

First commercial customer

First quarter: 1 January–31 March 2022

- Net sales amounted to SEK 5.8 million (0.0).
- The operating result totalled SEK -71.8 million (-63.8).
- The result for the period amounted to SEK -71.9 million (-63.2).
- Earnings per share before and after dilution amounted to SEK -2.46 (-2.34).
- Cash flow from operating activities totalled SEK -51.7 million (-56.1).
- As of 31 March 2022, the Company had SEK 290.2 million (347.8) in available funds.

Significant events

In the first quarter of 2022

- Excellent clinical results from major commercial evaluation.

After the end of the period

- The Company announced that ASTar had received a breakthrough device designation from the US Food and Drug Administration (FDA).

First commercial customer



One of the early important milestones of the quarter was our first commercial sale to a hospital in England. The customer decided to purchase an ASTar system after the evaluation showed that patients benefited from rapid antibiotic susceptibility testing and ASTar's unique advantages.

We are very pleased about the considerable interest we see from potential customers. After many years of hard work, it's fantastic to finally see ASTar being launched and to receive such a positive response. However, we see that the sales cycles are long and comparable with other players in the market. At present, we estimate that the sale process of ASTar will take about 9 months and we will of course together with our partners investigate the possibilities of shortening these.

We also see that there are currently more customers who simultaneously, and in a short time, have shown interest in evaluating ASTar prior to their purchase, and that the capacity to perform commercial evaluations at our partner is a limiting factor. Seeing the great interest from potential customers is incredibly encouraging and we are now working closely with Thermo Fisher Scientific to adapt the resources to the required needs.

There are also some remaining negative effects of the corona pandemic, but this is improving daily, and we believe that it generally has a very small impact on sales.

Based on the above, we estimate that sales of ASTar systems for 2022 will amount to approximately 20 ASTar.

Another important news item from the quarter was ASTar's designation as a breakthrough device by the FDA. This designation is given to products that are deemed to provide a more efficient treatment for serious illnesses where no comparable alternative is available in the market. The aim of the designation is to accelerate the regulatory review of new medical devices and provide patients with faster access to new treatment alternatives. Receiving breakthrough device designation from the FDA is itself a milestone, but we also see this prioritised

regulatory review as an opportunity to bring ASTar to the US market more quickly. We are following our plan and intend to submit our 510(k) application in the spring.

Q-linea participated in ECCMID in Lisbon in April, hosting its own booth. ECCMID is the world's largest infectious diseases conference, with over 10,000 participants. Q-linea demonstrated ASTar along with Podler and our new loading station for easy and cost-effective analysis of isolate samples in ASTar. We also demonstrated our upcoming panel for analysing Gram-positive bacteria and, as with our Gram-negative panel, we received a great deal of positive feedback about the breadth of the panel.

We are very pleased with all the feedback we have received on ASTar from potential customers. Podler generated considerable interest and received numerous comments and was considered a huge step for blood cultures. "Why hasn't anyone done this before?" was a frequent comment.

Thermo Fisher Scientific experienced a similarly high level of interest when presenting ASTar and a great deal of demand for demonstrations. It is clear that we have reached all of the goals we set ahead of the conference, and it will be exciting to see how we and Thermo Fisher Scientific can follow up with interested potential customers during the coming months. We also received a great deal of interest in commercialising Podler from several parties.

All in all, the future looks bright given the significant customer interest we have attracted and I look forward to increased capacity to carry out evaluations and commercial sales at our partner. We are confident that ASTar will contribute to improved patient outcomes for as many patients as possible around the world.

Uppsala, 4 May 2022,

Jonas Jarvius, President

Preparations ahead of future clinical studies

Developments in the first quarter of 2022

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

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

Consumables

The production and launch of the ASTar kit continued during the quarter. Production of the Gram-positive kit also started in preparation for qualification. One advantage of Q-linea's consumables is that the same sample preparation cartridge is used for the Gram-negative and Gram-positive products, while the AST disc is unique. Production of the Gram-negative kit has primarily focused on deliveries to the clinical trial in the US but also on commercial production for Thermo Fisher Scientific.

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

Instruments

One focus area during the quarter was working to transfer certain verification testing to our contract manufacturer Sanmina in order to better manage higher production volumes. Q-linea built up a safety stock of critical components during the end of 2021 to ensure production for 2022. Work to identify and replace ASTar components that are near the end of their lifecycles and need replacement was escalated during the quarter.

Regulatory studies for the US market

The regulatory studies for the US market entered their final stage during the quarter and work to put together a 510(k) application to the FDA has started. The Company received positive confirmation that the FDA had designated ASTar as a breakthrough device, which helps accelerate the processing time after an application is submitted to the FDA. Preparations for the next planned clinical study for Gram-positive bacteria in patients with sepsis continued while preparations for the Company's first health economics study is ongoing.

Development of new products

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

Financial performance in brief

Comments on the report

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

Income, expenses and earnings

Net sales in the first quarter amounted to SEK 5,800 thousand (0), an increase of SEK 5,800 thousand compared with the corresponding period in the preceding year. Sales comprised ASTar instruments and associated consumables.

Other operating income amounted to SEK 641 thousand (4) for the first quarter.

Changes in inventories of products in progress, semi-finished goods and finished goods amounted to SEK -9,583 thousand (-6,013) for the quarter, mainly due to the increased sales of the Company's products.

Costs for raw materials and consumables as well as goods for resale for the first quarter totalled SEK 3,172 thousand (3,110), up SEK 62 thousand compared with the corresponding period in the preceding year. The Company recognised an impairment of goods for resale and finished goods that amounted to SEK -4,988 thousand (0) at the end of the quarter.

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 in the first quarter totalled SEK 23,601 thousand (22,073), up SEK 1,528 thousand.

The change is largely due to an increase in external consultant fees and services pertaining to clinical studies compared with the year-earlier period.

Personnel costs amounted to SEK 39,524 thousand (30,834) for the first quarter, up SEK 8,690 thousand compared with the corresponding quarter in the preceding year. The cost increase during the quarter is primarily attributable to a higher number of employees compared with the year-earlier quarter.

Costs for depreciation, amortisation and impairment of tangible and intangible assets amounted to SEK 2,231 thousand (1,693) for the first quarter. This cost increase

was attributable to the Company's investments in production equipment.

Other operating expenses amounted to SEK 163 thousand (41) for the first quarter and pertain largely to exchange-rate losses.

The operating result totalled SEK -71,832 thousand (-63,759) for the quarter. The planned reduction in the operating result, which amounted to SEK -8,073 thousand, was primarily attributable to increased personnel costs.

The result from financial items totalled SEK -104 thousand (566) for the first quarter. Interest expenses from the sale of fixed-income funds and bonds exceeded interest income for the period, leading to the negative result from financial items.

The reported tax in the first quarter amounted to SEK 0 thousand (0).

The result for the first quarter totalled SEK -71,936 thousand (-63,193).

Financial position

Cash and cash equivalents at the end of the first quarter totalled SEK 15,386 thousand (15,089). Cash and cash equivalents that are not required for daily operations over the coming 12 months have been invested in fixed-income funds and listed corporate bonds.

On the balance sheet date, the Company's short-term investments amounted to SEK 146,643 thousand (150,945), consisting of fixed-income funds and the short-term component of listed corporate bonds. The fixed-income funds consist of low-risk securities and other interest-rate instruments that were recognised at cost in an amount of SEK 106,060 thousand (91,245) at the end of the first quarter. The fair value of the fixed-income funds totalled SEK 105,061 thousand (91,295) on the balance sheet date (level 1 in the fair value hierarchy).

The Company's short-term component of the listed corporate bonds was recognised at cost in an amount of SEK 40,583 thousand (59,700) on the balance sheet date. The value includes accrued coupon rates of SEK 48 thousand (150). The fair value of the bonds amounted to SEK 40,119 (59,427) thousand.

Financial assets totalled SEK 131,237 thousand (184,815) on the balance sheet date, a decrease of SEK 53,578 thousand. The change is attributable to the Company having sold bonds amounting to SEK 53,496 thousand (5,150). The remaining amount is attributable to changes in accrued interest and credit reserve.

The Company's financial assets primarily comprise listed corporate bonds in several sectors with a diversified maturity structure with high credit ratings. During the quarter, the Company reduced its holding in long-term bonds somewhat, which resulted in a lower credit reserve. At the end of the first quarter, the Company's total value of listed corporate bonds amounted to SEK 128,189 thousand (181,768). These are recognised at amortised cost and include a credit reserve of SEK 186 thousand (215). The Company tests for impairment on each recognition date using data from S&P and Moody's. Other long-term financial assets also comprise participations in EMPE Diagnostics AB amounting to SEK 2,997 thousand (2,997) at the end of the quarter. Q-linea's holding comprises 23,400 shares, corresponding to 5.84% of the capital and votes.

At the end of the quarter, equity amounted to SEK 359,505 thousand (430,788), the equity/assets ratio to 89% (92) and the debt/equity ratio to -81% (-81).

Cash flow and investments

Cash flow from operating activities totalled SEK -51,663 thousand (-56,101) for the first quarter. The change in cash flow in the quarter was mainly due to the improved change in working capital, although this was offset somewhat by a weaker operating result.

Cash flow from investing activities for the first quarter totalled SEK 51,998 thousand (58,537). Investments in production equipment totalled SEK 5,697 thousand (798) for the first quarter. The Company invested SEK 70,000 thousand (5,006) in short-term investments, of which SEK 70,000 thousand (0) was invested in interest-bearing funds and SEK 0 thousand (5,006) in short-term listed bonds.

In addition, the Company divested short-term investments totalling SEK 120,688 thousand (112,997) in the first quarter. Of this amount, short-term fixed-income funds comprised SEK 55,185 thousand (59,637) and short-term bonds comprised SEK 65,503 thousand (53,361). Sales of fixed-income funds are continuously carried out on a monthly basis to cover overhead expenses since the Company does not generate a positive cash flow.

The Company invested SEK 0 thousand (48,657) in financial assets in the first quarter. The Company only invests in listed bonds that have the highest rating from S&P and Moody's. In addition, the Company divested financial assets in the quarter valued at SEK 7,008 thousand (0).

Cash flow from financing activities amounted to SEK -40 thousand (-80) for the first quarter and pertained to repayments to credit institutions. The remaining loan has a repayment plan that is shorter than 12 months.

Financing

To provide the Company with sufficient liquidity to

continue operating and developing according to its strategic plan, the Company carried out a directed issue during 2021. This issue raised gross proceeds for the Company of SEK 301,400 thousand. As of 31 March 2022, the Company had access to cash and cash equivalents of SEK 15,386 thousand (15,089), short-term investments including short-term components of other securities held as non-current assets of SEK 146,643 thousand (150,945) and long-term listed corporate bonds of SEK 128,189 thousand (181,768), totalling SEK 290,217 thousand (347,802).

Future financing

Q-linea now has the first ASTar product approved for sales in Europe. However, the Company is yet to generate any positive cash flow. During the second quarter of the previous year, the Company carried out a directed issue amounting to SEK 301.4 million before issue costs, which is described under "Financing" above. Based on the proceeds generated for the Company, the Board deems the existing working capital as of 31 March 2022 to be sufficient to cover the Company's needs over at least the next 12 months.

Other information

Employees

Calculated on the basis of full-time equivalents, Q-linea had 148 (111) employees at the end of the first quarter, 64 (45) of whom were women. The number of consultants at the end of the first quarter was 32 (35), nine (eleven) of whom were women.

Commercial evaluation

The results of the commercial evaluation carried out in summer 2021 by Thermo Fisher Scientific, with support from Q-linea, was an overall essential agreement (EA, meaning reaching the same results as the reference method) of 96.6%, thus exceeding the results from Q-linea's pivotal CE-IVD study. ASTar® could also provide results for 98.7% of all organisms analysed.

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 negative impact of the ongoing pandemic on the Company's operations. However, in the current climate we have started to welcome 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 extent to which Q-linea's operations could be affected 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 any outbreak:

- The timeframe of the planned clinical study, if hospitals are tied up with activities related to SARS-CoV-2 and Covid-19. The possibility to visit hospitals during the

study, given that this could be limited during certain periods and in certain regions.

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

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

The situation in Ukraine

The devastating war in Ukraine is a tragedy. At Q-linea, we are deeply concerned about the situation and our thoughts are with all of the people affected. The war's impact on the Company is very difficult to predict since the situation is extremely serious and could change rapidly.

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.
- The Company has no operations or employees in these countries.
- Costs for fuel, energy and certain insurance will increase further, which will impact the Company's expense levels, although only to a limited extent.

Q-linea is following the events closely.

Information about risks and uncertainties

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

The goal of the Company's risk management is to identify, measure, control and limit the risks associated with its operations. Risks can be divided into financial risks and operational and business environment risks. Q-linea's operational and business environment risks mainly comprise risks related to research and development, production risks, clinical trials, market risks, risks associated with product approval and the dependence on key individuals. A detailed description of the Company's risk exposure and risk management is presented on pages 36–82 of the 2021 Annual Report.

Definition of performance measures

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

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

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

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

Reconciliation of alternative performance measures

The following is a reconciliation of certain alternative performance measures showing the various performance measure components that make up the alternative performance measures. Treasury shares refer to the Company's own holding to ensure the delivery of performance shares under LTIP 2019. The Company's holding of treasury shares has been excluded from the calculation of per-share performance measures.

EBITDA

SEK thousand	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Operating result	-71,832	-63,759	-233,550
Depreciation, amortisation and impairment	2,231	1,693	7,311
EBITDA	-69,601	-62,066	-226,238

Equity/assets ratio

SEK thousand (unless otherwise stated)	31 Mar 2022	31 Mar 2021	31 Dec 2021
Total assets	401,737	355,844	466,633
Equity	359,505	317,846	430,788
Equity/assets ratio (%)	89%	89%	92%

Debt/equity ratio

SEK thousand (unless otherwise stated)	31 Mar 2022	31 Mar 2021	31 Dec 2021
Long-term liabilities to credit institutions (a)	-	40	0
Current liabilities to credit institutions (b)	40	212	79
Total borrowing (c=a+b)	40	252	79
- Less cash and cash equivalents (d)	-15,386	-12,499	-15,088
- Less short-term investments (e)	-146,643	-188,720	-150,945
- Less long-term investments (f)	-128,189	-72,994	-181,768
Net debt (g=c+d+e+f)	-290,178	-273,962	-347,722
Equity (h)	359,505	317,846	430,788
Debt/equity ratio (g/h) (%)	-81%	-86%	-81%

Equity per share

SEK thousand (unless otherwise stated)	31 Mar 2022	31 Mar 2021	31 Dec 2021
Equity (a)	359,505	317,846	430,788
Total number of shares outstanding (b)	29,537,947	27,337,947	29,537,947
- Less holding of treasury shares (c)	-328,472	-328,472	-328,472
Equity per share, (a/(b-c)), SEK	12.31	11.77	14.75

Performance measures and other information

SEK thousand (unless otherwise stated)	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Earnings			
Net sales	5,800	0	9,335
EBITDA	-69,601	-62,066	-226,238
Operating result	-71,832	-63,759	-233,550
Result for the period	-71,936	-63,193	-231,242
Per share			
Equity per share, SEK	12.31	11.77	14.75
Earnings per share before and after dilution, SEK	-2.46	-2.34	-8.19
Total number of shares outstanding	29,537,947	27,337,947	29,537,947
- of which, treasury shares	328,472	328,472	328,472
Number of shares outstanding excl. treasury shares	29,209,475	27,009,475	29,209,475
Total average number of shares	29,537,947	27,337,947	28,567,536
- of which, average number of treasury shares	328,472	328,472	328,472
Average number of shares excl. treasury shares	29,209,475	27,009,475	28,239,064
Cash flow			
Cash flow from operating activities	-51,663	-56,101	-255,049
Cash flow from investing activities	51,998	58,537	-23,819
Cash flow from financing activities	-40	-80	283,813

SEK thousand (unless otherwise stated)	31 Mar 2022	31 Mar 2021	31 Dec 2021
Financial position			
Total assets	401,737	355,844	466,633
Cash and cash equivalents	15,386	12,499	15,089
Short-term investments and non-current securities	274,832	261,714	332,712
Equity	359,505	317,846	430,788
Equity/assets ratio, %	89	89	92
Debt/equity ratio, %	-81	-86	-81

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

Uppsala, 4 May 2022

Jonas Jarvius
President

Erika Kjellberg Eriksson
Chairperson

Mats Nilsson
Director

Mario Gualano
Director

Marcus Storch
Director

Marianne Hansson
Director

Per-Olof Wallström
Director

Hans Johansson
Director

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

Upcoming reporting dates

24 May 2022	Annual General Meeting	
14 July 2022	Interim report, Q2	January to June 2022
3 November 2022	Interim report, Q3	January to September 2022

About the Company

Q-linea AB (publ)

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This information is information that Q-linea AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, on 5 May 2022 at 7:30 a.m. CEST.

Presentation

Q-linea invites investors, analysts and the media to an audiocast and teleconference (in English) today, 5 May, at 1:00 to 2:00 p.m. (CEST). President Jonas Jarvius and CFO Anders Lundin will present Q-linea, comment on the interim report for the January to March 2022 period and respond to questions.

Webcast: <https://tv.streamfabriken.com/q-linea-q1-2022>

Telephone numbers for the teleconference: SE: +46 850 558 352 UK: +44 333 300 9260 US: +1 646 722 4956

Income statement

Amounts in SEK thousand	Note	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Net sales	2	5,800	0	9,335
Other operating income		641	4	450
Changes in inventories of products in progress, semi-finished goods and finished goods ¹⁾		-9,583	-6,013	2,165
Raw materials and consumables, and goods for resale		-3,172	-3,110	-36,529
Other external costs		-23,601	-22,073	-90,765
Personnel costs	4	-39,524	-30,834	-110,512
Depreciation/amortisation of tangible and intangible assets		-2,231	-1,693	-7,311
Other operating expenses		-163	-41	-383
Operating result		-71,832	-63,760	-233,550
Revenue from holdings of listed corporate bonds that are non-current assets ²⁾		367	127	1,668
Other interest income and similar profit items		351	1,005	2,580
Interest expenses and similar loss items		-823	-566	-1,941
Result from financial items		-104	566	2,307
Result before tax		-71,936	-63,193	-231,242
Tax on result for the period		-	-	-
Result for the period		-71,936	-63,193	-231,242
Earnings per share before and after dilution, SEK	8	-2.46	-2.34	-8.19
Average number of shares excl. treasury shares		29,209,475	27,009,475	28,239,064

Statement of comprehensive income

Amounts in SEK thousand	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Result for the period	-71,936	-63,193	-231,242
Other comprehensive income, net after tax	-	-	-
Total comprehensive income	-71,936	-63,193	-231,242

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

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

Balance sheet

Amounts in SEK thousand	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS				
Non-current assets				
<i>Intangible assets</i>				
Licences		77	149	95
Technology and customer relationships		274	379	295
Goodwill		3,531	4,617	3,802
Total intangible assets		3,882	5,145	4,193
<i>Tangible assets</i>				
Equipment, tools, fixtures and fittings		31,446	21,257	27,669
Total tangible assets		31,446	21,257	27,669
<i>Financial assets</i>				
Other securities held as non-current assets	7	131,187	75,991	184,765
Other long-term receivables		50	50	50
Total financial assets		131,237	76,041	184,815
Total non-current assets		166,565	102,443	216,676
Current assets				
Inventories	5	21,897	16,349	28,646
<i>Current receivables</i>				
Accounts receivable		758	2,105	3,481
Other receivables		45,719	30,383	48,440
Prepaid expenses and accrued income		4,771	3,345	3,355
Total current receivables		51,248	35,833	55,276
Short-term investments	6	146,643	188,720	150,945
Cash and bank balances		15,386	12,499	15,089
Total current assets		235,173	253,402	249,957
TOTAL ASSETS		401,737	355,844	466,633

Balance sheet

Amounts in SEK thousand	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		1,477	1,367	1,477
Total restricted equity		1,477	1,367	1,477
Unrestricted equity				
Share premium reserve		1,234,972	951,017	1,234,972
Retained earnings		-805,007	-571,344	-574,419
Result for the period		-71,936	-63,193	-231,242
Total unrestricted equity		358,029	316,480	429,311
Total equity		359,505	317,846	430,788
Liabilities				
<i>Long-term liabilities</i>				
Loans from credit institutions		-	40	0
Total long-term liabilities		-	40	0
<i>Current liabilities</i>				
Loans from credit institutions		40	212	79
Accounts payable		10,622	9,167	8,103
Current tax liabilities		0	1,419	2,238
Other liabilities		10,308	5,218	10,969
Accrued expenses and deferred income		21,262	21,942	14,456
Total current liabilities		42,232	37,958	35,845
TOTAL LIABILITIES AND EQUITY		401,737	355,844	466,633

Changes in equity

Amounts in SEK thousand	Note	Restricted equity	Unrestricted equity			Total equity
		Share capital	Share premium reserve	Retained earnings	Result for the period	
Opening balance, 1 January 2021		1,367	951,017	-353,531	-218,655	380,197
Comprehensive income						
Result for the period		-	-	-	-63,193	-63,193
Appropriation of profits		-	-	-218,655	218,655	0
Total comprehensive income		-	-	-218,655	155,462	-63,193
Transactions with shareholders						
Share-based remuneration programmes	4	-	-	842	-	842
Total transactions with shareholders		-	-	842	-	842
Closing balance, 31 March 2021		1,367	951,017	-571,344	-63,193	317,846
Opening balance, 1 January 2021		1,367	951,017	-353,531	-218,655	380,197
Comprehensive income						
Result for the year		-	-	-	-231,242	-231,242
Appropriation of profits in accordance with AGM decision						
- Carried forward to unrestricted equity		-	-	-218,655	218,655	0
Total comprehensive income		-	-	-218,655	-12,587	-231,242
Transactions with shareholders						
New share issue		110	301,290	-	-	301,400
Issue costs		-	-17,335	-	-	-17,335
Share-based remuneration programmes	4	-	-	-2,233	-	-2,233
Total transactions with shareholders		110	283,955	-2,233	-	281,833
Closing balance, 31 December 2021		1,477	1,234,972	-574,419	-231,242	430,788
Opening balance, 1 January 2022		1,477	1,234,972	-574,419	-231,242	430,788
Comprehensive income						
Result for the period		-	-	-	-71,936	-71,936
Appropriation of profits		-	-	-231,242	231,242	0
Total comprehensive income		-	-	-231,242	159,306	-71,936
Transactions with shareholders						
Share-based remuneration programmes	4	-	-	654	-	654
Total transactions with shareholders		-	-	654	-	654
Closing balance, 31 March 2022		1,477	1,234,972	-805,007	-71,936	359,505

Cash flow statement

Amounts in SEK thousand	Note	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Cash flow from operating activities				
Operating result		-71,832	-63,759	-233,550
Adjustments for non-cash items				
- Depreciation reversal		2,231	1,693	7,311
- Scrapping of inventory		-	-	94
- Change in guarantee reserve		210	-	350
- Share-based remuneration programmes	4	654	842	-2,233
Interest received		649	997	3,735
Interest paid		-568	-367	-1,180
Tax paid		-	-512	306
Cash flow from operating activities before changes in working capital		-68,657	-61,107	-225,167
<i>Changes in working capital</i>				
Increase/decrease in inventories	5	6,749	-3,916	-16,213
Increase/decrease in accounts receivable		2,723	-2,062	-3,438
Increase/decrease in other current receivables		1,306	4,429	-13,639
Increase/decrease in other current liabilities		3,697	5,456	3,371
Increase/decrease in accounts payable		2,519	1,099	36
<i>Changes in working capital</i>		<i>16,994</i>	<i>5,005</i>	<i>-29,883</i>
Cash flow from operating activities		-51,663	-56,101	-255,050
Cash flow from investing activities				
Investments in tangible assets		-5,697	-798	-11,971
Short-term investments	6	-70,000	-5,006	-176,134
Divestment of short-term investments	6	120,688	112,997	363,231
Investments in financial assets	7	-	-48,657	-204,095
Divestment of financial assets	7	7,008	-	5,150
Cash flow from investing activities		51,998	58,537	-23,819
Cash flow from financing activities				
New share issue		-	-	301,400
Issue costs		-	-	-17,335
Repayment of loans		-40	-80	-252
Cash flow from financing activities		-40	-80	283,814
Cash flow for the period		296	2,355	4,945
Cash and cash equivalents at the beginning of the period		15,089	10,144	10,144
Cash and cash equivalents at the end of the period		15,386	12,499	15,089

Accounting policies and notes

Note 1 Accounting policies

Q-linea AB has prepared its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. RFR 2 entails that Q-linea applies all of the EU-endorsed International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU and statements, with the limitations that follow the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The accounting policies applied in this interim report are the same as the policies applied and described in the 2021 Annual Report. Nor have the significant estimates and judgements described in the aforementioned Annual Report changed significantly during the period.

The interim report comprises pages 1–19, and pages 1–10 thus comprise an integrated component of this financial report.

Note 2 Specification of net sales

Net sales specified by geographic market:

SEK thousand	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Sweden	-	-	-
UK	5,800	-	9,335
Total net sales by geographic market	5,800	-	9,335

Net sales specified by type of income

SEK thousand	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Instruments and consumables	5,800	-	9,335
Prototype development	-	-	-
Total net sales by type of revenue	5,800	-	9,335

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

Note 3 Related-party transactions

Related parties are defined as owners with a significant or controlling influence, senior executives in the Company, meaning directors and members of the management team, and their close family members. Disclosures concerning transactions between the Company and other related parties are presented below. Related-party transactions are performed on an arm's length basis.

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

Note 4 Share-based remuneration programmes

At the end of the first quarter, Q-linea had three ongoing share-based remuneration programmes: the performance share-based programme LTIP 2019 and the two employee share option programmes 2020/2023 and 2021/2024.

Performance share-based programme LTIP 2019

The rights to receive performance shares were allotted free of charge in December 2019. As of 31 December 2019, when the programme was closed to new participants, 40,990 performance share rights had been allotted to participants of the programme. The performance targets are linked to product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met. The value of each performance share right is SEK 56.00 and is based on the closing price on the allotment date (20 December 2019). At the end of the first quarter, there were 40,990 (40,990) performance share rights outstanding and no performance share rights had expired. The cost recognised, including social security contributions, amounted to SEK -32 thousand (312) for the first quarter.

Employee share option programme 2020/2023

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

The option value on the allotment date was based on the average price on the allotment date and was calculated at SEK 11.38 per option. At the end of the first quarter, there were 312,450 (335,140) employee share options outstanding and 33,400 (10,710) employee share options had expired since the start of the programme. The option value on the balance sheet date was SEK 7.00 (71.38) per option, according to the Black & Scholes model. The cost recognised, including social security contributions, amounted to SEK -588 thousand (627) for the first quarter.

Employee share option programme 2021/2024

Employee share options were allotted free of charge on 30 June 2021 following a resolution by the Annual General Meeting on 25 May 2021. 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. 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. When the programme was closed to new participants, a total of 128,520 employee share options had been allotted. The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period from 10–24 May, meaning the ten (10) trading days prior to 25 May 2021, was SEK 153.45, and the exercise price was thus set at SEK 191.81 per share.

The option value on the allotment date was based on the average price on the allotment date and was calculated at SEK 23.71 per option. At the end of the first quarter, there were 121,380 (0) employee share options outstanding and 7,140 (0) employee share options had expired since the start of the programme. The option value on the balance sheet date was SEK 2.23 (0) per option, according to the Black & Scholes model. The cost recognised, including social security contributions, amounted to SEK 217 thousand (0) for the first quarter.

Note 5 Inventories

At the end of the first quarter of 2022, the Company had an inventory value of SEK 21,897 thousand (28,646).

SEK thousand (unless otherwise stated)	31 Mar 2022	31 Mar 2021	31 Dec 2021
Raw materials and consumables	2,660	1,667	2,781
Goods for resale ¹⁾	14,001	10,703	18,369
Products in progress	1,080	41	2,019
Semi-finished goods	2,527	1,977	3,226
Finished goods	1,630	1,961	2,251
Total inventories	21,897	16,349	28,646

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

At the end of the first quarter, the Company impaired the inventory of goods for resale and finished goods in an amount of SEK 4,988 thousand (4,734). SEK 11,977 thousand (1,474) in goods was expensed for the quarter.

Note 6 Short-term investments

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

At the end of the first quarter, the Company's short-term investments totalled SEK 146,643 thousand (150,945), of which SEK 40,583 thousand (59,700) represents the short-term component of the Company's listed corporate bonds. The fair value of the fixed-income funds amounted to SEK 105,061 thousand (91,295) and the fair value of the bonds amounted to SEK 40,119 thousand (59,427). Accrued interest on the listed bonds amounted to SEK 48 thousand (150). Coupon rates received from short-term bonds amounted to SEK 329 thousand (316) for the quarter.

Note 7 Other securities held as non-current assets

Other securities held as non-current assets primarily comprise low-risk listed corporate bonds that were measured at an amortised cost of SEK 128,189 thousand (181,768) on the balance sheet date, of which the accrued interest amounted to SEK 164 thousand (170) and the credit reserve to SEK -186 thousand (-63). The Company carries out impairment tests on a quarterly basis on each recognition date. The Company invests exclusively in bonds belonging to level 1 of the fair value hierarchy, and the impairment test is based on information from S&P and Moody's. The bond coupon rates carry both variable and fixed interest with periodic payments. Coupon rates received in the first quarter amounted to SEK 367 thousand (127).

Other securities held as non-current assets pertain to participations in EMPE Diagnostics AB. Participations were recognised at cost in the balance sheet in an amount of SEK 2,997 thousand (2,997). As of 31 March 2022, the Company deemed that there was no impairment requirement for the participations in EMPE Diagnostics AB since the share price at the latest directed issue exceed the price paid by Q-linea. Q-linea's holding comprises 23,400 shares, corresponding to 5.84% of the capital and votes.

Note 8 Earnings per share

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

SEK thousand (unless otherwise stated)	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Result for the period	-71,936	-63,193	-231,242
Weighted average number of shares outstanding	29,537,947	27,337,947	28,567,536
- Less average holding of treasury shares	-328,472	-328,472	-328,472
Earnings per share before and after dilution (SEK)	-2.46	-2.34	-8.19

Note 9 Risk management

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

At the end of first quarter, the Company had a credit reserve of SEK 186 thousand (215). The material risks associated with Q-linea's operations are presented in the Annual Report for the 1 January to 31 December 2021 financial year and in the prospectus prepared prior to the listing on Nasdaq Stockholm.

Note 10 Future financing

Q-linea now has the first ASTar product approved for sales in Europe. However, the Company is yet to generate any positive cash flow. During the second quarter of 2021, the Company carried out a directed issue amounting to SEK 301.4 million before issue costs. Based on the proceeds generated for the Company, the Board deems the existing working capital as of 31 March 2022 to be sufficient to cover the Company's needs over at least the next 12 months.

Note 11 Significant events after the end of the period

In April 2022, the Company announced that ASTar had received a breakthrough device designation from the FDA. This designation is given to products that are deemed to provide a more efficient treatment for serious illnesses where no comparable alternative is available in the market. The aim of the designation is to accelerate the regulatory review of new medical devices and provide patients with faster access to new treatment alternatives.