Q-LINEA

Providing innovative solutions for improved infection diagnostics

Annual Report January–December 2022

Contents

2022 in brief

In 2022, ASTar® was launched in Europe and Q-linea took over commercialisation from its former partner Thermo Fisher Scientific. Other important milestones included the classification as a "breakthrough device" by the FDA, and submission of a market application for ASTar in the US. Moreover, work on Podler® and ASTar for isolate analysis moved ahead.

Q1

ASTar's antibiotic panel for gram-negative bacteria was expanded to include an additional 18 important combinations of antibiotics and bacteria, bringing the total to 222 combinations. The panel covers 23 antibiotics for non-fastidious bacteria and six antibiotics for four fastidious bacteria (i.e. bacteria that are difficult to culture).

Q-linea announced that the results from the commercial evaluation performed in summer 2021 exceeded the results of Q-linea's pivotal CE-IVD study. Overall essential agreement (EA, meaning reaching the same results as the reference method) was 96.6%, and moreover ASTar could produce results for 98.7% of all organisms analysed.

Q2

ASTar was classified as a "breakthrough device" by the US Food and Drug Administration (FDA). The aim of the designation is to accelerate the regulatory review of new medical devices and provide patients with faster access to diagnosis of life-threatening conditions or new treatment alternatives.

At the industry's most important European conference, the European Congress of Clinical Microbiology & Infectious Diseases (ECCMID), Q-linea presented ASTar, including a new concept for smoothly working, comprehensive and rapid isolate analysis as a future expansion of ASTar's capacity. Q-linea also presented the Podler concept, the first portable blood culture unit that can utilise transport time and expedite results for positive blood cultures.

ASTar also received CE marking under the new EU In Vitro Diagnostics Regulation (IVDR).

Q-linea submitted a 510(k) application for US market authorisation of ASTar to the FDA.

Q3

Q-linea received a letter of intent (LOI) for an evaluation of Podler and potential commercialisation partnership with a large market-leading company.

Q4

Q-linea and Thermo Fisher Scientific reached an agreement to terminate the exclusive global distribution agreement for ASTar Instrument and consumables.

Q-linea's principal owner Nexttobe offered Q-linea a loan amounting to SEK 100 million that can be converted into shares.

Q-linea is a company that develops innovative solutions for improved infection diagnostics that benefit patients, healthcare providers and society.

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's business concept is to develop and deliver solutions for healthcare providers, enabling them to accurately diagnose and treat infectious diseases in the shortest possible time.

Strategy

Q-linea has continuously built up and reinforced both competence and infrastructure in all areas needed to develop and supply integrated diagnostics systems. Sales are driven by Q-linea, but may also take place via the Company's partners. The majority of income is expected to come from sales of consumables.

Q-linea, sepsis and ASTar in brief

Q-linea in brief

Q-linea develops innovative solutions for improved infection diagnostics based on 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 first product, ASTar, enables rapid diagnosis of blood infections, with sepsis being the most serious diagnosis. Q-linea's technology makes it possible to determine which antibiotic preparation will be the best choice to treat a certain bacterial infection, within six hours of a positive blood culture. ASTar is a fully automated instrument for rapid antimicrobial susceptibility testing (AST) that produces a sensitivity profile from a positive blood culture and has substantial potential to save lives. It does so up to 48 hours faster than current diagnostics. ASTar identifies the MIC value (the minimum antibiotic concentration that inhibits the growth of bacteria or kills them) via physical properties that are measured using proprietary optics and image algorithms.

Q-linea is also developing ASTar for the analysis of samples known as isolates from patients with serious infections, for example in wounds or the respiratory tract. Since only the AST disc is used for the sample, the product can be offered at a lower price compared with the fully automated analysis for positive blood cultures.

Q-linea targets an enormous market where there is a major clinical need, and it has the opportunity to establish a leading position in the next few years. Q-linea aims to become the most successful company in the sector by offering rapid and innovative diagnostic solutions.

Sepsis in brief

Sepsis, formerly known as blood poisoning, is a life-threatening disease that occurs when the immune system overreacts to an infection in the body. When bacteria from a local infection leak into the bloodstream, sepsis is a rapid process and can lead to multiple organ failure and death. Rapid diagnosis of sepsis is critical for physicians to be able to provide the correct antibiotic treatment in time. Studies have shown a 7.6 percent reduction in the survival rate for septic shock for each hour that effective treatment is delayed[1].

ASTar in brief – ASTar enables a sought-after paradigm shift

ASTar is much faster than today's traditional methods at determining which antibiotics are effective against an infection. The method has substantial potential to save lives, reduce hospital costs, avoid unnecessary antibiotic treatment and help slow the development of resistant bacteria.

ASTar Instrument and ASTar BC G- Kit deliver the broadest result, with respect to the combination of the number of antibiotics and the number of two-fold dilution steps for each antibiotic, in a single test for gram-negative bacteria[2]. The test makes it possible to analyse gram-negative bacteria including those that are difficult to culture, known as fastidious bacteria, meeting the need for rapid comprehensive results for the best possible treatment prescription.

Footnotes – see References on page 106.

Employees

Q-linea is made up of a highly motivated team with experience and expertise from multiple disciplines and scientific fields. The Company had 151 (136) employees at year-end, 65 (59) of whom were women and 86 (77) were men. The number of consultants at year-end was 18 (37). Two employees are based in the US in order to support clinical studies and commercial activities. Q-linea has a very broad knowledge base and also invests in strategic collaborations with partners to, for example, evaluate technical solutions clinically, add further technical know-how, achieve more economically advantageous solutions and/or reach a larger market uptake in an early phase. The Company operates out of state-of-the-art, customised facilities at three locations in Uppsala.

We are confident thanks to strong interest in ASTar

2022 was truly a year of transformation. We are now in the driver's seat when it comes to our go-to-market strategy, and we are confident thanks to the high degree of interest in ASTar we have seen during its initial launch period in Europe.

When we entered the partnership with Thermo Fisher in 2020, we did so with a great sense of optimism. Our organisations had the same view when it came to the future of infection diagnostics. When Thermo Fisher pivoted and made the strategic choice to focus on its core business, we both saw that this partnership was no longer a good fit for either of our organisations.

Thanks to the high degree of interest in ASTar during its initial launch period in Europe, we feel confident about our updated go-to-market strategy. We are expanding our internal sales force in the EU and the US, but we will also work with distributors to expand our reach. We are hiring selectively in Europe in order to strengthen the sales force in selected markets. We are entering the US with a more focused sales force.

The plan is to make an impact on selected key geographic regions through our own dedicated sales force and at the same time sign advantageous distribution agreements with strong partners in other geographic regions. We are being extremely selective about the distributors we want to work with in order to ensure that we are given priority in their product range. We will continue to make methodical progress when it comes to finding the best commercialisation solution.

> **Having a focused sales force that can make an impact on certain key geographic regions will allow us to sign advantageous distribution agreements with strong partners in other geographic regions.**

We conducted numerous handover activities at the end of 2022 in order to conclude the distribution agreement. This took a great deal of time since we visited every site to ensure that the handover of customers, potential customers, studies and other evaluations would be as smooth as possible. Overall, we saw a high degree of interest in ASTar and several potential customers who wanted to convert their ASTar evaluations into purchases.

One thing we learned during the year is that Europe is not as mature as the US when it comes to rapid AST. Hospitals and laboratories are not as accustomed to rapid susceptibility testing, and we therefore believe that thorough health economics studies, more scientific evidence, and comparative studies with competing rapid AST systems will be needed for customers to see the differences in the systems. We are participating in a comparative study that began at the end of 2022 in order to meet this need.

The study compares the advantages of three different phenotypic rapid susceptibility testing systems with the current standard of care when it comes to diagnostic performance, workflow adjustment and reduction of the time until optimal antibiotic treatment is administered. A total of 240 patients will be included in the study. Since the study is being conducted by an independent hospital, we cannot currently say exactly when it will be possible to present the study results, but we hope that this will take place before the summer. Considering the breadth of ASTar's antibiotic panel and the short time it takes to get a result, our assessment is that ASTar will perform extremely well in the comparison.

In addition, at the beginning of 2023 we were able to initiate our own health economics study, the Lifetimes HEOR study. The initiation of the study depended on having final ethics approval, which is now in place. The study, which is being conducted at locations including Agostino Gemelli University Hospital, the largest hospital in Rome, will take about one year. We hope that it will demonstrate that ASTar cuts costs for hospitals, above all by reducing the time spent in intensive care.

Another important piece of news during the year was the promise of an interest-free loan of SEK 100 million that we received from our principal owner Nexttobe. This promise reflects our principal owner's confidence in our work. The intent is to convert the loan, which was offered with no time limit, to shares at the prevailing share price if Q-linea were to issue new shares in the future. This support from our owners is extremely important at this stage.

At the moment, Q-linea is both a development company and a commercial organisation at the same time. We will continue to focus on development, but our development costs will decrease since the costs for the regulatory activities in Europe

and the US are decreasing. Meanwhile, these costs are being replaced by commercialisation costs.

At the beginning of 2023, we made several important hires in order to support our commercial European organisation. It is extremely gratifying that several people who worked with ASTar outside Q-linea have now chosen to join us because of their strong belief in ASTar.

Based on the reception we've seen in Europe so far, I remain convinced that Q-linea has a bright future ahead. 2022 ended with a transformation as we took our future into our own hands. This transformation is continuing in 2023, and I am confident about our future based on the interest we've seen in ASTar. Naturally, it will take some time to introduce the new market strategy, enter into distribution agreements and build up subsidiaries in priority geographic regions, but we are building Q-linea for long-term success and I want us to do it right.

Uppsala, April 2023

Jonas Jarvius, President

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 in the body.

Anyone can develop sepsis as a consequence of a common bacterial infection, such as tonsillitis, infected wounds, pneumonia or a urinary tract infection. Sepsis is a global health problem, afflicting as many as 50 million people every year[3]. Sepsis is the most common cause of death in hospitals. It is more common than lung, prostate and breast cancer combined, and is responsible for approximately 30 percent of all deaths in hospitals. Sepsis is the most expensive condition to treat in the US, costing society more than USD 24 billion annually[4]. In several studies, mortality from sepsis has proven to be between 15 and 50%[5].

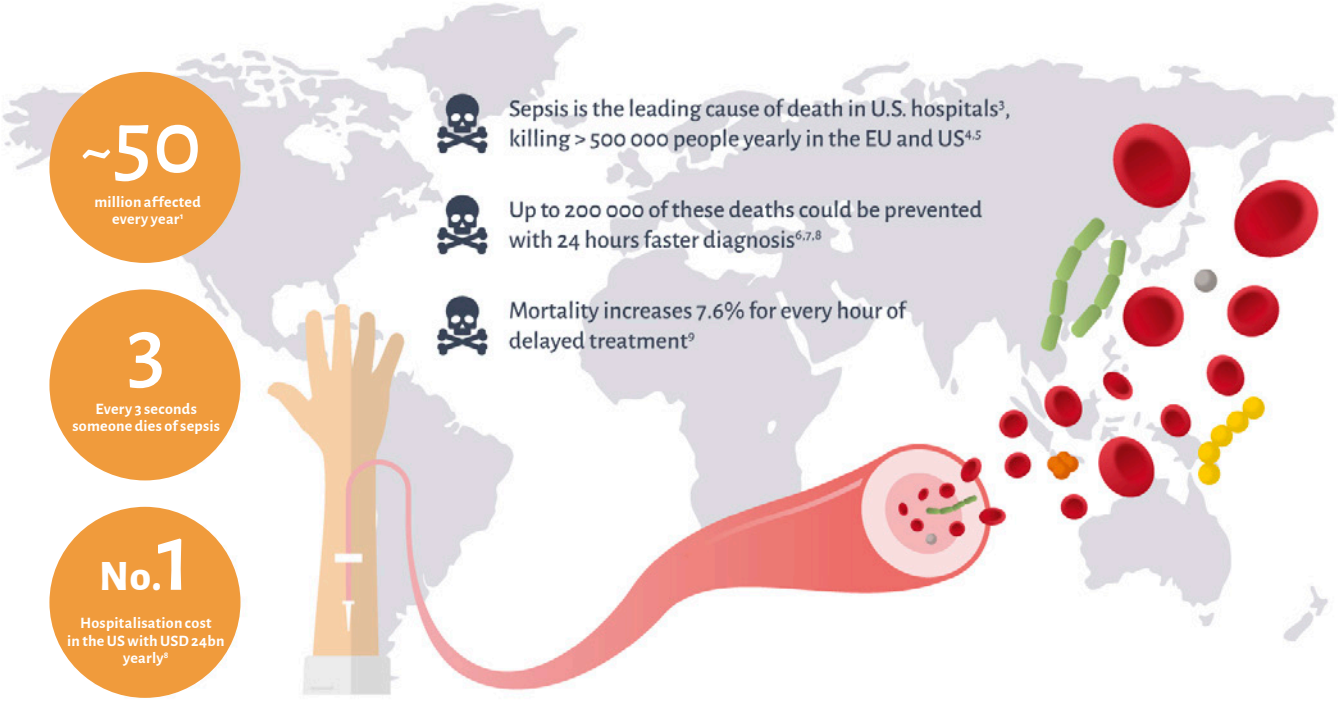
Sepsis is a condition that may result in life-threatening organ failure caused by a dysfunctional systemic immune response. Sepsis occurs when the infection has spread to the entire body, and it affects vital organs such as the heart, lungs and kidneys.

In the past, the definition of sepsis has varied. Sepsis currently has two levels of severity: sepsis and septic shock. Septic shock is severe sepsis where blood pressure cannot be normalised quickly despite fluid resuscitation.

Sepsis used to be called blood poisoning, and frequently but not always, patients with sepsis have bacteria in their blood which may have come from a local infection or infected the bloodstream directly. However, the presence of bacteria in the blood is not synonymous with sepsis. This is bacteraemia, which may occur temporarily and with no symptoms after mouth or throat surgery.

The need for rapid and reliable diagnostics to enable proper treatment for severe conditions such as sepsis is crucial for patient survival.

Footnotes – see References on page 106.



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The Company's unique technology enables ASTar to provide a patient-specific treatment prescription for the choice of antibiotics up to 48 hours faster than traditional technologies.

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

Q-linea focuses on supplying the market with automated systems for rapid susceptibility testing, or rapid AST, of bacteria that cause infectious diseases. Q-linea's technology was developed in consultation with hospital laboratories in order to best meet their needs.

The fully automated ASTar instrument provides accurate and reproducible sample preparation for accurate MIC identification through a high-quality optical detection system. ASTar's first application is the analysis of gram-negative bacteria from patients with suspected sepsis who have positive blood cultures. Laboratories can combine ASTar with a rapid bacterial ID system, thus meeting the clinical need for early and correct antibiotic treatment.

ASTar is intended for clinical microbiology laboratories at medium-sized and larger hospitals. It is a fully automated instrument for measuring in determining bacteria's antibiotic susceptibility using the consumables developed by Q-linea. ASTar provides patient-specific treatment prescriptions for the choice of antibiotics up to 48 hours faster than today's traditional technologies.

When diagnosing patients with blood infections, the time it takes to get a correct antibiotic result is decisive, and can provide major benefits to patients, hospitals and society. As bacteria show increasing antibiotic resistance, the need increases for a corresponding change in the diagnostics to determine an effective antibiotic. Q-linea's ASTar provides rapid and comprehensive results and is easy to use.

ASTar also has the capacity to analyse especially demanding bacteria known as fastidious bacteria, which require a richer growth medium. Fastidious bacteria are extremely common in cases of pneumonia, and bacteria such as Pneumococci are present in up to 10 percent of sepsis patients.

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[6]) 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 106.

History

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. At the beginning of its history, Q-linea focused on bioprotection applications based on proprietary technologies for the molecular (non-PCR) identification of bacteria and viruses.

Entry into the diagnostics field

To take advantage of Q-linea's innovative technologies for rapid and sensitive analyses of nucleic acids and proteins, the Company made a strategic decision in 2012 to enter the in vitro infection diagnostics business. A partnership with risk capital firm Nexttobe made long-term financing and uninterrupted technological progress possible. Clinical partnerships were also initiated to verify performance. In 2016, Q-linea's molecular identification technology (ID) and phenotypic susceptibility testing were successfully tested directly from the blood of septic patients in partnership with Örebro University Hospital.

ASTar

The following years saw a revolution in the field of rapid analysis of bacterial ID from positive blood cultures through technologies including mass spectrometry. This opened up a market for dedicated susceptibility testing systems that could deliver results at a speed similar to the new ID methods. To meet this new market demand for rapid results and minimal handling time, product development for Q-linea's first diagnostic product focused on a pure susceptibility testing system for positive blood cultures, the fully automated ASTar system. Q-linea was listed on the stock exchange in 2018 to finance its development. In 2021, ASTar received CE-IVD approval and the product was launched in Europe. ASTar will also be able to analyse isolates in the future.

Beyond ASTar

Through its background, expertise and history, Q-linea has acquired an extensive knowledge base that makes it well suited for delivering in vitro diagnostic (IVD) systems for infectious diseases in general, not just for sepsis. An initial example is the Podler portable blood culture technology, which will reduce the time to results for all sepsis patients, with the distance between lab and hospital no longer making a difference. Q-linea's future product lines will expand the potential to improve and accelerate diagnostics for patients with serious infections.

AST technology

The AST technology in ASTar is continually used for extensive tests on clinically relevant pathogens in order to enable the future launch of additional tests in the future. In 2022 alone, Q-linea tested:

- ✔ **More than 1,100 different strains**, including several multidrug-resistant bacteria
  - » **30** different bacteria
  - » **Gram-positive** and **gram-negative** bacteria
  - » **Difficult-to-culture** bacteria that only grow in fastidious media
- ✔ **40 different antibiotics**
- ✔ A total of more than **50,000** bacteria/antibiotic combinations

ASTar provides rapid results when it counts

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

The disease mechanism of sepsis

When sepsis occurs, the immune system gets out of control and releases substances that cause blood vessels to leak fluid. Blood pressure drops, making it difficult for the body to provide critical organs with oxygen, frequently damaging organs such as the kidneys, heart and lungs. Amputation may be necessary in some cases due to extensive tissue damage, and in a worst-case scenario the overreaction of the immune system may cause a patient to die in only a few hours.

ASTar was developed for high sample throughput, and it offers the ability to handle peaks in the sample flow. ASTar can analyse up to 12 samples simultaneously.

ASTar has been developed in close consultation with clinics and microbiology laboratory staff in various countries in order to best respond to expectations of a system that must function in the current workflow. Aspects that have proven important, and that ASTar satisfies, are that the system is easy to use and fully automated, with an intuitive and user-friendly interface, that it starts quickly and easily, and that results are obtained quickly.

A large microbiology laboratory currently performs a substantial number of susceptibility tests, some of which are considered critical, such as those from positive blood cultures. To meet the daily sample throughput at a large laboratory, a system should handle 10–30 positive blood cultures per day.

Daytime laboratories also need to be able to analyse a large number of blood cultures that signalled 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 was developed for high sample throughput, and it offers the ability to handle peaks in the sample flow. ASTar can analyse up to 12 samples simultaneously as well as making it possible to load a new sample at any time provided that spare capacity is available.

ASTar Instrument achieved In Vitro Diagnostics Regulation (IVDR) status in 2022

The new EU In Vitro Diagnostics Regulation, IVDR (EU) 2017/746, came into force on 26 May 2022. Q-linea implemented all of the applicable requirements of the regulation in 2022, and the instrument received a CE marking under IVDR in May 2022.

An extended transition period has been implemented for products that require a notified body in order to receive a CE marking under IVDR, for reasons including the complexity of the new regulation and a shortage of capacity among notified bodies. However, no significant changes to products with CE markings under the previous directive may be made after 26 May 2022, and no new products may receive CE markings under the directive during the transition.

For the ASTar kit and analysis software, this means that the current CE marking under the previous directive can be used until 2026. Despite the delay, it has been an important objective for Q-linea to fully implement IVDR and to prioritise driving the certification process ahead in 2022. This will enable the implementation of significant changes to the products as well as the CE marking of new products in the same category.

Q-linea's notified body TÜV SÜD reviewed the technical documentation for the kit and analysis software in 2022, and concluded that the products meet IVDR requirements. TÜV SÜD also examined the Company's quality management system with respect to IVDR, and concluded that all requirements for IVDR certification have been met. Accordingly, Q-linea has been recommended for IVDR certification by all of the TÜV SÜD product assessment experts who performed the reviews.

Q-linea's achievement of a recommendation for IVDR certification from its notified body reflects its deep commitment to quality when it comes to its processes and products. It is also an important step in showing compliance with the latest requirements, guidelines and expectations. The recommendation eliminates earlier risks and uncertainties concerning the comprehensive requirements as well as notified body's interpretations and expectations in the absence of harmonised standards and guidelines, for example, which could have resulted in lengthy certification processes and the need for significant changes. Now that it has IVDR certification, Q-linea has the opportunity to make significant changes to its products, which would not have been possible during the transition period. IVDR certification allows new products in the same product category to be CE marked, and has given the Company a solid understanding of how the requirements are to be implemented and documented for new and existing products.

ASTar is a rapid and complete system

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.

ASTar is a groundbreaking platform

12

ASTar can analyse up to 12 samples simultaneously

ASTar – developed in cooperation with future customers

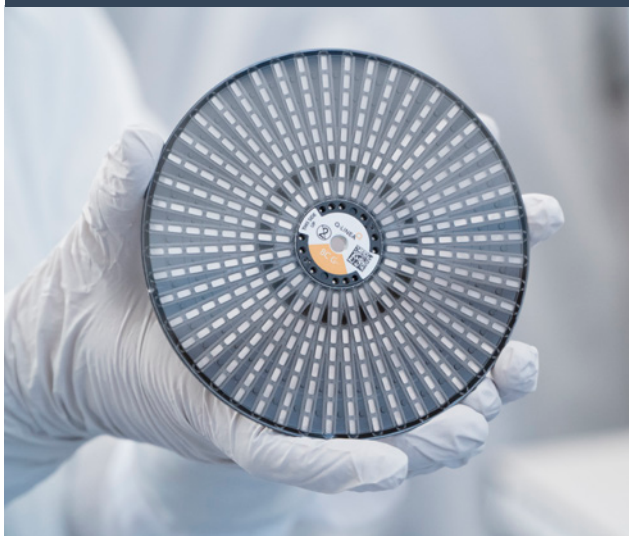
IVDR status was achieved in 2022

Cartridge

The cartridge contains all reagents and disposable articles needed for sample preparation, concentration determination, dilution and growth medium adaptation. The cartridge measures 12 x 11 x 6 cm.

- ✔ Contains a combination of frozen and room-temperature reagents
- ✔ A frozen insert is inserted into the cartridge before use
- ✔ Contains a function that filters millimetre-sized resin composites that are in many types of blood bottles and otherwise risk interfering with the analysis
- ✔ Has barcodes for identifying and linking the cartridge and patient sample
- ✔ Stored at room temperature

AST disc



The AST disc is used for concentration determination and susceptibility testing.

- ✔ Contains more than 330 wells with pre-filled antibiotics in various concentrations used for susceptibility testing, cabinets without antibiotics used for controls, and chambers used to determine the concentration in the added sample
- ✔ Contains a unique barcode for identification and linking to each respective sample preparation cartridge and patient
- ✔ Stored at room temperature

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.

ASTar is easy to use

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

1 Add positive blood culture and load consumables

The process begins with the user transferring the sample from the blood bottle to a specific position in the sample preparation cartridge. Next, the user selects a suitable AST disc/panel, which is loaded into the instrument. The disc's barcode is automatically scanned while it is loaded.

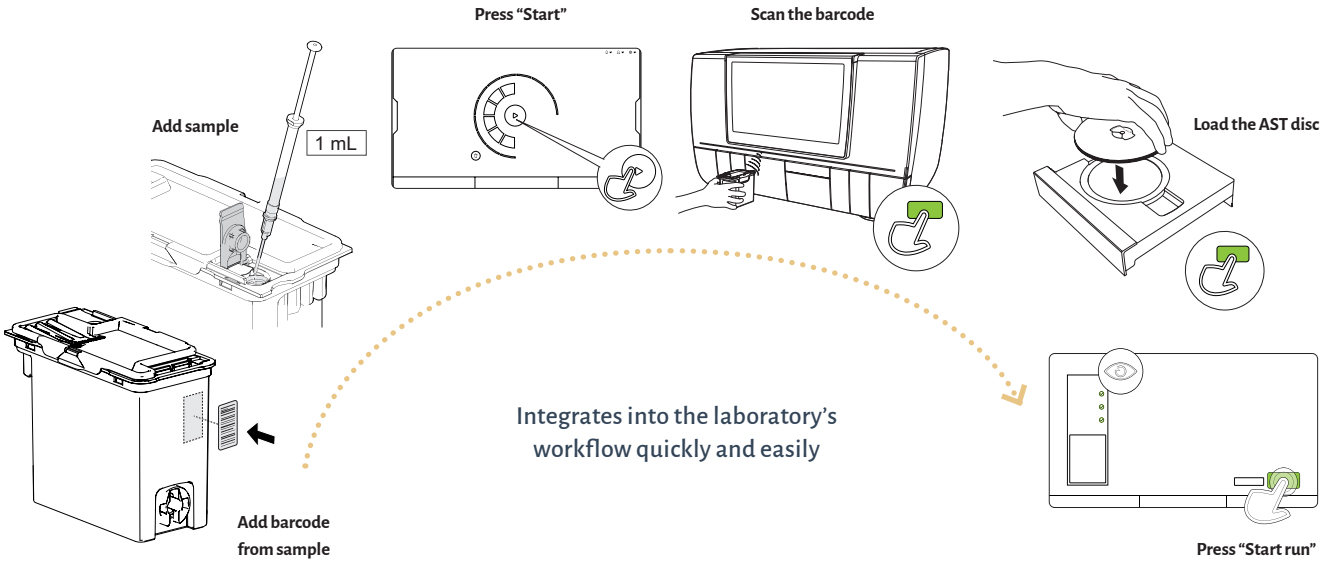
The next step is to scan the cartridge's patient barcode with a reader located on the instrument panel, after which the cartridge is loaded in the instrument. These are the only manual steps that the user needs to perform; all of the subsequent steps take place completely automatically inside the instrument.

2 Fully automated sample preparation

The instrument automatically isolates intact and viable bacteria from the sample and adds a growth medium for the subsequent susceptibility testing.

The next step is measuring the concentration of the isolated bacteria, which is done automatically in the system. Based on the measured concentration, bacteria are diluted in the growth medium to produce an accurate inoculum. This is an important prerequisite for obtaining stable data. The risk otherwise is that the MIC value could be affected by the bacteria concentration, producing incorrect results.

Anyone at the lab can load ASTar at any time



A subset of the sample is also diluted in a separately enriched growth medium to facilitate susceptibility testing of organisms that require special growth conditions (fastidious organisms). The capacity to simultaneously handle both types of organisms means that the analysis can begin without knowing the bacterial ID, which saves time.

The two bacterial growth media are loaded in the AST disc by the instrument's pipetting robot, at which point culture cabinets containing pre-filled antibiotics are filled through integrated microchannels.

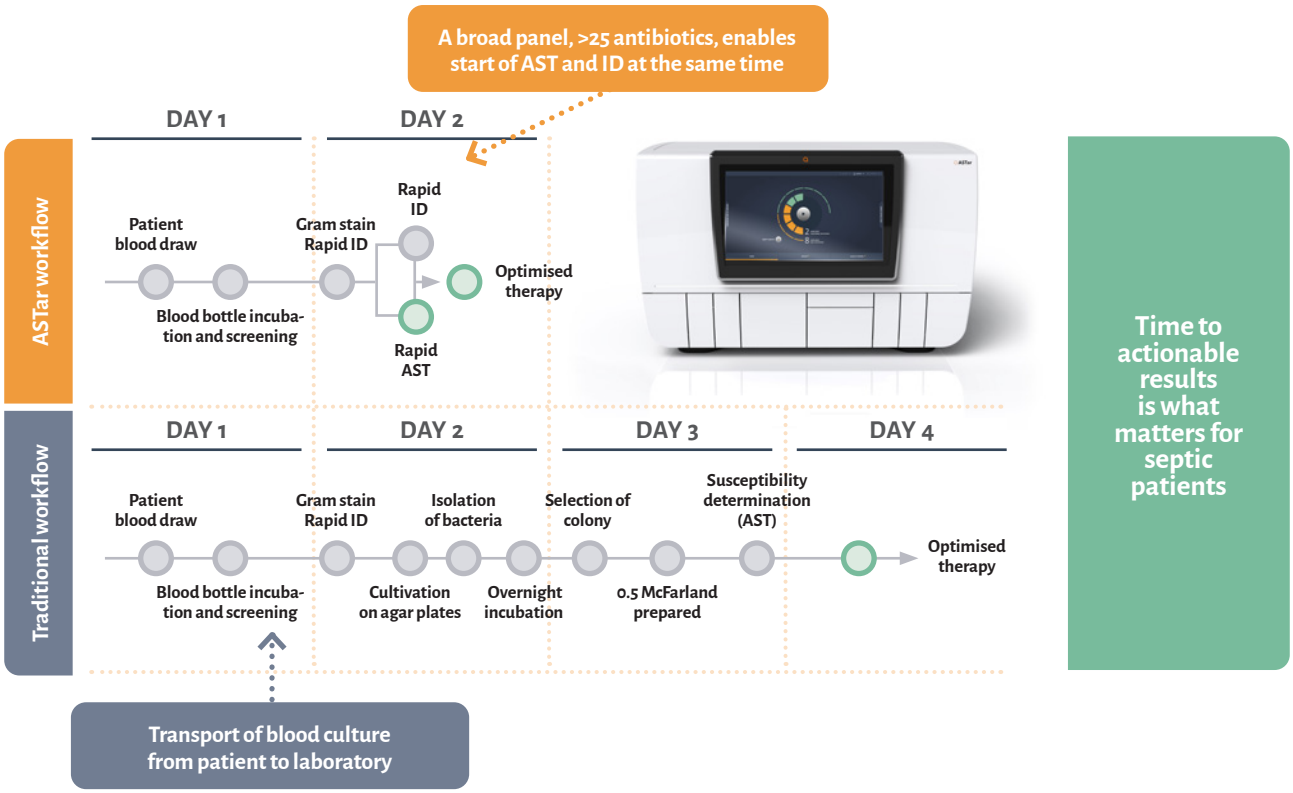
3 Susceptibility testing

The AST disc is automatically incubated in a temperature-controlled part of the instrument and the culture cabinets are read at regular intervals by a rapid high-resolution optical detection system. For each reading, the system moves the disc from an incubation hotel, where all the discs for analyses in progress are stored at a controlled temperature, to a read position.An image analysis algorithm
continuously evaluates the collected images to quantify the accumulated amount of bacterial biomass in the culture cabinets. When the incubation is completed, the curves showing biomass development for each type and concentration
of antibiotic are compiled.

The analysis can continue without knowing the bacterial ID up until this point. When the ID is available, MIC is determined for each antibiotic by a separate algorithm that also weighs in information about the bacterial ID. Using this value as the basis, bacteria can also be classified as susceptible (S), susceptible, increased exposure (I) or resistant (R) in terms of the current antibiotics.

The AST disc allows for several two-fold dilution steps of each antibiotic, which ensures sufficient coverage around the breakpoints, even if they change.

Results up to 48 hours faster



The objective is to be able to change patient outcomes for the better

Professor Gennaro De Pascale is Chief Medical Officer at the Department of Emergency Care, Anaesthesiology and Resuscitation Science at the largest hospital in Rome, Agostino Gemelli University Hospital. Dr. De Pascale is one of the investigators in the health economics study of ASTar, the Lifetimes Health Economics Research Study (HEOR)

Dr. De Pascale is one of the investigators in the health economics study of ASTar, the Lifetimes Health Economics Research Study (HEOR)

What needs do you see for rapid susceptibility testing?

We see a need for the rapid identification of multidrug-resistant bacteria, and a need for a rapid de-escalation of the use of antibiotics, and we hope that ASTar can meet these needs.

How do you hope that ASTar can help?

We hope that the system can increase the extent of early and appropriate treatment. Empirical and quasi-targeted treatments are not currently sufficient.

Would you need to change how you work in order to incorporate ASTar into your workflow?

No, only marginally, since we already have systems for rapid diagnostics (RDT systems).

How much do you believe that you would use ASTar?

As the largest hospital in Rome, and with the number of multidrug-resistant bacteria increasing, we would presumably use ASTar quite often.

Can you tell us a bit about the study?

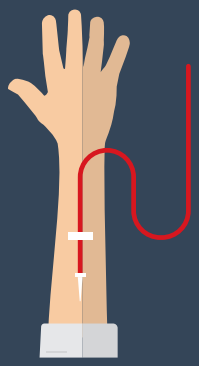
The study is exciting, and we believe it can run quite smoothly.

Do you believe that ASTar can change patient outcomes?

It depends on the multidrug-resistant risk profile and the disease's level of severity, but of course in the end the purpose of using ASTar is to be able to change patient outcomes for the better.

The antibiotic panel was recently expanded. How important is having a broad panel to you?

It's extremely important. Since multidrug-resistant bacteria are increasing – both the number and variants – the importance of a broad panel cannot be underestimated. It should also continue to be expanded.



ASTar's effect on antibiotic resistance and the management of serious infections

By providing MIC results in approximately six hours against a broad antibiotic panel, including new molecules, ASTar enables physicians to increase, reduce and optimise antimicrobial therapy faster when time is a matter of life and death. Critically ill patients frequently show variable and altered pharmacokinetics/dynamics, and then MIC values are necessary to avoid underexposure or overexposure to antimicrobial agents. Appropriate, sufficient and optimal antibiotic therapy can improve patient outcomes and antibiotic management by reducing the development of additional resistance and the emergence of other undesirable antibiotic-related effects, such as infections caused by *Clostridoides difficile*.

Health economics effects of AST results that are 24 hours faster

$2,500-20,000

Estimated cost savings per patient due to lower mortality and shorter hospitalisation[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 106.

The world's first portable blood culture unit

Q-linea's portable blood culture technology has been trademarked under the brand Podler®, and the concept was presented for the first time at the industry's most important European conference, European Congress of Clinical Microbiology & Infectious Diseases (ECCMID), in April 2022. Podler has been developed to be the first portable blood culture unit that can utilise transport time and expedite results for blood cultures.

While its Podler technology was under development, Q-linea had several extremely positive discussions with a number of major commercial firms that would be able to launch the product successfully. In July 2022, Q-linea received a letter of intent (LOI) for the evaluation and potential commercialisation of Podler with a large market-leading company.

Shortening lead times for blood cultures is vitally important when it comes to culture sensitivity and patient outcomes. Q-linea determined early on that the next major step to accelerate the time to treatment-supporting result is to shorten the time it takes for a blood culture to signal positive. Transportation of blood bottles is the main factor that delays the detection of bacterial pathogens in blood cultures[10].

The technology behind Podler makes it possible to provide results and treatment for all patients with blood infections in the fastest possible time, regardless of whether they live close to a large hospital or in a rural area and regardless of what time of the day and week they fall ill. Utilising transport time increases the likelihood that the patient will receive a diagnostic result that supports the choice of treatment as soon as possible, thereby preventing their condition from deteriorating.

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

The portable blood culture unit combines the transport of the blood culture with pathogen determination. Cultivation and detection of pathogens can begin immediately after sampling, thus considerably reducing the total time until optimal antibiotic treatment is administered, which can save many patients suffering from bacteraemia (the presence of bacteria in the blood) from a potentially fatal case of sepsis.

Studies have shown that even in cases where transport times are drastically improved, a significant share of patients treated at a central hospital with a laboratory experience a delay of more than three hours. For nearly all patients whose sample needs to be transported to the nearest central hospital, the delay is longer than six hours[11]. In other words, the greatest benefit for the patient can be achieved by shortening the transport time, rather than by further reducing the time for susceptibility testing.

Ultimately, Q-linea expects that Podler will make it possible to offer advanced diagnostics even in areas where microbiology analyses cannot currently be carried out by utilising the transport time for blood cultures, thereby enabling a result with a treatment recommendation within a clinically relevant time frame through services at central microbiology laboratories.

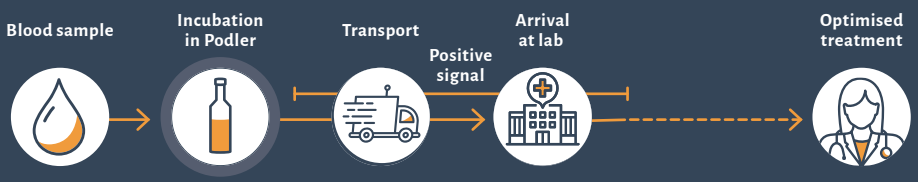
Podler has the potential to reduce the time to results for all sepsis patients, with the distance between lab and hospital no longer making a difference. This is a further step on the path towards equal access to healthcare.

Today, the Company has fully functioning Podler prototypes that are used to generate data and demonstrate performance. The next step is to move from prototypes to units ready for production in cooperation with a manufacturing partner.

Footnotes – see References on page 106.

Podler workflow | Traditional workflow

Podler workflow



Traditional workflow

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 percent to USD 5.55 billion by 2030[12].

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.

The market for portable blood cultures

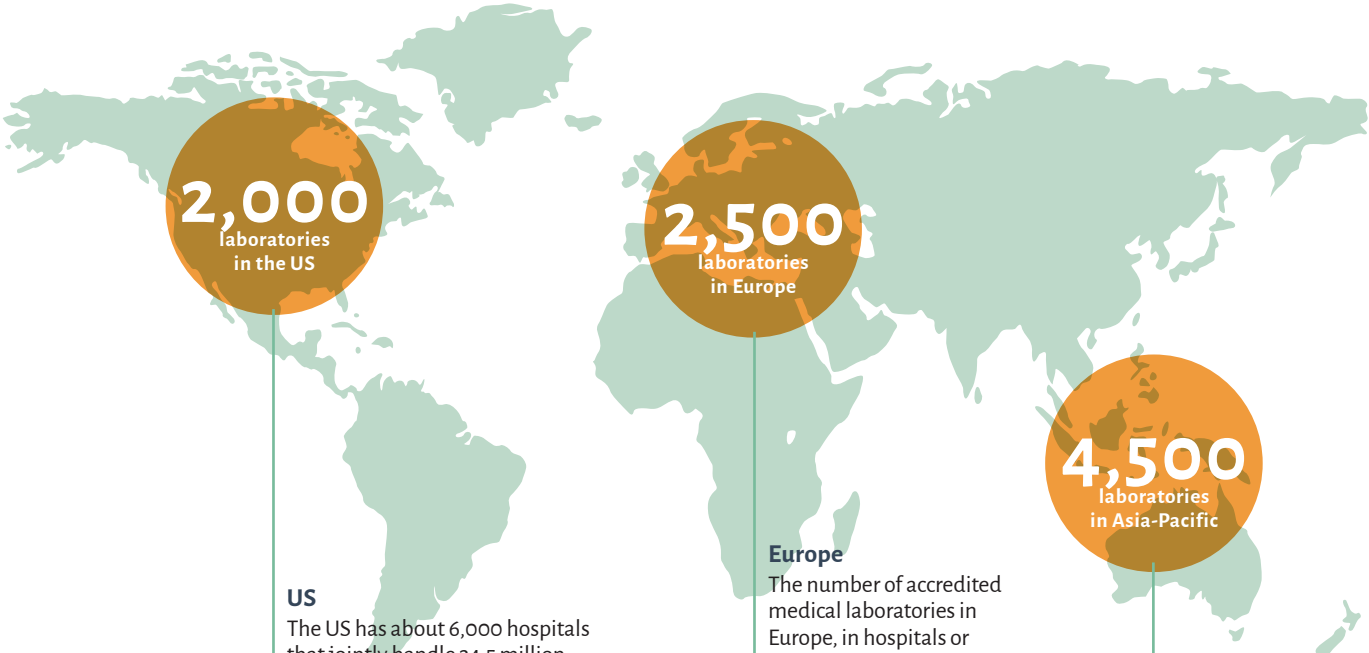
In many cases, the time it takes to transport blood bottles from satellite hospitals to central hospitals with microbiology laboratories lengthens the important time it takes to get a result. It can take more than ten hours for a sample to get to the laboratory, depending on when and where the sample is taken, and it is only once the sample has arrived that diagnostics can start. The ability to begin diagnostics immediately after the sample is taken and to use the transport time for analysis could save several hours in the workflow and enable improved and equivalent care regardless of when and where a sample is taken.

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.

Footnotes – see References on page 106.

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.

Evaluations of ASTar with successful results

Several evaluations of ASTar were performed in 2022. These evaluations generated successful results, which were presented in posters at ECCMID in Lisbon and the RICAI meeting in Paris.

When a new susceptibility testing technology is evaluated, a comparison is made with the established technology/standard of care. This means, for example, that positive blood samples are analysed for a period of time using both technologies and the results and workflows are compared. Many laboratories also want to test less common bacteria strains. For these cases, they use reference materials that they inoculate into blood and then analyse. Finally, the evaluation needs to produce the data needed to assess any effect that a rapid result could have on the clinical decision made by the physician.

Several evaluations of ASTar were performed in 2022. These evaluations generated successful results, which were presented in posters at ECCMID in Lisbon and the RICAI meeting in Paris. Laboratories that have experience with ASTar find that the system is easy to use and fulfils their performance requirements, and that the time it takes before they can provide a result to ordering physicians is significantly shorter with ASTar than with the standard of care. The entry of more companies into the susceptibility testing market is motivating customers to reconsider their current standard of care and prompting more evaluations and comparative studies.

“ASTar would be used around the clock. It’s not possible to predict when a patient sample with a resistant gram-negative organism will come in.

One of the hospitals that evaluated ASTar in 2022 is Whiston Hospital in the UK. Robert Price and Chloe Hylton are senior biomedical researchers at Whiston Hospital.

Why is it important to implement rapid AST?

The most important cause is the increase in resistant *Pseudomonas* and *Enterobacteriaceae*. We can see a small increase every year, especially in our blood cultures. Certainly we have good policies for antibiotic use, but rapid results are still useful. The UK authorities have established a goal of reducing the prevalence of gram-negative bacteraemia by 2026/2027. Rapid AST and correct antibiotic use can help achieve that goal.

How does ASTar differ from your existing equipment?

With ASTar, you can perform a susceptibility testing directly from a positive blood bottle. We are a 24/7 laboratory, which means that we have staff and resources around the clock. If a bottle is positive at one in the morning, we can have an answer in time for our medical consultant. What we want to focus on in the future is looking at how this coordinates with medical rounds in the department, and with the schedules of our multidisciplinary teams consisting, for example, of doctors and nurses who discuss patients and examine patient results. The earlier we get an answer, the better.

What are ASTar's most important properties?

We are still carrying out a validation process, but in the future we hope that we can use ASTar for especially resistant strains. We are employing EUCAST's guidelines for rapid AST in order to verify our traditional methods at an early stage. If there is an indication of resistance on our discs, then we can use ASTar to get an extremely rapid answer. When people come in with sepsis, we give them an empirical antibiotic treatment. Of course, as a nation we are trying to reduce and limit antibiotic use, but we also have quite high rates of resistance – especially for cephalosporins (a type of broad-spectrum antibiotic) – even when used locally, so we would use ASTar to both escalate and de-escalate the use of antibiotics.

Do you see a need to change your normal workflow once ASTar has been implemented?

ASTar fits in with our processes and systems since we are staffed around the clock, but we will still use our traditional methods. When we see signs of resistance, i.e. when we can see it on our discs, that's when we'll use ASTar. So ASTar would be incorporated into our processes without our needing to change them. The methods we presently use are quite inexpensive, so we would try to stratify with other diagnostics and use ASTar with the most critical patients. When you combine the two methods, the total time it takes to get an answer is 12 hours: first six hours for the traditional method for rapid AST according to EUCAST, then six hours for ASTar.

How much do you believe that ASTar would come into routine use in the future?

ASTar would be used around the clock. It's not possible to predict when a patient sample with a resistant gram-negative organism will come in. The majority of the bacteraemias we see at the hospital are gram-negative. Even if resistance in the case of bacteraemias is not yet as high as you might believe, it's creeping up by a few percentage points every year. It's therefore important to take action now that will help us in five years when things are different.

Do you believe that ASTar will change patient outcomes?

Yes, for the simple reason that we receive answers faster. At the moment, patients may undergo empirical treatment for 48 hours before we can change their treatment. Faster susceptibility testing has the potential to reduce that time. Reducing it by 24 hours would make an enormous difference. Once we've gone live, we'll conduct a large project to assess the clinical efficacy of rapid AST. It will be a truly interesting study.

How important is having a broad panel?

The breadth of antibiotics is extremely important, especially having newer antibiotics included. We are actually looking at changing our traditional methods, since they don't take newer antibiotics into consideration.

How could ASTar be improved?

Adding extra antibiotics would be good. For example, our doctors are extremely interested in cefiderocol. You should be aware of which new antibiotics are available in the future, and continue to update the panel and remain in line with EUCAST and its constantly changing breakpoints.

Continuous innovation

Q-linea's objective is for its technology and innovations to improve diagnostics for infectious diseases in the future, helping both patients and society.

ASTar CE-IVD is the first diagnostics product to reach the market, but there is more under way at Q-linea. ASTar enables rapid and optimal antibiotic treatment for septic patients, and Q-linea is continuously working to improve and develop new functionality in the system as well as supplying the market with innovative new solutions for faster infection diagnostics.

ASTar is a platform that in the future will be able to handle sample types other than positive blood cultures thanks to its adaptable consumables. Laboratories currently analyse samples from many different sites, such as urinary tract, respiratory tract, cerebrospinal fluid, wounds and intra-abdominal fluid (ascites).

The flexible design of the sample preparation cartridge combined with the AST disc make it possible to adapt the system to other types of samples such as isolates, urine, lower respiratory tract samples and sterile aspirates. This expanded capacity for ASTar is part of Q-linea's objective of helping make healthcare future-proof by providing transformative solutions for infection diagnostics. Q-linea's unique technology is protected by 24 patent families.

At ECCMID, the industry's most important European conference, in April 2022, Q-linea presented a new concept for smoothly working, comprehensive and rapid isolate analysis as a future expansion of ASTar's capacity, which was extremely well received. Since only the AST disc is used for the sample, the product can be offered at a lower price compared with Q-linea's fully automated analysis for positive blood cultures.

Q-linea is working on several other revolutionary technologies. The Company's bacterial ID and AST technology for diagnosing sepsis can be combined into a fully automated system, ASTrID®, that provides both ID and susceptibility testing directly from whole blood, meaning a positive blood culture is not necessary. The ASTrID concept has been clinically proven in partnership with Örebro University Hospital. It will be possible to smoothly integrate the products that Q-linea has under development with both ASTar and other laboratory workflows.

Q-linea's AST technology enables:

- ✔ **Susceptibility determination in three hours** – ESBL screening in three hours with a positive predictive value of 100 percent.
- ✔ **High sample throughput** – able to analyse up to 50 samples in a 24 hour period.
- ✔ **Expanded menu** – new applications including gram-positive bacteria and urine samples.
- ✔ **Semi-automated mode** – run in both fully automated and semi-automated modes, directly from clinical samples or isolates.

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. The AST disc is intended to be used for rapid isolate analysis in the future.

Strong study results laid the foundation for European market approval.

Strong study results – the foundation for market approval

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.

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.

Europe

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 percent. 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.

US

Q-linea's US clinical study for 510(k) clearance of ASTar began during the second quarter of 2021. The size of the US study was slightly larger than the European study, with an expanded analytical study according to the guidelines of the US Food and Drug Administration (FDA). The study at Q-linea was initiated with analytical and retrospective spike-in samples, after which the reproducibility phase of the study was conducted at two Swedish hospitals and at Q-linea. The final prospective part of the study included up to 150 prospective patient samples from each of the three hospitals in the US where ASTar was installed. Q-linea was able to submit a US market application to the FDA based on the results of the US study during the second quarter of 2022.

Q-linea submitted a 510(k) application for US market approval of ASTar to the FDA in June 2022.

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

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

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.

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

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 2022 Q-linea continue to review the Company in the three areas of environmental, 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 during 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 began in 2022 to be able to meet the requirements for ISO 14001 certification, which is a time-consuming process. 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. Certification itself is not expected until 2024.

Another objective for Q-linea's governance is better documentation of the Company's sub-suppliers. This work continued in 2022, and the ongoing processes for this purpose and how already established suppliers are to be monitored and evaluated are continually being refined. Q-linea updated the Company's supplier verifications in 2022 and is continuing to do so in 2023. In 2022, Q-linea drew up a Supplier Code of Conduct that all of its sub-suppliers are expected to comply with. It is available on Q-linea's website.

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 the Company's environmental policy during the year. The updated policy was adopted by the Board Of Directors in December 2022. The most important changes to the policy compared with 2021 are a clarification of the purpose of the environmental policy and the inclusion of an ambition to introduce ISO 14001 in order to take a structured approach to successful environmental work.

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 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.

Several people within the Company underwent ISO 14001 training in 2022, and training for management is planned for 2023.

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 their background and individual differences.

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 2022, 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.

Q-linea is on the Green List in Allbright's 2022 annual report, which surveys gender balance at the top level of the business world. Only 19 percent of the companies in the survey made the list for 2022. The companies on the list are ranked based on how close they are to a 50/50 allocation in the following priority: share of women on the management team, share of women in line positions on the management team, and share of women on the Board Of Directors. Q-linea came in 61st place out of 361 listed companies that were examined. 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 2022, Q-linea reviewed certain processes and determined that the development of existing employees needs to be more structured and active.

Some important objectives are to:

- ✔ Achieve a high level of dedication to the Company's operations and vision.
- ✔ Have low staff turnover and be an attractive employer for current and future employees. Average staff turnover (people who left their positions) has been around 5 percent in recent years. 12 people chose to leave their positions in 2022, corresponding to 8 percent of the average number of employees during the year.
- ✔ 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 several students who do their degree projects at Q-linea to complete their degrees. In addition, 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

In 2022 as in 2021, Q-linea accepted trainees from the Swedish Public Employment Service via the "Shorten the Path" initiative. Some of these people have permanent positions at Q-linea today.

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.

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.

By December 2022, 57 goals had been identified, 12 of them new for 2022. Some examples are separating infection protection grade 2 rubbish in the microbiology lab, charging options for electric cars at the production facility and joining REPA, an industry partnership for the recycling of packaging materials, as well as prioritising additive manufacturing over subtractive manufacturing where possible. 33 of these initiatives have begun, and 30 have been completed or implemented in the Company's operating activities.

The original plan for the employee initiative was to see what could be achieved within three years, i.e. by September 2023. Due to the programme's positive results, Q-linea is reviewing how the process can continue even after September 2023.

The Q-linea share

Q-linea AB (publ) is a Swedish public limited liability company whose shares have 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 310 million (3,338). The share is listed in the Mid Cap segment, but will be listed in the Small Cap segment beginning in 2023. The Company is classified as a healthcare 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 1,476,897.35 (1,476,897.35), distributed between 29,537,947 shares (29,537,947). Of the total of 29,537,847 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.

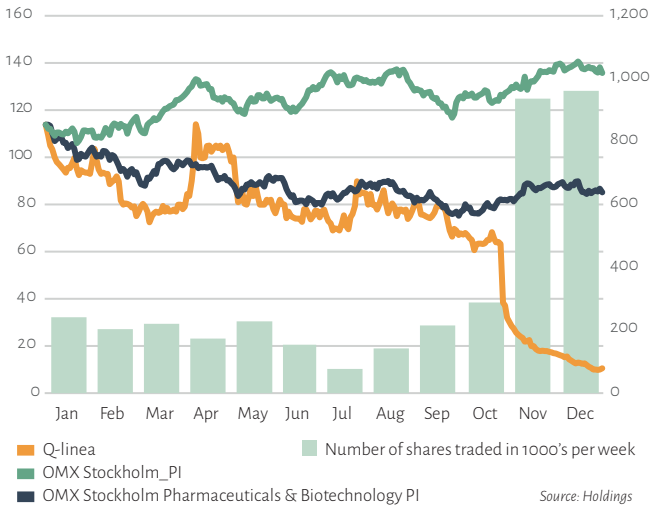
Share capital trend

	Number of shares, thousand	Share capital, SEK thousand
Opening balance at 1 January 2021	**27,338**	**1,367**
New share issue	2,200	110
Closing balance at 31 December 2021	**29,538**	**1,477**
Closing balance at 31 December 2022	**29,538**	**1,477**

Share turnover

In 2022, a total of 3.8 million (4.6) shares were traded at a value of SEK 187 million (652). An average of 15,199 (18,193) Q-linea shares were traded each day.

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 2022[1)]

	Number of shares	Number of shares and votes
Nexttobe AB	9,894,957	33.50%
Swedbank Robur Fonder	2,623,111	8.88%
Fourth Swedish National Pension Fund	2,391,536	8.10%
Investment AB Öresund	2,234,000	7.56%
Avanza Pension	1,392,037	4.71%
Third Swedish National Pension Fund	894,891	3.03%
The Confederation of Swedish Enterprise	621,500	2.10%
Futur Pension	513,609	1.74%
Mats Nilsson	497,320	1.68%
Ulf Landegren	461,580	1.56%
Delphi Fondsforvaltning AS	419,422	1.42%
The Swedish Cancer Society	386,912	1.31%
Skandia Fonder	328,926	1.11%
Q-linea AB	328,472	1.11%
Lancelot Asset Management AB	325,000	1.10%
Aktie-Ansvar Fonder	305,000	1.03%
SEB-Stiftelsen	293,450	0.99%
Jonas Jarvius	281,857	0.95%
Anders Wall	254,922	0.86%
Livförsäkringsbolaget Skandia	251,768	0.85%
Holdings, 20 largest shareholders	24,700,270	83.62%
Other shareholders	4,837,677	16.38%
Total number of shares	**29,537,947**	**100%**

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

Source: Monitor

Financial objectives

Until the launch 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's sales are currently primarily attributable to income from prototype manufacturing. Q-linea will continue to focus on further developing ASTar and related applications as well as preparing for the launch of ASTar. Q-linea will also allocate resources for expanding its project portfolio.

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 2022, Q-linea had three share-based incentive programmes in the form of employee share option programmes. One performance-based incentive programme (LTIP 2019) 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 55-57 as well as in Note 10.

Analysts

These analysts regularly follow Q-linea's performance:

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- Adam Karlsson: adam.karlsson@abgsc.se

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Contents Board of Directors' Report and financial statements

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 2022 financial year. All figures pertain to 2022 and are compared with the 2021 financial year, unless otherwise stated. However, some of the comparative figures have been restated compared with how they were presented in previous financial reports, see the section "Financial reporting" below.

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 is also working on the development of a portable blood culture unit called Podler. The Podler technology, which is currently under development at Q-linea, 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.

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. Today, Q-linea is an interdisciplinary, highly motivated team that operates out of state-of-the-art, customised facilities in Uppsala Science Park.

Significant events during the financial year

Commercial development

During the year, ASTar and related consumables were sold to Q-linea's sales partner Thermo Fisher Scientific under a global distribution agreement concluded between the parties in 2020. However, in 2022 Thermo Fisher changed its long-term strategy in diagnostics in order to focus on media activities. In October 2022, the parties therefore reached an agreement to terminate the partnership agreement. Q-linea will instead continue to develop its activities in the European and US markets and sell its products either directly or through local partners. This strategy led to the decision to establish a subsidiary in the US, Q-linea, Inc., at the end of the year, with the aim of marketing the Company's products in the US.

During the year, Q-linea participated in several international exhibitions, including ECCMID (European Congress of Clinical Microbiology and Infectious Diseases) in Lisbon in April and its US counterpart, ASM Microbe (American Society for Microbiology), in Washington in June.

ASTar, as well as Q-linea's new product concept Podler, a portable blood culture unit, have consistently been met with considerable interest from potential future partners and customers.

Product development

Q-linea has continued its activities in technical development and clinical evaluation of ASTar as well as regulatory processes, and a number of key milestones were announced during the year:

- In January, it was announced that the antibiotic panel for ASTar had been expanded with 18 combinations of antibiotics and bacteria and thus now covers 222 combinations.
- In summer 2021, Q-linea's former partner Thermo Fisher Scientific carried out a commercial study with assistance from Q-linea at various laboratories in several locations across Europe. The study included nearly 500 routine clinical samples. The results of the evaluation were published in February 2022 and showed that ASTar's performance was very robust, with only one service intervention throughout the study.
- On 2 April 2022, the Company was able to announce that ASTar has been designated by the FDA as a "breakthrough device", which means that the product is considered to provide a more effective treatment of a severe disease than existing equivalent products. The designation is intended to speed up the regulatory process in order to give patients access to new and more effective treatment options more quickly.

- In May, it was announced that Q-linea had achieved In Vitro Diagnostics Regulation (IVDR) status for its ASTar instrument under the IVD Regulation ((EU) 2017/746), which replaces the previous directive (98/79/EC). CE marking under IVDR is a requirement for continuing to release products in the market after the transition period.
- On 9 June 2022, it was announced that a market application had been submitted to the FDA. Q-linea has since been in regular contact with the FDA during the application process.
- In December, it was announced that Q-linea will be participating in a study comparing the advantages of three different systems for rapid AST over the current standard of care. Some 240 patients treated for gram-negative septicaemia will be included in the study, to be conducted at a large European hospital. Septicaemia is a bacterial infection that spreads in the bloodstream and sepsis can be the body's response to that infection. Positive blood culture samples will be analysed using three rapid AST phenotypic systems. Diagnostic performance, workflow adaptation and reduction of time to optimal antibiotic therapy for the three systems will be compared with the current standard of care approach.
- Q-linea has also continued to develop its Podler product and in July 2022 a large market-leading company signed a letter of intent (LOI) for an evaluation and a potential commercialisation partnership for Podler.

The Annual General Meeting

In addition to the matters normally addressed, the Annual General Meeting in May 2022 voted to re-elect Erika Kjellberg Eriksson, Mats Nilsson, Marianne Hansson, Per-Olof Wallström, Hans Johansson and Mario Gualano as directors and to appoint Nina Korfu-Pedersen as a new director. Erika Kjellberg Eriksson was re-elected Chairperson of the Board. Markus Storch informed the Nomination Committee before the Annual General Meeting that he would not stand for re-election.

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 SEK 295,379.47. 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 2022/2025"), to be conditional on participants entering into an option agreement with the Company. Employee share options can be allotted 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 incentive programmes (2020 and 2021).

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 the programme. The maximum dilutive effect of Employee Share Option Programme 2022/2025 is estimated at approximately 1.30% of the Company's share capital and voting rights (calculated based on the number of existing shares of the Company at the time of the notice of Annual General Meeting), if all employee share options are exercised as well as warrants issued to cover cash flow effects from potential social security contributions.

Financing

In November 2022, Q-linea's principal owner, Nexttobe, issued a SEK 100 million loan commitment. The loan is interest-free, has no time limit and is intended to be converted into shares if the Company issues new shares in the future. Any conversion will be made at the current exchange rate. The borrowing conditions were renegotiated in the first quarter of 2023, and the intention is that market interest on the amount paid out will be paid over the term of the loan.

Significant events after the end of the financial year

Q-linea entered into a distribution partnership for the ASTar instrument and consumables for the UK market with Pro-Lab Diagnostics.

The Company received certification under the new and more comprehensive EU IVDR. Under IVDR, IVDR certification is a condition for CE-marking the ASTar BC G- kit. The ASTar instrument has been CE-marked under IVDR since May 2022.

Q-linea initiated additional testing for its 510(k) application in the US following feedback from the FDA to verify performance improvements that occurred after the 510(k) application for US marketing authorisation for ASTar was originally submitted in June 2022, in order to support the application. Q-linea AB presented 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. 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 8–12 people. Q-linea's

majority owner, Nexttobe, fully supports the strategy and has expanded the current loan facility from SEK 100 million to SEK 200 million. As with the initial loan offer, any future conversion of debt to equity will be made at the exchange rate prevailing at the date of the conversion.

Q-linea announced that the Company had hired Christer Samuelsson as CFO and IR Director. Christer Samuelsson will take up his post on 1 May 2023, replacing Anders Lundin, who has held the role since 2018. Anders Lundin will step down from his role in connection with the Annual General Meeting in May.

Q-linea announced that the company has received the first two orders for ASTar instruments from Pro-Lab Diagnostics in the UK. The instruments will be utilized at upcoming exhibitions and in future customer evaluations.

In alignment with Q-linea's commercialisation strategy and to make ASTar commercially available to more customers in Europe, the company has signed a non-exclusive distribution agreement for Poland with Integra SPO z.o.o. The ambition is to continue partnering with strong distributors in other areas during the year.

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 a 510(k) application for regulatory approval in the US for ASTar and analysis of gram-negative bacteria from positive blood cultures to the FDA in June.

The Company has continued to develop consumables 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 also continued to make major progress in the development of its next intended product, a portable blood culture system that is trademarked under the trademark Podler. The aim of Podler is to be able to offer faster results for all patients with positive blood cultures. Podler makes it possible to begin testing for the presence of bacteria in the blood immediately after a sample is taken from the patient. Today, most of these samples have to be transported to a central laboratory, resulting in long lead times – often more than ten hours. Podler can use the entire transport time for analysis, thereby significantly shortening the time it takes to show the presence of bacteria in the blood and thus the time to correct patient treatment.

In April 2022, Q-linea presented the Podler concept at ECCMID, the largest and most important European scientific congress for clinical microbiology and infectious diseases. The Podler system consists of a docking station and the Podler units, which are self-contained blood culture cabinets that incubate, agitate and detect growth in blood bottles. The

Multi-year overview

Amounts in SEK thousand	2022	2021	2020	2019	2018
Earnings					
Net sales	12,788	9,335	243	1,005	1,066
Operating result (EBIT)	-262,247	-232,033	-221,543	-179,115	-127,366
EBITDA	-246,961	-219,844	-215,442	-174,988	-124,329

	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018
Financial position					
Total assets	229,916	484,460	412,233	374,407	539,068
Cash and cash equivalents, short-term and long-term investments	72,878	346,713	331,256	327,456	504,438
Equity	163,190	430,454	380,197	340,994	513,458
Equity/assets ratio, %	71	89	92	91	95
Debt/equity ratio, %	neg	neg	neg	neg	neg

For definitions of performance measures, refer to Note 28 "Definitions of performance measures". The figures for the years 2021 and 2022 are for the Group, while previous years refer to the Parent Company as the Group consisted only of the Parent Company during these periods, see the section "Financial reporting" below.

feedback from visitors to the Q-linea stand was very positive, and the advantage of using valuable transportation time to start the incubation was already noticeable, especially in environments where a central hospital laboratory (hub) serves a number of satellite hospital sites (spokes). The concept was also presented at ASM 2022 in Washington, where it elicited similar positive feedback and considerable interest.

At the end of 2022, Q-linea's IP portfolio comprised 17 different patent families and five registered design families, with a total of 154 patent applications and registered designs in various geographies. In total, at the end of 2022, Q-linea had 72 patents granted in various geographies, six of which were granted in 2022. 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 established 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 2022:

- Completed premises for handling antibiotics internally.
- Developed methods and equipment for filling and drying of antibiotics.
- Developed the process to meet future demand.
- Optimised the production process to minimise the risk of production errors.
- Extended durability studies showing a shelf life of 12–18 months for the consumables.
- The Company's activities were reviewed both internally and externally through TÜV SÜD in relation to ISO 13485 and IVDR, with positive results and few deviations.

Commercialisation

The Company got its first customer at the beginning of the year, which was of course a very encouraging and important development. Q-linea's sales partner Thermo Fisher Scientific also carried out several evaluations of potential customers during the year. An evaluation is an important first step in the sales process, and the evaluations resulted in positive feedback on ASTar.

At the end of October 2022, Q-linea's partnership with Thermo Fisher Scientific ended and the Company could now take full control of the commercialisation process. Q-linea began work on strengthening its sales organisation in key geographies and initiated discussions with potential distribution partners. Q-linea also participated in a study comparing three systems for rapid AST. The study is being conducted by an independent hospital and the results could become an important basis for the future marketing of ASTar in the European market.

An important step towards the commercialisation of ASTar in the US was the submission of a 510(k) application to the FDA in June, which is aimed at obtaining marketing authorisation in the US. Another important step was the IVDR certification to meet the new and stricter requirements for in-vitro diagnostic products. The ASTar instrument obtained IVDR status in May and the Company as a whole was approved by TÜV SÜD in October. IVDR status enables Q-linea to both launch new products and update existing products for the European market.

Financial reporting

As mentioned above, see the previous section, Q-linea AB established a subsidiary in the US, Q-linea Inc., in November 2022. 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 first time, in addition to the Parent Company annual report. This change has also required some restatement of Parent Company financial statements for previous periods in accordance with IFRS rules.

A full description of the consequences for the financial statements of the adoption of IFRS is provided in Note 4 "First-time adoption of IFRS and changed Parent Company accounting policies".

Income, expenses and earnings

Net sales for the full year totalled SEK 12,788 thousand (9,335), up SEK 3,453 thousand. The increase in sales was mainly attributable to Q-linea's sales of ASTar instruments and associated consumables.

Other operating income for the full year amounted to SEK 1,817 thousand (450), an increase of SEK 1,367 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 -17,017 thousand (2,165) for the full year, mainly due to increased sales of Q-linea's products and the placement of ASTar for clinical studies.

Costs for raw materials and consumables as well as goods for resale for the year totalled SEK 17,151 thousand (36,529).

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

Other external costs totalled SEK 80,695 thousand (84,371), a decrease of SEK 3,676 thousand. The change is largely attributable to the completion of clinical studies.

Personnel costs totalled SEK 145,639 thousand (110,512), an increase of SEK 35,127 thousand that is mainly attributable to a higher number of employees. The performance share-based programme LTIP 2019 expired in December when the Board made the assessment that the performance targets had not been achieved. The dissolution of costs in previous periods since the start of the LTIP 2019 programme and costs for the remaining employee share option programmes amounted to SEK -1,840 thousand (-6,452) for the full year.

Costs for depreciation, amortisation and impairment of tangible and intangible assets amounted to SEK 15,286 thousand (12,188). This cost increase was primarily attributable to Q-linea's investments in expanded laboratory capacity and ASTar instruments used in clinical studies, which are now being depreciated.

Other operating expenses amounted to SEK 1,064 thousand (383) for the year and pertained primarily to exchange-rate losses.

The operating result totalled SEK -262,247 thousand (-232,033) for the full year compared with the preceding financial year. The larger operating loss was mainly attributable to the planned increase in operating expenses in accordance with the adopted business plan.

The result from financial items totalled SEK -6,447 thousand (598) for the full year. Realised exchange losses from the sale of fixed-income funds and bonds exceeded interest income for the quarter and the year, leading to the negative result from financial items.

No tax was recognised for 2022 or 2021.

The result for the year totalled SEK -268,694 thousand (-231,435).

Financial position

Cash and cash equivalents at the end of the financial year totalled SEK 72,878 thousand (15,089). 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. The capital in listed bonds is placed in several sectors with a diversified maturity at both variable and fixed interest rates.

At the end of the year, Q-linea's short-term investments amounted to SEK 0 thousand (150,722), with the amount for 2021 consisting of fixed-income funds and the short-term component of listed corporate bonds. The fixed-income funds consist of low-risk securities and other interest-rate instruments, which totalled SEK 0 thousand (91,295) at the end of the year. Q-linea's short-term component of the listed corporate bonds was recognised at an amount of SEK 0 thousand (59,427) on the balance sheet date.

Financial assets totalled SEK 3,047 thousand (183,950) on the balance sheet date, a decrease of SEK 180,903 thousand compared with 2021. The change was attributable to Q-linea having sold bonds amounting to SEK 173,878 thousand (5,150) and invested SEK 12,000 thousand (301,400) in new bonds. The remaining amount is attributable to the reclassification of corporate bonds to the short-term category as well as changes in accrued interest and credit reserve.

At the end of the year, Q-linea held listed corporate bonds with a total value of SEK 0 thousand (240,329), of which SEK 0 thousand (59,427) has been classified as short-term investments and SEK 0 thousand (180,902) as financial assets. Other financial assets mainly consisted of participations in EMPE Diagnostics AB amounting to SEK 2,997 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 163,190 thousand (430,454), the equity/assets ratio to 71% (89) and the debt/equity ratio to -45% (-81).

Cash flow and investments

Cash flow from operating activities for the full year amounted to SEK -250,863 thousand (-249,226). The change in cash flow during the year was mainly due to a lower operating result, which was partly mitigated by an improved change in working capital.

Cash flow from investing activities for the full year amounted to SEK 315,254 thousand (-23,983), of which SEK 17,249 thousand (12,135) refers to investments in tangible assets.

During the year, Q-linea invested SEK 70,000 thousand (176,134) in short-term investments, of which SEK 0 thousand (160,000) was invested in interest-bearing funds and SEK 70,000 thousand (16,135) in short-term listed bonds.

During the year, Q-linea also divested short-term investments totalling SEK 331,958 thousand (363,231). Q-linea invested SEK 12,000 thousand (204,095) in financial assets during the year. Q-linea only invests in listed bonds that have the highest rating from S&P and Moody's. In addition, Q-linea divested financial assets valued at SEK 82,545 thousand (5,150) during the year.

Cash flow from financing activities for the year amounted to SEK -6,604 thousand (278,153) and pertained to repayments of lease liabilities and repayments to credit institutions. Loans to credit institutions are repaid in full. During the comparative year 2021, Q-linea carried out a directed issue that raised gross proceeds of SEK 301,400 thousand. Issue costs totalled SEK 17,335 thousand.

Future financing and development

Q-linea's product, ASTar, has been approved for sales in Europe. 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, negotiations with new and existing investors, financiers and lenders, and securing resources to ensure the realisation of future forecast revenue streams.

At 31 December 2022, Q-linea had available cash and cash equivalents of SEK 72.9 million as well as an unutilised loan facility of SEK 100 million from the Company's principal owner Nexttobe. After the end of the year, Nexttobe expanded the loan facility by a further SEK 100 million. The available cash and cash equivalents and the total loan facility of SEK 200 million are deemed sufficient to cover the liquidity needed for the Company to conduct its planned operations for the next 12 months. According to the Board's assessment, the operations are financed for the year, and efforts are under way to secure additional financing. If these efforts take longer than expected or do not proceed as planned, the Group has the capacity to reduce its activity and cost levels and thereby make its liquidity last longer. In light of the work being done to pursue potential financing options and recent developments at Q-linea, the Board considers Q-linea's prospects to finance its operations to be favourable.

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 151 (136) employees at year-end, 65 (59) of whom are women. The number of consultants at year-end was 18 (37), 5 (12) of whom are women. The average number of employees during the financial year was 150 (120).

Total salaries, remuneration and social security contributions amounted to SEK 136,169 thousand (104,868). Reversal of personnel costs for the LTIP 2019 programme, which ended in 2022 and for which provisions have been made continuously since 2019, 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 10.

The share and shareholders

The Company's three largest owners at year-end were Nexttobe AB, Swedbank Robur Fonder and the Fourth Swedish National Pension Fund. 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 34–35.

At 31 December 2022, the Company had 29,537,947 shares, of which 328,472 were treasury shares. For more information, refer to the section "Corporate Governance Report" and pages 48–57.

Legal considerations

Q-linea is not, and has not during the past 12 months, been a party to any legal proceedings or arbitration proceedings that have had or could have a material impact on Q-linea's financial position or profitability. 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 2022 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. In 2022, this work continued as Q-linea prepared a Code of Conduct for Suppliers which the Company's sub-sub-suppliers are expected to adhere to. The company's processes for monitoring and evaluating existing suppliers have also been developed continuously.

For information on the Company's sustainability agenda, see pages 30–33.

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 5.

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 now has the first ASTar product approved for sales in Europe. 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 2022, 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 known 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. Delays may also arise as a result of the ongoing Covid-19 pandemic, since clinical partners may have limited availability as a result of national guidelines. 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.

In May 2021, ASTar received 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. IVDR became effective on 26 May 2022 for the ASTar instrument and will become effective in 2026 for the Company's consumables and analysis software.

The Company has chosen the notified body TÜV SÜD in Germany for ISO-13485 certification of its quality management system and IVDR certification. An audit for ISO-13485 certification was successfully completed in 2021, and the Company was deemed to meet the ISO-13485 standard. IVDR audits of both product documentation and quality systems were conducted by TÜV SÜD in 2022 with the result that Q-linea was considered to meet the requirements for product certification under IVDR for ASTar consumables and analysis software.

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. The Company has applied for extended testing with the FDA prior to approval, and the FDA has designated ASTar as a "breakthrough device".

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 ongoing commercial launch phase and in an expansion phase. 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 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 has historically had very low employee turnover and a good ability to attract new employees. The Company therefore 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 the US in 2022. 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.

The effect of Covid-19 on operations

Q-linea took action to protect its employees, assume its responsibility in society and at the same time minimise the risk that the pandemic would have a negative impact on the Company's operations. However, in the current climate we have welcomed all of our employees back to the office while continuing to offer a flexible way of working and taking the positive aspects of this approach with us into the future.

It is currently difficult to estimate the future effect on Q-linea's operations given that certain areas are under constant change. We have started to see positive effects as well as a certain degree of uncertainty in the following significant areas, which could be subject to the effects of the pandemic:

- The timeframe of planned clinical studies, if hospitals are tied up with activities related to SARS-CoV2 and Covid-19. The possibility to visit hospitals during the study, given that this could be limited during certain periods and in certain regions.
- Delays in commercialisation if customers are less available and purchasing decisions take more time as a result of the pandemic.
- Expense levels and financing strategy.

Shortage of components that are necessary for the ASTar instrument, which could also apply for consumables. Last year, the Company placed additional orders for key components for ASTar instruments in order to be able to manage deliveries while maintaining a safety stock for future deliveries. Q-linea is monitoring the ongoing situation very closely and will implement further measures as required and keep the markets informed if the assessment of the potential impact changes significantly. It is currently impossible to estimate the ultimate impact on the Company.

The situation in Ukraine

The devastating war in Ukraine is a tragedy, and our thoughts are with all of the people affected. The war's impact on the Company is very difficult to predict, but at present the assessment of management and the Board of Directors is that:

- The Company's operations are not dependent on Russian or Belarusian suppliers or customers, and the Company has no operations in these countries.
- Costs for fuel, energy, shipping, raw materials and certain insurance could increase further, which will impact the Company's expense levels, although only to a limited extent.

Q-linea is following the events closely.

Proposed appropriation of unrestricted equity

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

	SEK
Share premium reserve	1,234,971,886
Retained earnings	-805,315,990
Result for the year	-269,503,230
Total	**160,152,665**

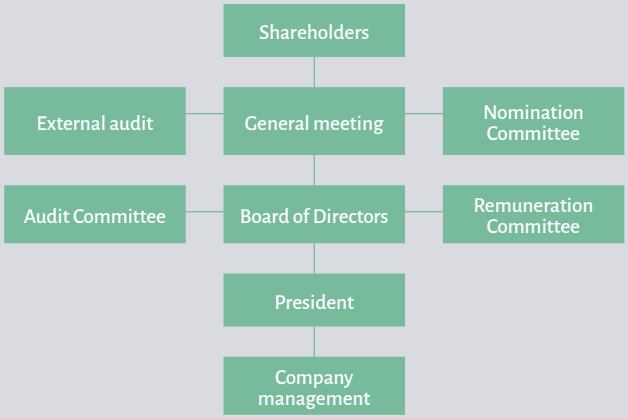
The Board proposes that profit be appropriated as follows: SEK 160,152,665 to be carried forward. The Board proposes to the Annual General Meeting that no dividend be paid for 2022. For more information concerning the Company's earnings and financial position, refer to the following income statement 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 2022. 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 2022 amounted to SEK 1,476,897.35, distributed between 29,537,947 shares, oh which 29,537,947 were ordinary shares and 0 were Class C shares. The shares' quotient value is SEK 0.05. Of these 29,537,947 shares, 328,472 are treasury shares held by the Company. As of 31 December 2022, 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 33.50% (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 34–35.

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.

2022 Annual General Meeting

In addition to standard matters, the following resolutions were passed at the Annual General Meeting on 24 May 2022:

- To re-elect directors Erika Kjellberg Eriksson, Mats Nilsson, Marianne Hansson, Per-Olof Wallström, Hans Johansson and Mario Gualano, and to elect Nina Korfu-Pedersen as a new director. Erika Kjellberg Eriksson was re-elected as Board Chairperson. Markus Storch informed the Nomination Committee before the Annual General Meeting that he would not stand for re-election.
- To appoint the registered accounting firm Öhrling PricewaterhouseCoopers AB as auditor.
- To introduce an employee share option programme ("Employee Share Option Programme 2022/2025") 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 295,379.47. 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.

2023 Annual General Meeting

Q-linea's 2023 Annual General Meeting will be held at 4:00 p.m. on Tuesday 23 May 2023. 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 4 April 2023.

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 24 May 2022, 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 2022, 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 2023 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 2024 Annual General Meeting.

Ahead of the 2023 Annual General Meeting and until a new Nomination Committee is appointed, the Company's Nomination Committee consists of Erika Kjellberg Eriksson (Nexttobe AB), Oscar Bergman (Swedbank Robur Fonder) and Öystein Engebretsen (Investment AB Öresund). Oscar Bergman 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 Marianne Hansson, Hans Johansson, Nina Korfu-Pedersen and Mario Gualano to be independent from 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.

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

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	16(16)	6(6)	8(8)
Mario Gualano	Director	Director since 2021	Yes	Yes	16(16)		
Mats Nilsson	Director	Director since 2008, Chairperson 2008–2013	No	Yes	16(16)		
Marcus Storch [1]	Director	Director since 2018	Yes	Yes	5(5)		
Nina Korfu-Pedersen [2]	Director	Director since 2022	Yes	Yes	11(11)	3(3)	
Marianne Hansson	Director	Director since 2018	Yes	Yes	16(16)	3(3)	8(8)
Per Olof Wallström	Director	Director since 2018	Yes	No	15(16)	6(6)	
Hans Johansson	Director	Director since 2018	Yes	Yes	16(16)		
Total number of Board and Committee meetings					**16**	**6**	**8**

1) *Marcus Storch declined re-election at the Annual General Meeting held on 24 May 2022.*
2) *Nina Korfu-Pedersen was elected as a new director and replaced Marianne Hansson as a member of the Audit Committee in connection with the Annual General Meeting on 24 May 2022*

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 2022 Annual General Meeting, the Audit Committee comprises Erika Kjellberg Eriksson (Chairperson), Nina Korfu-Pedersen and Per-Olof Wallström.

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 Marianne Hansson (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 24 May 2022 resolved that an annual fee of SEK 440,000 should be paid to the Board's Chairperson and an annual fee of SEK 220,000 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. The Annual General Meeting also resolved that a fee would not be paid to Erika Kjellberg Eriksson if she is elected in accordance with the Nomination Committee's recommendation.

For the 2021 and 2022 financial years, remuneration was paid according to the table in Note 10.

Work of the Board in 2022

In 2022, the Board of Directors held 16 meetings at which minutes were taken. The participation of individual directors at these meetings is shown in the table on page 50. 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 2022, 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 continuously evaluates its work, in accordance with the rules of procedure for the Board, through open discussions within the Board and through an annual Board evaluation. In autumn 2022, the annual evaluation of the performance of the Board was carried out through individual discussions with the Nomination Committee and with the Company's Board Chairperson. The discussions centred on previous evaluations and the Company's current situation. The results were consistently positive and have since been discussed in the Nomination Committee and formed the basis for 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 the Company's President Jonas Jarvius, 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 2022 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	2,630	10,420	13,049
Variable pay	581	1,683	2,264
Benefits	-	-	-
Other remuneration	-	-	-
Share-based remuneration [1)]	- 89	-448	-537
Subtotal	**3,121**	**11,654**	**14,776**
Pension	653	3,002	3,656
Total	**3,775**	**14,657**	**18,431**

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: In the latter part of the year, Q-linea ended its commercial collaboration with Thermo Fisher Scientific and then focused on implementing an updated marketing 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. 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. Q-linea will continue to assess business opportunities for Podler, which may include partnerships on development, licensing or, alternatively, 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 and products.

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. The existing long-term share-based incentive programmes (Employee Share Option Programmes 2020/2023, 2021/2024 and 2022/2025) contain performance requirements linked to the business strategy.

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 2022 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.

Long-term incentive (LTI) programmes

LTIP 2019

The Annual General Meeting on 22 May 2019 resolved that a long-term incentive programme (LTIP 2019) 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 2019. The programme measures performance over a three-year period starting in December 2019 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 2022, the Board of Directors made the

assessment that the performance targets for LTIP 2019 had not been achieved at the end of the programme. The Board decided that all 40,990 outstanding performance share rights in the programme would therefore expire.

Employee Share Option Programme 2020/2023

The Annual General Meeting on 26 May 2020 resolved to introduce an employee share option programme (Employee Share Option Programme 2020/2023) for the Company's employees. The employee share options were allotted free of charge in June 2020. The programme measures the fulfilment of certain strategic and operational targets established by the Board, and employees may acquire one ordinary share in the Company after a vesting period of three years. 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 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

Performance Share Incentive Programme 2019 (LTIP 2019)

The Annual General Meeting on 22 May 2019 resolved that a long-term incentive programme would be implemented in the form of a performance share-based programme.

The programme measures performance over a three-year period starting in December 2019 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. The performance share rights are earned as the performance targets are met.

As of 31 December 2019, when the programme was closed to new participants, 40,990 performance share rights had been allotted free of charge to participants in the programme.

Actual number of performance share rights allotted

Category	No. of participants	No. of performance share rights allotted per participant	No. of performance share rights allotted per category
Management team	2	12,620	25,240
Other key employees	3	5,250	15,750
Total	**5**	**–**	**40,990**

The value of each performance share right is SEK 56.00 and is based on the closing price on the allotment date (20 December 2019).

The costs for the performance share-based programme are recognised continuously in accordance with IFRS 2. In accordance with IFRS 2 and UFR7, only the shares that are earned and thus allotted will be expensed. If the performance conditions are not met, and performance shares are thus not allotted, no costs will be incurred over the performance period as a whole.

In December 2022, the Board of Directors made the assessment that the performance targets for LTIP 2019 had not been achieved at the end of the programme. The Board decided that all 40,990 outstanding performance share rights in the programme would therefore expire.
Refer to Note 10.

Employee share option programme 2020 (Employee Share Option Programme 2020/2023)

The Company's Annual General Meeting on 26 May 2020 resolved to introduce an employee share option programme for the Company's employees. Employee Share Option Programme 2020/2023 comprises a maximum of 350,000 employee share options. Employee share options are to be offered free of charge to individuals employed by the Company as of 15 June 2020.

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 26 May 2020. However, the subscription price may not under any circumstances be less than the quotient value.

The employees are divided into three categories and, according to the resolution, employee share options may be allotted to employees in these categories:

- President: the President may be allotted a maximum of 16,200 employee share options.
- Management team: participants in this category may be jointly allotted a maximum of 69,600 employee share options. However, each participant may be allotted a maximum of 8,700 employee share options.
- Other employees: participants in this category may be allotted a maximum of 3,700 employee share options.

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 459,970 warrants to the Company, of which a maximum of 109,970 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
President	1	15,660	15,660
Management team	7	8,410	58,870
Other employees	76	3,570	271,320
Total	**84**	**–**	**345,850**

The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period from 11–25 May 2020, meaning the ten (10) trading days prior to 26 May 2020, was SEK 79.19, and the exercise price was thus set at SEK 98.98 per ordinary share. The option value on the allotment date of 30 June 2020 was based on the average price on the allotment date and was calculated at SEK 11.38 per

option. Refer to Note 10.

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 employee share options 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 10.

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 employee share options 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	**39**	**–**	**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 10.

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 2023 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 24 May 2022 resolved that audit fees are to be approved and paid on an ongoing basis.

Fees paid in 2022 and 2021 are shown in the table

SEK thousand	2022	2021
PwC, Öhrlings PricewaterhouseCoopers AB		
Audit assignment	877	455
Audits other than audit assignment	9	-
Tax advisory services	32	30
Other advisory services	52	65
Total	**970**	**550**

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 24 May 2022 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 295,379.47. 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), Marianne Hansson, Hans Johansson, Mario Gualano, Mats Nilsson, Nina Korfu-Pedersen and Per-Olof Wallström. The assignment for all directors applies for the period up until the end of the next Annual General Meeting, which will be held on 23 May 2023. 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 50.

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, AllgoHolding AB, Lokon Pharma AB and Tanea Medical AB, and Director of Vivolux AB and Findolon AB.

Holdings in the Company: Erika Kjellberg Eriksson owns 32,000 shares in the Company.

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

2. Marianne Hansson

Director since 2018

Marianne Hansson has 20 years' experience in life sciences. She most recently served as CEO of Atlas Antibodies AB and prior to that as Business Development Manager at Affibody Medical AB. She is a co-founder of Affibody AB, Atlas Antibodies AB, ScandiBio Therapeutics AB, ScandiEdge Therapeutics AB, Amylonix AB, ProteomEdge AB, A05 Diagnostics AB and Zytox AB.

Born: 1963

Education: Doctor of technology in biochemistry, Royal Institute of Technology (1998); MSc in chemical engineering, Royal Institute of Technology (1989).

Other ongoing assignments: Marianne Hansson is a director of Intervacc AB (publ), ProteumEdge AB and Mariham Consulting AB, CEO of Mariham Consulting AB and external CEO of ScandiBio Therapeutics AB, ScandiEdge Therapeutics AB, Amylonix AB, ProtemEdge AB and A05 Diagnostics AB and Zytox AB.

Holdings in the Company: Marianne Hansson owns 3,088 shares in Q-linea through her wholly owned company Mariham Consulting AB.

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 Doloradix AB and a director of Immunovia AB (publ) and Swelife.

Holdings in the Company: Hans Johansson owns 5,882 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 53,320 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 Chief Transformation Officer for Control & Staff Functions at SEB where she has also held roles as SEB's CFO and Global Head of Business Support & Operations. 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. Per-Olof Wallström

Director since 2018

Per-Olof Wallström has 50 years' experience in the pharmaceutical and biotech industries and has held senior positions in the Nordic region and Europe at companies including Merck AB, Astra AB, Pharmacia AB and Bristol-Myers Squibb AB. He has also served as CEO of Karo Bio AB, Melacure Therapeutics AB and Q-Med AB.

Born: 1949

Education: MSc Pharm, Uppsala University (1972).

Other ongoing assignments: Per-Olof Wallström is Chairperson of Camurus AB and Camurus Development AB and a director of Nexttobe AB and Arosia Communication AB.

Holdings in the Company:
Per-Olof Wallström owns 5,147 shares in the Company.

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

Senior executives

The Company's management team comprises ten individuals. Jonas Jarvius is Chief Executive Officer (CEO). Other senior executives in the Company are Mats Gullberg (Vice President, Research Director), Thomas Fritz (Chief Commercial Officer/CCO), Anders Lundin (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. Jonas Jarvius

Employed by the Company as CEO since 2008

Jonas Jarvius has extensive R&D experience in the field of in-vitro diagnostics and production of medical devices. He has co-founded several companies, including Olink AB (OLK), and is one of the founders of Q-linea. For many years, he has held senior positions in various biotech companies and in these roles has successfully managed projects related to molecular detection for safety applications and the manufacture, development and production of medical devices in a range of areas. He has also been responsible for financing, development and marketing strategies. He has experience in the certification of medical devices for the European and US markets. In addition, he has been involved in several biotech start-ups that have evolved into large organisations. Jonas is the inventor of more than 15 patent families and applications and has published articles in various prominent scientific journals, such as Nature Biotechnology, Nature Methods, PNAS and Analytical Chemistry.

Born: 1971

Education: PhD in molecular medicine, Uppsala University (2006); MSc in medical science, Uppsala University (1999).

Other ongoing assignments: Jonas Jarvius is Chairperson of Umbrella Science AB.

Holdings in the Company: Jonas Jarvius owns 273,152 shares and 30,000 employee share options in the Company. He owns an additional 14,705 shares in the Company through his wholly owned company Umbrella Science AB.

2. 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 22,088 shares and 21,030 employee share options in the Company.

3. 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 4,500 shares and 21,030 employee share options in the Company.

4. Anders Lundin

Employed by the Company as CFO and Investor Relations since 2018

Anders Lundin has more than 20 years' experience in financial work and leadership in international organisations operating in the medical technology and pharmaceutical industries. He has previously served as CFO of companies listed on Nasdaq Stockholm and was also responsible for a listing on the Nasdaq Stock Market in the US and the associated raising of new equity capital.

Born: 1964

Education: MSc in economics, Uppsala University (1992).

Other ongoing assignments: Anders Lundin is a founder and director of CFO Akuten AB.

Holdings in the Company: He owns 27,363 shares in the Company through his wholly owned company CFO Akuten AB.

5. 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 200 shares and 3,570 employee share options in the Company.

6. 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.

7. 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 441 shares and 21,030 employee share options in the Company.

8. 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 1,000 shares and 21,030 employee share options in the Company.

9. 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 21,030 employee share options in the Company.

10. 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 3,441 shares and 21,070 employee share options in the Company.

Consolidated statement of profit and loss

Amounts in SEK thousand	Note	2022	2021
Net sales	6	12,788	9,335
Other operating income	7	1,817	450
Changes in inventories of products in progress, semi-finished goods and finished goods		-17,017	2,165
Raw materials and consumables		-17,151	-36,529
Other external costs	8.9	-80,695	-84,371
Personnel costs	10	-145,639	-110,512
Depreciation/amortisation of tangible and intangible assets	8,13,14	-15,286	-12,188
Other operating expenses	7	-1,064	-383
Operating result		**-262,247**	**-232,033**
Financial income	11	2,174	4,248
Financial expenses	11	-8,621	-3,650
Result from financial items		**-6,447**	**598**
Result before tax		**-268,694**	**-231,435**
Tax on result for the year	12	-	-
Result for the year		**-268,694**	**-231,435**
Result for the year attributable to:			
Parent Company shareholders		-268,694	-231,435
Non-controlling interests		-	-
Earnings per share before and after dilution, SEK	19	-9.20	-8.20

Consolidated statement of comprehensive income

Amounts in SEK thousand	Note	2022	2021
Result for the year		-268,694	-231,435
Other comprehensive income			
Items that may be subsequently reversed in profit or loss:			
Fair value measurement	5	1,138	-354
Translation differences		-4	-
Total comprehensive income		**-267,560**	**-231,789**

Consolidated statement of financial position

Amounts in SEK thousand	Note	31 Dec 2022	31 Dec 2021	Opening balance [1] 1 Jan 2021
ASSETS				
Non-current assets				
Tangible assets	13	36,362	27,669	21,821
Right-of-use assets	4.8	21,957	19,258	21,641
Goodwill	4.14	4,889	4,889	4,889
Other intangible assets	14	235	390	587
Financial assets	4.5	3,047	183,950	27,290
Total non-current assets		**66,490**	**236,156**	**76,228**
Current assets				
Inventories	15	42,281	28,646	12,433
Accounts receivable	5	-	3,481	43
Other receivables	16	45,798	48,440	35,198
Prepaid expenses and accrued income	17	2,469	1,925	1,508
Short-term investments	4.5	-	150,722	297,081
Cash and cash equivalents	5	72,878	15,089	10,144
Total current assets		**163,426**	**248,303**	**356,407**
TOTAL ASSETS		**229,916**	**484,460**	**432,636**

1) Refer to Note 4.

Consolidated statement of financial position

Amounts in SEK thousand	Note	31 Dec 2022	31 Dec 2021	Opening balance [1] 1 Jan 2021
EQUITY AND LIABILITIES				
Equity attributable to Parent Company shareholders				
Share capital	18	1,477	1,477	1,367
Reserves		-4	-1,138	-784
Other contributed capital		1,234,972	1,234,972	951,017
Retained earnings, including result for the year		-1,073,255	-804,858	-571,190
Total equity attributable to Parent Company shareholders		**163,190**	**430,454**	**380,410**
Equity attributable to non-controlling interests		-	-	-
Total equity		**163,190**	**430,454**	**380,410**
Liabilities				
Non-current liabilities				
Non-current lease liabilities	4.8	14,813	13,235	15,648
Loans from credit institutions	5,22,23	-	-	79
Total non-current liabilities		**14,813**	**13,235**	**15,727**
Current liabilities				
Loans from credit institutions	5,22,23	-	79	252
Accounts payable	5	21,555	8,103	8,068
Current lease liabilities	4,8,23	6,117	4,926	4,542
Current tax liabilities	12	-	2,238	1,932
Other liabilities	20	11,613	10,969	3,463
Accrued expenses and deferred income	21	12,629	14,456	18,241
Total current liabilities		**51,914**	**40,771**	**36,498**
Total liabilities		**66,726**	**54,006**	**52,226**
TOTAL EQUITY AND LIABILITIES		**229,916**	**484,460**	**432,636**

1) Refer to Note 4.

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 2021	4	**1,367**	**951,017**	**-784**	**-571,190**	**380,410**
Result for the year		-	-	-	-231,435	**-231,435**
Other comprehensive income		-	-	-354	-	**-354**
Comprehensive income for the year		**0**	**0**	**-354**	**-231,435**	-231,789
New share issue	18	110	301,290	-	-	**301,400**
Issue costs		-	-17,335	-	-	**-17,335**
Share-based remuneration programmes	10	-	-	-	-2,233	**-2,233**
Transactions with shareholders		**110**	**283,955**	**0**	**-2,233**	**281,832**
Closing balance, 31 Dec 2021		**1,477**	**1,234,972**	**-1,138**	**-804,858**	**430,454**
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	10	-	-	-	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**

1) There are no non-controlling interests.

Consolidated statement of cash flows

Amounts in SEK thousand	Note	2022	2021
Cash flow from operating activities			
Operating result		-262,247	-232,033
Adjustments for non-cash items	23	15,261	10,399
Interest received		2,599	3,735
Interest paid		-8,825	-2,098
Tax paid		–	306
Cash flow from operating activities before changes in working capital		**-253,212**	**-219,691**
Changes in working capital			
Change in inventories	15	-13,635	-16,213
Change in accounts receivable		3,481	-3,438
Change in other current receivables		2,147	-13,503
Change in other current liabilities		-3,096	3,583
Change in accounts payable		13,451	36
Changes in working capital		**2,349**	**-29,535**
Cash flow from operating activities		**-250,863**	**-249,226**
Cash flow from investing activities			
Investments in tangible assets	8.13	-17,249	-12,135
Short-term investments		-70,000	-176,134
Divestment of short-term investments		331,958	363,231
Investments in financial assets		-12,000	-204,095
Divestment of financial assets		82,545	5,150
Cash flow from investing activities		**315,254**	**-23,983**
Cash flow from financing activities			
New share issue	23	-	301,400
Issue costs	23	-	-17,335
Repayment of lease liabilities	23	-6,525	-5,660
Repayment of loans	23	-79	-252
Cash flow from financing activities		**-6,604**	**278,153**
Cash flow for the year		**57,787**	**4,945**
Cash and cash equivalents at the beginning of the year		15,089	10,144
Exchange rate difference in cash and cash equivalents		2	-
Cash and cash equivalents at the end of the year		**72,878**	**15,089**

Parent Company income statement

Amounts in SEK thousand	Note	2022	2021[1)]
Operating income			
Net sales	6	12,788	9,335
Other operating income	7	1,817	450
Changes in inventories of products in progress, semi-finished goods and finished goods		-17,017	2,165
Raw materials and consumables		-17,151	-36,529
Other external costs	8.9	-87,815	-90,765
Personnel costs	10	-145,639	-110,512
Depreciation/amortisation of tangible and intangible assets	13.14	-9,693	-7,311
Other operating expenses	7	-1,064	-383
Operating result		**-263,774**	**-233,550**
Revenue from holdings of listed corporate bonds that are non-current assets	11	1,348	1,668
Other interest income and similar profit items	11	826	2,580
Interest expenses and similar loss items	11	-7,903	-2,887
Result from financial items		**-5,729**	**1,361**
Result before tax		**-269,503**	**-232,188**
Tax on result for the year	12	-	-
Result for the year		**-269,503**	**-232,188**

Parent Company statement of comprehensive income

Amounts in SEK thousand	Note	2022	2021
Result for the year		-269,503	-232,188
Other comprehensive income			
Items that may be subsequently reversed in profit or loss:			
Fair value measurement	5	1,138	-354
Total comprehensive income		**-268,365**	**-232,542**

1) Comparative figures have been restated compared with previous financial statements. Refer to Note 4.

Parent Company balance sheet

Amounts in SEK thousand	Note	31 Dec 2022	31 Dec 2021[1]	Opening balance[2] 1 Jan 2021
ASSETS				
Non-current assets				
Intangible assets				
Licences	14	24	95	167
Technology and customer relationships	14	211	295	420
Goodwill	4.14	2,716	3,802	4,889
Total intangible assets		**2,950**	**4,192**	**5,476**
Tangible assets				
Equipment, tools, fixtures and fittings	13	36,362	27,669	21,821
Total tangible assets		**36,362**	**27,669**	**21,821**
Financial assets				
Participations in Group companies	25	264	-	-
Other securities held as non-current assets	4.5	2,997	183,900	27,240
Other non-current receivables	5	50	50	50
Total financial assets		**3,312**	**183,950**	**27,290**
Total non-current assets		**42,624**	**215,811**	**54,587**
Current assets				
Inventories	15	42,281	28,646	12,433
Current receivables				
Accounts receivable		-	3,481	43
Other receivables	16	45,798	48,440	35,198
Prepaid expenses and accrued income	17	4,065	3,355	2,958
Total current receivables		**49,863**	**55,276**	**38,199**
Short-term investments	4.5	-	150,722	297,081
Total short-term investments		**0**	**150,722**	**297,081**
Cash and bank balances		72,617	15,089	10,144
Total current assets		**164,761**	**249,733**	**357,858**
TOTAL ASSETS		**207,386**	**465,544**	**412,445**

1) Comparative figures have been restated compared with previous financial statements. Refer to Note 4.
2) Opening balance at 1 January 2021 restated due to change in accounting policies. Refer to Note 4.

Parent Company balance sheet

Amounts in SEK thousand	Note	31 Dec 2022	31 Dec 2021[1]	Opening balance[2] 1 Jan 2021
EQUITY AND LIABILITIES				
Restricted equity				
Share capital	18	1,477	1,477	1,367
Total restricted equity		**1,477**	**1,477**	**1,367**
Unrestricted equity				
Share premium reserve		1,234,972	1,234,972	951,017
Fair value reserve		-	-1,138	-784
Retained earnings		-805,316	-573,423	-352,535
Result for the year		-269,503	-232,188	-218,655
Total unrestricted equity	27	**160,153**	**428,222**	**379,043**
Total equity		**161,630**	**429,699**	**380,410**
Liabilities				
Non-current liabilities				
Loans from credit institutions	5,22,23	-	-	79
Total non-current liabilities		**0**	**0**	**79**
Current liabilities				
Loans from credit institutions	5,22,23	-	79	252
Accounts payable	5	21,515	8,103	8,068
Current tax liabilities	12	-	2,238	1,932
Other liabilities	20	11,613	10,969	3,463
Accrued expenses and deferred income	21	12,629	14,456	18,241
Total current liabilities		**45,757**	**35,845**	**31,956**
TOTAL EQUITY AND LIABILITIES		**207,386**	**465,544**	**412,445**

1) Comparative figures have been restated compared with previous financial statements. Refer to Note 4.
2) Opening balance at 1 January 2021 restated due to change in accounting policies. Refer to Note 4.

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 2021		**1,367**	**951,017**	**0**	**-353,531**	**-218,655**	**380,197**
Adjustment due to changes in accounting policies	4	-	-	-784	996	-	**212**
Adjusted opening balance, 1 January 2021		1,367	951,017	-784	-352,535	-218,655	**380,410**
Comprehensive income							
Result for the year		-	-	-	-	-232,188	**-232,188**
Other comprehensive income		-	-	-354	-	-	**-354**
Appropriation of profits in accordance with AGM decision:							
- Carried forward to unrestricted equity		-	-	-	-218,655	218,655	**0**
Total comprehensive income		**0**	**0**	**-354**	**-218,655**	**-13,533**	**-232,542**
Transactions with shareholders							
New share issue	18	110	301,290	-	-	-	**301,400**
Issue costs		-	-17,335	-	-	-	**-17,335**
Share-based remuneration programmes	10	-	-	-	-2,233	-	**-2,233**
Transactions with shareholders		**110**	**283,955**	**0**	**-2,233**	**0**	**281,832**
Closing balance, 31 Dec 2021		**1,477**	**1,234,972**	**-1,138**	**-573,423**	**-232,188**	**429,699**
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	10	-	-	-	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**

Parent Company statement of cash flows

Amounts in SEK thousand	Note	2022	2021
Cash flow from operating activities			
Operating result		-263,774	-233,550
Adjustments for non-cash items	23	9,673	5,522
Interest received		2,599	3,735
Interest paid		-8,069	-1,180
Tax paid		-	306
Cash flow from operating activities before changes in working capital		**-259,571**	**-225,167**
Changes in working capital			
Increase/decrease in inventories	15	-13,635	-16,213
Increase/decrease in accounts receivable		3,481	-3,438
Increase/decrease in other current receivables		1,932	-13,639
Increase/decrease in other current liabilities		-3,106	3,371
Increase/decrease in accounts payable		13,411	36
Changes in working capital		**2,083**	**-29,883**
Cash flow from operating activities		**-257,488**	**-255,050**
Cash flow from investing activities			
Investments in Group companies	25	-264	-
Investments in tangible assets	13	-17,144	-11,971
Short-term investments		-70,000	-176,134
Divestment of short-term investments		331,958	363,231
Investments in financial assets		-12,000	-204,095
Divestment of financial assets		82,545	5,150
Cash flow from investing activities		**315,095**	**-23,819**
Cash flow from financing activities			
New share issue	23	-	301,400
Issue costs	23	-	-17,335
Repayment of loans	23	-79	-252
Cash flow from financing activities		**-79**	**283,814**
Cash flow for the year		**57,528**	**4,945**
Cash and cash equivalents at the beginning of the year		15,089	10,144
Cash and cash equivalents at the end of the year		**72,617**	**15,089**

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 12 April 2023.

Note 2 Summary of significant accounting policies

1. First-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. Q-linea is therefore now also 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. The comparative figures presented consist of Parent Company figures that have been restated according to IFRS.

In order to adapt its financial reporting to IFRS, a number of transitional rules have been taken into account, new and more extensive disclosures have been added, and some restatements have been made. What these are and what consequences they have had on Q-linea's results, financial position and equity are explained in Note 4 "First-time adoption of IFRS and changed Parent Company accounting policies".

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 2022 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 2022.

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 substantial 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 2022, 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. The dilutive effect of potential ordinary shares is only recognised if a conversion to ordinary shares would lead to a reduction of earnings per share after dilution, and since the Company recognises losses for the recognised years, no dilutive effect is recognised.

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 2022.

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 2022 are estimated at SEK 1,322,985 thousand (1,053,604).

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 First-time adoption of IFRS and changed Parent Company accounting policies

Preparation of financial statements for previous periods
As explained in the section "Financial reporting" in the Board of Directors' Report above, Q-linea is transitioning to including consolidated financial statements according to IFRS in its financial reporting, beginning with this annual report. The Parent Company is also changing its policies for recognising financial instruments.

As a starting point for recognition according to IFRS, an opening balance according to IFRS must be prepared at the time of the transition to IFRS. The time of the transition to IFRS is thus the beginning of the earliest period for which comparative information is provided.

For Q-linea, this means that the opening balance at 1 January 2021 has been prepared in accordance with IFRS as described below. Next, the statement of profit and loss, the statement of other comprehensive income and the statement of cash flows for 2021 as well as the statement of financial position at 31 December 2021 were also prepared in accordance with IFRS.

Accounting policies in IFRS that significantly affected Q-linea when it transitioned to IFRS
RFR 2 contains the following deviations in the application of IFRS that have affected Q-linea:

- Recognition of goodwill
- Recognition of leases
- Recognition of financial instruments

Goodwill
According to the Swedish Annual Accounts Act, goodwill is amortised over its estimated useful life. Q-linea has goodwill arising from the acquisition of a business in 2018, which was recognised as follows until 31 December 2021 (SEK thousand):

Opening cost	7,605
Accumulated amortisation	-2,716
Closing carrying amount at 31 Dec 2020	**4,889**
Amortisation 2021	-1,086
Closing carrying amount at 31 Dec 2021 according to 2021 Annual Report	**3,802**

According to IFRS, goodwill should not be amortised, but rather an impairment test should be performed annually and, if an impairment requirement is determined, the goodwill should be impaired.

Q-linea did not review the 2018 acquisition before the transition to IFRS. Instead, the value of the goodwill was "frozen" at SEK 4,889 thousand at the time of the transition to IFRS, 1 January 2021. Amortisation subsequently carried out in 2021 and 2022 was added back in the consolidated financial statements.

Leases
Leases are recognised in the consolidated financial statements in accordance with IFRS 16 Leases. This standard stipulates that lessees are to recognise the right to use the leased assets in the statement of financial position when the underlying asset is made available to the lessee. A lease liability is to be recognised at the same time.

Leased assets (right-of-use assets) are initially recognised at cost, which comprises the initial valuation of the lease liability plus any lease payments paid before or immediately upon the initial date, and any other 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.

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 and as an interest expense in profit or loss. 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.

Upon the transition to IFRS at 1 January 2021, Q-linea chose to calculate right-of-use assets and lease liabilities as though the leases became effective on that date, in accordance with applicable transition rules. This means that right-of-use assets amounting to SEK 21,641 thousand, non-current lease liabilities of SEK 15,648 thousand and current lease liabilities of SEK 4,542 thousand are recognised in the opening balance at 1 January 2021. SEK 1,450 thousand in prepaid rent in the Parent Company was eliminated in the consolidated financial statements. Equity at 1 January 2021 is therefore not affected by the transition to lease recognition according to IFRS.

Financial instruments
Under IFRS 9, financial assets are to be classified on initial recognition 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:

- Q-linea's fixed-income funds are held for sale, so the Company can collect their increase in value. They are measured at fair value through profit or loss. At 1 January 2021, they were measured at amortised cost amounting to SEK 165,749 thousand, while their fair value amounted to SEK 166,745 thousand. The difference of SEK 996 thousand is adjusted in the Parent Company in the opening balance at 1 January 2021 in retained earnings.

- Holdings in unlisted shares are held either for sale or for the Company to collect contractual cash flows in the form of dividends, or both of the above. They are measured at fair value through profit or loss. At 1 January 2021, they were measured at amortised cost amounting to SEK 2,997 thousand, which was also their fair value.

- Q-linea's assets in listed bonds are held for the Company to collect both contractual cash flows, consisting only of interest and principal, and cash flows from sales. They are measured at fair value through other comprehensive income. At 1 January 2021, they were measured at amortised cost amounting to SEK 154,579 thousand, while their fair value amounted to SEK 155,363 thousand. The difference of SEK -784 thousand is adjusted in the Parent Company in the opening balance as of 1 January 2021 in fair value reserve in equity.

- Q-linea's other financial assets are held for the Company to collect contractual cash flows, consisting only of payments of principal and interest. They are measured at amortised cost after initial recognition. They have not been remeasured upon the introduction of IFRS 9, and thus do not affect the opening balance at 1 January 2021.

Financial liabilities are classified as measured at amortised cost. No liabilities have been remeasured in connection with the transition to IFRS. Financial assets are not reclassified after initial recognition unless the Group changes the purpose and model for administration of the financial assets.

Deferred tax
Since goodwill, financial instruments and leases are recognised differently in the Group and the Parent Company, taxable temporary differences and thus also some deferred tax arise. However, Q-linea has large loss carryforwards, and since it is not yet possible to assess when Q-linea will generate a taxable profit, the deferred tax asset has only been recognised to the extent that it corresponds to the deferred tax liability, so that the net is zero in profit or loss and in the statement of financial position.

Group's opening balance, 1 January 2021
The Group's opening balance at 1 January 2021 has been prepared by starting with the Parent Company's opening balance and then making consolidation adjustments for goodwill, leases and financial instruments as follows:

Amounts in SEK thousand	Parent Company's opening balance 1 Jan 2021	Goodwill	Leases	Financial instruments	Group's opening balance 1 Jan 2021
ASSETS					
Non-current assets					
Tangible assets	21,821				21,821
Right-of-use assets			21,641		21,641
Goodwill	4,889				4,889
Other intangible assets	587				587
Financial assets	27,411			-121	27,290
Total non-current assets	**54,708**	**0**	**21,641**	**-121**	**76,228**
Current assets					
Inventories	12,433				12,433
Accounts receivable	43				43
Other receivables	35,198				35,198
Prepaid expenses and accrued income	2,958		-1,450		1,508
Short-term investments	296,748			333	297,081
Cash and cash equivalents	10,144				10,144
Total current assets	**357,525**	**0**	**-1,450**	**333**	**356,407**
TOTAL ASSETS	**412,233**	**0**	**20,191**	**212**	**432,636**

Amounts in SEK thousand	Parent Company's opening balance	Goodwill	Leases	Financial	Group's opening balance
EQUITY AND LIABILITIES					
Equity attributable to Parent Company shareholders					
Share capital	1,367				1,367
Reserves				-784	-784
Other contributed capital	951,017				951,017
Retained earnings, including result for the year	-572,186			996	-571,190
Total equity attributable to Parent Company shareholders	**380,197**	**0**	**0**	**212**	**380,410**
Equity attributable to non-controlling interests					-
Total equity	**380,197**	**0**	**0**	**212**	**380,410**
Liabilities					
Non-current liabilities					
Non-current lease liabilities			15,648		15,648
Loans from credit institutions	79				79
Total non-current liabilities	79	0	15,648	0	15,727
Current liabilities					
Loans from credit institutions	252				252
Accounts payable	8,068				8,068
Current lease liabilities			4,542		4,542
Current tax liabilities	1,932				1,932
Other liabilities	3,463				3,463
Accrued expenses and deferred income	18,241				18,241
Total current liabilities	31,956	0	4,542	0	36,498
Total liabilities	**32,035**	**0**	**20,191**	**0**	**52,226**
TOTAL EQUITY AND LIABILITIES	**412,233**	**0**	**20,191**	**212**	**432,636**

Parent Company's opening balance, 1 January 2021

Amounts in SEK thousand	Original 1 Jan 2021	Financial instruments	Restated 1 Jan 2021
ASSETS			
Non-current assets			
Intangible assets			
Licences	167		167
Technology and customer relationships	420		420
Goodwill	4,889		4,889
Total intangible assets	5,476	0	5,476
Tangible assets			
Equipment, tools, fixtures and fittings	21,821		21,821
Total tangible assets	21,821	0	21,821
Financial assets			
Other securities held as non-current assets	27,361	-121	27,240
Other non-current receivables	50		50
Total financial assets	27,411	-121	27,290
Total non-current assets	**54,708**	**-121**	**54,587**
Current assets			
Inventories	12,433		12,433
Current receivables			
Accounts receivable	43		43
Other receivables	35,198		35,198
Prepaid expenses and accrued income	2,958		2,958
Total current receivables	38,200	0	38,200
Short-term investments	296,748	333	297,081
Cash and bank balances	10,144		10,144
Total current assets	**357,525**	**333**	**357,858**
TOTAL ASSETS	**412,233**	**212**	**412,445**

Amounts in SEK thousand	Original 1 Jan 2021	Financial instruments	Restated 1 Jan 2021
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	1,367		1,367
Total restricted equity	**1,367**	**0**	**1,367**
Unrestricted equity			
Share premium reserve	951,017		951,017
Fair value reserve		-784	-784
Retained earnings	-353,531	996	-352,535
Result for the period	-218,655		-218,655
Total unrestricted equity	378,830	212	379,043
Total equity	**380,197**	**212**	**380,410**
Liabilities			
Non-current liabilities			
Loans from credit institutions	79		79
Total non-current liabilities	79	0	79
Current liabilities			
Loans from credit institutions	252		252
Accounts payable	8,068		8,068
Current tax liabilities	1,932		1,932
Other liabilities	3,463		3,463
Accrued expenses and deferred income	18,241		18,241
Total current liabilities	31,956	0	31,956
Total liabilities	**32,035**	**0**	**32,035**
TOTAL LIABILITIES AND EQUITY	**412,233**	**212**	**412,445**

Parent Company income statement 2021

Amounts in SEK thousand	Original 2021	Financial instruments	Restated 2021
Net sales	9,335		9,335
Other operating income	450		450
Changes in inventories of products in progress, semi-finished goods and finished goods	2,165		2,165
Raw materials and consumables, and goods for resale	-36,529		-36,529
Other external costs	-90,765		-90,765
Personnel costs	-110,512		-110,512
Depreciation/amortisation of tangible and intangible assets	-7,311		-7,311
Other operating expenses	-383		-383
Operating result	**-233,550**	**0**	**-233,550**
Revenue from holdings of listed corporate bonds that are non-current assets	1,668		1,668
Other interest income and similar profit items	2,580		2,580
Interest expenses and similar loss items	-1,941	-946	-2,887
Result from financial items	**2,307**	**-946**	**1,361**
Result before tax	**-231,242**	**-946**	**-232,188**
Tax on result for the period	-	-	-
Result for the period	**-231,242**	**-946**	**-232,188**

Parent Company statement of comprehensive income 2021

Amounts in SEK thousand	Original 2021	Financial instruments	Restated 2021
Result for the period	-231,242	-946	-232,188
Other comprehensive income, net after tax			
Items that may be subsequently reversed in profit or loss			
Changes in fair value of financial instruments		-354	-354
Total comprehensive income	**-231,242**	**-1,300**	**-232,542**

Parent Company balance sheet as of 31 December 2021

Amounts in SEK thousand	Original 31 Dec 2021	Financial instruments	Restated 31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets			
Licences	95		95
Technology and customer relationships	295		295
Goodwill	3,802		3,802
Total intangible assets	**4,192**	**0**	**4,192**
Tangible assets			
Equipment, tools, fixtures and fittings	27,669		27,669
Total tangible assets	**27,669**	**0**	**27,669**
Financial assets			
Other securities held as non-current assets	184,765	-865	183,900
Other non-current receivables	50		50
Total financial assets	**184,815**	**-865**	**183,950**
Total non-current assets	**216,676**	**-865**	**215,811**
Current assets			
Inventories	28,646		28,646
Current receivables			
Accounts receivable	3,481		3,481
Other receivables	48,440		48,440
Prepaid expenses and accrued income	3,355		3,355
Total current receivables	**55,276**	**0**	**55,276**
Short-term investments	150,945	-223	150,722
Cash and bank balances	15,089		15,089
Total current assets	**249,957**	**-223**	**249,734**
TOTAL ASSETS	**466,633**	**-1,089**	**465,544**

Parent Company balance sheet as of 31 December 2021, cont.

Amounts in SEK thousand	Original 31 Dec 2021	Financial instruments	Restated 31 Dec 2021
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	1,477		1,477
Total restricted equity	**1,477**	**0**	**1,477**
Unrestricted equity			
Share premium reserve	1,234,972		1,234,972
Fair value reserve		-1,138	-1,138
Retained earnings	-574,419	996	-573,423
Result for the period	-231,242	-946	-232,188
Total unrestricted equity	**429,311**	**-1,089**	**428,222**
Total equity	**430,788**	**-1,089**	**429,699**
Liabilities			
Current liabilities			
Loans from credit institutions	79		79
Accounts payable	8,103		8,103
Current tax liabilities	2,238		2,238
Other liabilities	10,969		10,969
Accrued expenses and deferred income	14,456		14,456
Total current liabilities	**35,845**	**0**	**35,845**
Total liabilities	**35,845**	**0**	**35,845**
TOTAL LIABILITIES AND EQUITY	**466,633**	**-1,089**	**465,544**

Effect on consolidated and Parent Company cash flows
Consolidated cash flows have been affected to the extent that certain payments for rent and leases previously classified as belonging to cash flow from operating activities have been reclassified as recognised under cash flow from investing activities and cash flow from financing activities, respectively.

Changed Parent Company accounting policies
By applying RFR 2, Q-linea AB was previously exempt from several IFRS requirements concerning the recognition of financial instruments. As described in Note 1 above, in conjunction with the introduction of consolidated financial statements, Q-linea has also chosen to recognise financial instruments according to IFRS 9 in the Parent Company. When an accounting policy is changed, the opening balance in the earliest reported year must be adjusted as if the new policy had applied the entire time. The same applies to subsequently reported periods and reports.

For Q-linea AB, this means that the opening balance at 1 January 2021 has been restated as if IFRS 9 had been applied at that time. The income statement and statement of other comprehensive income for 2021 and the balance sheet as of 31 December, as presented in the 2021 annual report, have been retrospectively adjusted as if IFRS 9 had always been applied. The statement of cash flows is not affected by this change.

Note 5 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 (331,624).

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 3,047 thousand (3,047).

The following financial instruments were held:

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**

31 Dec 2021	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	180,902			183,950
Listed long-term bonds		180,902			
Holdings in unlisted limited companies	2,997				
Non-current receivables	50				
Accounts receivable			3,481		3,481
Short-term investments	91,295	59,427			150,722
Listed short-term bonds		59,427			
Fixed-income funds	91,295				
Cash and cash equivalents			15,089		15,089
Total financial assets	**94,342**	**240,329**	**18,570**		**353,241**
Loans from credit institutions				79	79
Accounts payable				8,103	8,103
Accrued expenses				5,313	5,313
Total financial liabilities				**13,495**	**13,495**

1 Jan 2021	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	24,243			27,291
Listed long-term bonds		24,243			
Holdings in unlisted limited companies	2,997				
Non-current receivables	50				
Accounts receivable			43		43
Short-term investments	166,745	130,336			297,081
Listed short-term bonds		130,336			
Fixed-income funds	166,745				
Cash and cash equivalents			10,144		10,144
Total financial assets	**169,793**	**154,579**	**10,187**		**334,559**
Loans from credit institutions				331	331
Accounts payable				8,068	8,068
Accrued expenses				3,732	3,732
Total financial liabilities				**12,131**	**12,131**

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%:

SEK thousand	31 Dec 2022	31 Dec 2021	1 Jan 2021
Financial asset			
Listed bonds	-	24,033	15,458
Fixed-income funds	-	9,129	16,675
Total market price risk	**-**	**33,162**	**32,132**

Q-linea strives to minimise these risks by investing in bonds with high, investment grade or equivalent credit ratings and in low-volatility fixed-income funds.

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 2022	31 Dec 2021	1 Jan 2021
Financial asset				
Cash and cash equivalents	EUR	52	43	41
	USD	26	-	-
Total currency risk in financial assets		**78**	**43**	**41**

SEK thousand	Currency	31 Dec 2022	31 Dec 2021	1 Jan 2021
Financial liability				
Accounts payable	DKK	6	-	-
	EUR	42	23	11
	USD	54	89	8
	GBP	4	35	6
Accrued expenses	EUR	6	4	0
	USD	4	3	0
Total currency risk in financial liabilities		**115**	**153**	**24**

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 2022	31 Dec 2021	1 Jan 2021
Borrowing	-	79	331

As of 31 December 2022, the loan had been fully repaid, but the loan was so small on 31 December and 1 January 2021 that the inherent interest rate risk was negligible.

The fair values of both the listed bonds and short-term fixed-income funds, meaning their quoted market prices, can be assumed to depend on market interest rates as well as other factors. This interest rate risk is expressed in the market price risk discussed above and is not the risk concerned in this discussion of interest rate risk. In general, it is reasonable to assume that the market price of interest-bearing bonds is such that if interest rates rise market prices will fall, all else being equal. This means that the interest rate risk that results in changes in the cash flow of bonds when interest rates change can be expected to compensate for the market price risk to some extent.

Q-linea holds both fixed-rate and variable-rate bonds as follows:

SEK thousand	31 Dec 2022	31 Dec 2021	1 Jan 2021
Listed bonds			
Fixed-rate	-	24,205	73,358
Variable-rate	-	216,124	81,221
Total holding of unlisted bonds	**-**	**240,329**	**154,579**
Interest rate risk in case of doubling of interest rate	-	2,114	486

The cash flow expected from the fixed-rate bonds is not subject to this interest rate risk.

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 2022	31 Dec 2021	1 Jan 2021
Financial asset			
Bonds	-	240,329	154,579
Cash and cash equivalents	72,878	15,089	10,144
Accounts receivable	-	3,481	43
Other non-current receivables	50	50	50

Bonds

At 31 December 2021, Q-linea's bond holding consisted of a large number of bonds from around 20 different issuers operating in different sectors and with high credit ratings, which greatly minimises the credit risk.

The theoretical maximum credit risk is the carrying amount, but due to the large number of issuers and their high credit ratings this is not a representative measure of the real credit risk to which the bond holding is exposed. Instead, the credit risk is calculated by applying a risk coefficient calculated statistically by a recognised credit rating agency (Standard & Poor's and Moody's) for each credit rating category to the carrying amount. In the assessment, account is also taken of the LGD parameter (loss given default, meaning the loss in the event of the default of an issuer). At 31 December 2021, the credit risk calculated in this way was SEK 215 thousand.

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 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**

At 31 Dec 2021:

SEK thousand	<3 months	3–6 months	6–12 months	>1 year	Total
Lease liabilities	1,820	1,820	3,640	12,000	19,280
Bank loans	40	39	-	-	79
Accounts payable	8,103	-	-	-	8,103
Accrued expenses	5,313	-	-	-	5,313
Total	**15,276**	**1,859**	**3,640**	**12,000**	**32,775**

At 1 Jan 2021:

SEK thousand	<3 months	3–6 months	6–12 months	>1 year	Total
Lease liabilities	1,645	1,645	3,290	14,850	21,430
Bank loans	80	80	92	79	331
Accounts payable	8,068	-	-	-	8,068
Accrued expenses	3,732	-	-	-	3,732
Total	**13,525**	**1,725**	**3,382**	**14,929**	**33,561**

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 2022	31 Dec 2021	1 Jan 2021
Cash and cash equivalents	72,878	15,089	10,144
Fixed-income funds	-	91,295	166,745
Listed bonds	-	240,329	154,579
Total	**72,878**	**346,713**	**331,468**

In addition to these cash and cash equivalents, Q-linea also had an unutilised loan commitment of SEK 100 million from its principal owner, Nexttobe, at 31 December 2022. After the end of the year, Nexttobe expanded the loan facility by a further SEK 100 million. The available cash and cash equivalents and the total loan facility of SEK 200 million are deemed 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. For a further discussion of this issue, see the section "Significant events after the end of the financial year" in the Board of Directors' Report and Note 26.

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 a launch 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 key ratios related to the capital structure, such as equity/assets ratio, liquidity ratio and debt/equity ratio. Several key figures related to financial risks are also closely monitored by the Board.

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 6 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	2022	2021
UK	12,788	9,335
Total net sales by geographic market	**12,788**	**9,335**

All revenue comes from a single customer and no revenue is derived from Swedish customers. All non-current assets recognised in the statement of financial position are located in Sweden.

Note 7 Other operating income and other operating expenses

	Group and Parent Company	
SEK thousand	2022	2021
Other operating income		
Sale of raw materials to suppliers	18	20
Development services provided	1,181	377
Exchange-rate differences	617	26
Other	1	28
Total other operating income	**1,817**	**450**
Other operating expenses		
Exchange-rate differences	1,064	289
Scrapping of inventory	-	94
Total other operating expenses	**1,064**	**383**

Note 8 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 5 "Financial risks and risk management".

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

Underlying asset class	31 Dec 2022	31 Dec 2021	1 Jan 2021
Buildings and land	21,630	18,853	21,313
Other assets	327	405	328
Total right-of-use assets[1]	**21,957**	**19,258**	**21,641**
1) Of which, added during the year	12,475	4,091	

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

SEK thousand	2022	2021
Depreciation of right-of-use assets for buildings and land	6,476	5,880
Depreciation of right-of-use assets for other assets	204	196
Interest expenses for lease liabilities	718	762
Short-term lease expense	51	41
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	2022	2021
Repayment of lease liabilities	-6,525	-5,660
Interest paid on lease liabilities	-756	-918
Investments	-105	-164
Other operating cash flows from leases	225	349
Total lease cash outflow	**-7,161**	**-6,394**

Leases in the Parent Company

SEK thousand	31 Dec 2022	31 Dec 2021	1 Jan 2021
Due for payment within one year	7,110	6,451	5,933
Due for payment later than one year but within five years	8,011	5,423	10,716
Due for payment later than five years	-	-	-
Total	**15,121**	**11,874**	**16,649**
Lease payments expensed during the year	7,161	7,231	

Note 9 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 2022	2021
PwC, Öhrlings PricewaterhouseCoopers AB		
Audit assignment	877	455
Audits other than audit assignment	9	0
Tax advisory services	32	30
Other advisory services	52	65
Total	**970**	**550**

Note 10 Employee benefits and disclosures on employees

Average no. of employees

	Group and Parent Company			
	2022		2021	
	Average no. of employees	Of whom, men	Average no. of employees	Of whom, men
Sweden	150	85	120	70
Total	**150**	**85**	**120**	**70**

Employee benefits

Group and Parent Company	2022	2021
Salaries and remuneration	98,903	77,825
Social security costs	23,941	18,701
Share options and performance share rights allotted to employees[1]	295	-2,233
Pension costs – defined-contribution plans	13,030	10,575
Subtotal	**136,169**	**104,868**

1) Costs that had been reserved in previous periods since the start of the share-based remuneration programme LTIP 2018 were reversed in 2021 when the Board determined that the performance targets had not been met and the programme therefore expired.

Employee benefits, cont.

	Group and Parent Company			
	2022		2021	
	Salaries and other remuneration	Pension costs	Salaries and other remuneration	Pension costs
Directors, President and other senior executives	16,728	3,656	15,477	3,303
of which, variable pay	2,264		1,031	
Other employees	82,175	9,374	62,335	7,272
of which, variable pay	3,885		1,639	
Total	**98,903**	**13,030**	**77,812**	**10,575**
of which, variable pay	6,149		2,670	

Remuneration for senior executives

	Basic salary/ Director's fee	Variable pay	Pension cost	Share-based remuneration [5]	Other remuneration	Total
2022						
Board Chairperson Erika Kjellberg Eriksson [1]	–	–	–	–	–	–
Director Mats Nilsson	215	–	–	–	–	215
Director Marcus Storch [2]	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 [3]	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**
2021						
Board Chairperson Erika Kjellberg Eriksson [1]	–	–	–	–	–	–
Director Mats Nilsson	205	–	–	–	–	205
Director Marcus Storch	205	–	–	–	–	205
Director Mario Gualano [3]	205	–	–	–	–	205
Director Marianne Hansson	280	–	–	–	–	280
Director Per-Olof Wallström	240	–	–	–	–	240
Director Hans Johansson	205	–	–	–	–	205
President Jonas Jarvius	2,848	282	635	-955	40	2,850
Other senior executives (10 people) [4]	10,258	749	2,669	-1,889	187	11,974
Total	**14,446**	**1,031**	**3,304**	**-2,844**	**227**	**16,164**

1) Chairperson from the Annual General Meeting in June 2018, employed by the Nexttobe Group.
2) Declined re-election and stepped down at the 2022 Annual General Meeting
3) Elected at the 2022 Annual General Meeting.
4) In mid-December 2021, the Company's management team was expanded with the addition of Ulrika Stolpe and Veronica Lerneryd. Their remuneration for parts of December is not included.
5) Costs that had been reserved in previous periods since the start of the share-based remuneration programmes LTIP 2018 and LTIP 2019 were reversed in 2021 and 2022, respectively, 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 nine (ten) people, including three (four) women and six (six) men.

At the end of the 2022 financial year, the Board comprised seven people (three women and four men).

Fees in 2022 were paid to directors who were not employed in the Nexttobe Group. These fees amounted to SEK 1,416 thousand (1,340).

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 three ongoing share-based remuneration programmes: Employee Share Option Programmes 2020/2023, 2021/2024 and 2022/2025. During the year, the share-based remuneration programme LTIP 2019 ended and the performance share rights expired.

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 2022
Opening number	-
allotted during the period	223,030
exercised during the period	0
expired during the period	-14,280
Closing number of options	**208,750**

At the end of the year, there were 208,750 (0) employee share options outstanding and 14,280 (0) 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 2022 financial year including social security contributions amounted to SEK 414 thousand (0). From the allotment date to the end of 2022, Q-linea's share price decreased from SEK 75.72 to SEK 10.50, down approximately 86%. The fair value of the allotted options was calculated at SEK 0 thousand with the following inputs:

Number	31 Dec 2022
Share price on the valuation date	SEK 10.50
Exercise price, outstanding options	SEK 102.82
Expected volatility [1)]	0.39
Term, options with three-year vesting period	2.625 years
Risk-free rate, %	2.768
Fair value per option, SEK	**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 (10.07) 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 2022	31 Dec 2021
Opening number	124,950	-
allotted during the period	-	128,520
exercised during the period	-	-
expired during the period	-14,280	-3,570
Closing number of options	**110,670**	**124,950**

At the end of the year, there were 110,670 (124,950) employee share options outstanding and 14,280 (3,570) options had expired during the year.

The fair value of the options, calculated using the Black & Scholes valuation model, amounted to SEK 0 (10.07) per option on the balance sheet date, and the cost recognised in the 2022 financial year including social security contributions amounted to SEK 404 thousand (697). From the allotment date to the end of 2022, Q-linea's share price decreased from SEK 141.85 to SEK 10.50, down approximately 93%.

The fair value of the allotted options was calculated at SEK 0 thousand (1,258) with the following inputs:

Number	31 Dec 2022	31 Dec 2021
Share price on the valuation date	SEK 10.50	SEK 113.00
Exercise price, outstanding options	SEK 191.81	SEK 191.81
Expected volatility [1)]	0.39	0.39
Term, options with three-year vesting period	1.625 years	2.625 years
Risk-free rate, %	2.762	– neg 0.136
Fair value per option, SEK	**0**	**10.07**

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

Employee Share Option Programme 2020/2023

The Company's Annual General Meeting on 26 May 2020 resolved to introduce an employee share option programme ("Employee Share Option Programme 2020/2023") for the Company's employees. Q-linea's performance-based employee share option programme encompasses the President, senior executives and other key individuals at the Company. Employee share options were offered free of charge to individuals employed by the Company as of 15 June 2020. In total, the programme encompassed a maximum of 350,000 employee share options and the employees were divided into three categories, which could be allotted the following maximum number of options:

I. **President:** the President could be allotted a maximum of 16,200 employee share options.
II. **Management team:** participants in this category could be jointly allotted a maximum of 69,600 employee share options. However, each participant could be allotted a maximum of 8,700 employee share options.
III. **Other employees:** participants in this category could be allotted a maximum of 3,700 employee share options.

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 26 May 2020. The volume-weighted average price during this period was SEK 79.19, and the exercise price was thus set at SEK 98.98 per share. The option value on the allotment date of 30 June 2020 was based on the average price on the allotment date and was calculated at SEK 11.38 per option.

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 459,970 warrants to the Company, of which a maximum of 109,970 warrants were issued to cover any cash flow effects as a result of social security contributions arising under the programme.

As of 30 June 2020, when the programme was closed to new participants, a total of 345,850 employee share options had been allotted to participants who had registered for the programme. The allotment of employee share options per participant and category are presented in the table below.

Category	No. of participants	Number of allotted employee share options	
		per participant	per category
President	1	15,660	15,660
Management team	7	8,410	58,870
Other employees	76	3,570	271,320
Total	**84**	**–**	**345,850**

Number of employee share options outstanding at year-end

Number	31 Dec 2022	31 Dec 2021
Opening number	324,430	345,850
allotted during the period	-	-
exercised during the period	-	-
expired during the period	-23,960	-21,420
Closing number of options	**300,470**	**324,430**

The fair value of the options, calculated using the Black & Scholes valuation model, amounted to SEK 0 (27.36) per option on the balance sheet date, and the cost recognised in the 2022 financial year including social security contributions amounted to SEK -272 thousand (970). From the allotment date to the end of 2022, Q-linea's share price decreased from SEK 73.54 to SEK 10.50, down approximately 86%. The fair value of the outstanding options was calculated at SEK 0 thousand (8,876) with the following inputs:

Number	31 Dec 2022	31 Dec 2021
Share price on the valuation date, SEK	10.50	113.00
Exercise price, outstanding options, SEK	98.98	98.98
Expected volatility[1)]	0.37	0.37
Term, options with three-year vesting period, years	0.625	1.625
Risk-free rate, %	2.579	– neg 0.20
Fair value per option, SEK	**0**	**27.36**

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

Performance share-based programme LTIP 2019

The rights to receive performance shares were allotted free of charge in December 2019. As of 31 December 2019, when the programme was closed to new participants, 40,990 performance share rights had been allotted to participants of the programme. The performance targets are linked to product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met. The value of each performance share right is SEK 56.00 and is based on the closing price on the allotment date (20 December 2019).

Actual number of performance share rights allotted for LTIP 2019 per category at the start of the programme

Category	No. of participants	No. of performance share rights allotted	
		per participant	per category
Management team	2	12,620	25,240
Other key employees	3	5,250	15,750
Total	**5**	**–**	**40,990**

In December 2022, the Board of Directors made the assessment that the performance targets for LTIP 2019 programme had not been achieved at the end of the programme. The Board decided that all 40,990 outstanding performance share rights in the programme had thus expired. The recognised reversal of costs in previous periods since the start of the programme, including social security contributions, amounted to SEK -2,385 thousand (934) for the year.

Outstanding performance share rights for LTIP 2019

	31 Dec 2022	31 Dec 2021
Opening number of performance share rights	40,990	40,990
allotted during the period	-	-
exercised during the period	-	-
expired during the period	- 40,990	-
Closing number of performance share rights	**0**	**40,990**

Note 11 Financial income and expenses

SEK thousand	Category	Earnings effect	Group		Parent Company	
			2022	2021	2022	2021
Financial income						
Fixed-income funds	Financial assets measured at fair value through profit or loss	Remeasurement to fair value	826	2,580	826	2,580
Listed bonds	Financial assets measured at fair value through other comprehensive income	Interest income	1,348	1,668	1,348	1,668
Total financial income			**2,174**	**4,248**	**2,174**	**4,248**
Financial expenses						
Bank loans	Financial assets measured at amortised cost	Interest expenses	-1	-7	-1	-7
Fixed-income funds	Financial assets measured at fair value through profit or loss	Remeasurement to fair value	-7,902	-2,880	-7,902	-2,880
Lease liabilities	-	Interest expenses	-718	-762	–	–
Total financial expenses			**-8,621**	**-3,650**	**-7,903**	**-2,887**

Note 12 Tax on result for the year

Tax on result for the year

SEK thousand	Group and Parent Company	
	2022	2021
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	
	2022	2021	2022	2021
Result before tax	-268,694	-231,435	-269,503	-232,188
Income tax calculated according to prevailing tax rate in Sweden (20.6%)	55,351	47,676	55,518	47,831
Issue costs not included in result	-	3,571	-	3,571
Non-taxable income	44	106	44	106
Non-deductible costs	-207	-340	-207	-340
Loss carryforwards for which no deferred tax asset has been recognised	-55,189	-51,013	-55,355	-51,168
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	
	2022	2021	2022	2021
Loss carryforwards	1,322,985	1,053,604	1,322,945	1,053,604
Deferred tax asset arising from loss carryforwards	272,535	217,042	272,527	217,042
Deferred tax asset arising from temporary differences	-	293	-	224
Deferred tax liability arising from temporary differences	**-448**	**-224**	**-**	**-**
Net deferred tax asset	**272,087**	**217,111**	**272,527**	**217,267**

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 13 Tangible assets

Equipment, tools, fixtures and fittings

SEK thousand	Group and Parent Company	
	31 Dec 2022	31 Dec 2021
Opening cost	44,554	34,496
Purchases	17,144	11,971
Sales and scrapping	-	-1,913
Closing accumulated cost	**61,698**	**44,554**
Opening depreciation	-16,886	-12,676
Sales and scrapping	-	1,819
Depreciation for the year	-8,451	-6,029
Closing accumulated depreciation	**-25,337**	**-16,886**
Closing carrying amount	**36,362**	**27,669**

Note 14 Intangible assets

SEK thousand	Group			Parent Company		
	Licences	Technology and customer relationships	Goodwill	Licences	Technology and customer relationships	Goodwill
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**	**0**	**-5,476**	**-624**	**-4,888**
Closing carrying amount	**24**	**211**	**4,889**	**24**	**211**	**2,716**
31 Dec 2021						
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	-5,333	-415	-	-5,333	-415	-2,716
Amortisation for the year	-71	-125	-	-71	-125	-1,086
Closing accumulated amortisation	**-5,405**	**-540**	**0**	**-5,405**	**-540**	**-3,802**
Closing carrying amount	**95**	**295**	**4,889**	**95**	**295**	**3,802**

Total research and development expenses that have been expensed amounted to SEK 151,968 thousand (156,947), corresponding to 55% (64) 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 15 Inventories

At the end of the year, the Company had an inventory value of SEK 28,646 thousand (12,433). During the year, the Company impaired the inventory of finished goods by SEK 4,734 thousand (0).

SEK thousand	Group and Parent Company		
	31 Dec 2022	31 Dec 2021	1 Jan 2021
Raw materials and consumables	8,180	2,781	713
Goods for resale	29,450	18,370	6,390
Products in progress	510	2,019	1,051
Semi-finished goods	3,317	3,226	1,164
Finished goods	824	2,250	3,115
Total inventories	**42,281**	**28,646**	**12,433**

During the year, the Group impaired the inventory of goods for resale and finished goods by SEK 0 thousand (4,734), and goods in an amount of SEK 33,550 thousand (14,494) were expensed. As stated in the Board of Directors' Report, see pages 37–47, the previous partnership agreement with Thermo Fisher was terminated during the year. Q-linea is thus no longer bound to the sales price agreed with Thermo Fisher. Management's assessment of the net sales price trend is therefore more positive than previously, and earlier impairment losses have therefore been reversed to profit in an amount of SEK 4,734 thousand (0).

Note 16 Other receivables

SEK thousand	Group and Parent Company		
	31 Dec 2022	31 Dec 2021	1 Jan 2021
VAT receivable	4,657	6,242	7,369
Advance payments to suppliers	39,550	37,309	21,809
Receivables from suppliers	1,313	2,007	-
Other	278	2,883	6,020
Total other receivables	**45,798**	**48,440**	**35,198**

Note 17 Prepaid expenses and accrued income

SEK thousand	Group			Parent Company		
	31 Dec 2022	31 Dec 2021	1 Jan 2021	31 Dec 2022	31 Dec 2021	1 Jan 2021
Prepaid rent	289	139	78	2,079	1,725	1,528
Prepaid insurance costs	179	142	103	179	142	103
Prepaid marketing costs	276	198	91	276	198	91
Prepaid interest expenses	194	156	-	-	-	-
Prepaid IR expenses	-	56	166	-	56	166
Prepaid expenses for software	761	670	598	761	670	598
Prepaid IT expenses	445	312	262	445	312	262
Other	326	253	210	326	253	210
Total prepaid expenses and accrued income	**2,469**	**1,925**	**1,508**	**4,065**	**3,355**	**2,958**

Note 18 Share capital trend

The Company's share capital at year-end amounted to SEK 1,476,897.35 (1,476,897.35), distributed between 29,537,947 (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, 1 January 2021	**27,338**	**1,367**
New share issue	2,200	110
Closing balance, 31 December 2021	**29,538**	**1,477**
Change in 2022	-	-
Closing balance, 31 December 2022	**29,538**	**1,477**

Note 19 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	
	2022	2021
Result for the year, SEK thousand	-268,694	-231,435
Weighted average number of shares outstanding	29,209,475	28,239,064
Earnings per share before and after dilution (SEK)	**-9.20**	**-8.20**

The following instruments are outstanding as of 31 December 2022. 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 2020/2023	300,470	300,470
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		**619,890**

Disclosures on subscription prices and other conditions for these options are provided in Note 10 "Employee benefits and disclosures on employees".

Note 20 Other current liabilities

	Group and Parent Company		
SEK thousand	31 Dec 2022	31 Dec 2021	1 Jan 2021
Personnel-related liabilities	11,613	6,070	3,463
Advance payments from customers	-	4,899	-
Total other current liabilities	**11,613**	**10,969**	**3,463**

Note 21 Accrued expenses and deferred income

	Group and Parent Company		
SEK thousand	31 Dec 2022	31 Dec 2021	1 Jan 2021
Accrued personnel costs	8,574	8,793	14,159
Accrued expenses for consultants	1,483	3,263	3,164
Accrued consultancy fees	925	1,101	557
Other	1,647	1,299	361
Total accrued expenses and deferred income	**12,629**	**14,456**	**18,241**

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

Note 22 Pledged assets and contingent liabilities

The Company has pledged assets in an ownership reservation with Nordea Finans as follows:

	Group and Parent Company		
SEK thousand	31 Dec 2022	31 Dec 2021	1 Jan 2021
Pledged assets	-	79	331

The Company has no contingent liabilities.

Note 23 Cash flow disclosures

Adjustments for non-cash items.

SEK thousand	Group		Parent Company	
	2022	2021	2022	2021
Depreciation/amortisation	15,286	12,188	9,693	7,311
Scrapping of inventory	-	94	-	94
Change in guarantee reserve	-315	350	-315	350
Share-based remuneration programmes	295	-2,233	295	-2,233
Translation differences	-5	-	-	-
Total non-cash items	**15,261**	**10,399**	**9,673**	**5,522**

Cash inflow from new share issues

SEK thousand	Group and Parent Company	
	2022	2021
Issue of 2,200,000 new shares at a subscription price of SEK 137/share	-	301,400
Issue costs	-	-17,335
Net inflow from new share issues	**0**	**284,065**

Cash flow arising from liabilities included in financing activities

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

SEK thousand	Opening balance, 1 Jan 2021	Cash flows	Non-cash transactions	Closing balance, 31 Dec 2021
Group 2021				
Current lease liabilities	4,542	-5,660	6,044	4,926
Borrowing	331	-252	-	79
Parent Company 2021				
Borrowing	331	-252	-	79

Note 24 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.

Notes 25 Participations in Group companies

During the year, Q-linea AB founded a subsidiary, Q-linea, Inc., in the US.

Subsidiary	Corp. reg. no.	Registered office	Parent Company's interest		Carrying amount, SEK thousand	
			Share of capital, %	Share of votes, %	31 Dec 2022	31 Dec 2021
Q-linea, Inc.	7158966	Delaware, USA	100	100	264	0

SEK thousand	Parent Company	
	2022	2021
Opening cost	0	-
Investments during the year	264	-
Closing cost	**264**	**0**

Note 26 Significant events after the end of the financial year

Q-linea entered into a distribution partnership for the ASTar instrument and consumables for the UK market with Pro-Lab Diagnostics.

The Company received certification under the new and more comprehensive EU IVDR. Under IVDR, IVDR certification is a condition for CE-marking the ASTar BC G- kit. The ASTar instrument has been CE-marked under IVDR since May 2022.

Q-linea initiated additional testing for its 510(k) application in the US following feedback from the FDA to verify performance improvements that occurred after the 510(k) application for US marketing authorisation for ASTar was originally submitted in June 2022, in order to support the application.

Q-linea AB presented 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. 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 8–12 people. Q-linea's majority owner, Nexttobe, fully supports the strategy and has expanded the current loan facility from SEK 100 million to SEK 200 million. As with the initial loan offer, any future conversion of debt to equity will be made at the exchange rate prevailing at the date of the conversion.

Q-linea announced that the Company had hired Christer Samuelsson as CFO and IR Director. Christer Samuelsson will take up his post on 1 May 2023, replacing Anders Lundin, who has held the role since 2018. Anders Lundin will step down from his role in connection with the Annual General Meeting in May.

Q-linea announced that the company has received the first two orders for ASTar instruments from Pro-Lab Diagnostics in the UK. The instruments will be utilized at upcoming exhibitions and in future customer evaluations.

In alignment with Q-linea's commercialisation strategy and to make ASTar commercially available to more customers in Europe, the company has signed a non-exclusive distribution agreement for Poland with Integra SPO z.o.o. The ambition is to continue partnering with strong distributors in other areas during the year.

Note 27 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	1,234,971,886
Retained earnings	-805,315,990
Result for the year	-269,503,230
Total	**160,152,665**

The Board proposes that profit be appropriated as follows: SEK 160,152,665 to be carried forward. The Board proposes to the Annual General Meeting that no dividend be paid for 2022.

Note 28 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)	2022	2021
Operating result	-262,247	-232,033
Depreciation, amortisation and impairment	15,286	12,188
EBITDA	**-246,961**	**-219,845**

Equity/assets ratio

SEK thousand (unless otherwise stated)	31 Dec 2022	31 Dec 2021
Total assets	229,916	484,460
Equity	163,190	430,454
Equity/assets ratio (%)	**71%**	**89%**

Debt/equity ratio

SEK thousand (unless otherwise stated)	31 Dec 2022	31 Dec 2021
Current liabilities to credit institutions	-	79
Total borrowing	0	79
Less:		
Cash and cash equivalents	-72,878	-15,089
Fixed-income funds	-	-91,295
Short-term and long-term bonds	-	-240,329
Net debt	**-72,878**	**-346,634**
Equity	163,190	430,454
Debt/equity ratio (%)	**-45%**	**-81%**

Equity per share

SEK thousand (unless otherwise stated)	31 Dec 2022	31 Dec 2021
Equity (a)	163,190	430,454
Total number of shares outstanding (b)	29,537,947	29,537,947
- Less holding of treasury shares (c)	-328,472	-328,472
Equity per share (a/(b-c)), SEK	**5.59**	**14.74**

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 23 May 2023.

Uppsala, 12 April 2023

Jonas Jarvius
President

Erika Kjellberg Eriksson
Chairperson

Mats Nilsson
Director

Mario Gualano
Director

Nina Korfu-Pedersen
Director

Marianne Hansson
Director

Per-Olof Wallström
Director

Hans Johansson
Director

Our Auditor's Report was submitted on 12 April 2023

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 2022 except for the corporate governance statement on pages 48-57. The annual accounts and consolidated accounts of the company are included on pages 37-101 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 2022 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 2022 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 48-57. 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.

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 matters

Research and development costs

According to Note 14, the costs for the company's operations in research and development amounted to SEK 152 million during the financial year 2022. This corresponds to 55 percent of the company's total operating costs. Most of the costs relate to the development of the company's leading product ASTar and consist mainly of expenses for hired and own staff.

In our audit, we have focused on these costs as they together amount to a significant amount and that there is a risk regarding the accuracy, completeness and accrual of these expenses.

How our audit addressed the Key audit matter

Our audit of the costs of research and development has included, but is not limited to, the following measures:

- Evaluated the company's routines, business follow-up and internal control.
- Tested the company's controls for approval and payment of supplier invoices and personnel costs.
- Reconciled and performed detailed testing against invoice documentation, agreements and other year-end documentation.
- Performed detailed testing of salaries.
- Analyzed costs based on our knowledge of the business and follow-up on internal reports.

Based on our review, we have not reported any significant observations to the Audit Committee.

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 1-35 and 106-108. 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

Uttalanden

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Q-linea AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

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 2022 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 2022.

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 48-57 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 24 May 2022 and has been the company's auditor since the April 2007.

Uppsala April 12, 2023

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Authorized Public Accountant

References

Page	Source:
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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

4 May 2023	Interim report January to March 2023
23 May 2023	Annual General Meeting 2023
13 July 2023	Interim report January to June 2023
2 November 2023	Interim report January to September 2023

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