008, Chairperson 2008–2013	No	Yes	18(18)		
Karin Fischer[1]	Director	Director since 2018	Yes	Yes	10(10)	2(2)	
Finn Sander Albrechtsen[2]	Director	Director since 2023	Yes	Yes	10(10)		**5(5)**
Nina Korfu-Pedersen	Director	Director since 2023	Yes	Yes	17(18)	5(5)	
Marianne Hansson	Director	Director since 2018	Yes	Yes	8(8)		**1(1)**
Per Olof Wallström	Director	Director since 2018	Yes	No	7(8)[3]	3(3)	
Hans Johansson	Director	Director since 2018	Yes	Yes	18(18)		
Total					**18**	**5**	**6**

1) Karin Fischer was elected as a new director at the 2023 Annual General Meeting and replaced Per Olof Wallström on the Audit Committee
2) Finn Sander Albrechtsen was elected as a new director at the 2023 Annual General Meeting and replaced Marianne Hansson on the Remuneration Committee
3) Did not participate in a meeting where the conditions of the loan from Nextobe were discussed so as not to risk a conflict of interest

Board committees

Audit Committee

The Board's Audit Committee is to consist of at least three members, of whom one is the Chairperson. The committee's work is conducted in accordance with instructions adopted by the Board. The Audit Committee is primarily responsible for monitoring the Company's financial position, the effectiveness of the Company's internal control, the internal audit function and risk management, remaining informed about the audit of the annual report, and reviewing and monitoring the objectivity and independence of the auditor. The Audit Committee is also to present recommendations to the Nomination Committee regarding the election and remuneration of the Company's auditor, and keep in touch with the Company's auditor on a continuing basis. All meetings of the Audit Committee are to be recorded in minutes, which are presented to the Board together with a verbal debriefing to support the Board's decision-making processes.

Since the 2023 Annual General Meeting, the Audit Committee comprises Erika Kjellberg Eriksson (Chairperson), Nina Korfu-Pedersen and Karin Fischer.

Remuneration Committee

The Board's Remuneration Committee is to consist of at least two members, of whom one is the Chairperson. The committee's work is conducted in accordance with the rules of procedure adopted by the Board. The Remuneration Committee is primarily responsible for preparing matters related to remuneration and other terms of employment for the President and other senior executives. The Remuneration Committee is also to monitor and evaluate variable pay plans for company management (both ongoing and those completed during the year), and monitor and evaluate the application of the remuneration guidelines for senior executives approved by the Annual General Meeting. All meetings of the Remuneration Committee are to be recorded in minutes, which are presented to the Board together with a verbal debriefing to support the Board's decision-making processes.

The Remuneration Committee comprises Finn Sander Albrechten (Chairperson) and Erika Kjellberg Eriksson.

Remuneration of the Board of Directors

The remuneration of the directors elected by the Annual General Meeting is determined by the Annual General Meeting. The Annual General Meeting on 13 June 2023 resolved that an annual fee of SEK 450,000 should be paid to the Chairperson of the Board, SEK 337,500 to the Deputy Chairperson of the Board and SEK 225,000 to each of the other directors. The meeting further resolved that an annual fee of SEK 40,000 should be paid to the Chairperson of the Remuneration Committee and an annual fee of SEK 20,000 to each member of the Remuneration Committee as well as an annual fee of SEK 90,000 to the Chairperson of the Audit Committee and an annual fee of SEK 45,000 to each member of the Audit Committee. Erika Kjellberg Eriksson announced that she is not to be paid a fee if she is elected in accordance with the Nomination Committee's recommendation.

For the 2022 and 2023 financial years, remuneration was paid according to the table in Note 9.

Work of the Board in 2023

In 2023, the Board of Directors held 18 meetings at which minutes were taken. The participation of individual directors at these meetings is shown in the table on page 45. All meetings held during the year followed an approved agenda, which was provided to the directors before the Board meetings together with documentation for each agenda item.

Scheduled Board meetings normally last for half a day in order to provide time for presentations and discussion. A designated lawyer served as the secretary at the majority of the Board meetings. The President and CFO participate in Board meetings. Matters including the current business situation, earnings and financial position and the outlook for the rest of the year are reviewed at each scheduled Board meeting. Members of the Company's management team may be co-opted to the Board and may perform a review of a current strategic matter. Reports on the work of the committees are also typically addressed at each Board meeting via the Chairperson of each committee.

During 2023, the Board's work largely focused on:

- Development of the project portfolio.
- Commercialisation of ASTar and consumables.
- Strategy and analysis of the operating environment.
- Financial performance, optimisation of the Company's capital structure.
- Financial reporting and internal control.
- Collaborations and partnerships.

Evaluation of Board work

The Board evaluates its work through an annual Board evaluation, as set out in the Board's rules of procedure. During the past year, the evaluation was carried out in the form of a questionnaire based on previous years' reviews. The results were generally positive and have been discussed by the Board. The results have also been shared with the Nomination Committee and contributed to its work.

President and other senior executives

Duties of the President and other members of company management

The President is appointed by the Board and is responsible for the Company's day-to-day management in accordance with the Board's guidelines and instructions. The President is responsible for keeping the Board informed about the Company's performance and reporting significant deviations

from established business plans and about events with a major impact on the Company's performance and operations, and for providing the Board with relevant decision support in regard to, for example, establishments, investments and other strategic issues. Company management, headed by CEO Stuart Gander, consists of people in charge of Q-linea's key business areas.

Remuneration of the President and senior executives

The remuneration paid to senior executives is composed of basic salary, variable pay, share-based remuneration, pension provisions and other benefits. The remuneration paid to the President and senior executives for the 2023 financial year is specified in the table below. All amounts are in SEK thousand.

Remuneration of the President and senior executives

SEK thousand	President Jonas Jarvius	Other senior executives	Total
Fixed salary	2,670	11,662	14,332
Variable pay	–	–	–
Benefits	–	–	–
Other remuneration	–	–	–
Share-based remuneration [1)]	–	–	–
Subtotal	**2,670**	**11,662**	**14,332**
Pension	653	2,810	3,464
Total	**3,324**	**14,472**	**17,796**

1) Costs that had been reserved in previous periods since the start of the share-based remuneration programme LTIP 2019 were reversed in 2022 when the Board determined that the performance targets had not been met and the programme therefore expired.

The Board of Directors' proposal for guidelines for executive remuneration

Under the Swedish Companies Act, the Annual General Meeting is to resolve on remuneration guidelines for the President and other senior executives.

The Annual General Meeting on 26 May 2020 adopted guidelines with essentially the following content: The guidelines for executive remuneration shall apply until the 2024 Annual General Meeting, unless circumstances arise that entail that the guidelines need to be revised at an earlier point in time.

Scope and application of the guidelines

These guidelines encompass Q-linea's President and the member of Q-linea's management team at any time. If a director of the Company performs work for the Company alongside their Board assignment, these guidelines shall be applied to any remuneration paid to the director for such work.

The guidelines are forward-looking, meaning they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2020 Annual General Meeting. Remuneration equates to the transfer of securities and awarding rights to acquire securities from the Company in the future.

The remuneration resolved by the general meeting, for example, share and share-price incentive programmes, is not encompassed by these guidelines.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

Remuneration paid is to motivate company management to implement the Company's business strategy and thus safeguard the Company's long-term interests in a sustainable manner. The criteria for variable pay are to be structured so that they can be linked to this end.

The Company's business strategies are:

Regulatory strategy: carry out necessary regulatory activities for the launch of the ASTar instrument and consumables in the US and other key geographies. The first product focuses on sepsis diagnostics.

Commercial strategy: Q-linea has focused on implementing the Company's updated market strategy. The Company intends to address key markets directly through local subsidiaries while also entering into distribution agreements to achieve broader and faster market penetration. Initially, the focus will be on key geographies in Europe and the US market. During the year, Q-linea entered into distribution partnerships for France, the UK, Benelux, Norway, Finland, the Baltic countries and Poland. The Company also set up its own operations in Italy and the US. Sales are to comprise instruments and consumables, the latter of which are expected to account for the majority of the potential income. When collaborating with distributors on service, the distributor will handle all first-hand service while Q-linea will provide expert knowledge to deal with more complex issues. After the end of the year, the Board of Directors of Q-linea decided to place the technology behind Podler in a separate subsidiary to enable Q-linea to focus on ASTar and at the same time maximise the business opportunities for Podler, which may include development collaborations, license sales or commercial distribution rights.

Health economics strategy: The Company will continue to focus on the clinical and financial benefits of implementing rapid AST for a hospital by carrying out health economics studies and smaller studies centred on demonstrating clinical benefit. The aim is to use the study results as sales support.

Operational strategy: continue to build up Q-linea's infrastructure to ensure its development and production capacity.

Product development strategy: continue to develop new applications, primarily focusing on the ASTar platform.

Intellectual property rights strategy: continue to develop and maintain a broad and relevant intellectual property portfolio.

Service and support strategy: continue to build a free-standing service organisation with a focus on expert service, and continue to develop the Company's applications specialists to participate in and follow up on customer visits.

For further information about the Company's business strategy, visit:
www.qlinea.com/sv/om-oss/business-concept-and-strategy

The aim of the remuneration package to company management is to motivate, retain and reward qualified personnel for their contributions to achieving the Company's business strategy, long-term interests and sustainability.

Incentive programmes comprising share and share-price-based remuneration are resolved by the general meeting and are not included in these guidelines. However, existing incentive programmes are described below in order to provide a complete picture of the Company's total remuneration package for company management.

Various forms of remuneration

The remuneration offered is to be on market terms and consist of fixed salary, variable cash remuneration, pension benefits and other benefits. Fixed salary is to be individual for each senior executive and based on the executive's areas of responsibility and experience, and is to be reviewed every year. The division between fixed salary and any variable cash remuneration is to be proportionate to the executive's responsibilities and authorities.

Variable cash remuneration requires that the executive meet criteria that can be measured during the period of one year. The ceiling for variable cash salary is a maximum of 40% for the President and a maximum of 30% for other senior executives of the total fixed cash salary during the target fulfilment period measured. Variable cash remuneration shall not qualify for pension benefits unless required by mandatory collective agreement provisions. The Board is able to limit or refrain from making a variable payment should such payment be deemed unreasonable and inconsistent with the Company's responsibilities in general towards its shareholders, if particularly difficult economic circumstances were to prevail. The Board shall also have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable pay paid on incorrect grounds (claw-back).

Pension benefits are to be post-employment defined-contribution pension plans. For defined-contribution pension plans, Q-linea shall pay contributions to publicly or privately administered pension insurance plans on a compulsory, contractual or voluntary basis. The Company has different pension levels for various categories of employees and ages. Pension premiums for premium defined pension shall amount to not more than 25% of the senior executive's annual fixed salary.

The following pension levels apply for the 2023 financial year:

Age and category	Provision
Up to age 25	No provision
Between the age of 25 and 35	6.5%
Above age 35	12.5%
Member of OMG/SDG[1)]	+2.5%
Manager with more than ten employees	+5%
President and management team	maximum of 25%

1) OMG – Operational Management Group, SDG – Strategic Development Group

Other benefits may include occupational health services, occupational group life assurance, health and medical insurance and other similar benefits. Other benefits may not exceed 3% of the senior executive's annual fixed salary.

In the commercial organisation (with the main focus on sales), a remuneration structure will be applied with a fixed salary and a commission-based component. It is up to the President to determine the specific form of the model/terms, which must however comply with industry standards and be optimised to create attractive incentives for relevant employees.

Consultancy fees are to be on market terms. If consultancy services are performed by one of the Company's directors, this director is not entitled to participate in the Board's (or the Remuneration Committee's) discussions regarding remuneration of such consultancy services.

Information on criteria and conditions for payment of variable pay

Short-term incentive (STI) programmes

The choice of criteria (STI targets) for future years' STI that form the basis of payment of variable pay is to be adopted every year by the Board to ensure that the criteria are aligned with the Company's business plan. These STI targets can be set both individually and collectively and are to be structured in such a manner that they promote the Company's business plan. These criteria may be linked to, for example, the Company achieving certain targets under the framework of its commercialisation plans, the Company initiating or concluding certain steps or the Company signing certain agreements. The outcome is to be compared with the established targets after the end of the measurement period. The outcome of the current year's STI programme is to be discussed at the end of the year by the Board and the President (after being prepared by the Remuneration Committee). The Board then makes a decision on the outcome without the presence of the President or CFO.

For the 2023 financial year, the Company decided to discontinue its short-term incentive programme, meaning that no variable remuneration based on this programme will be paid.

Long-term incentive (LTI) programmes

Employee Share Option Programme 2020/23

The Annual General Meeting on 26 May 2020 resolved that a long-term incentive programme (Employee Share Option

Programme 2020/23) would be implemented in the form of a performance share-based programme. The rights to receive performance shares were allotted free of charge in December 2020. The programme measures performance over a three-year period starting in December 2020 and the performance targets are linked to various operational sub-targets during the same period. The targets include such areas as product development, product approval and commercialisation, which are aligned with the Company's business strategies. The performance share rights are earned as the performance targets are met.

In December 2023, the Board of Directors made the assessment that Employee Share Option Programme 2020/23 had not been achieved at the end of the programme. The Board decided that all 345,850 outstanding performance share rights in the programme would therefore expire.

Employee Share Option Programme 2021/2024

The Annual General Meeting on 25 May 2021 resolved to introduce an employee share option programme (Employee Share Option Programme 2021/2024) for the Company's employees. The employee share options were allotted free of charge in June 2021 to employees not encompassed by previous long-term incentive programmes in the Company. 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. The targets include such areas as product development, product approval and commercialisation, which are aligned with the Company's business strategies.

Employee Share Option Programme 2022/2025

The Annual General Meeting on 24 May 2022 resolved to introduce an employee share option programme (Employee Share Option Programme 2022/2025) for the Company's employees. The employee share options were allotted free of charge in June 2022 to current and future employees who i) are part of the management team or ii) are not covered by any of the Company's previous long-term incentive programmes. 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. The targets include such areas as product development, product approval and commercialisation, which are aligned with the Company's business strategies.

Termination of employment and severance pay

The notice period for the President and other senior executives may not exceed six months if notice of termination of employment is made by the Company. Fixed cash salary during the period of notice and any severance pay may together not exceed an amount equivalent to the President's or the senior executives' fixed cash salary for one year. The period of notice may not exceed six months without any right to severance pay when termination is made by the executive.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income. The remuneration paid by the Company shall amount to not more than 80% of the previous monthly income at the time of termination of employment, and is paid for a maximum of six (6) months after the end of employment.

Salaries and employment conditions for employees not members of company management

In the preparation of these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report that will be prepared for paid and current remunerations encompassed by these guidelines.

The decision-making process to determine, review and implement the guidelines

The Board has established a Remuneration Committee, whose tasks include preparing the Board's decision to propose remuneration principles, remuneration and other employment conditions for company management. The Remuneration Committee is also to monitor and evaluate variable pay plans for company management both ongoing and those completed during the year. The committee shall also monitor and evaluate the application of the guidelines for executive remuneration that the general meeting is to resolve on according to law, as well as the current remuneration structures and compensation levels in the Company.

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting.

The President and other members of company management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board may temporarily resolve to derogate from the guidelines if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

Description of material changes to the guidelines

The guidelines that the Annual General Meeting adopted in 2020 apply until the 2024 Annual General Meeting. No changes have been made to the guidelines.

Share-based remuneration programmes

Employee share option programme 2021 (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 comprises a maximum of 160,650 employee share options. The 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 entitles the holder, upon the fulfilment of certain strategic and operational targets established by the Board and after a vesting period of three years, to acquire one (1) new ordinary share in the Company at an exercise price corresponding to 125% of the volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the ten (10) trading days prior to 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 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 programme.

Actual number of performance share rights allotted

Category	No. of participants	No. of allotted employee share options per participant	No. of allotted employee share options per category
Other key employees	36	3,570	128,520
Total	**36**	**–**	**128,520**

The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period from 10–24 May 2021, 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 ordinary 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. Refer to Note 9.

Employee share option programme 2022 (Employee Share Option Programme 2022/2025)

The Company's Annual General Meeting on 24 May 2022 resolved to introduce an employee share option programme for the Company's employees. Employee Share Option Programme 2022/2025 is to comprise a maximum of 292,770 employee share options. Employee share options are to be offered free of charge to individuals employed by the Company as of 15 June 2022 who are i) members of the management team or ii) not covered by any of the two previous employee share option programmes (adopted in 2020 and 2021, respectively), the "Previous Programmes".

Each person will be offered as many employee share options as needed for the person in question to hold a certain total number of options within the framework of this employee share option programme and the Previous Programmes.

The total number of options per individual per category is shown below.

I. President: 30,000
II. Management team: 21,030
III. Other employees: 3,570

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 24 May 2022. However, the subscription price may not under any circumstances be less than the quotient value. 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 384,758 warrants to the Company, of which a maximum of 91,988 warrants were issued to cover any cash flow effects as a result of social security contributions arising under Employee Share Option Programme 2022/2025.

Actual number of performance share rights allotted

Category	No. of participants	No. of allotted employee share options per participant	No. of allotted employee share options per category
President	1	14,340	14,340
Management team	5	12,620	63,100
Management team	**2**	**17,460**	**34,920**
Other employees	31	3,570	110,670
Total	**36**	**–**	**223,030**

The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period from 10–23 May 2022, meaning the ten (10) trading days prior to 24 May 2022, was SEK 82.26, and the exercise price was thus set at SEK 102.82 per ordinary share. The option value on the

allotment date of 30 June 2022 was based on the average price on the allotment date and was calculated at SEK 14.06 per option. Refer to Note 9.

Audit and control

External auditor

The Nomination Committee's duties include presenting the Annual General Meeting with a proposed resolution on the choice of auditor. Öhrlings PricewaterhouseCoopers AB (PwC) was appointed as the Company's external auditor until the 2024 Annual General Meeting. Authorised Public Accountant Lars Kylberg is Auditor in Charge of the Q-linea audit. The auditor's duties are to review a company's annual financial statements and accounts as well as the management of the Board and the President. This normally takes place at least twice per year, since at least one interim report, in addition to the annual report, must be reviewed by the auditor.

Remuneration of the auditor

The Annual General Meeting resolves on remuneration of the auditor, based on the Nomination Committee's recommendation. The Annual General Meeting on 13 June 2023 resolved that audit fees are to be approved and paid on an ongoing basis.

Fees paid in 2023 and 2022 are shown in the table below

SEK thousand	2023	2022
PwC, Öhrlings PricewaterhouseCoopers AB		
Audit assignment	1,409	877
Audits other than audit assignment		9
Tax advisory services	87	32
Other advisory services	165	52
Issue costs	212	
Total	**1,873**	**969**

All of the fees above pertain to remuneration to the audit firm Öhrlings PricewaterhouseCoopers AB and no portion pertains to its network. No remuneration was paid for valuation services.

Authorisations

The Annual General Meeting held on 13 June 2023 resolved 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 1,171,663.72. According to the issue authorisation, 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 otherwise on terms in accordance with Chapter 2, Section 5, Paragraph 2, Subsections 1-3 and 5 of the Swedish Companies Act.

Other than this, there are no authorisations granted by the general meeting for the Board to resolve on share issues, warrants and/or convertibles or acquisitions of shares.

Internal audit and control

The overall purpose of internal control is to obtain reasonable assurance that the Company's operational strategies and objectives are followed up and that shareholders' investments are protected. Internal control should also determine, with reasonable assurance, that the external financial reporting is reliable and prepared in accordance with generally accepted accounting practices, in compliance with applicable laws and regulations, and in compliance with the rules applicable to listed companies. The Board is ultimately responsible for internal control.

The Swedish Companies Act and Annual Accounts Act require Q-linea to provide information about the key elements of its internal control system and risk management in the Company's Corporate Governance Report.
In order to maintain good internal control, the Board has prepared several governing documents, including rules of procedure for the Board, instructions for the President, instructions for financial reporting, a financial policy and a communication policy.

The Board evaluates the need to establish a separate internal audit function on an annual basis. The Board has made the assessment that, given the Company's size and the scope of its transactions, as well as the skills in the field possessed by the Board and the Board's meeting with its auditors, there is no reason to establish a formal internal audit function. The Board has established an Audit Committee that is primarily responsible for monitoring and quality-assuring the Company's financial statements, keeping in touch with the Company's external auditor on a continuous basis, monitoring the effectiveness of the Company's internal control over financial reporting, and reviewing and monitoring the objectivity and independence of the auditor. Within the Board, the Audit Committee is also responsible for monitoring and managing risks that could have a material adverse effect on the Company's business.

The ongoing responsibility for internal control and risk management has been delegated to the Company's President who is to report back the Board on a regular basis in accordance with the prescribed instructions.

Internal control and risk management are continuously monitored and evaluated through internal and external controls and evaluations of the Company's governing documents.

In addition to the internal control system described above, there is also an internal activity-specific control of R&D-related data, and quality management comprising systematic monitoring and evaluation of the Company's development and manufacturing processes and products.

Directors

Q-linea's Board comprises a combination of entrepreneurs, inventors and people with industrial experience who represent the Company's largest shareholders and provide active support to management. The Board of Directors consists of seven ordinary members: Erika Kjellberg Eriksson (Chairperson), Karin Fischer, Hans Johansson, Mario Gualano (Deputy Chairperson), Mats Nilsson, Nina Korfu-Pedersen och Finn Sander Albrechtsen. The assignment for all directors applies for the period up until the end of the next Annual General Meeting, which will be held on 24 May 2024. However, any director may withdraw from their assignment before then. A description of the directors, their position, the year in which they were initially elected and whether they are considered independent from the Company and its management, and from major shareholders, is also presented in the table on page 45.

1. Erika Kjellberg Eriksson

Chairperson since 2018, director since 2012

Erika Kjellberg Eriksson has held Board assignments and senior positions in pharmaceutical, biotech and med tech companies for more than 25 years. She has long experience from working in both listed and unlisted companies and extensive Board experience.

Born: 1962

Education: MSc in economics, Uppsala University (1985).

Other ongoing assignments: Erika Kjellberg Eriksson is CEO and Chairperson of Nexttobe AB, Chairperson of Linum AB, Brixton Medical AB, Aros Biotech, Lumina Adhesives AB, Lokon Pharma AB and Tanea Medical AB, and Director of Vivolux AB and Findolon AB.

Holdings in the Company: Erika Kjellberg Eriksson owns 199,000 shares in the Company.

She is independent from the Company and its management, but not from major shareholders.

2. Karin Fischer

Director since 2023

Karin Fischer has more than 15 years of global commercial experience from both strategic and operative positions. She has also been stationed in the US. Karin has worked for companies such as Johnson & Johnson, Getinge, Xvivo Perfusion and RLS Global. She was CEO for more than four years at RLS Global, listed on Nasdaq First North.

Born: 1976

Education: BSc in business administration and economics, University of Aberdeen.

Other ongoing assignments: Karin Fischer is CEO of Biolin Scientific AB, a company within the AddLife group.

Holdings in the Company: Karin Fischer does not own any shares in Q-linea.

She is independent from the Company and its management as well as from major shareholders.

3. Hans Johansson

Director since 2018

Hans Johansson has extensive experience and a broad contact network from his previous roles in the life sciences and diagnostics industry. His previous positions include Vice President Companion Diagnostics at Thermo Fisher's Speciality Diagnostics Group, Vice President Global Marketing and Business Development at Thermo Fisher's Immuno Diagnostics Division, CEO of Pyrosequencing/Personal Chemistry (now Biotage), and Head of Laboratories at Pharmacia Biotechnology AB.

Born: 1954

Education: MSc in chemical engineering.

Other ongoing assignments: Hans Johansson is Chairperson of Myrtila AB and a director of Immunovia AB (publ).

Holdings in the Company: Hans Johansson owns 23,528 shares in Q-linea.

He is independent from the Company and its management as well as from major shareholders.

4. Mario Gualano

Director since 2021

Mario Gualano is currently CEO of BBI Group Ltd and has more than 25 years of commercial, technical and operational experience in the microbiology and diagnostics industries, including 15 years in international leadership roles with Thermo Fisher Scientific. During his time with Thermo Fisher Scientific, he led Thermo Fisher Scientific's Specialty Diagnostics Group in APAC and, most recently, was the President of the Microbiology division.

Born: 1969

Education: PhD in Microbiology and Immuno-diagnostics and an MBA from Henley Management College.

Other ongoing assignments:
CEO of BBI Solutions Ltd.

Holdings in the Company: Mario Gualano does not own any shares in Q-linea.

He is independent from the Company and its management as well as from major shareholders.

5. Mats Nilsson

Director since 2008
(Chairperson 2008–2013)

Mats Nilsson is a professor of molecular diagnostics and has founded several companies in the biotech industry. He is one of Q-linea's founders. He has extensive board experience and has served on the Board of Elos MedTech AB, which is listed on Nasdaq Stockholm.

Born: 1969

Education: Associate professor of molecular medicine, Uppsala University (2003); PhD in medical genetics, Uppsala University (1998); MSc in biology, Uppsala University (1998).

Other ongoing assignments: Mats Nilsson is a professor of biochemistry at the Science for Life Laboratory at Stockholm University. He also serves as a director of EMPE Diagnostics AB, Countagen AB, Aplex Bio AB and Biocyclica Holding AB.

Holdings in the Company: Mats Nilsson owns 444,000 shares in the Company. He owns an additional 586,654 shares in the Company through the related company Biocyclica Holding AB.

He is independent from major shareholders, but not from the Company and its management.

6. Nina Korfu-Pedersen

Director since 2022

Nina Korfu-Pedersen is currently SVP & Head Financial Control & Accounting, Volvo Group. She has extensive experience in leading and driving major change initiatives globally, operationally and strategically in various industries and roles, both in the consulting industry and in line manager roles. She has more than 15 years' experience of international leadership roles.

Born: 1973

Education: Nina has a Master's degree from BI Norwegian Business School and a Master's degree in International Relations from the University of Reading, UK.

Other ongoing assignments: Nina Korfu-Pedersen is a member of the Swedish Financial Reporting Board.

Holdings in the Company: Nina Korfu-Pedersen does not own any shares in the Company.

She is independent from the Company and its management as well as from major shareholders.

7. Finn Sander Albrechtsen

Director since 2023

Finn Sander Albrechtsen is currently Head of Global R&D at SSI Diagnostica Group and has more than 16 years of international leadership experience from the life sand diagnostics industry in companies such as Dako, Agilent Technologies and Thermo Fisher.

Born: 1967

Education: MSc Pharm, Uppsala University (1972).

Other ongoing assignments: Finn Sander Albrechtsen is a director of Panacea Diagnostica Ltd.

Holdings in the Company: Finn Sander Albrechtsen owns 100,000 shares in the Company.

He is independent from the Company and its management as well as from major shareholders.

Senior executives

The Company's management team comprises 11 individuals. Stuart Gander is Chief Executive Officer (CEO), Anders Ljunggren Managing Director of Q-linea AB. Other senior executives in the Company are Mats Gullberg (Vice President, Research Director), Thomas Fritz (Chief Commercial Officer/CCO), Christer Samuelsson (Chief Financial Officer/CFO, Investor Relations), Tiziana Di Martino (Chief Medical Officer/CMO), Jonas Melin (Director Product Development), Karl Sköld (Director Contract Development), Henrik Jacobson (Chief Operating Officer), Victoria Lerneryd (Manager QA/RA) and Ulrika Stolpe (HR Manager).

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1. Stuart Gander

Employed by the Company since March 2024 as CEO.

Stuart Gander has worked in the healthcare industry since 2006, advising companies across all sectors while serving with the Boston Consulting Group, where he was Managing Director & Partner. He specialised in medical technologies, working across a wide variety of sectors with an emphasis on medical diagnostics. He has experience working in most major healthcare markets around the world, having lived in nearly equal measure in Europe and North America. Prior to joining Q-linea, he was a member of the executive team at StatLab, a US-based leader in histology, where he held a variety of leadership roles in operations, sales and marketing, R&D and managing its international subsidiaries.

Born: 1978

Education: Queen's University School of Commerce (now Smith), Kingston, Canada (2000).

Other ongoing assignments: Stuart Gander has no other current assignments.

Holdings in the Company: Stuart Gander does not own any shares in the Company.

2. Anders Ljunggren

Employed by the Company since March 2022 as Manager Project Management Office. Managing Director of Q-linea AB since March 2024.

Anders Ljunggren has 15 years of experience in engineering project management, having worked at innovative R&D companies in industries like medical devices, industrial applications, consumer electronics, and space technology. He has a track record of successfully managing B2B and in-house development projects, utilising cross-functional team management skills and a deep understanding of product development.

Born: 1981

Education: MSc in materials engineering, Uppsala University (2007).

Other ongoing assignments: Anders Ljunggren is the owner of Coego Consulting AB and Introspecton AB.

Holdings in the Company: Anders Ljunggren owns 12,300 shares and 3,570 employee share options in the Company.

3. Mats Gullberg

Employed by the Company since 2013, Vice President since 2016 and Research Director since 2017

Mats Gullberg has extensive experience in product development and commercialisation and works with intellectual property issues in biotech companies. He has previously worked with methods of microbiology and molecular biology at Uppsala University. He has vast experience in R&D projects and in running projects to identify potential future products. Over the past ten years, he has been responsible for patent and intellectual property issues, previously at the Olink AB biotech company and since 2013 at Q-linea. As of 2017, he is also responsible for the Company's research department.

Born: 1971

Education: PhD in medical sciences, Uppsala University (2003); MSc in pharmaceutical bioscience (microbiology), Uppsala University (1995).

Other ongoing assignments: Mats Gullberg is a director of EMPE Diagnostics AB.

Holdings in the Company: Mats Gullberg owns 90,452 shares and 21,030 employee share options in the Company.

4. Thomas Fritz

Employed by the Company as CCO since 2021

Thomas Fritz has more than 25 years' commercial experience in the microbiology field. He has also worked in clinical, pharmaceutical and industrial markets. He has led marketing, sales, customer service and support organisations in various regions. He was also CEO of a large manufacturing facility. In his previous role, he served as Senior Director, Commercial EMEA for the microbiology division of Thermo Fisher Scientific.

Born: 1964

Education: MSc in microbiology, University of Tübingen, Germany (1993).

Other ongoing assignments: Thomas Fritz is part-owner and CEO of ATC GmbH.

Holdings in the Company: Thomas Fritz owns 58,500 shares and 21,030 employee share options in the Company.

5. Christer Samuelsson

Employed by the Company as CFO and Investor Relations since May 2023

Christer Samuelsson has 20 years of experience as CFO and other executive positions in various industries at both listed and unlisted companies as well as ten years of experience from the financial sector.

Born: 1962

Education: MSc in economics, Uppsala University (1987).

Other ongoing assignments: Christer Samuelsson has no other current assignments.

Holdings in the Company: Christer Samuelsson
owns 50,000 shares in the Company.

6. Henrik Jacobson

Employed by the Company as Production Manager since 2021 and Chief Operating Officer since 2022

Henrik has more than 25 years' experience in executive positions, mainly in operations and production. He helped create the convenience food concept and co-founded Gooh, a company where he was responsible for building up the production and logistics operations. This gave him valuable experience in creating and scaling up the factory and organisation. Henrik has also served as Production Director at Lantmännen Cerealia and CEO of Swedish Meat's subsidiary Esca Food Solutions.

Born: 1969

Education: MSc in Industrial Economics, Linköping University (1995).

Other ongoing assignments: Director of Jacobson Energi AB, Skånings Åsaka Vind AB and Vida Vind AB.

Holdings in the Company: Henrik Jacobson owns 10,800 shares and 3,570 employee share options in the Company.

7. Tiziana Di Martino

Employed by the Company as CMO since 2021

Tiziana Di Martino has 20 years' experience in clinical practice, research and medical businesses in the microbial diagnostics industry. She has previously served as Regional Medical Affairs Manager at Abbott Molecular, Clinical and Scientific Affairs Manager EMEA at Abbott Point of Care and Head of Clinical Development EMEA at Accelerate Diagnostics. In these roles, she has successfully driven clinical projects related to new product launches.

Born: 1976

Education: MD, Università Cattolica del Sacro Cuore in Rome (2003); MSc in toxicology, University of Surrey (2011); MBA, London Business School (2014).

Other ongoing assignments: Tiziana Di Martino has no other current assignments.

Holdings in the Company: Tiziana Di Martino owns 21,030 employee share options in the Company.

8. Jonas Melin

Director Product Development since 2017

Jonas Melin has extensive R&D experience and a deep understanding of technical and regulatory issues. He has experience in project management and has successfully led projects from development to regulatory approval. His previous positions include Project Manager for Meritas D-Dimer test, Troponin test and BNP test and Head of Technical Development of Meritas troponin I.

Born: 1976

Education: PhD in engineering science, Uppsala University (2006); MSc in technical biology, Linköping University (2002).

Other ongoing assignments: Jonas Melin is a director of Melin Science AB.

Holdings in the Company: Jonas Melin owns 1,764 shares and 21,030 employee share options in the Company.

9. Karl Sköld

Employed by the Company as Director Contract Development since 2018

Karl Sköld has a background as a researcher in molecular biology and pharmaceutical life sciences at Uppsala University. From 2007 to 2016, he was active as the founder, director and Research Director of Denator AB, a company that develops and sells systems for the heat stabilisation of clinical samples. He is also a co-founder of Maurten AB, a company that develops energy and nutritional products for athletes and the healthcare industry. In 2017, he became CEO of Umbrella Science AB, whose operations were acquired by Q-linea in the summer of 2018.

Born: 1974

Education: PhD in pharmaceutical bioscience, Uppsala University (2006).

Other ongoing assignments: Karl Sköld is a director of Hardcover AB and a deputy director of Laminaria Group AB and Maurten AB.

Holdings in the Company: Karl Sköld owns 2,500 shares and 21,030 employee share options in the Company.

10. Victoria Lerneryd

Employed by the Company as Manager QA/RA since 2021

Victoria Lerneryd has over 12 years' experience in quality assurance and regulatory affairs for medical devices, having worked on development and maintenance of quality management systems, production of regulatory product documentation, and regulatory audits and applications. She previously held positions as Quality Manager at St. Jude Medical and Quality & Regulatory Affairs Manager at Cavidi. These roles included responsibility for compliance with regulatory requirements from product development to production and monitoring of products released to the market.

Born: 1984

Education: MSc in chemical engineering, Uppsala University (2009).

Other ongoing assignments: Victoria Lerneryd has no other current assignments.

Holdings in the Company: Victoria Lerneryd owns 7,585 shares and 21,030 employee share options in the Company.

11. Ulrika Stolpe

Employed by the Company since 2012, HR Manager since 2019

Before joining Q-linea, Ulrika Stolpe worked in accounting, HR and office management at small and large national and international life sciences companies since the 1990s. She joined Q-linea as the Head of Accounting and Office Manager in 2012. She drove the development of the Company's accounting and HR administrative processes as well as contributing to work environment issues until 2019. Since the listing of the Company on the stock exchange, her work has concentrated on HR where we can see rapid growth in the number of employees compared with 2012.

Born: 1967

Other ongoing assignments: Ulrika Stolpe has no other current assignments.

Holdings in the Company: Ulrika Stolpe owns 6,774 shares and 21,030 employee share options in the Company.

Consolidated statement of profit and loss

Amounts in SEK thousand	Note	2023	2022
Net sales	5	4,440	12,788
Other operating income	6	2,183	1,817
Changes in inventories of products in progress, semi-finished goods and finished goods		2,341	-17,017
Raw materials and consumables		-5,786	-17,151
Other external costs	7.8	-64,083	-80,695
Personnel costs	9	-150,643	-145,639
Depreciation/amortisation of tangible and intangible assets	7,12,13	-17,521	-15,286
Other operating expenses	6	-1,519	-1,064
Operating result		**-230,587**	**-262,247**
Financial income	10	2,790	2,174
Financial expenses	10	-1,569	-8,621
Result from financial items		**1,221**	**-6,447**
Result before tax		**229,366**	**-268,694**
Tax on result for the year	11	–	–
Result for the year		**-229,366**	**-268,694**
Result for the year attributable to:			
Parent Company shareholders		-229,366	-268,694
Non-controlling interests		–	–
Earnings per share before dilution, SEK	18	-3.48	-9.20
Earnings per share after dilution, SEK		-3.48	-9.20

Consolidated statement of comprehensive income

Amounts in SEK thousand	Note	2023	2022
Result for the year		-229,366	-268,694
Other comprehensive income			
Items that may be subsequently reversed in profit or loss:			
Fair value measurement	4	–	1,138
Translation differences		-160	-4
Total comprehensive income		**-229,526**	**-267,560**

Consolidated statement of financial position

Amounts in SEK thousand	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Tangible assets	12	34,060	36,362
Right-of-use assets	3.7	21,528	21,957
Goodwill	3.13	4,889	4,889
Other intangible assets	13	126	235
Financial assets	4	4,146	3,047
Total non-current assets		**64,749**	**66,490**
Current assets			
Inventories	14	46,527	42,281
Accounts receivable	4	60	–
Other receivables	15	35,711	45,798
Prepaid expenses and accrued income	16	3,034	2,469
Short-term investments	3.4	–	–
Cash and cash equivalents	4	81,895	72,878
Total current assets		**167,227**	**163,426**
TOTAL ASSETS		**231,976**	**229,916**

Consolidated statement of financial position

Amounts in SEK thousand	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders			
Share capital	17	5,858	1,477
Reserves		-745	-4
Other contributed capital		1,483,364	1,234,972
Retained earnings, including result for the year		-1,298,842	-1,073,255
Total equity attributable to Parent Company shareholders		**189,636**	**163,190**
Equity attributable to non-controlling interests		–	–
Total equity		**189,636**	**163,190**
Liabilities			
Non-current liabilities			
Non-current lease liabilities	3.7	12,905	14,813
Loans from credit institutions	4,21,22	–	–
Total non-current liabilities		**12,905**	**14,813**
Current liabilities			
Loans from credit institutions	4,21,22	–	–
Accounts payable	4	5,305	21,555
Current lease liabilities	3,7,22	7,659	6,117
Current tax liabilities	11	–	–
Other liabilities	19	6,805	11,613
Accrued expenses and deferred income	20	9,665	12,629
Total current liabilities		**29,435**	**51,914**
Total liabilities		**42,340**	**66,726**
TOTAL EQUITY AND LIABILITIES		**231,976**	**229,916**

Consolidated statement of changes in equity

Amounts in SEK thousand	Note	Equity attributable to Parent Company shareholders [1]				
		Share capital	Other contributed capital	Reserves	Retained earnings, including result for the year	Total equity[1]
Opening balance, 1 Jan 2022		**1,477**	**1,234,972**	**-1,138**	**-804,858**	**430,454**
Result for the year		–	–	–	-268,694	**-268,694**
Other comprehensive income		–	–	1,134	–	**1,134**
Comprehensive income for the year		**0**	**0**	**1,134**	**-268,694**	**-267,560**
Share-based remuneration programmes	9	–	–	–	295	**295**
Transactions with shareholders		**0**	**0**	**0**	**295**	**295**
Closing balance, 31 Dec 2022		**1,477**	**1,234,972**	**-4**	**-1,073,255**	**163,190**
Opening balance, 1 Jan 2023		**1,477**	**1,234,972**	**-4**	**-1,073,255**	**163,190**
Result for the year		–	–	–	-229,366	**-229,366**
Other comprehensive income				-742	582	**-160**
Comprehensive income for the year		**–**	**–**	**-742**	**-228,784**	**-229,526**
New share issue		4,381	258,504			**262,885**
Issue costs		0	-10,111			**-10,111**
Share-based remuneration programmes	9	–	–	–	3,198	**3,198**
Transactions with shareholders		**4,381**	**248,393**	**–**	**3,198**	**255,972**
Closing balance, 31 Dec 2023		**5,858**	**1,483,364**	**-745**	**-1,298,842**	**189,636**

1) There are no non-controlling interests.

Consolidated statement of cash flows

Amounts in SEK thousand	Note	2023	2022
Cash flow from operating activities			
Operating result		-230,587	-262,247
Adjustments for non-cash items	22	20,879	15,261
Interest received		1,691	2,599
Interest paid		-1,562	-8,825
Tax paid		–	–
Cash flow from operating activities before changes in working capital		**-209,580**	**-253,212**
Changes in working capital			
Change in inventories	14	-4,265	-13,635
Change in accounts receivable		-61	3,481
Change in other current receivables		9,485	2,147
Change in other current liabilities		-7,874	-3,096
Change in accounts payable		-16,227	13,451
Changes in working capital		**-18,941**	**2,349**
Cash flow from operating activities		**-228,521**	**-250,863**
Cash flow from investing activities			
Investments in tangible assets	7.12	-8,341	-17,249
Sale of tangible assets		575	
Short-term investments		-80,000	-70,000
Divestment of short-term investments		80,000	331,958
Investments in financial assets		–	-12,000
Divestment of financial assets		–	82,545
Cash flow from investing activities		**-7,766**	**315,254**
Cash flow from financing activities			
New share issue	22	262,885	–
Issue costs	22	-10,111	–
Loans raised from principal owner		87,000	
Repayment of lease liabilities	22	-7,367	-6,525
Repayment of loans	22	-87,000	-79
Cash flow from financing activities		**245,407**	**-6,604**
Cash flow for the year		**9,120**	**57,787**
Cash and cash equivalents at the beginning of the year		72,878	15,089
Exchange rate difference in cash and cash equivalents		-103	2
Cash and cash equivalents at the end of the year		**81,895**	**72,878**

Parent Company income statement

Amounts in SEK thousand	Note	2023	2022
Operating income			
Net sales	5	7,391	12,788
Other operating income	6	2,183	1,817
Changes in inventories of products in progress, semi-finished goods and finished goods		-480	-17,017
Raw materials and consumables		-5,786	-17,151
Other external costs	7.8	-70,191	-87,815
Personnel costs	9	-142,352	-145,639
Depreciation/amortisation of tangible and intangible assets	12.13	-11,093	-9,693
Other operating expenses	6	-1,516	-1,064
Operating result		**-221,844**	**-263,774**
Revenue from holdings of listed corporate bonds that are non-current assets	10		1,348
Other interest income and similar profit items	10	2,790	826
Interest expenses and similar loss items	10	-710	-7,903
Result from financial items		**2,080**	**-5,729**
Result before tax		**-219,764**	**-269,503**
Tax on result for the year	11	–	–
Result for the year		**-219,764**	**-269,503**

Parent Company statement of comprehensive income

Amounts in SEK thousand	Note	2023	2022
Result for the year		-219,764	-269,503
Other comprehensive income			
Items that may be subsequently reversed in profit or loss:			
Fair value measurement	4	–	1,138
Total comprehensive income		**-219,764**	**-268,365**

Parent Company balance sheet

Amounts in SEK thousand	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets			
Licences	13	–	24
Technology and customer relationships	13	126	211
Goodwill	3.13	1,630	2,716
Total intangible assets		**1,756**	**2,950**
Tangible assets			
Equipment, tools, fixtures and fittings	12	31,838	36,362
Total tangible assets		**31,838**	**36,362**
Financial assets			
Participations in Group companies	24	12,966	264
Other securities held as non-current assets	4	4,095	2,997
Other non-current receivables	4	51	50
Total financial assets		**17,112**	**3,312**
Total non-current assets		**50,706**	**42,624**
Current assets			
Inventories	14	46,225	42,281
Current receivables			
Accounts receivable		1,558	–
Other receivables	15	35,367	45,798
Prepaid expenses and accrued income	16	4,299	4,065
Total current receivables		**41,224**	**49,863**
Short-term investments	3.4	–	–
Total short-term investments			**0**
Cash and bank balances		79,712	72,617
Total current assets		**167,161**	**164,761**
TOTAL ASSETS		**217,867**	**207,386**

Parent Company balance sheet

Amounts in SEK thousand	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	17	5,858	1,477
Total restricted equity		**5,858**	**1,477**
Unrestricted equity			
Share premium reserve		1,483,364	1,234,972
Fair value reserve		–	–
Retained earnings		-1,071,622	-805,316
Result for the year		-219,764	-269,503
Total unrestricted equity	26	**191,979**	**160,153**
Total equity		**197,837**	**161,630**
Liabilities			
Non-current liabilities			
Loans from credit institutions	4,21,22	–	–
Total non-current liabilities		**0**	**0**
Current liabilities			
Loans from credit institutions	4,21,22	–	–
Accounts payable	4	4,762	21,515
Current tax liabilities	11	–	–
Other liabilities	19	6,356	11,613
Accrued expenses and deferred income	20	8,912	12,629
Total current liabilities		**20,030**	**45,757**
TOTAL EQUITY AND LIABILITIES		**217,867**	**207,386**

Parent Company statement of changes in equity

Amounts in SEK thousand	Note	Restricted equity	Unrestricted equity				
		Share capital	Share premium reserve	Fair value reserve	Retained earnings	Result for the year	Total equity
Opening balance, 1 Jan 2022		**1,477**	**1,234,972**	**-1,138**	**-573,423**	**-232,188**	**429,699**
Comprehensive income							
Result for the year		–	–	–	–	-269,503	**-269,503**
Other comprehensive income		–	–	1,138	–	–	**1,138**
Appropriation of profits in accordance with AGM decision:							
- Carried forward to unrestricted equity		–	–	–	-232,188	232,188	**0**
Total comprehensive income		**0**	**0**	**1,138**	**-232,188**	**-37,315**	**-268,365**
Transactions with shareholders							
Share-based remuneration programmes	9	–	–	–	295	–	**295**
Transactions with shareholders		**0**	**0**	**0**	**295**	**0**	**295**
Closing balance, 31 Dec 2022		**1,477**	**1,234,972**	**0**	**-805,316**	**-269,503**	**161,630**
Opening balance, 1 Jan 2023		**1,477**	**1,234,972**	**0**	**-805,316**	**-269,503**	**161,630**
Comprehensive income							
Result for the year		–	–	–	–	-219,764	**-219,764**
Other comprehensive income							
Appropriation of profits in accordance with AGM decision:							
- Carried forward to unrestricted equity		–	–	–	-269,503	269,503	0
Total comprehensive income		**0**	**0**	**0**	**-269,503**	**49,739**	**-219,764**
Transactions with shareholders							
New share issue	17	4,381	258,504	–	–	–	**262,885**
Issue costs		–	-10,111	–	–	–	**-10,111**
Share-based remuneration programmes	9	–	–	–	3,198	–	**3,198**
Transactions with shareholders		**4,381**	**248,393**	**0**	**3,198**	**0**	**255,972**
Closing balance, 31 Dec 2023		**5,858**	**1,483,364**	**0**	**-1,071,622**	**-219,764**	**197,837**

Parent Company statement of cash flows

Amounts in SEK thousand	Note	2023	2022
Cash flow from operating activities			
Operating result		-221,844	-263,774
Adjustments for non-cash items	22	14,387	9,673
Interest received		1,691	2,599
Interest paid		-710	-8,069
Tax paid		–	–
Cash flow from operating activities before changes in working capital		**-206,476**	**-259,571**
Changes in working capital			
Increase/decrease in inventories	14	-3,944	-13,635
Increase/decrease in accounts receivable		-1,558	3,481
Increase/decrease in other current receivables		10,198	1,932
Increase/decrease in other current liabilities		-8,861	-3,106
Increase/decrease in accounts payable		-17,006	13,411
Changes in working capital		**-21,170**	**2,083**
Cash flow from operating activities		**-227,646**	**-257,488**
Cash flow from investing activities			
Investments in Group companies	24	-12,702	-264
Investments in tangible assets	12	-5,906	-17,144
Short-term investments		-80,000	-70,000
Divestment of tangible assets		575	–
Divestment of short-term investments		80,000	331,958
Investments in financial assets		–	-12,000
Divestment of financial assets		–	82,545
Cash flow from investing activities		**-18,032**	**315,095**
Cash flow from financing activities			
New share issue	22	262,885	–
Issue costs	22	-10,111	–
Loans raised		87,000	–
Repayment of loans		-87,000	-79
Cash flow from financing activities		**252,774**	**-79**
Cash flow for the year		**7,095**	**57,528**
Cash and cash equivalents at the beginning of the year		72,617	15,089
Cash and cash equivalents at the end of the year		**79,712**	**72,617**

Accounting policies and notes

Note 1 General information

Q-linea AB (publ), corporate registration number 556729-0217, is the Parent Company of the Q-linea Group and has its registered office and main operations in Uppsala. The address of the head office is Dag Hammarskjölds väg 52 A, Uppsala, Sweden. Q-linea's shares are listed on Nasdaq Stockholm.

The Company is an innovative infection diagnostics company focusing on the development of instruments and consumables for rapid and reliable infection diagnostics. Q-linea's vision is to help to save lives by ensuring antibiotics continue to be an effective treatment for future generations. Q-linea develops and delivers solutions for healthcare providers, enabling them to diagnose and treat infectious diseases in the shortest possible time. The Company's leading product, ASTar®, is a fully automated instrument for testing antibiotic resistance (AST), which produces a sensitivity profile from a positive blood culture within six hours. For more information, visit www.qlinea.com.

The Board of Directors approved this annual report for publication on 11 April 2024.

Note 2 Summary of significant accounting policies

1. Second-time adoption of IFRS

Until 29 November 2022, Q-linea AB did not have any subsidiaries and therefore did not prepare consolidated financial statements. This means that the Annual Report for January–December 2021 only covered Q-linea AB. It was prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and International Financial Reporting Standards (IFRS) with the limited scope allowed by the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

On 29 November 2022, Q-linea AB founded the US company Q-linea Inc and thereby formed a corporate group. The Italian company Q-linea Srl was formed in 2023, and Q-linea is therefore preparing, in addition to the Parent Company's annual report, consolidated financial statements in accordance with the IFRS issued by the International Accounting Standards Board (IASB) as adopted by the EU for the second year. The comparative figures presented consist of Parent Company figures that have been restated according to IFRS.

2. Basis of preparation of financial statements

Q-linea AB has prepared its consolidated financial statements in accordance with the IFRS issued by the IASB and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. Recommendation RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board has also been applied.

Preparing financial statements in accordance with IFRS requires that management make certain judgements in applying accounting policies. The areas that involve a high degree of assessments, that are complex, or areas where assumptions and estimates are of major importance for the consolidated financial statements are described in Note 3 "Significant estimates and judgements".

The Parent Company applies the same accounting policies as the Group except in the cases specified in the section "Parent Company accounting policies" below. The differences between the Parent Company and Group policies are due to restrictions on the applicability of IFRS in the Parent Company as a result of the Swedish Annual Accounts Act.

3. Group accounting policies

3.1 New and amended standards

A number of new standards, amendments to standards and interpretations that have been published are effective for financial years beginning after 1 January 2023 and have not been applied in preparing this financial report. These new standards, amendments and interpretations are not expected to have a significant impact on the consolidated financial statements.

3.2 Consolidation

Q-linea AB is the Parent Company of the Q-linea Group and prepares consolidated financial statements covering the Parent Company and all its subsidiaries. Companies over which the Parent Company has control are classified as subsidiaries. Control may derive from the Parent Company owning the majority of the participations in the subsidiary but also from other circumstances. In Q-linea's case, control derives from majority ownership. Control means that the Parent Company is exposed to or has the right to a variable return on its investment in the entity and is able to influence the return through its influence in the entity.

Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements from the date when control is lost. The purchase method is used in accounting for the acquisition of subsidiaries. This means that acquired assets and liabilities are initially measured at fair value. Any difference from cost is recognised as goodwill in the consolidated balance sheet if the difference is positive and in profit or loss if it is negative. Intercompany transactions and balances and unrealised gains on transactions between Group companies are eliminated.

3.3 Translation of foreign currency

Q-linea's functional currency is the Swedish krona (SEK) which is also the Group's reporting currency. This means that the financial statements are presented in SEK. Transactions in foreign currency are translated to the functional currency at the rates of exchange on the transaction date, or the date on which the items are remeasured. Exchange-rate gains and losses arising from the payment of such transactions and the translation of monetary assets and liabilities in foreign currency at the rates of exchange on the balance sheet date are recognised in profit or loss.
All exchange-rate gains and losses are recognised in operating result.

Individual subsidiaries have a functional currency other than SEK. In the preparation of the consolidated financial statements, the assets and liabilities of subsidiaries are translated at the closing rate while income and expenses are translated at the average annual exchange rate. The resulting translation differences are recognised in other comprehensive income.

3.4. Segment reporting

An operating segment is a part of a company that conducts business activities from which revenue can be generated and costs are incurred and for which independent financial information is available. The segment's operating result is assessed on a regular basis by the

Company's chief operating decision maker as a basis for decisions regarding the allocation of resources to the segment. In the Q-linea Group, company management has been identified as the chief operating decision maker. Company management assesses the operations in their entirety, meaning as a single segment, and the Group therefore does not present information by segment.

3.5. 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. Revenue from sales 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 are 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 on a straight-line basis 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.

3.6 Employee benefits

Employee benefits in the form of salaries, bonuses, paid holidays, performance share rights, employee share options, etc. as well as pensions are recognised as they are earned. Severance pay is paid when employment is terminated by the Company before the normal retirement date or when an employee accepts a voluntary redundancy in exchange for such remuneration. The Company recognises severance pay when it is unquestionably obligated either to terminate an individual's employment in accordance with a detailed formal plan without any possibility of cancellation or to pay severance pay as a result of an offer made to encourage voluntary redundancy. Benefits that arise more than 12 months after the balance sheet date are discounted to their present value.

Pension obligations

Q-linea has only post-employment defined-contribution pension plans. For defined-contribution pension plans, Q-linea pays contributions to publicly or privately administered pension insurance plans on a compulsory, contractual or voluntary basis. Q-linea has no other payment obligations once these contributions have been paid. The contributions are recognised as personnel costs when they fall due for payment.Prepaid contributions are recognised as an asset insofar as a cash repayment or a decrease in future payments could accrue to Q-linea. Past-service costs are recognised directly in the statement of profit and loss.

3.7. Share-based remuneration

The Company had two types of share-based remuneration programmes at the end of 2023.

Employee share option programme

The cost for the remuneration recognised in a period depends on the original valuation made on the contract date with the participants of the employee share option programme, the number of months' service required from an employee to gain entitlement to receive options (allocation takes place over this period), the number of options expected to be earned by the participants according to the conditions of the programmes and the continuous revaluation of the taxable benefit for the participants of the programme (as a basis for provisions for social security costs). The estimates that impact the costs in a period and the corresponding increase in equity are primarily all inputs in the valuations of the options. Earned options are settled with shares. Payments received, less any directly associated transaction costs, are credited to share capital and other paid-in equity.

Social security contributions

The social security contributions arising on the allotment of share options are considered to be an integrated part of the allotment and the cost is treated as a cash-settled share-based remuneration, which means that a liability is recognised in the statement of financial position. This liability is continuously remeasured and the value of the liability and the cost in the statement of profit and loss depend on the change in value and on the allocation based on the vesting of the options.

3.8. Financial income and expenses

Financial income and expenses consist of interest income on bank deposits and receivables, interest expenses on liabilities and changes in the fair values of financial investments. Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. Effective interest is the exact rate used to discount estimated future receipts and disbursements during the financial instrument's expected term to recognised gross value in the case of a financial asset or to amortised cost in the case of a financial liability. Interest income and interest expenses include allocated amounts of transaction costs and any discounts or premiums. Dividend income is recognised when the right to receive payment has been established. The result from the sale of financial investments is recognised on the transaction date.

Interest expenses are charged to the result for the period to which they are attributable, except insofar as they are included in the cost of the asset. However, no interest expenses are currently recognised in the cost of assets.

3.9. Income tax

Income tax-related income and expenses comprise current and deferred tax. Current tax is the tax calculated on the taxable result of each legal entity in the Group for the current or prior periods. Deferred tax is tax on temporary differences between carrying amounts and tax bases of assets and liabilities.

Deferred tax revenue also arises insofar as the tax effect of a tax loss carryforward is recognised as a deferred tax asset. However, a deferred tax asset is recognised only insofar as it is clearly probable that the Group, in future, will generate a sufficient taxable surplus against which the deferred tax asset can be deducted. Since it is not yet possible to reliably estimate when Q-linea will generate such a

surplus, no deferred tax assets have been recognised.Q-linea AB has tax loss carryforwards. Deferred tax liabilities arising from temporary tax differences are therefore not recognised in the statement of financial position as these can be offset against the tax loss carryforward.

3.10 Tangible assets

Tangible assets are recognised at cost with deductions for accumulated depreciation and any accumulated impairment. The cost includes expenses that can be directly attributed to the acquisition of the asset. Additional expenses are added to the asset's carrying amount or recognised as a separate asset, depending on what is most appropriate, only if it is probable that the future financial benefits associated with the asset will accrue to Q-linea and the asset's cost can be measured reliably. The carrying amount for the replaced portion is eliminated from the balance sheet. All other forms of repairs and maintenance are recognised as costs in profit or loss during the period in which they arise.

Assets are depreciated on a straight-line basis to allocate their cost reduced to the estimated residual value over the estimated useful life. The useful lives are as follows:

Equipment, tools, fixtures and fittings

The residual values and useful lives of the assets are tested at the end of each reporting period and adjusted if necessary. Gains and losses from divestments are established by comparing the sales proceeds with the carrying amount of the asset and are recognised net in profit or loss. Q-linea depreciates assets on a straight-line basis over five to ten years.

3.11. Leases

Leases are recognised in accordance with IFRS 16 Leases. This standard stipulates that at the commencement of a lease the lessee must recognise an asset for the right to use the leased assets in the statement of financial position along with a corresponding lease liability.

Q-linea's lease activities mainly comprise the lease of its business premises as well as certain office and warehouse equipment. There are also a few car leases. The lease term used to calculate the lease liability as set forth below is the term of each lease. Some leases, especially commercial premises leases, are relatively short, one to three years, but are automatically extended unless terminated. In these cases, the lease term is estimated at the shortest time that management considers it highly probable that the option to extend will be exercised.

Lease liabilities are initially measured at the present value of future fixed and variable lease payments as well as future expected payments for any residual value guarantees and any purchase options. The Company's incremental borrowing rate was used as a discount rate when calculating the present value. The incremental borrowing rate is the interest rate the Company would need to pay to be able to borrow the equivalent amount over the term of the lease with equivalent security for the lender.

Every lease payment is recognised allocated as a repayment of the lease liability in the statement of financial position and as an interest expense in profit or loss. In the statement of cash flows, the corresponding amounts are recognised as "Repayment of lease liabilities" in "Cash flow from financing activities" and as "Interest paid" in "Cash flow from operating activities".

The lease liability may be remeasured during the term of the lease, depending on whether certain circumstances arise such as new lease terms.

Lease payments for leases where the underlying asset has a low value and leases with a term of 12 months or less are recognised as an expense on a straight-line basis over the lease term.
Leased assets (right-of-use assets) are initially recognised at cost, which includes the amount of the initial measurement of the lease liability, lease payments made at or before the commencement date plus direct costs attributable to the signing of the lease. The right-of-use assets may be remeasured during the term of the lease, depending on whether the lease liability is remeasured. Right-of-use assets are depreciated on a straight-line basis over the asset's useful life or the term of the lease, whichever is shorter. Leased assets are subject to impairment testing.

3.12. Intangible assets

Capitalised development expenses

Research expenses that aim to obtain new scientific or technological expertise are recognised as costs as they arise. Expenses for development projects attributable to the development and testing of new or improved products are carried forward to the extent that these expenses are expected to generate future financial benefits. Q-linea capitalises development expenses when all of the following conditions are met:

a) It is technically possible to complete the development object so that it can be used or sold.
b) Management has decided to complete the development object.
c) Q-linea has the conditions to use or sell the development object.
d) It is possible to demonstrate how the development object will generate future probable financial benefits.
e) Q-linea has adequate technical, financial and other resources to complete the development.
f) Q-linea can reliably calculate the expenses associated with the development of the development object.

At the end of the year, management determined that all of the requirements for capitalisation of development expenses had not been fulfilled.

Other development expenses are expensed as they arise. Development expenses that were previously expensed are not capitalised as an asset in later periods. Amortisation of capitalised development expenses takes place on a straight-line basis over the period in which the anticipated benefits are expected to accrue to the Company, starting when the product is ready to use, which in practice is when the product has obtained all approval required for sale in a market or has otherwise started to generate revenue for Q-linea, whichever occurs first.

Licences

Licences acquired separately are recognised at cost. Licences have a determinable useful life and are recognised at cost less accumulated amortisation and any impairment. Q-linea amortises licences with determinable useful lives on a straight-line basis over the following periods:

- Licences 7 years

Goodwill

Goodwill arises in business combinations and is recognised on the acquisition date as the total of the fair value of the assets transferred as consideration to the seller less the net value of the identified assets and liabilities measured at fair value that were transferred in conjunction with the acquisition.

Goodwill is not amortised but is tested for impairment if there is an indication of a decline in value. Regardless of whether there is such indication, an impairment test is performed once a year. If it established in the test that the recoverable amount of the goodwill is lower than the carrying amount, the value is impaired.

Acquired intangible assets

Technology (software protocol) and customer relationships acquired through a business combination are measured at fair value on the

acquisition date. Technology (software protocol) and customer relationships have a determinable useful life and are recognised at cost less accumulated amortisation. Amortisation takes place on a straight-line basis in order to distribute the cost of technology (software protocol) and customer relationships over their estimated useful lives:

- Technology (software protocol) 7 years
- Customer relationships 3 years

3.13. Impairment of non-financial assets

Intangible assets with an indefinite useful life and intangible assets that are not yet available for use are not subject to amortisation; instead they are impairment tested annually.

Tangible assets and intangible assets that are depreciated/amortised are tested for impairment when there is an indication of a decline in value.

When testing for impairment, the recoverable amount of the assets is calculated and, if it is lower than the asset's carrying amount, the asset is impaired.

The recoverable amount is the higher of an asset's fair value less selling expenses and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). For previously impaired assets, an assessment is made on each balance sheet date as to whether a reversal should take place. However, this does not apply to goodwill, for which no reversal is made.

3.14. Inventories

Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

Goods for resale are goods that are purchased in order to be sold without Q-linea processing them. They are valued at the purchase price invoiced by the supplier plus costs for quality control.

The cost of raw materials and consumables comprises the purchase price invoiced by the supplier. The cost of products in progress, semi-finished goods and finished goods comprises the costs for raw materials plus manufacturing costs and costs for quality control.

Net realisable value is the estimated selling price in the operating activities less applicable variable selling expenses.

3.15. Financial instruments

Financial instruments are agreements that give rise to a financial asset or liability. Financial assets include cash, equity instruments in other companies and agreements that carry entitlement to cash and other financial assets. Financial liabilities are agreements under which the Company is obligated to pay cash or other financial assets to another company. This means that there are several receivables and liabilities that are not financial instruments. For example, receivables or liabilities that can be expected to be settled in a manner other than cash or other financial assets are not handled according to the accounting policies for financial instruments. The same applies for receivables and liabilities that are not based on agreements.

Financial instruments are recognised in the statement of financial position when Q-linea becomes a party to the instrument's contractual terms and conditions. Financial instruments, with the exception of accounts receivable, are initially measured at fair value. Accounts receivable are initially recognised at transaction value. A financial asset is derecognised in the statement of financial position when the rights in the contract cease because they have been realised, expire or Q-linea loses control of them. A financial liability is derecognised in the statement of financial position when the contractual obligation is discharged or otherwise ceases to apply.

Q-linea's financial instruments are recognised at fair value or amortised cost:

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable and willing market participants.
- Amortised cost is initially the fair value plus or minus transaction costs. The instruments are subsequently measured using the effective interest method, less any provision for impairment.

Recognition of financial instruments

On initial recognition, a financial asset is classified as measured at: fair value through profit or loss, fair value through other comprehensive income, or amortised cost. The classification depends primarily upon which business model Q-linea applies for the administration of each financial asset.

Financial liabilities are classified as measured at amortised cost. Financial assets are not reclassified after initial recognition unless the Group changes the purpose and model for administration of the financial assets.

- **Financial assets and liabilities measured at fair value through profit or loss**

Changes in fair value are recognised in the statement of profit and loss.

This category includes:

– ***Short-term investments in fixed-income funds.*** Individual securities included in these funds have a remaining maturity of more than three months and may be exposed to more than insignificant fluctuations in value. They are therefore recognised as short-term investments and not as cash and cash equivalents. The funds are traded in an active financial market and for each trading day an official market price is published, which is the fair value of the funds and the price at which they are valued.

Q-linea's fixed-income funds are held for sale, so the Company can collect their increase in value.

– ***Participations in other companies.*** These comprise participations in a Swedish unlisted limited company. They are held for the purpose of enabling Q-linea to obtain contractual cash flows in the form of dividends or through sales.

- **Financial assets and liabilities measured at fair value through other comprehensive income**

Changes in fair value are recognised in the statement of comprehensive income.

This category includes:

– ***Listed corporate bonds.*** These consist of low-risk corporate bonds issued by Swedish companies with high credit ratings. The bonds have different remaining maturities. Those with a remaining maturity of 12 months or less are classified in the statement of financial position as short-term investments and the rest as financial assets.

Q-linea's assets in the form of listed bonds are held to obtain both contractual cash flows, in the form of interest and repayment of principal, and cash flows from sales.

- **Financial assets measured at amortised cost**

Financial assets measured at amortised cost are debt instruments that are managed with the goal of realising the instrument's cash flows by obtaining contractual cash flows that only consist of principal and interest on the outstanding principal.

This category includes:
– *Non-current receivables*
– *Cash and cash equivalents consisting of bank deposits with Swedish and foreign commercial banks.* If the deposits are denominated in a currency other than SEK, they are translated at the closing rate.
– *Accounts receivable, other current receivables and accrued income.*

• Financial liabilities measured at amortised cost

This category includes:
– *Borrowing*
– *Accounts payable, prepaid expenses and accrued expenses*

Impairment of financial assets
Expected credit losses on financial assets measured at amortised cost are assessed on initial recognition and then on a continuous basis. A loss allowance for credit losses is initially calculated and recognised based on expected credit losses for 12 months. On each reporting date, the Company assesses whether the expected credit losses for a financial instrument have increased significantly since the initial recognition date and, if this is the case, a loss allowance is recognised based on expected credit losses for the asset's entire remaining term. The loss allowance for accounts receivable that do not include a material financing components is measured at an amount corresponding to the expected credit losses during the remaining term of the receivable. Changes in credit reserves are recognised in profit or loss. The gross value of a financial asset is written off when the Group has no reasonable expectations that the financial asset will be recovered in its entirety or in part.

Offset
Financial assets and financial liabilities are offset and the net amount recognised in the statement of financial position only when the Group has a legally enforceable right to offset the recognised amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.16. Equity
Transaction costs that are directly attributable to issues or new shares or options are recognised in net amounts after tax in equity as a deduction from the issue proceeds.

At the end of 2023, Q-linea had a holding of treasury shares. On the repurchase of treasury shares, the total purchase consideration paid reduces equity (retained earnings). The holding of treasury shares has been excluded from the calculation of earnings per share.

The aim of these shares is to ensure the delivery of performance shares under long-term incentive programmes.

3.17. Earnings per share
Earnings per share before dilution are calculated by dividing the result for the year by the weighted average number of shares outstanding during the year, less holdings of the average number of treasury shares.

Earnings per share after dilution are calculated by dividing the result for the year by the total weighted average number of ordinary shares and dilutive potential ordinary shares.

3.18. 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 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.

3.19. Cash flow
The statement of cash flows has been prepared according to the indirect method. The recognised cash flow includes only transactions that involve receipts or payments. The Company classifies available balances at banks and other credit institutions as cash and cash equivalents.

4. Parent Company accounting policies

The Parent Company financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. Under RFR 2, the Parent Company is required to apply in the annual report for the legal entity all IFRS and interpretations approved by the EU as far as this is possible within the framework of the Annual Accounts Act and with regard to the relationship between accounting and taxation. The recommendation specifies which exceptions from and additions to IFRS must be made. The differences between the Group and Parent Company accounting policies are shown below. The accounting policies set forth below for the Parent Company have been applied consistently for all periods presented in the Parent Company financial statements, unless otherwise stated.

4.1. Classification and formats
The Parent Company's formats and classification of the items in the financial statements are based on guidelines and instructions in the Annual Accounts Act. The statements' formats and classifications therefore differ in some respects from those used in the consolidated financial statements.

In the Parent Company, the designations Parent Company income statement, Parent Company statement of comprehensive income, Parent Company balance sheet, Parent Company statement of changes in equity and Parent Company statement of cash flows are used, while in the Group the designations consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows are used.

4.2. Leases
In accordance with the exception in RFR 2, IFRS 16 Leases is not applied in the Parent Company. Lease payments are expensed in profit or loss on a straight-line basis over the lease term.

4.3. Goodwill
Goodwill is recognised in the Parent Company at cost less accumulated amortisation. Amortisation takes place on a straight-line basis in order to distribute the cost of goodwill over the estimated useful life, which is seven years.

4.4 Participations in Group companies
Capital contributions to Group companies are recognised at cost in the Parent Company balance sheet as participations in Group companies.

Note 3 Significant estimates and judgements

The most significant assumptions about the future, and other significant sources of uncertainty in estimates on the balance sheet date, which entail a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below.

Research and development expenses
The assets that arise by virtue of research or are in the research phase for internal projects are not recognised as assets in the financial statements. Research expenses or expenses for internal projects in the research phase are expensed when they arise. The assets that arise by virtue of development or are in the development phase for internal projects are recognised as assets under certain conditions. Every year, or when indications arise, Q-linea assesses whether an internal project in the research phase meets the criteria for progressing to the development phase. None of the ongoing projects met the criteria for being recognised as an asset in the financial statements as per 31 December 2023.

Deferred tax
Deferred tax is calculated on temporary differences between carrying amounts and tax bases of assets and liabilities. Estimates and judgements impact the recognised deferred tax amounts through establishing the carrying amount of various assets and liabilities, and also through forecasts of future taxable profits if future use of deferred tax assets is dependent on such profits.

Deferred tax assets are recognised to the extent that it is probable that future surpluses for tax purposes will be available to offset temporary differences. Q-linea does not recognise any deferred tax in the balance sheet due to the uncertainty of whether it will be possible to utilise losses in the foreseeable future. Accumulated, unrecognised loss carryforwards in the Group at 31 December 2023 are estimated at SEK 1,322,985 thousand (1,322,985).

Share-based remuneration programmes
Q-linea has several option-based incentive programmes for employees of the Company. These programmes are described in detail in Note 10 "Employee benefits and disclosures on employees". The calculation of the expenses recognised on an ongoing basis for these programmes depends on several components which at the time of calculation have not yet been fixed but can only be estimated. The components may differ from management's estimates at the balance sheet date. Examples of such components are estimated target achievement of the strategic and operational targets set by the Board and Q-linea's share price performance.

Leases
The accounting treatment of right-of-use assets for leased assets, lease liabilities and related depreciation and financial expenses is based on assumptions about the Company's incremental borrowing rate and the estimated lease term of each asset.

Goodwill impairment test
Goodwill is tested for impairment annually. In the impairment test, the recoverable amount of goodwill is estimated and compared with the carrying amount. If the recoverable amount is lower than the carrying amount, the carrying amount is impaired. The estimate of the recoverable amount is based on a number of assumptions, such as expected future cash flow and an appropriate discount rate for calculating the present value of the assumed cash flows. For further information, refer to Note 14 "Intangible assets".

Inventory measurement
Inventories are measured at the lower of cost and net realisable value. The measurement is therefore based on management's assumption that it will be possible to sell the existing inventory and that it can be sold at a net realisable value that exceeds the cost. In a company that does not yet have a broad customer base and no sales history to fall back on, the uncertainty in these estimates is greater than would otherwise be the case.

Note 4 Financial risks and risk management

Q-linea's operations are, like all business activities, exposed to a large number of risks. These risks can be generally divided into risks that directly impact the Company's financial situation (financial risks) and risks that only indirectly impact the financial situation (operating risks). The operating risks that Q-linea is exposed to and how they are managed are described in the Board of Directors' Report. Financial risks can be divided into risks arising from the Company's financial instruments (for the definition of financial instruments, refer to Note 2 "Summary of significant accounting policies") and other financial risks, relating to other assets and liabilities as well as equity. The disclosures in this note focus on risks arising from financial instruments, to which the Company is thus exposed at the end of the year.

Classification of financial instruments
The principles for the classification of Q-linea's financial instruments are described in Note 2 "Summary of significant accounting policies". See the table on the next page.

Financial instruments measured at amortised cost are of a short-term nature and the carrying amounts are reasonable approximations of the fair value.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable and willing market participants. The fair value measurement is based on inputs that can be arranged in a fair value hierarchy based on their relevance and how observable they are. The following levels can thereby be determined:

Level 1: There is an active market with quoted prices for the measurement date. Q-linea's fixed-income funds and bonds are measured at this level. The total value of financial assets measured at Level 1 is SEK 0 thousand (0).

Level 2: The measurement is based on directly or indirectly observable inputs other than quoted prices according to Level 1. Q-linea has no financial instruments measured at this level.

Level 3: There are no observable inputs for the asset in question. The measurement is therefore based on other, unobservable inputs, reasonable analogies and reasoning. Q-linea's holdings of unlisted shares and other non-current receivables are measured at this level. The total value of financial assets measured at Level 3 is SEK 4,146 thousand (3,047).

The following financial instruments were held:

31 Dec 2023	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Financial assets	4,146	0			4,146
Listed long-term bonds	0	0			
Holdings in unlisted limited companies	4,095				
Non-current receivables	51				
Accounts receivable	0		60		60
Cash and cash equivalents			81,895		81,895
Total financial assets	**4,146**	**0**	**81,955**		**86,101**
Loans from credit institutions				0	0
Accounts payable				5,305	5,305
Accrued expenses				2,944	2,944
Total financial liabilities				**8,249**	**8,249**

31 Dec 2022	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Financial assets	3,047	–			3,047
Listed long-term bonds		–			
Holdings in unlisted limited companies	2,997				
Non-current receivables	50				
Cash and cash equivalents			72,878		72,878
Total financial assets	**3,047**	**0**	**72,878**		**75,925**
Loans from credit institutions				0	0
Accounts payable				21,555	21,555
Accrued expenses				4,020	4,020
Total financial liabilities				**25,575**	**25,575**

Financial risks
The primary financial risks to which Q-linea's financial instruments are exposed to varying extents are:

- **Market risk** – the risk that variables dependent on trends in the financial markets have a negative impact on the value of Q-linea's financial instruments.
- **Credit risk** – the risk that a debtor does not pay its debts to Q-linea.
- **Liquidity risk** – the risk that Q-linea will have insufficient cash and cash equivalents to pay a debt when it falls due. Closely related to liquidity risk is financing risk, which is the risk that Q-linea will fail to obtain sufficient capital in the long term to secure its ability to continue as a going concern. How Q-linea's management manages these risks is described in the section "Management of capital" below.

Risks are managed by management based on guidelines from the Board that apply to both operational and financial risks. Financial risk management consists of identifying, assessing and hedging financial risks.

Risks comprise two components:

- The risk of a negative event occurring, and
- The risk of major consequences if a negative event occurs.

A correct risk assessment and thus a decision on appropriate risk-management measures is based on an accurate appraisal of both of these components. Obviously there are situations in which it is not profitable to actively take measures to prevent a negative event even though there is the risk of such an event occurring, if all of the consequences of this negative event are small. In such cases, the best course of action is probably to accept the risk. In other cases when the consequences of a negative event may be more extensive, risk management may take the form of attempting to minimise both components by taking appropriate action. Such action could be directed to either of the components depending on the nature of the risk. In certain cases, primarily regarding market risk, an individual company is often unable to exercise any influence over the risk parameters at all. Risk management in these cases is concentrated entirely on reducing the consequences of the negative events. Credit and liquidity risks are largely governed by events that can be managed by taking active pre-emptive measures. The dominating financial risks for Q-linea are financing and associated liquidity risks as described above.

As a result, most financial risk management activities focus on these two risks.

This means that the primary objective of management's financial risk management is to ensure, through ongoing efforts to identify and develop various financing options, that the Company has sufficient cash and cash equivalents not to be constrained in its operating activities and to be able to settle its liabilities when they fall due. Another stated objective is to invest the excess liquidity that regularly arises from the issuance of new shares in low-risk securities.

Market risks
The market risks that affect Q-linea's financial instruments are primarily:

- **Market price risk** – the risk that the market price of the fixed-income funds and listed bonds in which Q-linea has invested its excess liquidity will decline.
- **Currency risk** – the risk of unfavourable movements in the exchange rates for the currencies in which Q-linea's financial instruments are denominated.
- **Interest rate risk** – the risk of changes in market interest rates that are unfavourable for Q-linea. Interest rate risk can lead to changes in the fair values of the financial instruments and changes in their cash flows.

Market price risk
The following sensitivity analysis shows how the fair value of Q-linea's listed bonds and fixed-income funds, which are the financial instruments
that are exposed to market price risk, would change
if the listed market prices changed by 10%.

Currency risk
The following sensitivity analysis shows how the carrying amount of Q-linea's financial assets and liabilities would change if exchange rates changed by 10%:

SEK thousand	Currency	31 Dec 2023	31 Dec 2022
Financial asset			
Cash and cash equivalents	EUR	149	52
	USD	187	26
Total currency risk in financial assets		**336**	**78**

SEK thousand	Currency	31 Dec 2023	31 Dec 2022
Financial liability			
Accounts payable	DKK	13	6
	EUR	140	42
	USD	45	54
	GBP	2	4
Accrued expenses	EUR	12	6
	USD	–	4
	GBP	15	–
Total currency risk in financial liabilities		**210**	**115**

The currency risk can be considered negligible.

Interest rate risk
Financial instruments exposed to interest rate risk comprise holdings of listed bonds and bank loans.

The bank loans are shown in the table below:

SEK thousand	31 Dec 2023	31 Dec 2022
Borrowing	–	–

As of 31 December 2023, Q-linea had no interest-bearing loans or bond holdings.

Credit risk
Credit risk is the risk that a debtor will be unable to pay its debts to Q-linea when they fall due. Q-linea's financial assets subject to credit risks are:

	Carrying amount	
SEK thousand	31 Dec 2023	31 Dec 2022
Financial asset		
Cash and cash equivalents	81,895	72,878
Accounts receivable	60	–
Other non-current receivables	51	50

Cash and cash equivalents
The credit risk in cash and cash equivalents is negligible, as these consist entirely of bank deposits with large commercial banks.

Accounts receivable
Due to the fact that Q-linea is still in an initial launch phase, the Company still has only a small number of customers, comprising partners/distributors, with whom it has a close collaboration and these customers are creditworthy and reliable payers.

The maximum credit risk exposure is the carrying amount.

Other non-current receivables
This receivable consists of a deposit to a supplier and is subject to a credit risk, but as the debtor is very solid and the amount is low the risk is considered negligible and no risk reduction measures have been taken.

The maximum credit risk exposure is the carrying amount.

Liquidity risk
Liquidity risk is the risk that Q-linea will be unable to pay a debt when it falls due. The maturity structure of Q-linea's financial liabilities is shown in the following table:

At 31 Dec 2023:

SEK thousand	<3 months	3–6 months	6–12 months	>1 year	Total
Lease liabilities	2,072	2,072	4,106	13,323	21,573
Accounts payable	5,305	0	0	0	5,305
Accrued expenses	2,797	–	–	–	2,797
Total	**10,175**	**2,072**	**4,106**	**13,323**	**29,676**

At 31 Dec 2022:

SEK thousand	<3 months	3–6 months	6–12 months	>1 year	Total
Lease liabilities	1,861	1,861	3,404	15,102	22,228
Accounts payable	13,117	4,219	4,219	–	21,555
Accrued expenses	4,020	–	–	–	4,020
Total	**18,998**	**6,080**	**7,623**	**15,102**	**47,803**

Q-linea had the following cash and cash equivalents and other financial assets, which can be converted into cash in a few business days:

SEK thousand	31 Dec 2023	31 Dec 2022
Cash and cash equivalents	81,895	72,878
Fixed-income funds	–	–
Listed bonds	–	–
Total	**81,895**	**72,878**

In addition to these cash and cash equivalents, Q-linea also had an unutilised loan commitment of SEK 41.5 million from its principal owner, Nexttobe, at 31 December 2023. The available cash and cash equivalents and unutlised loan commitment from Nexttobe are deemed not to be sufficient to cover the liquidity needed for the Company to conduct its planned operations for the next 12 months. In light of the work being done to pursue potential financing options and recent developments at the Company, the Board considers the Company's prospects to finance its operations to be favourable. If the efforts to secure the necessary financing are not successful, this may affect the Group's ability to implement the current business plan and also constitute a significant source of uncertainty regarding the Group's continued operations.

In parallel with Q-linea's management working on developing the business to achieve internally sustainable long-term operating cash flow, work is also under way to raise new capital, see "Capital management" below.

Capital management
Q-linea is still in an early commercial phase and is not yet generating profit or positive operating cash flow. Q-linea's capital management is therefore still fully focused on raising external capital for the business until positive earnings and a positive operating cash flow are generated. Capital has so far been raised through the issuance of new shares, but the Board may also authorise the raising of loans where this is considered advantageous.

Q-linea is not restricted by any externally imposed capital requirements in its capital management activities. Internally, targets have been set for several performance measures related to the capital structure, such as equity/assets ratio and debt/equity ratio. Several performance measures related to financial risks are also closely monitored by the Board. For further information on these performance measures, refer to Note 27.

Under Q-linea's dividend policy, future earnings must be reinvested in the business until sustainable long-term profitability has been achieved and only at this point may the Board propose that a dividend be paid to the shareholders.

Note 5 Specification of net sales

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

	Group and Parent Company	
SEK thousand	2023	2022
UK	1,522	12,788
EU	2,857	
Sweden	61	
Total net sales by geographic market	**4,440**	**12,788**

Note 6 Other operating income and other operating expenses

SEK thousand	Group and Parent Company 2023	2022
Other operating income		
Government assistance received	598	
Sale of raw materials to suppliers		18
Development services provided	495	1,181
Exchange-rate differences	471	617
Gain on divestment of inventory	618	
Other		1
Total other operating income	**2,183**	**1,817**
Other operating expenses		
Exchange-rate differences	944	
Scrapping of inventory	575	1,064
Total other operating expenses	**1,519**	**1,064**

Note 7 Leases

Q-linea's lease activities

Q-linea has leases primarily for its office, laboratory, production and warehouse premises (recognised in buildings and land below) but also for certain office and warehouse equipment as well as a few car leases (summarised as other assets). Leases for premises have terms of one to three years and these are extended on expiry unless terminated in advance. Q-linea's leases for office and warehouse equipment have terms of three to five years and can also be extended on expiry. The Group allocates the contract consideration to lease and non-lease components based on their relative stand-alone prices. Payments for short-term leases and all low-value leases are expensed on a straight-line basis in the statement of profit and loss. Short-term leases are leases with a term of 12 months or less without a purchase option.

For a maturity analysis of lease liabilities, refer to Note 4 "Financial risks and risk management".

Carrying amounts of right-of-use assets in the Group

Underlying asset class	31 Dec 2023	31 Dec 2022	1 Jan 2022
Buildings and land	21,353	21,630	18,853
Other assets	175	327	405
Total right-of-use assets[1)]	**21,528**	**21,957**	**19,258**
1) Of which, added during the year	*4,507*	*12,475*	

Carrying amounts for leases in the consolidated statement of profit and loss

SEK thousand	2023	2022
Depreciation of right-of-use assets for buildings and land	7,284	6,476
Depreciation of right-of-use assets for other assets	192	204
Interest expenses for lease liabilities	859	718
Short-term lease expense	51	51
Low-value lease expense	–	–
Expense for variable lease payments not included in the measurement of lease liabilities	–	–

Cash flow from lease activities in the Group

SEK thousand	2023	2022
Repayment of lease liabilities	-7,367	-6,525
Interest paid on lease liabilities	-852	-756
Investments	-31	-105
Other operating cash flows from leases	159	225
Total lease cash outflow	**-8,091**	**-7,161**

Leases in the Parent Company

SEK thousand	31 Dec 2023	31 Dec 2022
Due for payment within one year	5,834	7,110
Due for payment later than one year but within five years	3,118	8,011
Due for payment later than five years		–
Total	**8,952**	**15,121**
Lease payments expensed during the year	8,091	7,161

Note 8 Audit fees

Audit assignment refers to the auditing of the annual report and accounting records as well as the administration of the Board and the President, other tasks required by the Company's auditors, and advisory services and other assistance required as a result of observations arising from such audits or such other tasks. Everything else comes under other assignments.

All of the fees below pertain to remuneration to the audit firm Öhrlings PricewaterhouseCoopers AB and no portion pertains to its network. No remuneration was paid for valuation services.

SEK thousand	Group and Parent Company 2023	2022
PwC, Öhrlings PricewaterhouseCoopers AB		
Audit assignment	1,409	877
Audits other than audit assignment	0	9
Tax advisory services	87	32
Other advisory services	165	52
Total	**1,873**	**970**

Note 9 Employee benefits and disclosures on employees

Average no. of employees

	Group and Parent Company			
	2023		2022	
	Average no. of employees	Of whom, men	Average no. of employees	Of whom, men
Sweden	139	79	150	85
US	2	2	–	–
Italy	1	1	–	–
Total	**142**	**82**	**150**	**85**

Employee benefits

Group and Parent Company	2023	2022
Salaries and remuneration	98,229	98,903
Social security costs	26,944	23,941
Share options and performance share rights allotted to employees[1]	3,198	295
Pension costs – defined-contribution plans	12,664	13,030
Total	**141,035**	**136,169**

Employee benefits

	Group and Parent Company			
	2023		2022	
	Salaries and other remuneration	Pension costs	Salaries and other remuneration	Pension costs
Directors, President and other senior executives	15,843	3,464	16,728	3,656
of which, variable pay	–	–	2,264	–
Other employees	82,386	9,201	82,175	9,374
of which, variable pay	69	–	3,885	–
Total	**98,229**	**12,664**	**98,903**	**13,030**
of which, variable pay	69	–	6,149	–

1) Costs that had been reserved in previous periods were reversed in 2023 when the Board determined that the performance targets had not been met.

Remuneration for senior executives

	Basic salary/ Director's fee	Variable pay	Pension cost	Share-based remuneration [4]	Other remuneration	Total
2023						
Board Chairperson Erika Kjellberg Eriksson[1]	–	–	–	–	–	0
Board Deputy Chairperson Mario Gualano	279	–	–	–	–	279
Director Mats Nilsson	223	–	–	–	–	223
Director Marianne Hansson [2]	130	–	–	–	–	130
Director Per-Olof Wallström [2]	133	–	–	–	–	133
Director Hans Johansson	222	–	–	–	–	223
Director Nina Korfu-Pedersen	267	–	–	–	–	268
Director Karin Fischer	135	–	–	–	–	135
Director Finn Albrechtsen [3]	122	–	–	–	–	123
President Jonas Jarvius	2,670	–	653	–	–	3,323
Other senior executives (11 people)	11,662	–	2,810	–	–	14,472
Total	**15,843**	**0**	**3,463**	**0**	**0**	**19,307**
2022						
Board Chairperson Erika Kjellberg Eriksson[1]	–	–	–	–	–	–
Director Mats Nilsson	215	–	–	–	–	215
Director Marcus Storch	105	–	–	–	–	105
Director Mario Gualano	215	–	–	–	–	215
Director Mariann Hansson	298	–	–	–	–	298
Director Per-Olof Wallström	258	–	–	–	–	258
Director Hans Johansson	215	–	–	–	–	215
Director Nina Korfu-Pedersen	110	–	–	–	–	110
President Jonas Jarvius	2,630	581	653	-89	–	3,775
Other senior executives (9 people)	10,420	1,683	3,002	-448	–	14,657
Total	**14,464**	**2,264**	**3,656**	**-537**	**0**	**19,846**

1) Chairperson from the Annual General Meeting in June 2018, declined fee.
2) Declined re-election and stepped down at the 2023 Annual General Meeting
3) Finn Albrechtsen was elected as a new director at the 2023 Annual General Meeting.
4) Costs that had been reserved in previous periods since the start of the share-based remuneration programme LTIP 2019 were reversed in 2022 when the Board determined that the performance targets had not been met and the programmes therefore expired.

Other senior executives refers to the individuals who, together with the President, comprised the management team during the year. At the end of the year, the management team, excluding the President, comprised ten (nine) people, including three (three) women and seven (six) men.

At the end of the 2023 financial year, the Board comprised seven people (three women and four men).

Fees in 2023 were paid to directors who were not employed in the Nexttobe Group. These fees amounted to SEK 1,511 thousand (1,416).

If employment is terminated by the Company, the contractual period of notice for the President and other employed senior executives is six months. The same period of notice applies if employment is terminated by the President or employed senior executive. If employment is terminated by the Company, senior executives are entitled to severance pay amounting to three months' salary. The President is not entitled to any particular severance pay if employment is terminated by the Company.

Shared-based option programmes

At the end of the year, Q-linea had two ongoing share-based remuneration programmes: Employee Share Option Programmes 2021/2024 and 2022/2025. During the year, the share-based remuneration programme LTIP 2020 ended and the performance share rights expired. In the autumn, the Board also decided not to implement the employee share option programme 2023/26 resolved on by the Annual General Meeting as the programme was not considered to meet its objectives.

Employee Share Option Programme 2022/2025

The Company's Annual General Meeting on 24 May 2022 resolved to introduce an employee share option programme for the Company's employees. Employee Share Option Programme 2022/2025 is to comprise a maximum of 292,770 employee share options. Employee share options are to be offered free of charge to individuals employed by the Company as of 15 June 2022 who are i) members of the management team or ii) not covered by any of the two previous employee share option programmes (adopted in 2020 and 2021, respectively), the "Previous Programmes".

Each person will be offered as many employee share options as needed for the person in question to hold a certain total number of options within the framework of this employee share option programme and the Previous Programmes. The total number of options per individual per category is shown below.

I. President: 30,000
II. Management team: 21,030
III. Other employees: 3,570

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 24 May 2022. However, the subscription price may not under any circumstances be less than the quotient value. 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 384,758 warrants to the Company, of which a maximum of 91,988 warrants were issued to cover any cash flow effects as a result of social security contributions arising under Employee Share Option Programme 2022/2025.

As of 30 June 2022, when the programme was closed to new participants, a total of 223,030 employee share options had been allotted to the 39 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 from 10–23 May, meaning the ten (10) trading days prior to 24 May 2022, was SEK 82.26, and the exercise price was thus set at SEK 102.82 per share. The option value on the allotment date of 30 June 2022 was calculated according to the Black & Scholes model based on the average price on the allotment date and was calculated at SEK 14.06 per option. The allotment of employee share options per participant and category for the Parent Company is presented in the table below.

Category	No. of participants	Number of allotted employee share options	
		per participant	per category
President	1	14,340	14,340
Management team	2	17,460	34,920
Management team	5	12,620	63,100
Other employees	31	3,570	110,670
Total	**39**	**–**	**223,030**

Number of outstanding employee share options

Number	31 Dec 2023	31 Dec 2022
Opening number	208,750	**0**
allotted during the period	–	**223,030**
exercised during the period	–	**–**
expired during the period	-53,550	**-14,280**
Closing number of options	**155,200**	**208,750**

At the end of the year, there were 155,200 (208,750) employee share options outstanding and 53,550 (14,280) options had expired during the year. The fair value of the options, calculated using the Black & Scholes valuation model, amounted to SEK 0 per option on the balance sheet date, and the cost recognised in the 2023 financial year including social security contributions amounted to SEK 1,532 thousand (414). From the allotment date to the end of 2023, Q-linea's share price decreased from SEK 75.72 to SEK 3.70, down approximately 95%. The fair value of the allotted options was calculated at SEK 0 thousand (0) with the following inputs:

Number	31 Dec 2023	31 Dec 2022
Share price on the valuation date	SEK 3.70	SEK 10.50
Exercise price, outstanding options	SEK 102.82	SEK 102.82
Expected volatility [1)]	0.39	0.39
Term, options with three-year vesting period	1.625 years	2.625 years
Risk-free rate, %	2.702	2.768
Fair value per option, SEK	**0**	**0**

1) Expected volatility was determined by analysing the share price trend for comparable companies.

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 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 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 0 (0) per option, according to the Black & Scholes model. The allotment of employee share options per participant and category for the Parent Company is presented in the table below.

Category	No. of participants	Number of allotted employee share options	
		per participant	per category
Other employees	36	3,570	128,520
Total	**36**	**–**	**128,520**

Number of outstanding employee share options

Number	31 Dec 2023	31 Dec 2022
Opening number	110,670	124,950
allotted during the period	–	–
exercised during the period	–	–
expired during the period	-32,130	-14,280
Closing number of options	**78,540**	**110,670**

At the end of the year, there were 78,540 (110,670) employee share options outstanding and 32,130 (14,280) options had expired during the year.

The fair value of the options, calculated using the Black & Scholes valuation model, amounted to SEK 0 (0) per option on the balance sheet date, and the cost recognised in the 2023 financial year including social security contributions amounted to SEK 818 thousand (404). From the allotment date to the end of 2023, Q-linea's share price decreased from SEK 141.85 to SEK 3.70, down approximately 97%.

The fair value of the allotted options was calculated at SEK 0 thousand (0) with the following inputs:

Number	31 Dec 2023	31 Dec 2022
Share price on the valuation date	SEK 3.70	SEK 10.50
Exercise price, outstanding options	SEK 191.81	SEK 191.81
Expected volatility[1)]	0.39	0.39
Term, options with three-year vesting period	0.625 years	1.625 years
Risk-free rate, %	3.799	2.762
Fair value per option, SEK	**0**	**0**

1) Expected volatility was determined by analysing the share price trend for comparable companies.

Note 10 Financial income and expenses

SEK thousand	Category	Earnings effect	Group		Parent Company	
			2023	2022	2023	2022
Financial income						
Fixed-income funds	Financial assets measured at fair value through profit or loss	Remeasurement to fair value	2,790	826	2,790	826
Listed bonds	Financial assets measured at fair value through other comprehensive income	Interest income		1,348	–	1,348
Total financial income			**2,790**	**2,174**	**2,790**	**2,174**
Financial expenses						
Bank loans	Financial assets measured at amortised cost	Interest expenses	–	-1	–	-1
Fixed-income funds	Financial assets measured at fair value through profit or loss	Remeasurement to fair value	-710	-7,902	-710	-7,902
Lease liabilities	–	Interest expenses	-864	-718	–	–
Total financial expenses			**-1,569**	**-8,621**	**-710**	**-7,903**

Note 11 Tax on result for the year

Tax on result for the year

SEK thousand	Group and Parent Company	
	2023	2022
Current tax for the year	–	–
Deferred tax	–	–
Total tax on result for the year	**–**	**–**

The difference between recognised tax expense and the estimated tax expense based on prevailing tax rates was as follows:

SEK thousand	Group		Parent Company	
	2023	2022	2023	2022
Result before tax	-229,366	-268,694	-219,764	-269,503
Income tax calculated according to prevailing tax rate in Sweden (20.6%)	47,249	55,351	45,271	55,518
Issue costs not included in result	2,083	–	2,083	–
Non-taxable income	-229	44	-229	44
Non-deductible costs	339	-207	322	-207
Loss carryforwards for which no deferred tax asset has been recognised	-49,443	-55,189	-47,447	-55,355
Tax on result for the year	**0**	**0**	**0**	**0**

Unrecognised deferred tax

The following deferred tax assets and liabilities exist:

SEK thousand	Group		Parent Company	
	2023	2022	2023	2022
Loss carryforwards	240,012	1,322,945	230,325	1,322,945
Deferred tax asset arising from loss carryforwards	49,443	272,527	47,447	272,527
Deferred tax asset arising from temporary differences	–	–	–	–
Deferred tax liability arising from temporary differences	-671	–	–	–
Net deferred tax asset	**48,772**	**272,087**	**47,447**	**272,527**

As it is not yet possible to estimate when Q-linea will generate a taxable surplus, no deferred tax asset has been recognised in the statement of financial position.

Note 12 Tangible assets

Equipment, tools, fixtures and fittings

SEK thousand	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Opening cost	61,699	44,554	61,699	44,554
Purchases	8,310	17,144	5,906	17,144
Exchange-rate differences	-145	–	–	–
Sales and scrapping	-616	–	-616	–
Closing accumulated cost	**69,248**	**61,698**	**66,988**	**61,699**
Opening depreciation	-25,337	-16,886	-25,337	-16,886
Depreciation for the year	-9,937	-8,451	-9,898	-8,451
Exchange-rate differences	1	–	–	–
Sales and scrapping	84	-8,451	**84**	–
Closing accumulated depreciation	**-35,188**	**-25,337**	**-35,150**	**-25,337**
Closing carrying amount	**34,060**	**36,362**	**31,838**	**36,362**

Note 13 Intangible assets

SEK thousand	Group			Parent Company		
	Licences	Technology and customer relationships	Goodwill	Licences	Technology and customer relationships	Goodwill
31 Dec 2023						
Opening cost	5,500	835	4,889	5,500	835	7,605
Closing accumulated cost	5,500	835	4,889	5,500	835	7,605
Opening amortisation	-5,476	-624	–	-5,476	-624	-4,889
Amortisation for the year	-24	-84	–	-24	-84	-1,086
Closing accumulated amortisation	**-5,500**	**-709**	**0**	**-5,500**	**-709**	**-5,975**
Closing carrying amount	**0**	**126**	**4,889**	**0**	**126**	**1,630**
31 Dec 2022						
Opening cost	5,500	835	4,889	5,500	835	7,605
Closing accumulated cost	5,500	835	4,889	5,500	835	7,605
Opening amortisation	-5,405	-540	–	-5,405	-540	-3,802
Amortisation for the year	-71	-84	–	-71	-84	-1,086
Closing accumulated amortisation	**-5,476**	**-624**	**–**	**-5,476**	**-624**	**-4,888**
Closing carrying amount	**24**	**211**	**4,889**	**24**	**211**	**2,716**

Total research and development expenses that have been expensed amounted to SEK 128,092 thousand (151,968), corresponding to 55% (55) of operating expenses.

Q-linea has goodwill arising from an asset deal in 2018. This goodwill is tested for impairment at each year-end close. This is done by first allocating goodwill to a cash-generating unit, which is the smallest group of assets that is expected to generate cash flows that are largely independent of other assets or groups of assets. The cash-generating unit's recoverable amount is then calculated and compared with the carrying amount. In Q-linea's case, the recoverable amount is the value in use of the cash-generating unit. If the recoverable amount is lower than the carrying amount, the carrying amount is impaired to the recoverable amount. The impairment loss is charged to goodwill in the first hand and, insofar as is necessary, is then charged proportionately to the other assets included in the cash-generating unit.

The cash-generating unit to which the goodwill has been allocated consists of a group of assets that enable a certain production process for one of Q-linea's products. By owning this process, Q-linea is able to manufacture the product in question at a significantly lower unit price than if the product had been purchased from an external supplier or subcontracted. The value in use of this cash-generating unit has therefore been calculated as the present value of the resulting savings over the next five-year period, based on the five-year business plan prepared by management. Due to the fact that Q-linea is still in a commercialisation phase, and because volume forecasts are therefore more uncertain than if historical data had been available, no savings after this five-year period have been included in the calculation. For the same reasons, the present value calculation has been made using a relatively high discount rate, 25%.

The value in use calculated in the manner described above exceeds the cash-generating unit by a comfortable margin and there is thus no impairment. The sensitivity analyses show that no reasonable change in the assumptions used in the calculation would result in impairment.

Note 14 Inventories

At the end of the year, the Company had an inventory value of SEK 46,225 thousand (42,281).

	Group and Parent Company	
SEK thousand	31 Dec 2023	31 Dec 2022
Raw materials and consumables	8,531	8,180
Goods for resale	27,346	29,450
Products in progress	5,856	510
Semi-finished goods	2,361	3,317
Finished goods	2,131	824
Total inventories	**46,225**	**42,281**

During the year, SEK 4,463 thousand (33,550) in goods was expensed in the Group.

Note 15 Other receivables

	Group and Parent Company	
SEK thousand	31 Dec 2023	31 Dec 2022
VAT receivable	2,547	4,657
Advance payments to suppliers	32,791	39,550
Receivables from suppliers	–	1,313
Other	29	278
Total other receivables	**35,367**	**45,798**

Note 16 Prepaid expenses and accrued income

	Group		Parent Company	
SEK thousand	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Prepaid rent	217	289	2,123	2,079
Prepaid insurance costs	341	179	211	179
Prepaid marketing costs	727	276	404	276
Prepaid interest expenses	180	194	1	–
Prepaid IR expenses	–	–	–	–
Prepaid expenses for software	–	761	–	761
Prepaid IT expenses	1,057	445	1,057	445
Other	512	326	502	326
Total prepaid expenses and accrued income	**3,034**	**2,469**	**4,299**	**4,065**

Note 17 Share capital trend

The Company's share capital at year-end amounted to SEK 5,858,318.65 (1,476,897.35), distributed between 117,166,372 (29,537,947) shares. The quotient value per share is SEK 0.05 (0.05).

Holding of treasury shares
At the end of the year, Q-linea had a holding of 328,472 (328,472) treasury shares. Each share carries one vote per share and the quotient value per share is SEK 0.05 (0.05). The purpose of these shares is to be used for any future redemption of employee share options, refer to Note 10. The holding of treasury shares has been excluded from the calculation of per-share performance measures.

Share capital trend

	Number of shares, thousand	Share capital, SEK thousand
Opening balance at 1 January 2022	**29,538**	**1,477**
Closing balance at 31 December 2022	**29,538**	**1,477**
Change in 2023 New share issue	87,628	4,381
Closing balance at 31 December 2023	**117,166**	**5,858**

Note 18 Earnings per share

Earnings per share are calculated by dividing the result for the year by a weighted average of the number of ordinary shares outstanding during the year. The number of outstanding shares has been calculated as the total number of issued shares less treasury shares.

	Group	
	2023	2022
Result for the year, SEK thousand	-229,366	-268,694
Weighted average number of shares outstanding	65,941,390	29,209,475
Earnings per share before dilution, SEK	**-3.48**	**-9.20**
Earnings per share after dilution, SEK	**-3.48**	**-9.20**

The following instruments are outstanding as of 31 December 2023. They have not had any dilutive effect as of the balance sheet date, but could have a dilutive effect in the future:

	Number of options	Total possible number of new shares
Employee Share Option Programme 2021/2024	110,670	110,670
Employee Share Option Programme 2022/2025	208,750	208,750
Total possible number of new shares	**319,420**	**319,420**

Disclosures on subscription prices and other conditions for these options are provided in Note 9 "Employee benefits and disclosures on employees".

Note 19 Other current liabilities

	Group and Parent Company	
SEK thousand	31 Dec 2023	31 Dec 2022
Personnel-related liabilities	6,805	11,613
Advance payments from customers	–	–
Total other current liabilities	**6,805**	**11,613**

Note 20 Accrued expenses and deferred income

	Group and Parent Company	
SEK thousand	31 Dec 2023	31 Dec 2022
Accrued personnel costs	6,721	8,574
Accrued expenses for consultants	321	1,483
Accrued consultancy fees	1,283	925
Accrued expenses for raw materials	507	
Other	833	1,647
Total accrued expenses and deferred income	**9,665**	**12,629**

In this table, certain items in the comparative columns have been summed compared with how they were presented in previous financial reports.

Note 21 Pledged assets and contingent liabilities

The Company had no pledged assets at the end of the year.

	Group and Parent Company	
SEK thousand	31 Dec 2023	31 Dec 2022
Pledged assets	–	–

The Company has no contingent liabilities.

Note 22 Cash flow disclosures

Adjustments for non-cash items.

SEK thousand	Group		Parent Company	
	2023	2022	2023	2022
Depreciation/amortisation	17,521	15,286	11,093	9,693
Scrapping of inventory	-43	–	-43	–
Change in guarantee reserve	140	-315	140	-315
Share-based remuneration programmes	3,198	295	3,198	295
Translation differences	63	-5	–	–
Total non-cash items	**20,879**	**15,261**	**14,387**	**9,673**

Cash inflow from new share issues

SEK thousand	Group and Parent Company	
	2023	2022
Issue of 87,628,425 new shares at a subscription price of SEK 3/share	258,504	–
Increased share capital	4,381	–
Issue costs	-10,111	–
Net inflow from new share issues	**252,774**	**0**

Cash flow arising from liabilities included in financing activities

SEK thousand	Opening balance, 1 Jan 2023	Cash flows	Non-cash transactions	Closing balance, 31 Dec 2023
Group 2023				
Current lease liabilities	6,117	-7,367	8,909	7,659
Borrowing	–	–	–	–
Parent Company 2023				
Borrowing	–	–	–	–

SEK thousand	Opening balance, 1 Jan 2022	Cash flows	Non-cash transactions	Closing balance, 31 Dec 2022
Group 2022				
Current lease liabilities	4,926	-6,525	7,716	6,117
Borrowing	79	-79	–	0
Parent Company 2022				
Borrowing	79	-79	–	0

Note 23 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.

Other related-party transactions
The Company also has a shareholder agreement with the other shareholders of EMPE Diagnostics AB. 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, is a director of EMPE Diagnostics AB. During the year, Q-linea utilised parts of the SEK 200 million loan commitment from the Company's principal owner, Nexttobe AB. Starting as of the Annual General Meeting on 13 June, the Company borrowed SEK 57 million on market terms and conditions. This loan and an additional SEK 101.5 million were converted into shares in the rights issue carried out in July. After the rights issue, SEK 41.5 million of the original SEK 200 million loan commitment remains.

Note 24 Participations in Group companies

During the year, Q-linea AB founded a subsidiary, Q-linea Srl, i Italy.

Subsidiary	Corp. reg. no.	Registered office	Parent Company's interest		Carrying amount, SEK thousand	
			Share of capital, %	Share of votes, %	31 Dec 2023	31 Dec 2022
Q-linea Inc	7158966	Delaware, USA	100	100	8,222	264
Q-linea Srl	IT12828630967	Milan, Italy	100	100	4,744	–

SEK thousand	Parent Company	
	2023	2022
Opening cost	264	0
Investments during the year	12,702	264
Closing cost	**12,966**	**264**

Note 25 Significant events after the end of the financial year

The Company was awarded a public tender for rapid AST instruments and consumables issued by Fondazione PTV in Italy. The contract extends for five years and the value of the contract is estimated at approximately SEK 6 million.

Q-linea announced that the Company had concluded the clinical trials for the drug Meropenem-Vaborbactam with strong results, which meant that the Company was able to claim IVDR compliance and add the drug to its existing BC-GN panel. Q-linea expects commercial availability in Europe during the second quarter of 2024.

The Company announced that Stuart Gander would succeed Jonas Jarvius as CEO of Q-linea and that Anders Ljunggren would take office as Managing Director of Q-linea AB in Sweden on 1 March 2024.

Q-linea initiated a cost-saving programme with the aim of focusing on its commercial operations. The Company's product development activities for the European and US markets has reached a point where a reduction in the development organisation is considered possible. The cost savings are estimated to amount to approximately SEK 50 million per year and are expected to result in restructuring costs of approximately SEK 5 million in 2024. The cost savings are expected to contribute positively to both earnings and cash flow starting in the third quarter of 2024.

The Company signed an agreement with a logistics partner for the US market.

Q-linea's Board Of Directors decided to place the technology behind Podler in a separate subsidiary, so that Q-linea can focus on the Company's core product, ASTar. In addition, the move means that it will be easier to further develop Podler independently from Q-linea's core business, thus maximising Podler's value.

Strong ASTar results were presented from two clinical studies on rapid AST at the AMCLI (Associazione Microbiologi Clinici Italiani) National Congress in Rimini, Italy.

Note 26 Proposed appropriation of unrestricted equity

The Board proposes that profit be appropriated as follows:

The following unrestricted equity is at the disposal of the Annual General Meeting:

	SEK
Share premium reserve	1,483,364,423
Retained earnings	-1,071,621,674
Result for the year	-219,763,946
Total	**191,978,803**

The Board proposes that profit be appropriated as follows: SEK 191,978,803 to be carried forward. The Board proposes to the Annual General Meeting that no dividend be paid for 2023.

Note 27 Definitions of performance measures

Definitions of performance measures in the multi-year overview in the Board of Directors' Report
The following are definitions of certain performance measures that are not defined in the IFRS or that are not set forth explicitly the financial statements as well as an explanation of each performance measure. The performance measures presented below are deemed to be relevant to the type of operations conducted by Q-linea and increase understanding of the Company's financial statements.

Performance measure

Definition	Reason for use
EBITDA	
Operating result before depreciation/amortisation and impairment.	This performance measure provides an overall view of profit for the operating activities.
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 owners (however, lease liabilities calculated according to IFRS 16 are not included in net debt) 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 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 holdings, at the end of the year.	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 the above defined performance measures showing the various performance measure components that make up the performance measures. The calculations apply to the Group. Treasury shares refer to the Company's own holding to ensure the delivery of shares under the Company's share-based incentive programmes. The Company's holding of treasury shares has been excluded from the calculation of per-share performance measures.

EBITDA

SEK thousand (unless otherwise stated)	2023	2022
Operating result	-230,587	-262,247
Depreciation, amortisation and impairment	17,521	15,286
EBITDA	**-213,066**	**-246,961**

Equity/assets ratio

SEK thousand (unless otherwise stated)	31 Dec 2023	31 Dec 2022
Total assets	231,976	229,916
Equity	189,636	163,190
Equity/assets ratio (%)	**82%**	**71%**

Debt/equity ratio

SEK thousand (unless otherwise stated)	31 Dec 2023	31 Dec 2022
Current liabilities to credit institutions	–	–
Total borrowing	–	–
Less:	–	–
Cash and cash equivalents	-81,895	-72,878
Fixed-income funds	–	–
Short-term and long-term bonds	–	–
Net debt	**-81,895**	**-72,878**
Equity	189,636	163,190
Debt/equity ratio (%)	**-43%**	**-45%**

Equity per share

SEK thousand (unless otherwise stated)	31 Dec 2023	31 Dec 2022
Equity (a)	189,636	163,190
Total number of shares outstanding (b)	117,166,372	29,537,947
- Less holding of treasury shares (c)	-328,472	-328,472
Equity per share (a/(b-c)), SEK	**1.62**	**5.59**

CERTIFICATION

The Board of Directors and President certify that the consolidated financial statements and annual report have been prepared in accordance with IFRS, as adopted by the EU, as well as generally accepted accounting policies, and give a true and fair view of the Group's and Parent Company's financial position and results, and that the Board of Directors' Report gives a true and fair overview of the Group's and Parent Company's operations, financial position and results and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group. The Parent Company income statement and the consolidated statement of profit and loss are subject to approval at the Annual General Meeting on 24 May 2024.

Uppsala, 11 April 2024

Anders Ljunggren
Managing Director

Stuart Gander
CEO

Erika Kjellberg Eriksson
Chairperson

Mats Nilsson
Director

Mario Gualano
Director

Nina Korfu-Pedersen
Director

Finn Sander Albrechtsen
Director

Karin Fischer
Director

Hans Johansson
Director

Our Auditor's Report was submitted on 11 April 2024

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Q-linea AB, corporate identity number 556729-0217

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Q-linea AB for the year 2023 except for the corporate governance statement on pages 43-51. The annual accounts and consolidated accounts of the company are included on pages 32-88 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 43-51. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Significant uncertainty factor regarding the assumption of going concer

We would like to draw attention to the management report and the section Future financing and development as well as note 4 Financial risks and risk management in the annual report and the consolidated accounts. There it appears that available liquid funds together with existing loan commitments are not deemed to cover the liquidity needs needed for the planned operations for the next twelve months. The annual report also shows that the group reports a loss of SEK 219,764 thousand for the year ending December 31, 2023. These conditions indicate that there is a significant uncertainty factor that may lead to significant doubts about the company's ability to continue it´s operations.

We have not modified our opinion in this regard.

Our audit approach

Audit scope

Q-linea is a research, development and manufacturing company whose focus is the development of instruments and consumables for fast and reliable infection diagnosis. The most significant balance sheet item is short-term investments. The largest cost item in the company consists of research and development costs, which is why we have judged that this is a particularly significant area.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

Inventory

- The group's inventory has a book value of kSEK 46,527 as of December 31, 2023.
- The inventory's composition, applied accounting principles and important estimates and assessments regarding inventory can be found in note 14 Inventory, note 2 Summary of important accounting principles and note 3 Important estimates and assessments.
- Determining the correct value of inventory is complex and involves a number of assessments. For in-house produced items, determining product calculations and in that, for example, assessments of, among other things, normal production is an important assessment. For finished goods inventory, management also has to assess whether the assessed sales value of the goods exceeds their book value.

How our audit addressed the Key audit matter

Our audit included, but was not limited to, the following audit procedures. Among other things, we have:

- Evaluated the company's routines, follow-up and internal control.
- Randomly tested acquisition values against supplier invoices Involved and challenged company management in its assessment of fair value for finished goods inventory. Randomly tested assessed sales price against customer invoices.
- Reviewed that the group reports accounting principles, important estimates and assessments as well as the composition of inventory in a correct manner in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-31. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Q-linea AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- ·has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- ·in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar.

This description is part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Q-linea AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Q-linea AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts [and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 43-51 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Q-linea AB by the general meeting of the shareholders on the 13 June 2023 and has been the company's auditor since the April 2007.

Uppsala den 11 april 2024

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Auktoriserad revisor

References

Page	Source:
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09	6) Data collected by the Company based on prevalence data from four hospitals in Europe.
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Glossary

AST
Antibiotic susceptibility testing.

Antibiotic resistance
When bacteria develop the ability to defeat antibiotics.

Broad-spectrum antibiotics
Antibiotics that act against a wide range of, but not all, bacteria.

CE marking
Conformité Européenne (European Conformity), a certification mark used primarily in the EU and EEA.

CE-IVD
Marking of products and instruments used in laboratories for the purpose of providing guarantees that the product meets a number of requirements, including security, quality, validity and traceability, which means that the user can be sure that the product has the performance required for use so that the generated analysis results are reliable.

ECCMID
European Congress of Clinical Microbiology and Infectious Diseases, a large trade fair for companies in the fields of microbiology and infectious diseases.

EEA
The European Economic Area.

Food and Drug Administration (FDA)
The US Food and Drug Administration, which is responsible for market approval of IVD products.

Gram-negative
Bacteria that do not stain in a gram staining test. The opposite are gram-positive bacteria. What differentiates gram-negative and gram-positive bacteria are the properties of their cell walls. Gram-negative bacteria are often referred to as G-.

Gram-positive
Gram-positive bacteria are bacteria that stain in a gram staining test. The opposite are gram-negative bacteria. What differentiates gram-negative and gram-positive bacteria are the properties of their cell walls. Gram-positive bacteria are often referred to as G+.

In vitro diagnostics (IVD)
The study of a living microorganism, cell or biomolecule outside its normal context.

Clinical studies
A clinical study for in vitro diagnostic products, a so-called performance evaluation study, which aims to validate performance and safety requirements based on the intended use of the product by examining samples taken from human participants.

MIC values
Minimum inhibitory concentration for the tested antibiotics.

Pathogen
Something that causes illness, such as a virus or bacteria.

Sepsis
A serious condition that arises when an infection causes injury to the entire body and vital organs, such as the heart, lungs, brain and kidneys do not function properly (previously known as blood poisoning).

Upcoming reporting dates

3 May 2024	Interim report January to March 2024
24 May 2024	Annual General Meeting 2024
11 July 2024	Interim report January to June 2024
31 October 2024	Interim report January to September 2024

About the Company

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