

TAKING CONTROL OF OUR FUTURE

Third quarter: 1 July–30 September 2022

- Net sales amounted to SEK 2.9 million (1.1).
- The operating result totalled SEK -58.9 million (-50.0).
- The result for the period amounted to SEK -59.4 million (-49.1).
- Earnings per share before and after dilution amounted to SEK -2.03 (-1.68).
- Cash flow from operating activities totalled SEK -55.4 million (-63.0).

Period: 1 January–30 September 2022

- Net sales amounted to SEK 12.8 million (5.4).
- The operating result totalled SEK -203.8 million (-181.9).
- The result for the period amounted to SEK -205.3 million (-180.3).
- Earnings per share before and after dilution amounted to SEK -7.03 (-6.46).
- Cash flow from operating activities totalled SEK -176.1 million (-164.2).
- As of 30 September 2022, the Company had a total of SEK 157.4 million (347.8) in available funds.

Significant events

In the third quarter of 2022

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

after the end of the period

- Q-linea has reached an agreement with Thermo Fisher Scientific to end the exclusive global distribution agreement for ASTar instruments and consumables.

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After the end of the third quarter, we reached an agreement with Thermo Fisher Scientific to terminate the exclusive global distribution agreement for ASTar instruments and consumables. Thermo Fisher Scientific's ambition and long-term strategy in diagnostics have changed during the year, and the company will focus on its core media business.

As ASTar gets closer to approval and launch on the US market, Q-linea will take control of marketing and distribution on the important US market. Q-linea intends to approach the markets in Europe and USA with both an extended own commercial team as well as with partners.

Q-linea and Thermo Fisher Scientific will continue to cooperate on the numerous evaluations being performed by potential customers, both those currently in progress and those starting up, as well as with commercial customers. Thermo Fishers has prepared the market and we will take over the pipeline of potential customers that has been built. The reference testing partnership for clinical studies will continue as before. Naturally, the aim is for the transition from Thermo Fisher Scientific to Q-linea to be as smooth as possible for our customers.

Of course, it's Thermo Fisher's change in strategy is regrettable. At the same time, customer interactions during our period of cooperation mean we have evolved significantly on the commercial front and now have a clear idea of what needs to be done to succeed in the years to come. I look forward to building a company with a clearer focus on selling its own products, which will create significant future value. We have also seen continued strong interest in our products from other major companies in the market and will now be able to fully follow up on these discussions in the best interests of our shareholders.

Despite our confident outlook, this change of strategy together with the Covid-19 pandemic impact on customers' purchasing decisions in 2022, means we will adjust previous sales estimate of 20 ASTar systems for 2022 to around 10 and will not see this turn around until 2023.

We are seeing many customers request comparative studies between ASTar and other available systems for rapid AST testing. We are in the process of joining several such studies to see how ASTar compares to the competition. Based on the data we've seen from individual evaluations, we are very much looking forward to seeing ASTar in large-scale comparisons of performance and workflow.

We see that health economics evidence (HEOR) is important to our European customers. It is therefore very gratifying that all the hospitals in our first major health economics study in Italy are now ready to begin. All the systems have been installed and the training and protocols are complete. We are waiting for a final ethics approval.

Our discussions with the FDA continued during the quarter, and we are now holding discussions on potential expanded testing. FDA has 90 days to examine our application, but it does not mean that the application is expected to be approved within 90 days. The "clock stops" when the FDA has a question or requests a clarification, which results in an extension of the time until approval. Similar products in the market have often had an approval time of 12 to 18 months. Of course, I hope that our review time will be faster than average since ASTar is classified as a breakthrough device by the FDA. Once we have received US market approval, we believe that clinical adoption in the US will go faster than it has in Europe so far given that the US market is generally faster to adopt new technology than the European market, especially within rapid AST diagnostics. We have just returned from ID week in Washington with a strong interest for ASTar. We are currently in discussions with two major hospitals who would like to evaluate ASTar before FDA approval.

Commercial discussions regarding Podler continued during the quarter, and I will of course announce how the discussion progress as soon as possible.

Q-linea is undergoing a major change as we now clearly take control of our own future. This change means that 2023 will be a year of transformation and adjustment to our new situation but based on the reception we've seen in Europe so far, I remain convinced that we have a promising and exciting journey ahead of us.

Uppsala, 30 October 2022, Jonas Jarvius, President

Discussions with the FDA continue

Developments in the third 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

In the development of the Company's upcoming consumables for gram-positive bacteria, the focus during the quarter was primarily on process development of the production steps that differ from the gram-negative product. This includes dispensing and drying of new antibiotics as well as methods for quality control of these two steps. In addition, a large number of gram-positive bacterial isolates have been characterised so that they can be used for machine learning by the algorithms that assess bacteria growth.

Production of gram-negative consumables also continued, with commercial deliveries of the CE-marked product to Thermo Fisher Scientific.

Scaling up and cutting production costs

Work to lower production costs and increase production capacity for consumables continues. This work focuses on addressing cost-driving production steps and bottlenecks in production. A new process that reduces the cycle time for joining AST discs is under development. At the same time, development continues on new equipment for dispensing antibiotic in the AST disc and performing automated quality control.

Instruments

The Company continued to secure future instrument deliveries during the quarter. The Company continued to develop instrument software that can manage multiple hardware versions of a specific component. At the same time, the instrument's software is being prepared to manage several different consumables, which is a requirement to run kits for both gram-negative and gram-positive bacteria simultaneously.

Regulatory studies for the US market

The regulatory review of the Company's 510(k) application for access to the US market for the ASTar instrument and gram-negative consumables continued during the quarter. The application is very extensive, since it covers a completely new diagnostic platform with a multiplex (*simultaneous analysis of multiple bacteria/antibiotics*) consumable that generates a large amount of data from every test. The Company interacted with the FDA on several occasions during the quarter, replying to questions about its application.

Planning of the upcoming clinical performance study with ASTar for gram-positive bacteria also continued during the quarter.

Development of new products

Development of Podler, Q-linea's portable blood culture technology, continued during the quarter. An advanced prototype is being developed in cooperation with Q-linea's development partner on the project. The design work will also include efficient manufacturing in addition to ensuring technical functionality.

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.

Future financing

Q-linea first product, ASTar, is approved for sales in Europe. However, the Company is yet to generate any positive cash flow. Therefore, the Company is 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 from regions where the Company's product is registered.

As of 30 September, the Company's available cash and cash equivalents, short-term investments including short-term components of other securities held as non-current assets and long-term listed corporate bonds do not cover the liquidity needed 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 over the coming year to be favourable.

Income, expenses and earnings

Net sales for the third quarter totalled SEK 2,868 thousand (1,122), an increase of SEK 1,746 thousand compared with the corresponding period in the preceding year. Net sales for the January to September period totalled SEK 12,788 thousand (5,442), up SEK 7,346 thousand. Sales comprised ASTar instruments and associated consumables.

Other operating income amounted to SEK 618 thousand (51) for the third quarter and SEK 1,295 thousand (99) for the January to September period and pertained primarily to sales of customer-specific prototypes to external customers.

Changes in inventories of products in progress, semi-finished goods and finished goods amounted to SEK -2,742 thousand (-2,600) for the third quarter and SEK -19,250 thousand (-16,630) for the January to September period, mainly due to increased sales of the Company's products.

Costs for raw materials and consumables and goods for resale totalled SEK 4,150 thousand (2,614) for the third quarter and SEK 10,525 thousand (10,347) for the January to September period. The Company reversed an impairment reserve for goods for resale and finished goods that amounted to SEK 958 thousand (111) for the third quarter, and SEK 749 thousand (-2,711) for the January to September period.

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

Other external costs totalled SEK 21,367 thousand (20,022) for the third quarter, up SEK 1,345 thousand. Operating expenses for the January to September period totalled SEK 69,692 thousand (65,750), up SEK 3,942 thousand. The changes during the quarter and in the January to September period were largely attributable to higher costs for clinical studies, which were mitigated by lower costs for consultants.

Personnel costs amounted to SEK 31,344 thousand (24,063) for the third quarter, up SEK 7,281 thousand compared with the corresponding quarter in the preceding year. Personnel costs for the January to September period totalled SEK 110,503 thousand (89,351), up SEK 21,152 thousand. The cost increase during both the quarter and the period was primarily attributable to a higher number of employees compared with the year-earlier periods.

Depreciation, amortisation and impairment of tangible and intangible assets totalled SEK 2,539 thousand (1,808) for the third quarter and SEK 7,167 thousand (5,221) for the January to September period. This cost increase was primarily attributable to the Company's investments in expanded laboratory capacity and ASTar instruments used in clinical studies, which are now being depreciated.

Other operating expenses amounted to SEK 268 thousand (85) for the third quarter and SEK 782 thousand (172) for the January to September period and pertained largely to exchange-rate losses.

The operating result totalled SEK -58,923 thousand (-50,019) for the third quarter and SEK -203,835 thousand (-181,930) for the January to September period. The planned reduction in the operating result, which amounted to SEK -21,905 thousand, was primarily attributable to increased personnel costs.

The result from financial items totalled SEK -435

thousand (887) for the third quarter and SEK -1,461 thousand (1,676) for the January to September period. Realised exchange losses 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 third quarter and for the January to September period amounted to SEK 0 thousand (0).

The result for the third quarter totalled SEK -59,358 thousand (-49,132), and the result for the January to September period amounted to SEK -205,296 thousand (-180,254).

Financial position

Cash and cash equivalents at the end of the third quarter totalled SEK 28,855 thousand (15,089). Cash and cash equivalents that are not required for daily operations over the coming 12 months are invested in fixed-income funds and listed corporate bonds.

On the balance sheet date, the Company's short-term investments amounted to SEK 65,312 thousand (150,945), consisting of the short-term component of listed corporate bonds.

The fixed-income funds on the balance sheet date consist of low-risk securities and other interest-rate instruments that were recognised at cost in an amount of SEK 0 thousand (91,245) at the end of the third quarter. The fair value of the fixed-income funds totalled SEK 0 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 65,312 thousand (59,700) on the balance sheet date. The value includes accrued coupon rates of SEK 130 thousand (150). The fair value of the bonds amounted to SEK 63,502 thousand (59,427).

Financial assets totalled SEK 66,235 thousand (184,815) on the balance sheet date, a decrease of SEK 118,580 thousand. The change was attributable to the Company having sold bonds amounting to SEK 19,030 thousand (5,150) and invested SEK 12,000 thousand (199,511) in new bonds. The remaining amount is attributable to the reclassification of listed corporate bonds to the short-term category as well as 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 increased its holding in long-term bonds somewhat, which resulted in a higher credit reserve. At the end of the third quarter, the Company's total value of listed corporate bonds amounted to SEK 63,188 thousand (181,768). These are recognised at amortised cost and include a credit reserve of SEK -461 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 5.52% of the capital and votes.

At the end of the quarter, equity amounted to SEK 227,189 thousand (430,788), the equity/assets ratio to 84% (92) and the debt/equity ratio to -69% (-81).

Cash flow and investments

Cash flow from operating activities totalled SEK -55,356 thousand (-63,032) for the third quarter and SEK -176,125 thousand (-164,169) for the January to September period. The change in cash flow in the third quarter and the January to September period was mainly due to a lower operating result, which was partly mitigated by an improved change in working capital.

Cash flow from investing activities amounted to SEK 64,644 thousand (36,527) for the third quarter and SEK 189,971 thousand (-108,249) for the January to September period. Investments in tangible assets amounted to SEK 869 thousand (2,748) for the third quarter and SEK 13,835 thousand (5,934) for the January to September period.

During the third quarter, the Company invested SEK 0 thousand (6,056) in short-term investments, with the entire amount in the comparative period pertaining to short-term listed bonds. During the January to September period, the Company invested SEK 70,000 thousand (176,134) in short-term investments, of which SEK 70,000 thousand (160,000) was invested in interest-bearing funds and SEK X thousand (16,135) in short-term listed bonds.

In addition, the Company divested short-term investments totalling SEK 65,491 thousand (79,997) in the third quarter. Of this amount, short-term fixed-income funds comprised SEK 25,163 thousand (39,828) and short-term bonds comprised SEK 40,328 thousand (40,169). The Company divested short-term investments totalling SEK 266,776 thousand (268,182) in the January to September period. Of this amount, short-term fixed-income funds comprised SEK 160,945 thousand (144,515) and short-term bonds comprised SEK 105,831 thousand (123,667).

The Company invested SEK 12,000 thousand (34,667) in financial assets in the third quarter and SEK 12,000 thousand (199,511) in the January to September period. The Company only invests in listed bonds that have the highest rating from S&P and Moody's. In addition, the Company divested financial assets in the January to September period valued at SEK 19,030 thousand (5,150).

Cash flow from financing activities totalled SEK 0 thousand (-53) for the third quarter and SEK -79 thousand (283,853) for the January to September period, and pertained to repayments to credit institutions. Loans to credit institutions are repaid in full. During the comparative January to September 2021 period, the Company

carried out a directed issue that raised gross proceeds of SEK 301,400 thousand. Issue costs totalled SEK 17,335 thousand.

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 30 September 2022, the Company had access to cash and cash equivalents of SEK 28,855 thousand (15,089), short-term components of long-term listed corporate bonds of SEK 65,312 thousand (150,945) and long-term listed corporate bonds of SEK 63,188 thousand (181,768), totalling SEK 157,355 thousand (347,802).

Other information

Nomination Committee

Q-linea's Nomination Committee ahead of the 2023 Annual General Meeting has been appointed and comprises: Oscar Bergman, Chairman of the Nomination Committee (Swedbank Robur Fonder), Erika Kjellberg Eriksson, Chairperson Q-linea AB (Nexttobe AB) and Øystein Engebretsen (Investment AB Öresund).

Employees

Q-linea had 156 (124) employees at the end of the third quarter, 69 (54) of whom were women. The number of consultants at the end of the third quarter was 18 (36), 4 (11) of whom were women.

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 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 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 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 orders for key components for ASTar 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.
- The Company has no operations or employees in these countries.
- Costs for fuel, energy, shipping and certain insurance could increase further, which will impact the Company's expense levels, although only to a limited extent.
- The Company could be affected by higher prices for raw materials, primarily plastic which is produced from oil. However, any impact would be limited since the cost of plastic in the Company's products is a small portion of the total cost.

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	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Operating result	-58,923	-50,019	-203,835	-181,930	-233,550
Depreciation, amortisation and impairment	2,539	1,808	7,167	5,221	7,311
EBITDA	-56,384	-48,211	-196,668	-176,709	-226,238

Equity/assets ratio

SEK thousand (unless otherwise stated)	30 Sep 2022	30 Sep 2021	31 Dec 2021
Total assets	271,382	533,727	466,633
Equity	227,189	487,216	430,788
Equity/assets ratio (%)	84%	91%	92%

Debt/equity ratio

SEK thousand (unless otherwise stated)	30 Sep 2022	30 Sep 2021	31 Dec 2021
Current liabilities to credit institutions (a)	0	119	79
Total borrowing	0	119	79
- Less cash and cash equivalents (b)	-28,855	-21,580	-15,088
- Less short-term investments (c)	-65,312	-207,541	-150,945
- Less long-term investments (d)	-63,188	-215,455	-181,768
Net debt (e=a+b+c+d)	-157,355	-444,457	-347,722
Equity (f)	227,189	487,216	430,788
Debt/equity ratio (e/f) (%)	-69%	-91%	-81%

Equity per share

SEK thousand (unless otherwise stated)	30 Sep 2022	30 Sep 2021	31 Dec 2021
Equity (a)	227,189	487,216	430,788
Total number of shares outstanding (b)	29,537,947	29,537,947	29,537,947
- Less holding of treasury shares (c)	-328,472	-328,472	-328,472
Equity per share (a/(b-c)), SEK	7.78	16.68	14.75

Performance measures and other information

SEK thousand (unless otherwise stated)	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	2021 Jan–Dec
Earnings					
Net sales	2,868	1,122	12,788	5,442	9,335
EBITDA	-56,384	-48,211	-196,668	-176,709	-226,238
Operating result	-58,923	-50,019	-203,835	-181,930	-233,550
Result for the period	-59,358	-49,132	-205,296	-180,254	-231,242
Per share					
Equity per share, SEK	7.78	16.68	7.78	16.68	14.75
Earnings per share before and after dilution, SEK	-2.03	-1.68	-7.03	-6.46	-8.19
Total number of shares outstanding	29,537,947	29,537,947	29,537,947	29,537,947	29,537,947
- of which, treasury shares	328,472	328,472	328,472	328,472	328,472
Number of shares outstanding excl. treasury shares	29,209,475	29,209,475	29,209,475	29,209,475	29,209,475
Total average number of shares	29,537,947	29,537,947	29,537,947	28,240,511	28,567,536
of which, average number of treasury shares	328,472	328,472	328,472	328,472	328,472
Average number of shares excl. treasury shares	29,209,475	27,209,475	29,209,475	27,912,039	28,239,064
Cash flow					
Cash flow from operating activities	-55,356	-63,032	-176,125	-164,169	-255,049
Cash flow from investing activities	64,644	36,527	189,971	-108,249	-23,819
Cash flow from financing activities	0	-53	-79	283,853	283,813

SEK thousand (unless otherwise stated)	30 Sep 2022	30 Sep 2021	31 Dec 2021
Financial position			
Total assets	271,382	533,727	466,633
Cash and cash equivalents	28,855	21,580	15,089
Short-term investments and non-current securities	128,500	422,996	332,712
Equity	227,189	487,216	430,788
Equity/assets ratio, %	84	91	92
Debt/equity ratio, %	-69	-91	-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, October 30, 2022

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

This report has 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

16 February 2023	Year-end report	January to December 2022
Week of 10 April 2023	2022 Annual Report	
4 May 2023	Interim report, Q1	January to March 2023
23 May 2023	2023 Annual General Meeting	
13 July 2023	Interim report, Q2	January to June 2023
2 November 2023	Interim report, Q3	January to September 2023

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. The information was submitted for publication, through the agency of the contact persons set out above, on 31 October 2022 at 7:30 a.m. (CET).

Presentation

Q-linea invites investors, analysts and the media to an audiocast and teleconference (in English) today, 31 October 2022, at 1:00 to 2:00 p.m. (CET). President Jonas Jarvius and CFO Anders Lundin will present Q-linea, comment on the interim report for the January to September 2022 period and respond to questions.

Webcast: <https://ir.financialhearings.com/q-linea-q3-2022>

Telephone numbers for the teleconference: SE: +46 850 558 352 UK: +44 333 300 9261 US: +1 646 722 4903

Income statement

Amounts in SEK thousand	Note	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Net sales	2	2,868	1,122	12,788	5,442	9,335
Other operating income		618	51	1,295	99	450
Changes in inventories of products in progress, semi-finished goods and finished goods ¹⁾		-2,742	-2,600	-19,250	-16,630	2,165
Raw materials and consumables, and goods for resale		-4,150	-2,614	-10,525	-10,347	-36,529
Other external costs		-21,367	-20,022	-69,692	-65,750	-90,765
Personnel costs	4	-31,344	-24,063	-110,503	-89,351	-110,512
Depreciation/amortisation of tangible and intangible assets		-2,539	-1,808	-7,167	-5,221	-7,311
Other operating expenses		-268	-85	-782	-172	-383
Operating result		-58,923	-50,019	-203,835	-181,930	-233,550
Revenue from holdings of listed corporate bonds that are non-current assets ²⁾		118	578	767	994	1,668
Other interest income and similar profit items		422	400	1,011	2,286	2,580
Interest expenses and similar loss items		-975	-91	-3,239	-1,604	-1,941
Result from financial items		-435	887	-1,461	1,676	2,307
Result before tax		-59,358	-49,132	-205,296	-180,254	-231,242
Tax on result for the period		-	-	-	-	-
Result for the period		-59,358	-49,132	-205,296	-180,254	-231,242
Earnings per share before and after dilution, SEK	8	-2.03	-1.68	-7.03	-6.46	-8.19
Average number of shares excl. treasury		29,209,475	29,209,475	29,209,475	27,912,039	28,239,064

Statement of comprehensive income

Amounts in SEK thousand	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Result for the period	-59,358	-49,132	-205,296	-180,254	-231,242
Other comprehensive income, net after tax		-		-	-
Total comprehensive income	-59,358	-49,132	-205,296	-180,254	-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	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS				
Non-current assets				
<i>Intangible assets</i>				
Licences		42	113	95
Technology and customer relationships		232	316	295
Goodwill		2,988	4,074	3,802
Total intangible assets		3,261	4,503	4,193
<i>Tangible assets</i>				
Equipment, tools, fixtures and fittings		35,269	23,506	27,669
Total tangible assets		35,269	23,506	27,669
<i>Financial assets</i>				
Other securities held as non-current assets	7	66,185	218,452	184,765
Other long-term receivables		50	466	50
Total financial assets		66,235	218,919	184,815
Total non-current assets		104,765	246,928	216,676
Current assets				
Inventories	5	22,292	23,358	28,646
<i>Current receivables</i>				
Accounts receivable		1,541	139	3,481
Other receivables		44,960	31,757	48,440
Prepaid expenses and accrued income		3,658	2,425	3,355
Total current receivables		50,158	34,321	55,276
Short-term investments	6	65,312	207,541	150,945
Cash and bank balances		28,855	21,580	15,089
Total current assets		166,616	286,799	249,957
TOTAL ASSETS		271,382	533,727	466,633

Balance sheet

Amounts in SEK thousand	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		1,477	1,477	1,477
Total restricted equity		1,477	1,477	1,477
Unrestricted equity				
Share premium reserve		1,234,972	1,234,972	1,234,972
Retained earnings		-803,963	-568,978	-574,419
Result for the period		-205,296	-180,254	-231,242
Total unrestricted equity		225,713	485,740	429,311
Total equity		227,189	487,216	430,788
Liabilities				
<i>Current liabilities</i>				
Loans from credit institutions		0	119	79
Accounts payable		9,017	17,245	8,103
Current tax liabilities		-	1,927	2,238
Other liabilities		11,469	5,497	10,969
Accrued expenses and deferred income		23,707	21,723	14,456
Total current liabilities		44,192	46,510	35,845
TOTAL LIABILITIES AND EQUITY		271,382	533,727	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		-	-	-	-180,254	-180,254
Appropriation of profits		-	-	-218,655	218,655	0
Total comprehensive income		-	-	-218,655	38,401	-180,254
Transactions with shareholders						
New share issue	10	110	301,290	-	-	301,400
Issue costs		-	-17,335	-	-	-17,355
Share-based remuneration programmes	4	-	-	3,208	-	3,208
Total transactions with shareholders		110	283,955	3,208	-	287,273
Closing balance, 30 September 2021		1,477	1,234,972	-568,978	-180,254	487,216
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		-	-	-	-205,296	-205,296
Appropriation of profits		-	-	-231,242	231,242	0
Total comprehensive income		-	-	-231,242	25,946	-205,296
Transactions with shareholders						
Share-based remuneration programmes	4	-	-	1,698	-	1,698
Total transactions with shareholders		-	-	1,698	-	1,698
Closing balance, 30 September 2022		1,477	1,234,972	-803,963	-205,296	227,190

Cash flow statement

Amounts in SEK thousand	Note	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Cash flow from operating activities						
Operating result		-58,923	-50,019	-203,835	-181,930	-233,550
Adjustments for non-cash items						
- Depreciation reversal		2,539	1,808	7,167	5,221	7,311
- Scrapping of inventory		-	-	-	-	94
- Change in guarantee reserve		70	35	280	210	350
- Share-based remuneration programmes	4	413	1,360	1,698	3,208	-2,233
Interest received		594	964	1,653	2,835	3,735
Interest paid		-802	-85	-2,707	-1,144	-1,180
Tax paid		-	259	-	-5	306
Cash flow from operating activities before changes in working capital		-56,110	-45,677	-195,745	-171,605	-225,167
<i>Changes in working capital</i>						
Increase/decrease in inventories	5	-3,591	-762	6,354	-10,925	-16,213
Increase/decrease in accounts receivable		-473	4,612	1,941	-95	-3,438
Increase/decrease in other current receivables		4,683	-2,236	3,178	3,974	-13,639
Increase/decrease in other current liabilities		-686	-11,156	7,233	5,306	3,371
Increase/decrease in accounts payable		821	-7,813	913	9,177	36
<i>Changes in working capital</i>		<i>754</i>	<i>-17,355</i>	<i>19,619</i>	<i>7,437</i>	<i>-29,883</i>
Cash flow from operating activities		-55,356	-63,032	-176,125	-164,169	-255,050
Cash flow from investing activities						
Investments in tangible assets		-869	-2,748	-13,835	-5,934	-11,971
Short-term investments	6	-	-6,056	-70,000	-176,135	-176,134
Divestment of short-term investments	6	65,491	79,997	266,776	268,182	363,231
Investments in financial assets	7	-12,000	-34,667	-12,000	-199,511	-204,095
Divestment of financial assets	7	12,022	-	19,030	5,150	5,150
Cash flow from investing activities		64,644	36,527	189,971	-108,249	-23,819
Cash flow from financing activities						
New share issue		-	-	-	301,400	301,400
Issue costs		-	-	-	-17,335	-17,335
Repayment of loans		-	-53	-79	-212	-252
Cash flow from financing activities		-	-53	-79	283,853	283,814
Cash flow for the period		9,288	-26,558	13,766	11,436	4,945
Cash and cash equivalents at the beginning of the period		19,567	48,137	15,089	10,144	10,144
Cash and cash equivalents at the end of the period		28,855	21,580	28,855	21,580	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	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	2021 Jan–Dec
UK	2,868	1,122	12,788	5,442	9,335
Total net sales by geographic market	2,868	1,122	12,788	5,442	9,335

Net sales specified by type of income

SEK thousand	2022 Jul–Sep	2021 Jul–Sep	2022 Jan–Sep	2021 Jan–Sep	2021 Jan–Dec
ASTar instruments and associated consumables.	2,868	1,122	12,788	5,442	9,335
Total net sales by type of income	2,868	1,122	12,788	5,442	9,335

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, is a director of EMPE Diagnostics AB.

Note 4 Share-based remuneration programmes

At the end of the third quarter, Q-linea had four ongoing share-based remuneration programmes: the performance share-based programme LTIP 2019 and the three employee share option programmes 2020/2023, 2021/2024 and 2022/2025.

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 third 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 152 thousand (248) for the third quarter and SEK 370 thousand (738) for the January to September period.

Employee share option programme 2020/2023

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

The option value on the allotment date was based on the average price on the allotment date and was calculated at SEK 11.38 per option. At the end of the third quarter, there were 300,470 (324,430) employee share options outstanding and 45,380 (21,420) employee share options had expired since the start of the programme. The option value on the balance sheet date was SEK 2.12 (43.44) per option, according to the Black & Scholes model. The cost recognised, including social security contributions, amounted to SEK 35 thousand (284) for the third quarter and SEK -387 thousand (1,087) for the January to September period.

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 third quarter, there were 114,240 (128,520) employee share options outstanding and 14,280 (0) employee share options had expired since the start of the programme. The option value on the balance sheet date was SEK 0.66 (18.38) per option, according to the Black & Scholes model. The cost recognised, including social security contributions, amounted to SEK -221 thousand (395) for the third quarter and SEK 257 thousand (395) for the January to September period.

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 the 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.

At the end of the third quarter, there were 215,890 (0) employee share options outstanding and 7,140 (0) employee share options had expired since the start of the programme. The option value at the end of the quarter amounted to SEK 9.77 (0.0) per option, according to the Black & Scholes model. The cost recognised, including social security contributions, amounted to SEK 262 thousand (0) for the third quarter and for the January to September period.

Note 5 Inventories

At the end of the third quarter of 2022, the Company had an inventory value of SEK 22,292 thousand (28,646).

SEK thousand (unless otherwise stated)	30 Sep 2022	30 Sep 2021	31 Dec 2021
Raw materials and consumables	5,554	3,683	2,781
Goods for resale ¹⁾	11,222	15,321	18,370
Products in progress	1,077	-34	2,019
Semi-finished goods	3,967	2,495	3,226
Finished goods	472	1,893	2,250
Total inventories	22,292	23,358	28,646

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

The Company impairment reserve for goods for resale and finished goods amounted to SEK -3,985 thousand (-4,734) at the end of the third quarter. SEK 6,990 thousand (3,095) in goods was expensed for the quarter, and SEK 29,397 thousand (10,926) for the January to September period.

Note 6 Short-term investments

Cash and cash equivalents not used in the daily operations are invested 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 third quarter, the Company's short-term investments totalled SEK 65,312 thousand (150,945), of which SEK 64,882 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 0 thousand (91,295) and the fair value of the bonds

amounted to SEK 63,502 thousand (59,427). Accrued interest on the listed bonds amounted to SEK 130 thousand (150). Coupon rates received from short-term bonds amounted to SEK 476 thousand (118) for the quarter and SEK 1,015 thousand (642) for the January to September period.

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 63,188 thousand (181,768) on the balance sheet date, of which the accrued interest amounted to SEK 134 thousand (170) and the credit reserve to SEK -461 thousand (-215). The Company carries out impairment tests on a quarterly basis on each recognition date. The Company invests exclusively in bonds belonging to level 1 of the fair value hierarchy, and the impairment test is based on information from S&P and Moody's. The bond coupon rates carry both variable and fixed interest with periodic payments. Coupon rates received amounted to SEK 118 thousand (578) for the third quarter and SEK 767 thousand (994) for the January to September period.

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 30 September 2022, the Company deemed that there was no impairment requirement for the participations in EMPE Diagnostics AB since the share price in the latest directed issue exceeds the price paid by Q-linea. Q-linea's holding comprises 23,400 shares, corresponding to 5.52% 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)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Result for the period	-59,358	-49,132	-205,296	-180,254	-231,242
Weighted average number of shares outstanding	29,537,947	29,537,947	29,537,947	28,240,511	28,567,536
- Less average holding of treasury shares	-328,472	-328,472	-328,472	-328,472	-328,472
Earnings per share before and after dilution (SEK)	-2.03	-1.68	-7.03	-6.46	-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 the third quarter, the Company had a credit reserve of SEK -461 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 has the first ASTar product approved for sales in Europe. However, the Company is yet to generate any positive cash flow. Therefore, the Company is 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 from regions where the Company's product is registered.

As of 30 September, the Company's available cash and cash equivalents, short-term investments including short-term components of other securities held as non-current assets and long-term listed corporate bonds do not cover the liquidity needed 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 over the coming year to be favourable.

Note 11 Significant events after the end of the period

Q-linea has reached an agreement with Thermo Fisher Scientific to end the exclusive global distribution agreement for ASTar instruments and consumables. Q-linea will now have the right to market and distribute ASTar on the US and European markets. Q-linea will strengthen the internal capacity to best approach the market.