



# An innovative infection diagnostics company preparing for launch

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Annual Report January–December 2020

# Contents

Operations	
03	About Q-linea: Q-linea, sepsis and ASTar in brief
04	In brief: Vision, mission, business concept and strategy
05	2020 in brief
06	Comments by the CEO: A year of pre-launch preparations
08	About sepsis: Sepsis is an overreaction by the immune system
10	About Q-linea: ASTar enables a sought-after paradigm shift
13	Ehsan Ghaderi A system that everyone can learn to use
14	About ASTar: Q-linea's AST technology was developed with the future in mind
16	ASTar provides rapid results and is extremely easy to use
20	Finn Sander Albrechtsen Strong, experienced partner
21	Partnership: An exclusive worldwide partnership
22	Market: The market for ASTar and portable blood cultures
24	Professor Gian Maria Rossolini Faster results when time is of the essence
26	Clinical studies: The clinical studies commenced in December 2020
28	Sustainability: Sustainability is an integral part of Q-linea's vision
30	Shareholder information: The Q-linea share

Board of Directors' Report and financial statements	
32	Board of Directors' Report
39	Corporate Governance Report
48	Directors
50	Senior executives
52	Income statement
53	Balance sheet
55	Changes in equity
56	Cash flow statement
57	Accounting policies and notes
73	Certification
74	Auditor's Report
78	References
79	Glossary
79	Upcoming reporting dates

# Q-linea, sepsis and ASTar in brief

## Q-linea in brief

Q-linea is an innovative infection diagnostics company focusing on the development of instruments and consumables for rapid and reliable infection diagnostics. Q-linea develops and delivers solutions for healthcare providers, enabling them to diagnose and treat infectious diseases in the shortest possible time. This benefits patients, healthcare providers and society.

Q-linea's strategy is to establish and then strengthen its position as a key player in diagnosing infectious diseases through the development of innovative diagnostics platforms with the potential to be both first-in-class and best-in-class.

Q-linea was founded in Uppsala in 2008 by scientists from the Rudbeck Laboratory at Uppsala University, together with Olink AB and Uppsala University's holding company, UUAB. Today, the Company is an interdisciplinary, highly motivated team of 140 employees and consultants.

The Company's first product, ASTar, focuses on rapid diagnosis of sepsis, and is expected to be available in the European market in the first half of 2021.

## Sepsis in brief

Sepsis, formerly known as blood poisoning, is a life-threatening illness that occurs when the immune system overreacts to an infection in the body. When bacteria from a local infection leak into the bloodstream, sepsis is a rapid process and can lead to multiple organ failure and death.

Anyone can develop sepsis as a result of conditions such as a common urinary tract infection or pneumonia. Sepsis is a global health problem, afflicting as many as 50 million people every year<sup>1</sup>. Sepsis causes more deaths in Sweden than our three most common types of cancer combined. At least ten people die every minute from sepsis worldwide. In several studies, mortality from sepsis has proven to be between 15 and 50%<sup>2</sup>.

Rapid diagnosis of sepsis is critical for physicians to be able to provide the correct antibiotic treatment in time.

## ASTar in brief

The Company's leading product, ASTar®, is a fully automated antibiotic susceptibility testing (AST) system used for positive blood cultures.



**ASTar shortens the time to result, enabling rapid optimal antibiotic treatment of patients with sepsis.**



This is particularly important when diagnosing sepsis. Q-linea's AST technology makes it possible to determine within six hours which antibiotic preparation will be effective against the bacteria from positive blood cultures. It is 24 to 40 hours faster than today's methods, which may result in a higher survival rate.

Antibiotic susceptibility testing identifies the MIC value (the antibiotic concentration that inhibits the growth of bacteria or kills them) via physical properties that are measured using proprietary optics and image algorithms.

Footnotes – see References on page 78.



# Vision, mission, business concept and strategy



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

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

## Business concept and strategy

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

Q-linea has continuously built up and reinforced both competence and infrastructure in all areas needed to develop and supply integrated diagnostics systems.

## Business strategies for the Company are:

**Regulatory strategy:** carry out necessary regulatory activities for launch of the ASTar instrument and the consumables, including performing clinical studies in Europe and the US. The first product focuses on sepsis diagnostics.

**Commercial strategy:** Q-linea has entered into an agreement with Thermo Fisher Scientific, a worldwide, already established sales partner that has local sales teams in the markets where Q-linea's products are to be launched. The aim of this is to achieve broad and speedy market penetration. Sales are to comprise instruments and consumables, the latter of which are expected to account for the majority of the potential income. The companies will work very closely together and Q-linea will have access to all aspects of the sales process and participate with applications specialists. Q-linea will also be responsible for the commercialisation of ASTar in Sweden.

The aim of the collaboration is to enable Q-linea to continuously be part of the development process and to receive feedback from customers, so that it can continue to develop customer-driven products in the best possible manner. The service partnership means that Thermo Fisher Scientific will manage all first and second level of service and support, and Q-linea will be responsible for expertise in connection with more complex issues.

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

**Product development strategy:** continue to develop new applications and products.

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

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

# 2020 in brief

Q1

Signs global partnership agreement with Thermo Fisher Scientific for the commercialisation of ASTar.

Q3

Agreements signed with Hvidovre Hospital in Denmark and Uppsala University Hospital concerning participation in the European pivotal study.

Q2

Moves into new production premises that include a 400m<sup>2</sup> cleanroom on Palmbladsgatan in Uppsala.

Q4

Starts the development of portable blood culture technology in order to further shorten the time from sampling to correct antibiotic response.

A directed issue of four million shares raised gross proceeds for the Company of SEK 270 million.

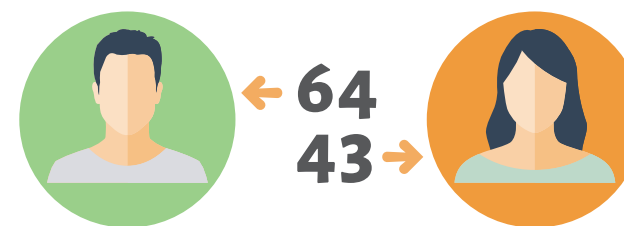
Positive results from prospective preclinical study with ASTar together with Uppsala University Hospital.

The pivotal clinical study for Europe begins, a true milestone in the Company's evolution and a major step ahead of commercialisation.

## An exclusive worldwide partnership

In February 2020, Q-linea entered into an exclusive worldwide partnership with Thermo Fisher Scientific for the commercialisation of ASTar. The agreement is an extremely important commercial milestone for both companies, since Q-linea's ASTar can make the workflow of Thermo Fisher Scientific's customers significantly more efficient.

Thermo Fisher Scientific has the exclusive right to offer ASTar to the market in all geographies, with the exception that Q-linea can co-market ASTar in the Swedish market. The partnership is exclusive for both companies when it comes to rapid AST testing, and they are working closely together to offer customers an extensive portfolio of AST equipment.



## Employees

Q-linea comprises an interdisciplinary, highly motivated team with experience and expertise from multiple disciplines and scientific fields. The Company had 107 (70) employees at year-end, 43 (26) of whom were women. The number of consultants at year-end was 33 (36). Q-linea has a very broad knowledge base and also invests in strategic collaborations with partners to, for example, evaluate technical solutions clinically, add further technical know-how, gain more economically advantageous solutions and/or reach a larger market uptake in an early phase.

## A year of pre-launch preparations

2020 was a year of intense preparations ahead of our European pivotal clinical study with our key product, ASTar®, which started in the fourth quarter as planned, as well as our forthcoming launch together with our partner Thermo Fisher Scientific.

**The majority of the year's activities** were focused on the study. Our collaboration with the participating hospitals, the clinical microbiology laboratory at Uppsala University Hospital and Hvidovre Hospital in Denmark, progressed very well. I would especially like to highlight the highly successful prospective preclinical patient study that Uppsala University Hospital performed together with Q-linea, where the strong results exceeded the regulatory requirements for the EU and the US. In the study, the ASTar system analysed samples from 17 patients and the antibiotic panel consisted of 29 antibiotic preparations.

Our European pivotal study is a prospective performance study that is expected to comprise 60 to 80 patient samples from the participating hospitals as well as approximately 600 samples that will be analysed by Q-linea itself. The majority of the samples that Q-linea will analyse itself are "spike-in analyses" where bacteria collected from around the world with various resistance patterns are analysed along with blood from healthy donors. The results will be an important part of the documentation in the ongoing process for CE-IVD approval prior to the market launch of ASTar in Europe. Preparations for the US study have progressed well, despite a difficult situation in the wake of the COVID-19 pandemic in the US. As in Europe, several hospitals have shown considerable interest in testing ASTar.

We installed an ASTar instruments at Uppsala University Hospital during the year for beta testing and evaluation. We have numerous ASTar units in operation at our laboratory but the value of the feedback that can be obtained from external users cannot be overestimated. Being evaluated in a real laboratory environment by a potential customer will provide us with valuable insights on ASTar. Those who have tested the system at Uppsala University Hospital note that tests can be started easily and that anyone in the lab can use the system. User-friendliness and time to result have been critical as we developed the system. To have it confirmed that the system functions as smoothly as expected bodes well for the future. Additionally, Uppsala University Hospital is exactly the type of large hospital ASTar was designed for.

During the year, we also spent a great deal of time preparing for the launch of ASTar together with Thermo Fisher Scientific. Thermo Fisher Scientific is a true market leader. We are particularly pleased with the company's global reach and share their view of the market and how infection diagnostics can be improved. We feel ready for commercialisation as soon as the study is completed and the CE mark, which will be self-certified, is obtained. This collaboration has worked very well, and we have established a good routine for our shared processes.

During the year, we also took the first step in the development of portable blood culture technology, with the goal of shortening the time from sampling to correct antibiotic response. In many cases today, it can take more than ten hours for a sample to get to the laboratory, depending on when and where the sample is taken, and it is only once the sample has arrived that diagnostics can begin. It would be incredibly valuable to begin diagnostics immediately after the sample is taken and to use the transport time for analysis instead of wasting it. This technology will mean hours saved in the workflow and enable improved and equivalent care regardless of when and where a sample is taken. Together, ASTar and the portable blood culture technology could enable a major improvement in diagnostics.

In summary, I am proud of what we achieved during the year and of the commitment and positive attitude demonstrated by the entire team, despite a very difficult year due to COVID-19 and changed working conditions. I am proud that Q-linea's innovative technologies will really be able to make a difference to the largest group of critically ill patients in healthcare. We have a period of intensive work ahead of us that will involve the commercialisation of ASTar as well as continued regulatory and health economics studies. I look forward to continuing this journey with all of you.

Uppsala, April 2021

Jonas Jarvius, CEO



Several hospitals have shown considerable interest in testing ASTar.





# Sepsis is an overreaction by the immune system

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

**Anyone can develop sepsis** as a consequence of a common bacterial infection, such as tonsillitis, infected wounds, pneumonia or a urinary tract infection.

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

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

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

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

## The importance of swift treatment

Mortality from sepsis can be reduced by providing correct and powerful treatment. Every hour that effective treatment is delayed can be disastrous. Mortality for patients who develop septic shock increases by 7.6% for each hour without correct antibiotic treatment<sup>1</sup>.

Sepsis can be treated with antibiotics, fluids and oxygen. But this requires that the physicians have realised a patient has sepsis, and this can be difficult. Sepsis has no specific characteristics; instead, its symptoms – hypotension, fever, a rapid pulse, vomiting and diarrhoea, pain, confusion, etc. – also occur in the case of other less dangerous conditions. For a person who is ill, it can be even more difficult to know when to seek care.

Today, it takes 24 to 72 hours to identify bacteria and obtain information about which antibiotics the bacteria are sensitive to. In the most severe cases, the patient may have already died by the time the test results are complete. As a result, patients must be treated empirically with broad-spectrum antibiotics

until results have been obtained from the microbiology lab. But excessively broad antibiotic treatment creates resistance. Moreover, current diagnostics are extremely labour-intensive for microbiology laboratory staff and ASTar would be able to help dramatically reduce the time spent on resistance testing.

## Antibiotic resistance – one of the biggest threats to human health

Resistant bacteria species are a major health problem. Otherwise trivial infections can be deadly if causal bacteria are resistant to the medication given.

If the development of antibiotic resistance is not slowed, it will pose one of the biggest threats to human health. It has been shown that the more antibiotics we use, the faster the increase in antibiotic resistance. Furthermore, there are few new antibiotics under clinical development. Most antibiotics under development are modifications of older types of antibiotics, which is why resistance to these antibiotics will develop rapidly according to WHO.

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

*Footnotes – see References on page 78.*

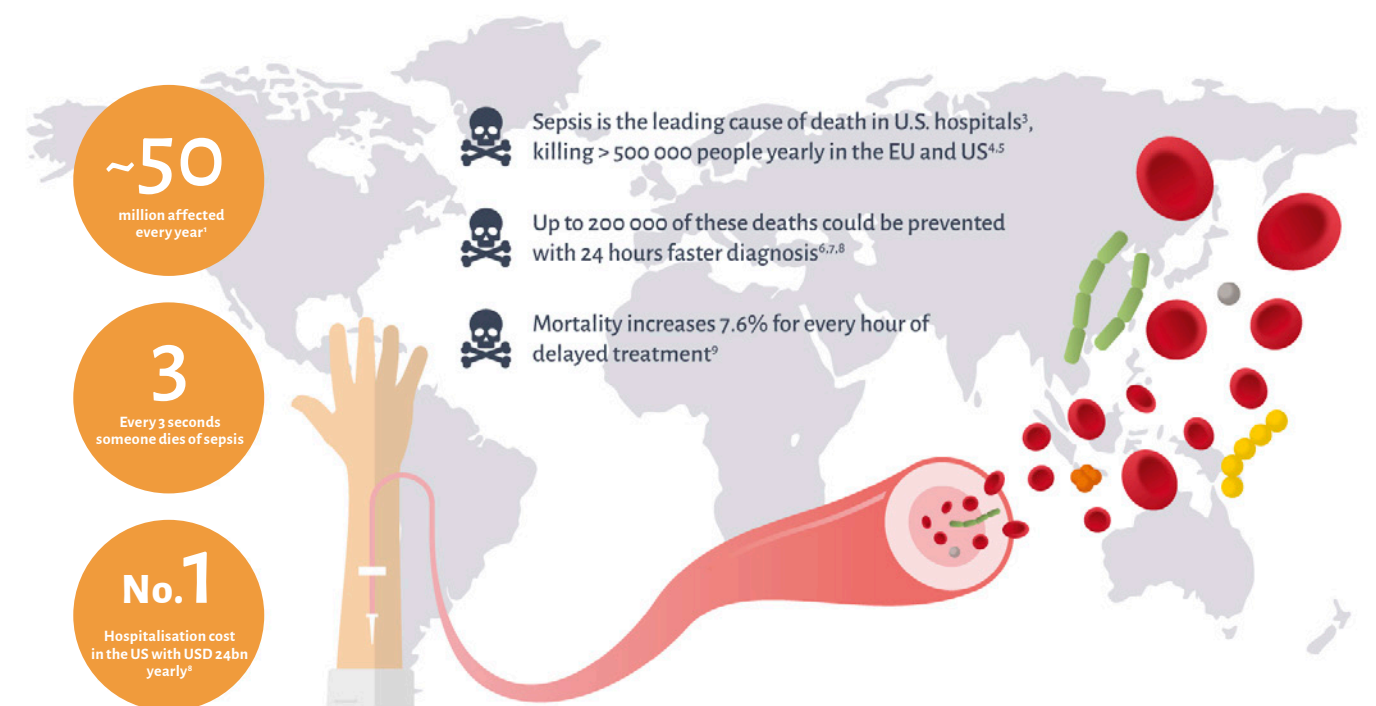
### The disease mechanism of sepsis

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



**A system that is rapid and accurate will be extremely useful as a powerful tool for those choosing an antibiotic treatment.**

Christian G Giske, professor at Karolinska Institute and Chief Physician for clinical microbiology at Karolinska University Hospital.



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# ASTar enables a sought-after paradigm shift

Q-linea develops and delivers solutions that enable accurate diagnosis and treatment of infectious diseases in the shortest possible time.



Q-linea's core product, ASTar, measures the sensitivity of bacteria to antibiotics, thereby meeting a vast need for rapid treatment prescriptions in cases of infectious diseases.



Sample preparation cartridge and AST disc for AST directly from clinical samples.

**For bacterial infections**, a correct treatment needs to be preceded by a diagnostic procedure in order to determine the type of bacteria causing the infection (ID) as well as the antibiotics that can kill the bacteria that made the patient ill,

known as an antibiotic susceptibility test or AST. Both answers are needed, but antibiotic susceptibility testing is what ultimately leads to the optimal treatment prescription.

There has been a paradigm shift in methods for identifying types of bacteria in the last decade. There has been no equivalent development for antibiotic susceptibility testing, which is still performed in essentially the same way as in the 1960s. Today, physicians in Europe and the US must often wait two to three days for results from microbiology laboratories as to which antibiotics are effective against a particular infection.

Q-linea's antibiotic susceptibility testing is based on phenotypical identification (via physical properties) of the minimum concentration of antibiotic needed to inhibit the growth, known as the minimum inhibitory concentration (MIC), using proprietary optics and image algorithms. The advantage of a phenotypical test is that no information on the bacteria's resistance mechanism is needed prior to testing. The test simply measures how the bacteria react to the antibiotic. This makes Q-linea's test future proof in the event that new resistance mechanisms develop.

The Company's unique technology enables ASTar to provide a patient-specific treatment prescription for the choice of antibiotics more than 24 hours faster than today's traditional technologies. This means a paradigm shift for antibiotic susceptibility testing corresponding to the shift in ID analysis that has already taken place.

It has been demonstrated that 24-hour sepsis diagnostics can reduce mortality by 40%<sup>1)</sup>, lower the number of opportunistic infections<sup>2)</sup> and drastically reduce costs in the healthcare sector<sup>3)</sup>.

## History

Q-linea was founded in 2008 by scientists from the Rudbeck Laboratory at Uppsala University, together with Olink AB and Uppsala University's holding company, UUAB.

During its first years, Q-linea developed and supplied complex systems for detecting biological warfare agents (such as anthrax and smallpox) to the Swedish and French Armed Forces. The technology was based on molecular identification and Q-linea still has access to this special technology for bacterial ID analysis.



Today, Q-linea comprises an interdisciplinary, highly motivated team with experience and expertise from multiple disciplines and scientific fields that operates out of state-of-the-art, customised facilities in Uppsala Science Park and Fyrislund.

The market for ID analysis based on positive blood cultures changed rapidly between 2010 and 2016, since faster ID analysis generated a great need for rapid and fully automated AST to match the new ID analyses. Since the end of 2016, Q-linea has focused entirely on AST using a unique technology that enables AST that is significantly faster than what is currently available.

During the first quarter of 2020, Q-linea signed a global partnership agreement with Thermo Fisher Scientific for the commercialisation of ASTar. In addition, Q-linea announced

in 2020 that it had begun the development of an additional future product line that will further expand the potential to improve and accelerate diagnostics for patients with serious infections.

Through its background, expertise and history, Q-linea has acquired an extensive knowledge base that makes it well suited for delivering in vitro diagnostic (IVD) systems for infectious diseases, not just for sepsis. Q-linea has also recruited and acquired resources that span various relevant technical and business areas.

Footnotes – see References on page 78.

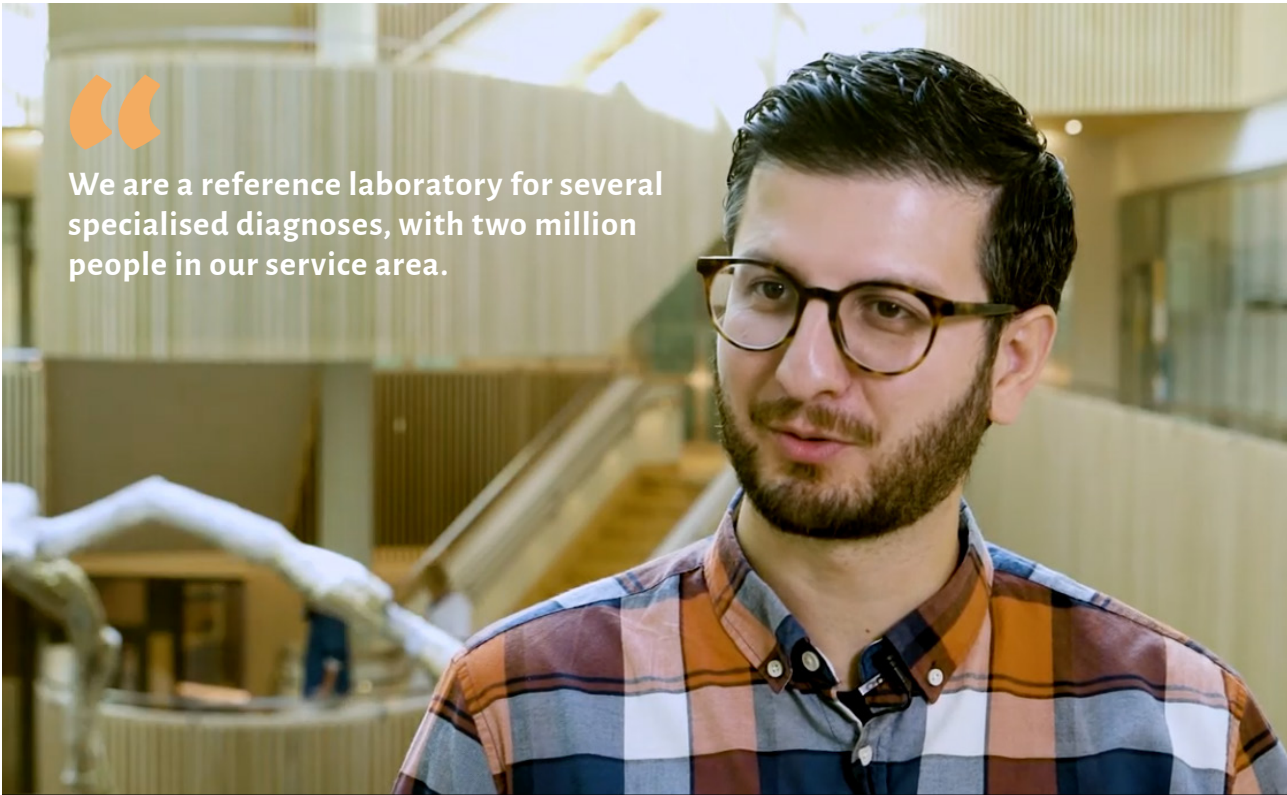




EHSAN GHADERI, HEAD OF THE DEPARTMENT OF BACTERIOLOGY, UPPSALA UNIVERSITY HOSPITAL

# A system that everyone can learn to use

In 2020, Q-linea received valuable feedback from an evaluation in a real laboratory environment at Uppsala University Hospital.



Ehsan Ghaderi, head of the department of bacteriology at Uppsala University Hospital, explains how ASTar helps save time in the laboratory. See the video: [www.qlinea.com/about-us/testimonials/](http://www.qlinea.com/about-us/testimonials/).

***Tell us a bit about your laboratory.***

We are a reference laboratory for several specialised diagnoses for other laboratories. For example, we serve as a reference laboratory for certain tick-borne diseases. In addition, we have a virology and bacteriology department and do all of our own testing. We are a full-sized laboratory with two million people in our service area.

***When did you first encounter ASTar?***

I saw ASTar for the first time at ECCMID a couple of years ago. I was curious about it right away. I got the impression that it was an automated system, in other words an easy solution.

***When do you use ASTar in the laboratory?***

Well, we've had the system for a couple of weeks and we've found it to be very simple, with only a small number of practical steps. This is a system that everyone at the lab can learn to use.

***How important is the system's random access?***

It enables us to run tests when they're positive. We don't need to save multiple tests for a large run; instead we can run a sample as soon as we receive a positive blood culture test. This gives us the freedom to load the system when we want and then do other things. Ordinarily it takes 24 hours to get a result, but with ASTar it only takes a couple of hours, which is a huge advantage.

***Will you keep using ASTar?***

The demands on a large laboratory like ours keep growing every year: we have to do more and more with the same budget. With this type of system, it's very easy to do more within the same budget.



# Q-linea's AST technology was developed with the future in mind

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

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

ASTar, which the Company plans to sell to larger hospital laboratories, is a fully automated instrument for measuring bacteria's antibiotic susceptibility using the consumables developed by Q-linea. 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 and thereby save lives.

When diagnosing patients with blood infections, the time it takes to get a correct antibiotic response is decisive, and can provide major benefits to patients, hospitals and society. In recent years, the time it takes to receive a response as to which bacteria caused an infection has been shortened radically.

## ASTar is a complete system for all AST needs

ASTar can be run as a fully automated system, and is prepared to be run as a semi-automated system, directly from clinical samples or isolates.



### Fully automated analysis

Preparation time under 1 minute

#### Sample types

- Positive blood cultures
- Directly from clinical samples

#### Rapid

- Result in approximately 6 hours from a positive blood culture
- Result in under 1 hour from a urine sample

#### Broad AST panel

- Up to 48 antibiotics in 6-11 concentrations each
- 336 reaction chambers

#### High sample throughput

- Up to 12 simultaneous samples
- Random access



### Semi-automated analysis

User performs sample preparation

#### Sample types

- Clinical isolates

#### Rapid

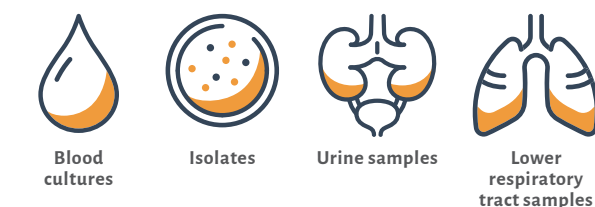
- Results in 1-6 hours depending on sample type and pathogen/antibiotic combination

#### Broad AST panel

- Up to 2x24 antibiotics

#### High sample throughput

- Possibility to analyse up to 12 samples simultaneously



As bacteria show increasing antibiotic resistance, the need increases for a corresponding change in the diagnostics to determine an effective antibiotic. Q-linea's ASTar system will be able to provide a rapid, detailed result combined with easy handling.

ASTar has been developed as a platform, which will enable new future applications with other types of clinical samples. The flexible design of the sample preparation cartridge combined with the AST disc make it possible to adapt the system to other types of samples such as isolates, urine, lower respiratory tract samples and sterile aspirates.



**ASTar is a fully automated instrument with related consumables. Sales are planned to laboratories at large hospitals. ASTar is expected to shorten the time it takes to identify the proper treatment of patients with sepsis by more than 24 hours.**



## ASTar kit

An ASTar kit has two parts: a sample preparation cartridge and an AST disc.

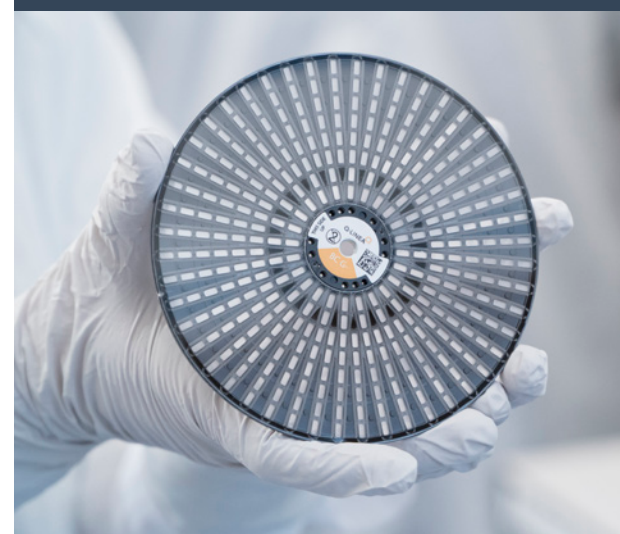
### Cartridge



The cartridge contains all reagents and disposable articles needed for sample preparation, concentration determination, dilution and growth medium adaptation.

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

### AST disc



The AST disc is used for AST and concentration determination.

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

Footnotes – see References on page 78.



# ASTar provides rapid results and is extremely easy to use

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

Health economics effects of AST results that are 24 hours faster

**\$2,500-20,000**

Estimated cost savings per patient due to lower mortality and shorter hospitalisation<sup>1)</sup>

**~ 40%**

Up to 40% lower mortality<sup>2)</sup>

**25%**

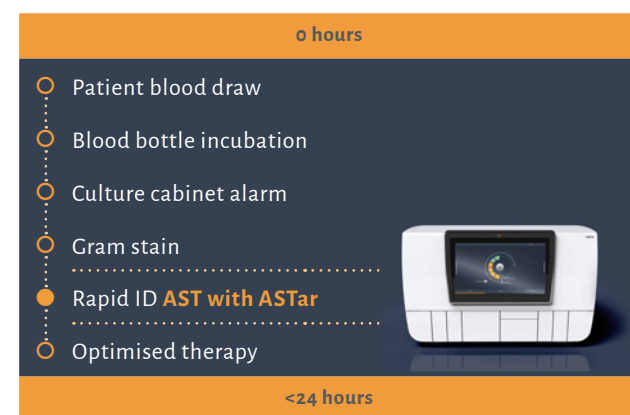
Up to 25% reduction in *C. difficile* infections caused by broad-spectrum antibiotic treatment<sup>3)</sup>

**Q-linea's first application** for the ASTar system is the analysis of positive blood cultures from patients with suspected sepsis. ASTar is much faster than today's methods at determining which antibiotics are effective against an infection, known as an AST. ASTar is expected to shorten the time it takes to

identify the proper treatment of patients with sepsis by 24 to 40 hours. The method has substantial potential to save lives, reduce hospital costs, avoid unnecessary antibiotic treatment and slow the development of resistant bacteria.

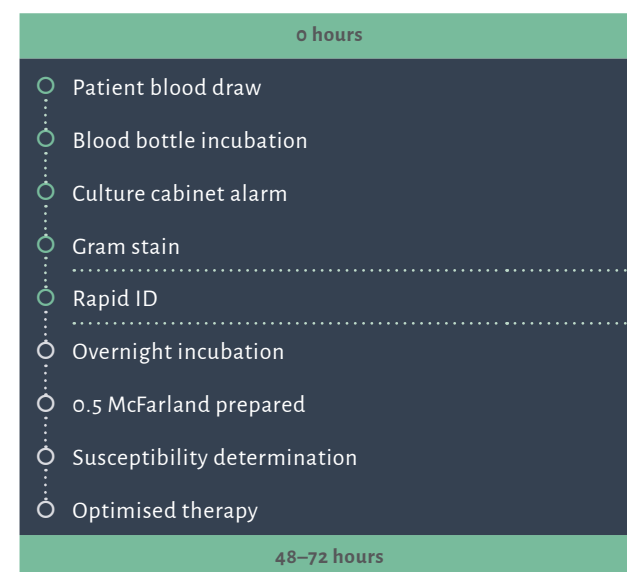
## ASTar workflow

ASTar delivers AST results directly from clinical samples in approximately six hours from a positive blood culture, a time savings of 24 to 40 hours.



## Traditional workflow

Today, it takes up to 72 hours to obtain information about which antibiotics the bacteria are sensitive to.



Footnotes – see References on page 78.

## AST technology

ASTar's AST technology underwent extensive testing with clinically relevant pathogens in various sample matrices even before the clinical studies

- ✓ More than **380 different strains**, including several multidrug-resistant bacteria
  - » 25 different species
  - » Gram-positive and gram-negative bacteria
  - » Difficult-to-culture bacteria that only grow in fastidious media
- ✓ **Multiple antibiotics**
- ✓ A total of more than **5,900 bacteria/antibiotic combinations** thus far, which is continually increasing

## ASTar's advantages compared with current methods

Q-linea's AST technology was developed in consultation with our customers in order to best meet their needs.

### 1 Broad antibiotic panel

The ASTar AST disc contains 336 reaction chambers, allowing for an extremely broad antibiotic panel at long concentration intervals. An AST result from a broader panel gives a more complete result and reduces the need for further time-consuming tests. For rapid direct testing from clinical samples, a broad panel also facilitates starting AST before the bacteria is identified, cutting the time-to-result. ASTar also has the capacity to analyse especially demanding fastidious bacteria, which require a richer growth medium for AST. Fastidious bacteria are much more common in pneumonia, and bacteria such as *Pneumococci* are present in up to 10% of sepsis patients.

### 2 Fully automated and user-friendly solution

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

### 3 High sample throughput

A large microbiology laboratory currently performs a substantial amount of AST, some of which is considered critical, such as positive blood cultures. To meet the daily sample throughput at a large laboratory, a system should handle ten to 30 positive blood cultures per day. Daytime laboratories also need to be able to analyse a large number of blood cultures that signalled positive during the night, which means that a system needs high peak capacity. 24-hour laboratories have a need for random access in order to be able to quickly start and run a sample any time it signals positive. ASTar was developed for high sample throughput, and it offers the ability to handle peaks in the sample flow. ASTar can analyse up to 12 samples simultaneously as well as making it possible to load a new sample at any time provided that spare capacity is available.

### 4 Adaptable consumables

ASTar is equipped to handle sample types other than positive blood cultures thanks to its adaptable consumables. Laboratories currently analyse samples from many different sites, such as urinary tract, respiratory tract, cerebrospinal fluid, wounds and intra-abdominal fluid (ascites). ASTar is prepared to be run in a semi-automated mode, which facilitates cost-effective isolate analysis with sample throughput comparable to conventional systems, but in considerably less time and without analytical limitations.





**ASTar shortens the time to the correct antibiotic treatment of patients with sepsis by more than 24 hours. ASTar can help save lives.**



### **ASTar is easy to use, and analyses can be started quickly**

#### **1 Add positive blood culture and load consumables**

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

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

#### **2 Fully automated sample preparation**

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

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

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

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

#### **3 AST**

The AST disc is automatically incubated in a temperature-controlled part of the instrument and the culture cabinets are read at regular intervals by a rapid high-resolution optical detection system. For each reading, the system moves the disc from an incubation hotel, where all the discs for analyses in progress are stored at a controlled temperature, to a read position.

An image analysis algorithm continuously evaluates the collected images to quantify the accumulated amount of bacterial biomass in the culture cabinets. When the incubation is completed, the curves showing biomass development for each type and concentration of antibiotic are compiled.

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

ASTar facilitates a broad concentration interval of antibiotics, which ensures sufficient coverage around the breakpoints, even if they change.



## Strong, experienced partner

Combining Thermo Fisher Scientific's long-standing experience and strength in the field with Q-linea's unique system for rapid, fully automated AST has the potential to improve and expedite the diagnosis of patients with serious infectious diseases.



Finn Sander Albrechtsen, Vice President, R&D and Business Development, Microbiology Division at Thermo Fisher Scientific

### *How did you first encounter Q-linea?*

I first encountered Q-linea about five years ago at the American Society for Microbiology (ASM) Conference in Boston. We had been in contact in the past, but I became interested in establishing deeper contact after Q-linea's compelling presentation about a rapid AST solution for accurate MIC identification.

We met Jonas Jarvius and other Q-linea representatives at the conference, and we have stayed in touch and developed a relationship since then. It was clear from the start that our two companies had similar interests.

### *Why did you choose to partner with Q-linea?*

Seeing Q-linea's strong progress over the years made them attractive to us as a partner. We were impressed by their dedication, solid management team and highly qualified employees.

### *What can you tell us about your partnership so far?*

I have only positive things to say – since the contract was signed, we have made excellent progress ahead of the launch. Q-linea has delivered on its promise and met our expectations. There has been a small delay in obtaining CE marking, but nothing disconcerting.

### *What kind of feedback have you received from customers?*

So far, we have received limited feedback from customers since ASTar isn't registered yet. But the feedback we have received from key opinion leaders and potential customer has been very positive, as we expected. Bringing a new product like ASTar to market is bound to attract positive feedback, so we are more keen to receive feedback when the product is used in real-life conditions.

### *Thermo Fisher Scientific has numerous distribution agreements worldwide. What makes this one special?*

We view this partnership as an excellent match for the global launch of ASTar: we are using Thermo Fisher Scientific's scale to leverage ASTar's unique properties.

### *Jonas Jarvius often says that Q-linea and Thermo Fisher Scientific share the same vision for the future of diagnostics. Could you expand on this?*

There is a need for precise, rapid and adapted results. A need to provide high-quality, rapid diagnostics in order to support the optimisation of treatment regimens for critically ill patients.

### *How do you see the partnership developing?*

#### *What are your expectations for the future?*

The initial stage of the partnership is going well and meeting our expectations. We see the partnership as a platform – an opportunity to bring more products to market in partnership with Q-linea.

## An exclusive worldwide partnership

In February 2020, Q-linea entered into an exclusive worldwide partnership with Thermo Fisher Scientific for the commercialisation of ASTar. The agreement is an extremely important commercial milestone for both companies, since Q-linea's ASTar can make the workflow of Thermo Fisher Scientific's customers significantly more efficient.

Thermo Fisher Scientific has the exclusive right to offer ASTar to the market in all geographies, with the exception that Q-linea can co-market ASTar in the Swedish market. The partnership is exclusive for both companies when it comes to rapid AST testing, and they are working closely together to offer customers an extensive portfolio of AST equipment.

Thermo Fisher Scientific's complete, automated Sensititre™ AST system is the prevailing industry standard for traditional MIC identification. Combining Thermo Fisher Scientific's long-standing experience and strength in the field with Q-linea's unique system for rapid, fully automated AST has the potential to improve and expedite the diagnosis of patients with serious infectious diseases.





# The market for ASTar and portable blood cultures

Investing in rapid diagnostics is the most beneficial and cost-effective treatment strategy, for both the individual patient and for society, in order to slow the development of antibiotic resistance.

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

The market for conventional microbial infection diagnostics was estimated at SEK 32 billion in 2018 and is expected to grow by an average rate of 4% to SEK 39 billion in 2022<sup>1</sup>.

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

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

## US

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

## Europe

The number of accredited medical laboratories in Europe, in hospitals or independent, is approximately 5,000. The Company estimates that approximately half of the labo-

ratories in Europe conduct blood cultures and subsequent AST, corresponding to an addressable market of about 2,500 laboratories in Europe.

## Asia-Pacific (APAC)

The size of the APAC market for AST from positive blood cultures is difficult to assess, but the Company estimates the addressable market to be about 4,500 laboratories in total.

## The market for portable blood cultures

In November 2020, Q-linea announced that the Company had started the development of a portable culture container with the goal of shortening the time from sampling to correct antibiotic response. An external evaluation is planned during 2021.

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

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

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

Footnotes—see References on page 78.







## Faster results when time is of the essence

Professor Gian Maria Rossolini, director of the clinical microbiology and virology unit at Careggi University Hospital in Florence, Italy, explains how Q-linea's ASTar system generates more rapid MIC values to improve patient outcomes as well as existing antimicrobial management programmes.

### *What are the greatest unmet needs for microbiological diagnosis of septic patients?*

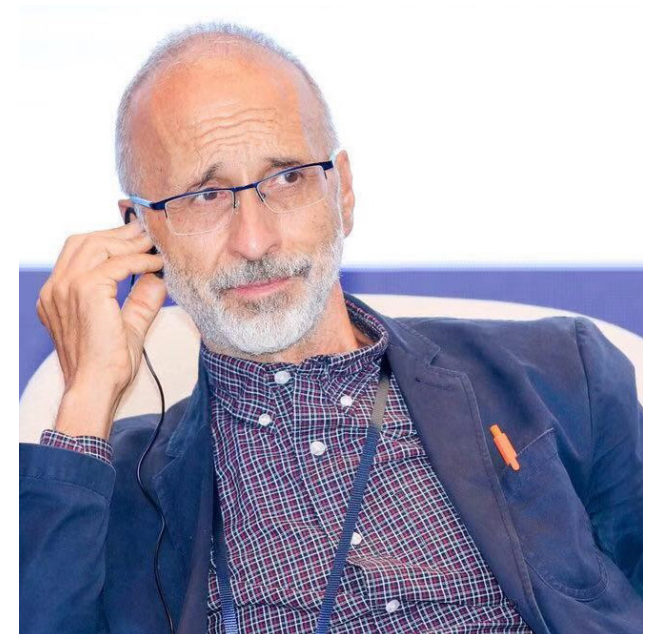
Sepsis is time-dependent – the greatest unmet need is to shorten the time to obtain information on the identity of the causal bacteria and its antimicrobial sensitivity profile. The fact of the matter is that rapid information is of decisive importance in combating antibiotic resistance, since rapid information enables a swift review of the empirical treatment. It can improve clinical outcomes while reducing the number of resistant bacteria caused by unnecessary use of broad-spectrum antibiotics.

### *How important are MIC values in diagnostic clinical microbiology?*

MIC is the reference parameter in antibiotic susceptibility testing, and clinical breakpoints for the categorical interpretation of results refer primarily to MIC values. Therefore, this measurement remains the cornerstone of AST in diagnostic clinical microbiology, and is mandatory when clinical breakpoints are only available for MIC values. In addition, in the case of certain drug combinations, MIC values are relevant in the selection of the most suitable antibiotic treatment. Therefore, it's important to measure precise MIC values with the greatest accuracy.

### *How important is it to test a broad spectrum of antibiotics, including new molecules, during AST?*

In a time of globally increasing antibiotic resistance, with varying resistance properties among nearly all of the most important bacteria that cause sepsis, it is becoming increasingly difficult to predict the antimicrobial sensitivity pattern of the bacteria causing the infection. Therefore, it's important to test a large number of antibiotics – not just the first choice, but second and third choices that could be effective against multidrug-resistant bacteria as well. A test should also always involve new antibiotics, which are sometimes the only reliable option against bacteria with a difficult resistance profile.



Professor Gian Maria Rossolini, director of the clinical microbiology and virology unit at Careggi University Hospital in Florence, Italy.

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

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





## The clinical studies commenced in December 2020.

ASTar will undergo clinical studies in both Europe and the US to demonstrate that it is safe and effective. The results of the studies will constitute part of the documentation for IVD approval ahead of the market launch of ASTar in each market.

**There are explicit guidelines** in both Europe and the US for conducting clinical studies of IVD tests for antibiotic resistance. The regulatory framework stipulates that performance for each antibiotic combined with the intended types of bacteria are to be evaluated separately.

If any combination of a type of bacteria and antibiotic in the clinical studies does not meet regulatory requirements, it can be included in the next version of the product instead. This does not affect the combinations that have met the limit values for approval, which reduces the regulatory risk before launch.

The study samples comprise gathered authentic blood cultures (part of residual positive blood cultures from patients with suspected sepsis) and positive blood cultures from isolates where bacterial isolates have been added to blood from healthy individuals. The clinical bacterial isolates were obtained from isolate banks belonging to the Company's clinical partners. During 2020, Q-linea analysed over 5,900 bacteria/antibiotic combinations as well as a total of more than 1,500 positive blood cultures. It also performed 1,300 quality control (QC) tests. Q-linea has previously received positive feedback from the FDA concerning the proposed clinical study for the US market, which means that data collected at one of the European hospitals can probably be used in the US study as well.

The European pivotal study began in December 2020. It is expected to comprise 60 to 80 prospective patient samples and approximately 600 samples to be analysed internally.

The majority of the samples that Q-linea will analyse itself are "spike-in analyses" where bacteria collected from around the world with various resistance patterns are analysed along with blood from healthy donors. The results of the European study are part of the documentation in the CE-IVD approval process.

### US

The FDA responded positively to Q-linea's proposed study design and also indicated a new regulatory path for including organism-antibiotic combinations for which there are currently no FDA-approved breakpoints. The applicant must be able to demonstrate a clinical need and scientific support for these new combinations to receive approval. Q-linea expects that the Company could become one of the first manufacturers to take advantage of this opportunity, which would further strengthen its product offering in the US.

The FDA furthermore responded positively to the proposal to reduce the number of samples in the clinical performance study for certain low prevalence organisms. This specifically applied to an organism that requires an enriched culture medium (fastidious supplement). This means that Q-linea's ability to analyse fastidious and non-fastidious organisms in the same test can fully benefit patients.

The pivotal US study with ASTar studies the system's clinical and analytical performance, and it will be conducted at at least three laboratories – two in the US and one in Europe. The latter may become Q-linea's microbiology laboratory in Uppsala. We expect to begin the study in the first half of 2021.



# Sustainability is an integral part of Q-linea’s vision

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

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

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

Developing tools for improved diagnosis of bacterial infectious diseases, particularly serious illnesses such as sepsis where incorrect treatment or treatment with effective antibiotics that comes too late can have fatal consequences, means working for a sustainable world.

Q-linea’s vision is to help ensure that antibiotics continue to be an effective treatment for future generations. This gives sustainability an even broader significance. Specifically, in 2020 Q-linea established a goal to develop company-wide sustainability objectives, in addition to its commercial objectives, as well as an updated sustainability plan and policy in 2021.

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

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

The international independent network ReAct was created by the Swedish International Development Cooperation Agency (SIDA) in 2005. It was initiated with the objective of serving as a catalyst for global commitment to antibiotic resistance. ReAct has linked its efforts to minimise the development of antibiotic resistance to five of the UN Sustainable Development Goals (SDGs) as part of Agenda 2030.

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

- ✓ end poverty (Goal 1)
- ✓ end hunger (Goal 2)
- ✓ ensure healthy lives and promote well-being (Goal 3)
- ✓ promote decent work and economic growth (Goal 8)
- ✓ reduce inequality (Goal 10).

### Environment

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

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

#### Production

- ✓ Engage in safe, resource-efficient and environmentally friendly production and development
- ✓ Use natural resources effectively. Green electricity – investigate whether solar cells can be installed
- ✓ Lower energy consumption and emission of greenhouse gases in every part of the organisation, both during development and manufacturing of components and during future use of the systems.
- ✓ Consider environmental criteria when selecting suppliers

#### The product

- ✓ Seek to ensure that all of the components in Q-linea’s products are recyclable

#### Transports

- ✓ Consider environmental criteria when selecting suppliers
- ✓ Use electric transport – owned by the Company or third parties – locally in Uppsala

#### Travel

- ✓ Consider environmental criteria when selecting suppliers
- ✓ Seek to communicate digitally and continuously evaluate various environmentally friendly travel alternatives
- ✓ Provide company bicycles

### The Uppsala:2030 network

Q-linea intends to increase the depth and structure of its sustainability agenda and is eager to get the entire Company involved, which will increase its impact. As part of these efforts, in 2020 Q-linea joined several other companies in Uppsala in the Uppsala:2030 network. Uppsala:2030 is a three-year programme with the aim of helping companies define their sustainability goals and then make them actionable. Uppsala:2030 takes the UN SDGs from Agenda 2030 and brings them to the local level and to its member companies’ core operations, in order to strengthen their market position. Uppsala University and Almi are among the organisers of Uppsala:2030.

**With its Uppsala:2030 efforts as a starting point, during the year Q-linea has:**

- ✓ Linked its work to UN SDGs 3 (Good health and well-being) and 9 (Sustainable innovation and infrastructure).
- ✓ Initiated an employee-driven sustainability agenda by having all departments at Q-linea identify goals that they can pursue in their operations. These goals pertain to such areas as reduced environmental impact, work environment, procurement, production, development and internal approaches to work. The sustainability efforts will be tracked for three years at the corporate level and communicated within the organisation twice per year.

### Organisation and employees

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

**Some important objectives are to:**

- ✓ Achieve a high level of dedication to the Company’s operations and vision
- ✓ Have low staff turnover
- ✓ Support diversity
- ✓ Offer environmental training courses when relevant

### The Clean Cooking Alliance – a multidimensional carbon offset

WHO estimates that about three billion people worldwide use wood or coal indoors in order to cook and to illuminate and heat their homes. The smoke and soot from stoves, fires and simple lamps and heaters create major environmental and health problems, and in many cases lead to life-threatening illnesses, particularly among children and the elderly. In India, this is one of the most common causes of pneumonia in children.

The Clean Cooking Alliance is a non-profit organisation supported by the United Nations Foundation. The organisation partners with UNICEF and WHO in India to improve living conditions by installing newer and more efficient stoves and heaters, facilitating the transition to gas and other sources of energy, and educating people on the risks of traditional indoor heating and how to reduce these risks.

Q-linea provides financial support to the Clean Cooking Alliance and considers the organisation’s work extremely important, covering several dimensions. In addition to the goal of reducing child mortality, in Q-linea’s view, reducing the rate of pneumonia can also reduce usage of antibiotics, thereby helping to stop the development of antibiotic resistance.



# The Q-linea share

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

### Market capitalisation and trading

The Q-linea share has been listed on Nasdaq Stockholm since 7 December 2018. The Company's market capitalisation at year-end amounted to SEK 4,647 million (1,336). The share is listed in the Mid Cap segment and the Company is classified as a healthcare company. The listing will enable the Company to execute its long-term strategy by broadening the ownership base, thereby contributing to increased awareness of the Company and its operations and creating access to the Swedish and international capital markets.

### Share capital and number of shares

The Company's share capital at year-end amounted to SEK 1,366,897.35 (1,161,769.35), distributed between 27,337,947 (23,235,387) shares. Of the total of 27,337,947 outstanding shares at year-end, 328,472 were treasury shares. Each share carries one vote per share and the quotient value per share is SEK 0.05.

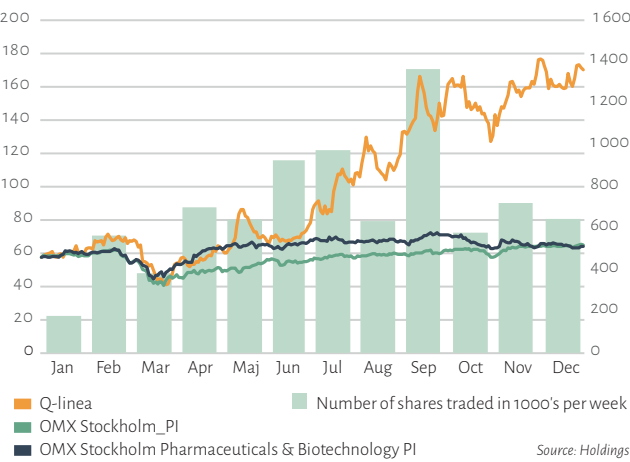
### Share capital trend

	Number of shares, thousand	Share capital, SEK thousand
Opening balance on 1 January 2019	22,907	1,145
New share issue	211	11
New share issue	117	6
Closing balance on 31 December 2019	23,235	1,162
New share issue	103	5
New share issue	4,000	200
Closing balance on 31 December 2020	27,338	1,367

### Share turnover

In 2020, a total of 8.3 million (4.2) shares were traded at a value of SEK 889 million (255). An average of 32,924 (16,826) Q-linea shares were traded each day.

### Share price trend and turnover



### Shareholder information

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

### Shareholders at 31 December 2020<sup>1)</sup>

	Number of shares	Number of shares and votes
Nexttobe AB	9,799,957	35.85%
Swedbank Robur Fonder	2,445,143	8.94%
Investment AB Öresund	2,304,109	8.43%
Fourth Swedish National Pension Fund	2,166,326	7.92%
Handelsbanken Fonder	810,897	2.97%
Third Swedish National Pension Fund	750,000	2.74%
Futur Pension	617,381	2.26%
Mats Nilsson	497,320	1.82%
Ulf Landegren	461,580	1.69%
Länsförsäkringar Fonder	413,640	1.51%
Delphi Fondsförvaltning AS	395,151	1.45%
Jonas Jarvius	376,857	1.38%
Avanza Pension	368,688	1.35%
Q-linea AB	328,472	1.20%
SEB-Stiftelsen	322,500	1.18%
Aktie-Ansvar Fonder	297,228	1.09%
Lancelot Asset Management AB	275,000	1.01%
Anders Wall	254,922	0.93%
Second Swedish National Pension Fund	223,743	0.82%
Skandia Fonder	222,753	0.81%
Holdings, 20 largest shareholders	23,331,667	85.35%
Other shareholders	4,006,280	14.65%
<b>Total number of shares</b>	<b>27,337,947</b>	<b>100%</b>

<sup>1)</sup> Ownership may refer to personal ownership or ownership through a company.  
Source: Monitor

### Financial objectives

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

attributable primarily to income from prototype manufacturing. Q-linea will continue to focus on further developing ASTar and related applications as well as preparing for the launch of ASTar. Q-linea will also set aside resources for expanding its project portfolio.

### Dividends and dividend policy

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

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

### Share-based incentive programmes

At the end of 2020, Q-linea had two share-based incentive programmes of the performance share type as well as an employee share option programme. These three programmes are described in the Corporate Governance Report, in the section "Share-based incentive programme" on pages 39-47.

### Analysts

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#### Carnegie Investment Bank AB

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# Board of Directors' Report

The Board of Directors and President of Q-linea AB, corporate registration number 556729-0217, with its registered office in Uppsala, Sweden, hereby submit the annual report for the 2020 financial year. All figures pertain to 2020 and are compared with the 2019 financial year, unless otherwise stated.

## Operations

Q-linea AB is an innovative infection diagnostics company focused on developing and delivering solutions for healthcare providers, enabling them to diagnose and treat infectious diseases in the shortest possible time.

Our core product ASTar is a system for quickly and automatically determining the most effective antibiotic for the treatment of infectious diseases. The Company's first product focuses on rapid diagnostics of sepsis (previously known as blood poisoning). The Company was founded in Uppsala, Sweden, in 2008 by scientists from the Rudbeck Laboratory at Uppsala University, together with Olink AB and Uppsala University's holding company, UUAB. The address of the head office is Dag Hammarskjölds väg 52 A, Uppsala, Sweden.

Over the past nine years, Q-linea has developed innovative systems for in vitro diagnostics of infectious diseases. Q-linea's leading product, ASTar, is much faster than today's methods at determining which antibiotics are effective against an infection, known as an AST. ASTar is expected to shorten the time it takes to identify the proper treatment of patients with sepsis by more than 24 hours. The method has substantial potential to save lives, reduce hospital costs, avoid unnecessary antibiotic treatment and slow the development of resistant bacteria.

## Significant events during the financial year

In February, Q-linea AB announced that it had signed a global partnership with Thermo Fisher Scientific for the commercialisation of ASTar. Thermo Fisher Scientific will have the exclusive right to offer ASTar to the market in all geographies, with the exception of the Swedish market, where Q-linea can distribute its products directly. The partnership is exclusive to both companies regarding rapid AST testing. The two companies will work closely together to provide customers with a comprehensive AST portfolio.

In early May, the Company announced positive results from a preclinical prospective patient study conducted jointly with Uppsala University Hospital. In the study, the ASTar system analysed samples from 17 patients and the antibiotic panel consisted of 29 antibiotic preparations. The results were highly positive, exceeding regulatory requirements for the EU and the US.

At the Annual General Meeting in May 2020, the Meeting resolved to re-elect directors Erika Kjellberg Eriksson, Mats Nilsson Bernitz, Marcus Storch, Marianne Hansson, Per-Olof Wallström and Hans Johansson, and to elect Mario Gualano as a director. Erika Kjellberg Eriksson was elected Chairperson and it was noted that Ulf Landegren declined re-election. The Board of Directors was authorised to introduce an employee share option programme ("Employee share option programme 2020/2023") for the Company's employees. It was also authorised to decide to increase the Company's share capital by a maximum of SEK 233,380 on one or more occasions during the period until the next Annual General Meeting. The Board may decide to issue shares, warrants and/or convertibles by disapplying the preferential rights of the shareholders and/or with payment through contribution in kind, by offset or on terms in accordance with Chapter 2, Section 5, Paragraph 2 of the Swedish Companies Act. The registered accounting firm Öhrlings PricewaterhouseCoopers AB was re-elected as auditor. The Annual General Meeting was informed that, due to auditor rotation rules, Leonard Daun would be replaced as Auditor-in-Charge by Authorised Public Accountant Lars Kylberg.

In early June, Q-linea's Board of Directors decided, based on the issue authorisation from the Annual General Meeting on 26 May 2020, to carry out a directed issue of 4,000,000 shares at a subscription price of SEK 67.50 per share, thereby raising gross proceeds of SEK 270 million for the Company. The subscription price of SEK 67.50 per share corresponded to a discount of approximately 2.5% in relation to the closing price on Nasdaq Stockholm on 2 June 2020. The investors in the directed issue included numerous Swedish and international institutional investors and industry specialists. The net proceeds from the directed issue were intended to be used for the following:

- to finance the commercial launch of ASTar, including a scale-up of production capacity in order to handle expected sales volumes;
- to further accelerate the development of ASTar and other new products; and
- for the Company's operating activities, including strengthening its working capital in order to manage any long-term effects of COVID-19 on the operations

The directed issue resulted in a dilutive effect of approximately 14.6% of the total number of shares and votes in the Company. As a result of the directed issue, the number of shares outstanding and votes increased by 4,000,000 from 23,337,947 till 27,337,947. The share capital increased by SEK 200,000.00 from SEK 1,166,897.35 to SEK 1,366,897.35.

ABG Sundal Collier and Carnegie Investment Bank acted as joint bookrunners in connection with the directed issue. Advokatfirman Lindahl served as the Company's legal advisor, while White & Case Advokatbyrå served as legal advisor to the joint bookrunners.

In September, the Company announced that it had signed an agreement with Hvidovre Hospital in Copenhagen to conduct a clinical performance study. There is already a similar agreement in place with Uppsala University Hospital. The plans are to carry out the clinical performance study externally at two hospitals and internally at Q-linea.

In October, the Company announced that it started the development of a portable blood culture technology with the goal of shortening the time from sampling to correct antibiotic response. The Company will begin an external evaluation in 2021.

In December, Q-linea initiated a pivotal clinical study for ASTar in Europe. The study is expected to comprise 60 to 80 prospective patient samples and approximately 600 samples to be analysed by Q-linea itself. The results of the study will be part of the documentation in the ongoing process for CE-IVD approval prior to the market launch of ASTar.

## Significant events after the end of the financial year

After the end of the financial year, Q-linea announced that the Company's global sales partner, Thermo Fisher Scientific, had placed its first order for the ASTar instrument and disposables. The value of the order exceeded SEK 8 million. The Company also announced that it had contracted Thermo Fisher Scientific as the first site to participate in the Company's US clinical study for ASTar. At the end of March, the company announced very good interim results from the pivotal European study for the antibiotic susceptibility system ASTar. Essential Agreement (EA) i.e. giving the same result as the reference method on the concentration of antibiotics that kill or inhibit bacterial growth exceeded 94 percent. Categorical agreement (CA) i.e. giving the same classification of the bacterium within one of three groups (S.I.R) with respect to susceptibility to antibiotics exceeded 97 percent. To achieve CE-IVD approval in Europe, EA and CA must exceed 90 percent. In addition, reproducibility was very high and exceeded 99 percent.

## Research and development

The Company's development of its core product, ASTar, a fully integrated and automated system for rapid resistance testing of bacteria in clinical samples, continued successfully during the year. The Company develops both consumables and instru-

ments as well as related software. ASTar's first application targets sepsis (previously known as blood poisoning). Sepsis is a critical condition that occurs when the immune system overreacts to an infection. This reaction can be extremely serious, impacting most of the body's organs, potentially resulting in permanent organ damage or death.

A major step in 2020 was the implementation and thorough testing of the latest instrument generation of ASTar in Q-linea's own microbiology laboratory. The analysis of different combinations of bacteria and antibiotic increased sharply during the year, and at year-end the Company had analysed 5,900 unique combinations and performed tests on more than 1,500 positive blood cultures.

During the year, the Company performed two pre-clinical studies in cooperation with Uppsala University Hospital in preparation for the pivotal clinical study that began in December according to the announced schedule. The results of the pre-clinical studies were highly positive, thanks to both very high performance on patient samples and wonderful feedback on how convenient it is to use ASTar.

At the end of 2020, Q-linea's IP portfolio comprised 17 different patent families and five registered design families, with a total of 125 patent applications and registered designs in various geographies. In total, at the end of 2020, Q-linea had 40 patents granted in various geographies, of which 14 were granted in 2020. The patents granted comprise those that describe aspects of ASTar as well as patents that relate to potential future products such as a portable blood culture system.

## Scaling up of production

The Company put its new production premises into operation during the first half of the year. The premises, situated on Palmladsgatan in Uppsala, are strategically located to handle incoming and outgoing deliveries. Q-linea has also equipped the premises with suitable infrastructure and equipment for the production of consumables as well as storage, goods handling and offices. During 2020, key milestones were reached to secure Q-linea's future production and manufacturing of consumables.

- The production process for consumables was verified, and the Company began the validation of production equipment and consumables.
- Shelf-life studies of the consumables were begun, and based on previous data, the Company estimates that it should be possible to achieve 12 months of shelf life in 2021.

## Commercialisation

An important step for the upcoming launch of ASTar was taken at the beginning of the year, when the Company announced a worldwide commercialisation agreement with Thermo Fisher Scientific. Since then both companies have worked intensively to prepare for the launch of ASTar in 2021, with a high level of cooperation and interest from both parties.



The Company is now implementing a scale-up programme for the production process, in order to meet planned future needs.

Income, expenses and earnings

Net sales for the full year totalled SEK 243 thousand (1,005), down SEK 762 thousand. The decrease is mainly attributable to the Company's planned lack of licensing revenue since the knowledge transfer to EMPE Diagnostics AB was completed during the second quarter of 2019.

Other operating income for the full year amounted to SEK 911 thousand (11), an increase of SEK 900 thousand due to deferred invoicing of service facilities, development services provided for external customers and the sale of raw materials to a supplier.

Operating expenses including depreciation, amortisation and impairment totalled SEK 222,697 thousand (180,131) for the full year. The cost increase totalled SEK 42,566 thousand, corresponding to an increase of about 24% compared with the preceding year.

The increase in the cost category of raw materials and consumables was due to the Company ordering more ASTar prototype instruments as well as producing and using more consumables than during the previous financial year.

Other external costs totalled SEK 89,409 thousand (75,847), up SEK 13,562 thousand. The cost increases were attributable to the use of external consultants to complete the Company's new production premises on Palmbadsgatan and the Company's purchase and deployment of a new ERP system.

Personnel costs totalled SEK 94,576 thousand (71,324), an increase of SEK 23,252 thousand compared with the previous year. This is mainly attributable to an increase in the average number of employees in product development, production and the commercial organisation as well higher costs due to

the launch of an employee share option programme during the year.

Depreciation, amortisation and impairment of tangible and intangible assets amounted to SEK 6,101 thousand (4,127) for the full year. This increase is mainly attributable to investments in production equipment and other equipment in the building.

Other operating expenses amounted to SEK 349 thousand (249) for the year and pertained largely to the scrapping of two partially depreciated non-current assets as well as exchange-rate losses.

The operating result totalled SEK -221,543 thousand (-179,115) for the full year compared with the preceding financial year. The larger operating loss was mainly attributable to the planned increase in operating expenses in accordance with the adopted business plan.

Net financial items amounted to SEK 2,887 thousand (1,761) for the full year. The improvement over the previous year is mainly attributable to higher coupon interest payments received, accrued interest on listed corporate bonds and capital gains and losses in conjunction with the divestment of short-term fixed-income funds.

No tax was recognised for 2020 or 2019. The result for the year totalled SEK -218,655 thousand (-177,354).

Financial position

Cash and cash equivalents at the end of the financial year totalled SEK 10,144 thousand (25,968).

Cash and cash equivalents that will not be used in the daily operations over the coming 12 months are invested in fixed-income funds and listed corporate bonds. The Company follows an investment policy approved by the Board of Directors. It contains, for example, rules on the management

and investment of cash and cash equivalents. The average maximum fixed-interest period permitted is five years for the long-term bonds and investments are made in securities with an investment grade rating or equivalent. The capital in listed bonds is placed in several sectors and a diversified maturity with both variable and fixed interest rates. The fixed-income funds, which invest in low-risk interest-bearing securities, amounted to SEK 165,749 thousand (150,419) at the end of year. The Company's short-term component of the listed corporate bonds amounted to SEK 130,999 thousand (30,092) at the end of the year. The value includes accrued coupon rates of SEK 324 thousand. The long-term portion of listed corporate bonds amounted to SEK 24,364 thousand (120,976) at the end of the year. An impairment test was performed at every measurement, which entailed an impairment of SEK -63 thousand (0) for the year.

During the year, the Company carried out a directed issue that improved its financial position by SEK 270,000 thousand before issue costs. At the end of the year, equity amounted to SEK 380,197 thousand (340,994), the equity/assets ratio to 92% (91) and the debt/equity ratio to -87% (-96).

Cash flow and investments

Cash flow from operating activities amounted to SEK -237,305 thousand (-169,760) for the full year. The increased cash outflow during the year is primarily attributable to the change in operating result, an accumulation of inventory and an increase in advance payments to suppliers compared with the previous year. Changes in working capital amounted to SEK -28,922 thousand (-636) for the full year.

Cash flow from investing activities totalled SEK -32,295 thousand (-159,827) for the year. Investing activities refers to investments in tangible assets, primarily service facilities and production equipment, of SEK -13,228 thousand (-7,636), investments in short-term fixed-income funds of SEK -185,000 thousand (-170,000) and investments in listed corporate bonds of SEK -50,127 thousand (-151,776).

Cash flow from financing activities totalled SEK 253,777 thousand (1,119) for the full year. This change during the year is attributable to the directed issue totalling SEK 270,000 thousand (1,555) less issue costs, which amounted to SEK -15,845 thousand (0). During the comparative year of 2019, employees received the opportunity to exercise employee share options to subscribe for new shares, generating proceeds of SEK 1,538 thousand for the Company. During 2019, cash flow from financing activities also consisted of the issue and acquisition of 328,472 treasury shares at a quotient value of SEK 0.05 per share, intended to ensure the delivery of performance shares under the long-term incentive programmes LTIP 2019 and LTIP 2018.

The Company repaid loans to credit institutions amounting to SEK -378 thousand (-420). One of the loans was fully repaid during the year, resulting in lower amortisation during the year compared with the previous year.

Financing

To provide the Company with sufficient liquidity to continue operating and developing according to its strategic plan, the Company carried out a directed issue during the year. This issue raised gross proceeds for the Company of SEK 270,000 thousand. As of 31 December 2020, the Company had access to cash and cash equivalents of SEK 10,144 thousand (25,968), short-term investments including short-term components of other securities held as non-current assets of SEK 296,748 thousand (180,512) and long-term listed corporate bonds of SEK 24,364 thousand (120,976).

Employees

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

Q-linea had 107 (70) employees at year-end, 43 (26) of whom are women. The number of consultants at year-end was 33 (36), 8 (7) of whom are women. The average number of employees during the financial year was 89 (62). Total salaries, remuneration and social security contributions amounted to SEK 76,057 thousand (57,120). For information concerning remuneration to the Board of Directors, President and other senior executives, refer to Note 9 and Note 24.

The share and shareholders

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

As of 31 December 2020, the Company had 27,337,947 shares, of which 328,472 were treasury shares. For more information, refer to the section "Corporate Governance Report", and pages 39–47.

Future development

Q-linea does not yet have any approved products and does not generate its own positive cash flow. On 31 December 2020, the Company had a total of SEK 331,256 thousand (327,456) divided between the following classes of assets: cash and cash equivalents, short-term and long-term investments, as described in the section "Financing" above. The Board's assessment is that the existing working capital, as of 31 December 2020, is sufficient to cover the Company's needs for at least the next 12 months.

Multi-year overview

Amounts in SEK thousand	2020	2019	2018	2017	2016
Earnings					
Net sales	243	1,005	1,066	1,500	81
Operating result (EBIT)	-221,543	-179,115	-127,366	-67,869	-60,085
EBITDA	-215,442	-174,988	-124,329	-66,149	-58,443
	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
Financial position					
Total assets	412,233	374,407	539,068	18,397	16,861
Cash and cash equivalents, short-term and long-term investments	331,256	327,456	504,438	6,588	7,254
Equity	380,197	340,994	513,458	1,511	8,455
Equity/assets ratio, %	92	91	95	8	50
Debt/equity ratio, %	-87	-96	-98	-237	-86

The information has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and International Financial Reporting Standards (IFRS) in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.



### Legal considerations

Q-linea is not, and has not during the past 12 months, been a party to any legal proceedings or arbitration proceedings that have had or could have a material impact on Q-linea's financial position or profitability. Nor has Q-linea been informed of any claims that could result in the Company becoming a party to such proceedings.

### Sustainability and environment

Q-linea's vision is to help ensure that antibiotics continue to be an effective treatment for future generations. This gives sustainability an even broader significance. The basis of strategic and everyday activities is Q-linea's Code of Conduct. The Code is based on the principles of the UN Global Compact, to which Q-linea became a signatory in 2018. Consequently, the Company supports the fundamental principles on human rights, labour, environment and anti-corruption.

In addition, Q-linea intends to increase the depth and structure of its sustainability agenda and is eager to get the entire company involved, which will increase its impact. As part of these efforts, in 2020 Q-linea participated in the Uppsala:2030 network, a local programme that helps companies define their sustainability goals and then make them actionable. In 2020, Q-linea established a goal to develop company-wide sustainability objectives, in addition to its commercial objectives, as well as an updated sustainability plan and policy in 2021.

For information on the Company's sustainability agenda, see pages 28–29.

### Significant risk factors

Risk management is carried out by company management in consultation with the President and Board of Directors in accordance with the guidelines established by the Board. The risk function includes the identification, evaluation and hedging of financial risks. Effective risk assessments help to align Q-linea's business opportunities and earnings with the requirements of the shareholders and other stakeholders with respect to stable, long-term value growth and control. The Company's financial risks and risk management are described in Note 3.

#### Research and development risks

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

Research and development is a time-consuming and resource-intensive process and, like many other research and development companies, Q-linea may become dependent on external financing of its projects in the core area of in vitro diagnostics.

Q-linea has not yet secured approval for its products and does not generate sufficient cash flow through its own business. The Board's assessment is that the existing working capital, as of 31 December 2020, is sufficient to cover the Company's needs for at least the next 12 months.

#### Intellectual property protection and patent risks

Although Q-linea has patent protection for its technology, the area of medical technology is nevertheless associated with a number of risks related to intellectual property rights and patents.

There is a risk that:

- the Company's product development could result in a product that is impossible to patent
- the Company's current and future patent applications may not result in patents being approved
- approved patents may not provide sufficient protection
- other patents could supersede the Company's own patents
- the substances, methods or procedures used by the Company could be patented or patent pending by another party

There is also a risk that the Company's competitors could infringe upon Q-linea patent rights. To date, Q-linea has not been involved in any disputes pertaining to patents or trademarks.

#### Production risks

Instruments are produced by an international contract manufacturer with a subsidiary in Sweden as well as global production capacity. This global contract manufacturer has the ability to move production to other regions if this should prove to be desirable. Consumables are produced primarily in-house in rented production premises in Uppsala, while some production steps are handled by contract manufacturers, primarily in Germany. The production facilities have the capacity to increase production capacity on relatively short notice.

Dependence on external production capacity may increase the risk that deliveries are delayed or do not occur, but this risk is considered limited. Q-linea has staff dedicated to monitoring how well suppliers are meeting their commitments in terms of both quality and delivery times. Bottlenecks in in-house production processes are regularly monitored in order to ensure long-term production quantity and quality. Q-linea's production planning is based on binding forecasts from its cooperation and distribution partners.

#### Clinical study risks

Before a medical device can be launched in the market, clinical

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

There is also a risk of delays in clinical studies. Such delays may arise for a number of reasons, including difficulties in reaching agreements at acceptable terms with clinical partners, delays in receiving ethics approval and difficulties in adding new clinical partners when this is deemed necessary or a clinical partner chooses to discontinue participation in the study. Delays may also arise as a result of the ongoing COVID-19 pandemic, since clinical partners may have limited availability as a result of national guidelines. If delays arise due to circumstances that are difficult or impossible for the Company to control, or if the actions required to continue the studies are considered too expensive or complicated in relation to the scope or objectives of the studies, there is a risk that the studies will be delayed or discontinued.

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

#### Risks associated with product approval

The Company is obligated to fulfil regulatory requirements, including receiving regulatory approval according to applicable legislation and regulations, before it can market and sell its products in each market. The process for receiving regulatory approval for medical devices can be long, extensive and uncertain. CE marking is required within the EU to market and sell medical devices (including in vitro diagnostics products).

The Company plans to introduce and sell ASTar in the EU market on a self-certified basis until 2022, but has adapted its planned study in Europe to reflect its assessment of the form that the new data requirements are likely to take. Since the regulatory authorities have not yet published additional guidelines, there is some uncertainty regarding the final interpretation and application of the data requirements, and the Company's assessment may prove incompatible with the interpretation and application ultimately deployed by the relevant notified body, with the effect that the Company may be forced to implement various adaptations to meet the

demands, experiencing delays and higher costs as a result. There is a risk that the Company will not be able to bear the higher costs and will thus be unable to maintain any CE marking it has previously received.

The Company has chosen the notified body Tüv Süd in Germany for ISO 13485-certification of its quality management system. The Company intends to use the same notified body to certify products according to the new IVD Regulation for its first product candidate, ASTar. Decisions made by a notified body are valid for a maximum of five years at a time, and the renewal process can be time-consuming, particularly if significant changes are made to the original product application.

To receive market approval in the US, a regulatory application containing information including the results of completed clinical studies is required. The US Food and Drug Administration (FDA) examines both the study protocol and the results of the study. Which requirements apply for the clinical study depends primarily on the required type of classification and regulatory application. After a dialogue with the Company, the FDA confirmed the Company's interpretation that it should use the 510(k) regulatory application mechanism. In a 510(k), the applicant company shows that the new product is of "substantial equivalence" with a comparable predicate device in terms of use, technical properties and performance testing. This means the company's product will be compared with a product already cleared by the FDA.

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

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



damage to relationships with regulatory authorities and result in loss of market shares to competitors. The regulations to which the Company is subject are complex and have become increasingly demanding over time. In addition to regulations that are specific to in vitro diagnostics products, the Company may also be subject to other applicable regulations in relevant markets, such as environmental regulations. The Company may be negatively affected by changes to government policies or legislation. Strict or amended government policies or legislation in relevant markets may delay, reduce or prevent sales or lead to higher costs. Possible changes to regulations run the risk of not being implemented time or correctly, which may expose the Company to regulatory actions and sanctions or other legal liability. If any of these risks should materialise, this could adversely impact the Company's operations, financial position and earnings.

Market risks

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

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

Key employees and recruitment

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

result of the competition for labour with other companies in the industry, universities and other institutions.

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

The novel coronavirus

Q-linea has taken action to protect its employees, assume its responsibility in society and at the same time minimise the negative impact on the Company's operations. As of the date of the signing of this annual report, Q-linea has seen a slight increase in sickness absence, directly as well as indirectly, while employees whose duties allow it are working from home. Although it is currently not possible to estimate the extent to which Q-linea's operations could be affected, the following are the significant areas that could be subject to the effects of any outbreak:

- The timeframe of planned clinical studies, if hospitals are tied up with activities related to SARS-CoV-2 and COVID-19. Availability for the inclusion of hospitals in the clinical trials follows the national guidelines.
- Expense levels and financing strategy.

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 potential impact changes significantly. It is currently impossible to estimate the ultimate impact on the Company.

Proposed appropriation of unrestricted equity

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

	SEK
Share premium reserve	951,016,569
Retained earnings	-353,530,830
Result for the year	-218,655,372
Total	378,830,366

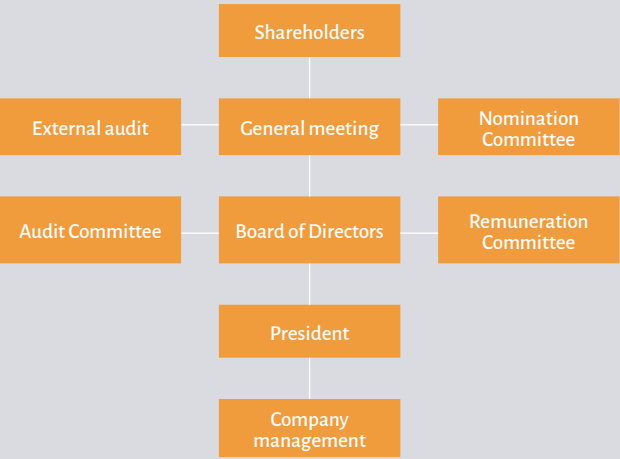
The Board proposes that profit be appropriated as follows: SEK 378,830,366 to be carried forward. The Board proposes to the Annual General Meeting that no dividend be paid for 2020. For more information concerning the Company's earnings and financial position, refer to the following income statement and balance sheet as well as the statement of comprehensive income, statement of financial position and related notes.

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

Corporate Governance Report

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

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



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

Q-linea has applied the Code since 7 December 2018, and has undertaken to follow corporate governance best practices wherever possible. The Company did not deviate from any of the rules stipulated in the Code in 2020. In addition, Q-linea was not subject to a ruling by Nasdaq Stockholm's Disciplinary Committee or statement from the Securities Council.

Shareholders

Q-linea's shares are listed on Nasdaq Stockholm. The Company's share capital at 31 December 2020 amounted to SEK 1,366,897.35, distributed between 27,337,947 shares with 27,337,947 being ordinary shares and 0 being Class C shares. The shares' quotient value is SEK 0.05. Of these 27,337,947 shares, 328,472 are treasury shares held by the Company. As of

31 December 2020, Nexttobe AB was the only shareholder whose holding in Q-linea represented at least one tenth of the voting rights for all shares in the Company. Nexttobe AB accounted for 35.85% (42.18) of the shares and votes in the Company at year-end and the Company's 20 largest owners are presented in the section "The Q-linea share" on pages 30-31.

General meeting of shareholders

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

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

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

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

Notice of a meeting should also be published in Post- och Inrikes Tidningar (Official Swedish Gazette) and on the Company's website. Information that notice has been given will be announced in Svenska Dagbladet on the date of issuing the notice. Notice of an ordinary or extraordinary general



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

2020 Annual General Meeting

In addition to standard matters, the following resolutions were passed at the Annual General Meeting on 26 May 2020:

- To re-elect directors Erika Kjellberg Eriksson, Mats Nilsson Bernitz, Marcus Storch, Marianne Hansson, Per-Olof Wallström and Hans Johansson. Mario Gualano was elected as a new director and Erika Kjellberg Eriksson was elected Chairperson of the Board. It was noted that Ulf Landegren had declined re-election.
- To appoint the registered accounting firm Öhrling PricewaterhouseCoopers AB as auditor. The Annual General Meeting was informed that, due to auditor rotation rules, Leonard Daun would be replaced as Auditor-in-Charge by Authorised Public Accountant Lars Kylberg.
- To introduce an employee share option programme ("Employee share option programme 2020/2023") for the Company's employees.
- To authorise the Board of Directors, on one or more occasions during the period until the next Annual General Meeting, to decide to increase the Company's share capital by a maximum of SEK 233,380. In accordance with this authorisation, the Board may decide to issue shares, warrants and/or convertibles by disapplying the preferential rights of the shareholders and/or with payment through contribution in kind, by offset or on terms in accordance with Chapter 2, Section 5, Paragraph 2, Subsections 1-3 and 5 of the Swedish Companies Act. Issues in accordance with this authorisation are to be on market terms.

2021 Annual General Meeting

Q-linea's 2021 Annual General Meeting will be held at 4:00 p.m. on 25 May 2021. If it is possible and considered suitable in view of the applicable restrictions due to COVID-19, the meeting will be held at Hubben Konferens (Uppsala Science Park Room 3+4), Dag Hammarskjölds väg 38 in Uppsala, Sweden. The meeting will otherwise take place through postal voting with the support of the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020:198) and the amendment to extend the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020:198). Shareholders who wish to have a matter addressed by the Annual General Meeting must submit a request to the Board in writing not later than 12 April 2021.

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

Nomination Committee

The Nomination Committee duties include the preparation and drafting of proposals for the election of directors, the Board's Chairperson, the general meeting's Chairperson and auditors. The Nomination Committee is also to recommend the fees payable to directors and auditors. On 26 May 2020, the Annual General Meeting adopted instructions and rules of procedure for the Nomination Committee, whereby the Nomination Committee would consist of three members.

The Nomination Committee is appointed, on behalf of the general meeting, by the Board's Chairperson contacting the three largest shareholders according to Euroclear's transcript of the shareholder register on 1 September 2020, each of whom has the right to appoint one member of the Nomination Committee. Should any of the three largest shareholders not wish to appoint a member of the Nomination Committee, the fourth-largest shareholder will be approached, and so forth, until the Nomination Committee consists of three members.

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

The Nomination Committee must submit proposals for decisions on the following issues for the 2021 Annual General Meeting:

- a) Election of Chairperson for the Meeting,
- b) Determination of the number of directors,
- c) Determination of fees and other remuneration payable to the Board and its committees, divided between the Chairpersons and other members,
- d) Determination of audit fees,
- e) Election of directors and Chairperson of the Board,
- f) Election of auditors, and
- g) Principles for the Nomination Committee's composition and work prior to the 2022 Annual General Meeting.

Ahead of the 2021 Annual General Meeting and until a new Nomination Committee is appointed, the Nomination Committee consists of Erika Kjellberg Eriksson (Nexttobe AB), Ulrik Grönvall (Swedbank Robur fonder) and Øystein Engebretsen (Investment AB Öresund). Øystein Engebretsen is Chairperson of the Nomination Committee.

Shareholders who wish to contact the Nomination

Committee may do so in writing at: Nomination Committee, Q-linea AB, Dag Hammarskjölds väg 52A, SE-752 37 Uppsala, Sweden or by e-mail at: [contact@qlinea.com](mailto:contact@qlinea.com).

Board of Directors

Duties of the Board of Directors

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

Composition of the Board

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

Board Chairperson

The Chairperson of the Board is responsible for leading the Board's work and for ensuring that it is carried out efficiently and that the Board fulfils its obligations and commitments. Through contact with the President, the Chairperson shall

receive regular updates of the information required to follow the Company's position, financial planning and development. In addition, the Chairperson is to consult with the President in regard to strategic issues and ensure that the Board's decisions are implemented effectively. The Chairperson is responsible for contact with the shareholders in regard to ownership matters and for conveying the views of the shareholders to the Board.

The Annual General Meeting elects the Chairperson of the Board.

Board procedures

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

Board committees

Audit Committee

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

Work of the Board

Name	Position	Director since	Independent in relation to		Attendance (total number of meetings)		
			The Company and management	Major shareholders	Board meetings	Audit Committee	Remuneration Committee
Erika Kjellberg Eriksson	Chairperson	Director since 2012, Chairperson since 2018	Yes	No	14(14)	5(5)	5(6)
Mario Gualano	Director	Director since 2020	Yes	Yes	5(8)		
Ulf Landegren <sup>1)</sup>	Director	Director 2012–2020	Yes	No	6(6)		
Mats Nilsson	Director	Director since 2008, Chairperson 2008–2013	No	Yes	14(14)		
Marcus Storch	Director	Director since 2018	Yes	Yes	12(14)		
Marianne Hansson	Director	Director since 2018	Yes	Yes	14(14)	5(5)	6(6)
Per Olof Wallström	Director	Director since 2018	Yes	No	14(14)	5(5)	
Hans Johansson	Director	Director since 2018	Yes	Yes	13(14)		
Total number of Board and Committee meetings					14	5	6

1) Ulf Landegren declined re-election at the Annual General Meeting held on 26 May 2020.



together with a verbal debriefing to support the Board's decision-making processes.

The Audit Committee comprises Erika Kjellberg Eriksson (Chairperson), Marianne Hansson and Per-Olof Wallström.

Remuneration Committee

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

The Remuneration Committee comprises Marianne Hansson (Chairperson) and Erika Kjellberg Eriksson.

Remuneration of the Board of Directors

The remuneration of the directors elected by the Annual General Meeting is determined by the Annual General Meeting. The Annual General Meeting on 26 May 2020 resolved that an annual fee of SEK 400,000 should be paid to the Board's Chairperson and an annual fee of SEK 200,000 to each of the other directors. The meeting further resolved that an annual fee of SEK 40,000 should be paid to the Chairperson of the Remuneration Committee and an annual fee of SEK 20,000 to each member of the Remuneration Committee as well as an annual fee of SEK 60,000 to the Chairperson of the Audit Committee and an annual fee of SEK 30,000 to each member of the Audit Committee. However, Board fees are only payable to directors who are not employees of the Nexttobe Group. Chairperson Erika Kjellberg Eriksson was an employee of the Nexttobe Group during 2020. For the 2019 and 2020 financial years, remuneration was paid according to the table in Note 9 and Note 24.

Work of the Board in 2020

In 2020, the Board of Directors held 14 meetings at which minutes were taken. The participation of individual directors at these meetings is shown in the table on page 41. All meetings held during the year followed an approved agenda, which was provided to the directors before the Board meetings together with documentation for each agenda item.

Scheduled Board meetings normally last for half a day in order to provide time for presentations and discussion. A designated lawyer served as the secretary at the majority

of the Board meetings. The President and CFO participate in Board meetings. Matters including the current business situation, earnings and financial position, and the outlook for the rest of the year are reviewed at each scheduled Board meeting. Members of the Company's management team may be co-opted to the Board and may perform a review of a current strategic matter. Reports on the work of the committees are also typically addressed at each Board meeting via the Chairperson of each committee.

- During 2020, the Board's work largely focused on:
- Development of the project portfolio.
  - Preparations for the commercialisation of ASTar and consumables.
  - Strategy and analysis of the operating environment.
  - Financial performance, optimisation of the Company's capital structure.
  - Financial reporting and internal control.
  - Collaborations and partnerships.

Evaluation of Board work

The Board continuously evaluates its work, in accordance with the rules of procedure for the Board, through open discussions within the Board and through an annual Board evaluation. The annual evaluation was carried out in 2020 with a questionnaire sent to all directors with questions and space for comments. The results were positive. The areas that were stronger than in the previous year primarily pertained to experiences from the diagnostics industry, which is positive given that the Company is on the verge of launching ASTar. The results of the 2020 annual evaluation were submitted to the Nomination Committee.

President and other senior executives  
Duties of the President and other members of company management

The President is appointed by the Board and is responsible for the Company's day-to-day management in accordance with the Board's guidelines and instructions. The President is responsible for keeping the Board informed about the Company's performance and reporting significant deviations from established business plans and about events with a major impact on the Company's performance and operations, and for providing the Board with relevant decision support in regard to, for example, establishments, investments and other strategic issues. Company management, headed by the Company's President Jonas Jarvius, consists of people in charge of Q-linea's key business areas.

Remuneration of the President and senior executives

The remuneration paid to senior executives is composed of basic salary, variable pay, share-based remuneration, pension

provisions and other benefits. The remuneration paid to the President and senior executives for the 2020 financial year is specified in the table below. All amounts are in SEK thousand.

Remuneration of the President and senior executives

SEK thousand	President Jonas Jarvius	Other senior executives	Total
Fixed salary	2,621	9,116	11,737
Variable pay	108	386	493
Benefits	-	-	-
Other remuneration	6	35	41
Share-based remuneration	552	1,852	2,404
Sub-Total	3,287	11,389	14,676
Pension	581	2,508	3,089
Total	3,868	13,897	17,765

The Board of Directors' proposal for guidelines for executive remuneration

Under the Swedish Companies Act, the Annual General Meeting is to resolve on remuneration guidelines for the President and other senior executives. The Annual General Meeting on 26 May 2020 adopted guidelines with essentially the following content:

The guidelines for executive remuneration shall apply until the 2024 Annual General Meeting, unless circumstances arise that entail that the guidelines need to be revised at an earlier point in time.

Scope and application of the guidelines

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

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

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

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

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

**Business strategies for the Company are:**

**Regulatory strategy:** carry out necessary regulatory activities for launch of the ASTar instrument and the consumables, including performing clinical studies in Europe and the US. The first product focuses on sepsis diagnostics.

**Commercial strategy:** Q-linea has entered into an agreement with Thermo Fisher Scientific, a worldwide, already established sales partner that has local sales teams in the markets where Q-linea's products are to be launched. The aim of this is to achieve broad and speedy market penetration. Sales are to comprise instruments and consumables, the latter of which are expected to account for the majority of the potential income. The companies will work very closely together and Q-linea will have access to all aspects of the sales process and participate with applications specialists. The aim of the collaboration is to enable Q-linea to continuously be part of the development process and to receive feedback from customers, so that it can continue to develop customer-driven products in the best possible manner. The service partnership means that Thermo Fisher Scientific will manage all first-hand service and Q-linea will be responsible for expertise in connection with more complex issues.

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

**Product development strategy:** continue to develop new applications and products.

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

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

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

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

The incentive programme comprising share and share-price-based remuneration is resolved by the general meeting and is not included in these guidelines. However, the existing incentive programme is described below in order to provide a complete picture of the Company's total remuneration package for company management. The existing, long-term share-based incentive programmes (LTIP 2018 and LTIP 2019) contain performance requirements linked to the business strategy.



Various forms of remuneration

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

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

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

Following pension levels apply from the 2020 financial year:

Age and category	Provision
Up to age 25	No provision
Between the age of 25 and 34	6.5%
Age 35 and above	12.5%
Member of OMG/SDG <sup>1)</sup>	+2.5%
Manager with more than ten employees	+5%
President and management team	maximum of 25%

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

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

In the commercial organisation (with the main focus on sales), a remuneration structure will be applied with a fixed salary and a commission-based component. It is up to the President to determine the specific form of the model/

terms, which must however comply with industry standards and be optimised to create attractive incentives for relevant employees.

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

Information on criteria and conditions for payment of variable pay

Short-term incentive (STI) programmes

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

Long-term incentive (LTI) programmes

LTIP 2018

An extraordinary general meeting on 12 November 2018 resolved that a long-term incentive programme (LTIP 2018) in the form of a performance share-based programme would be implemented. The rights to receive performance shares were allotted free of charge in March 2019. The programme measures performance over a three-year period starting in March 2019 and the performance targets are linked to various operational sub-targets during the same period. The targets include such areas as product development, product approval and commercialisation, which are aligned with the Company's business strategies. The performance share rights are earned as the performance targets are met.

LTIP 2019

The Annual General Meeting on 22 May 2019 resolved that a long-term incentive programme (LTIP 2019) would be implemented in the form of a performance share-based programme. The rights to receive performance shares were allotted free of charge in December 2019. The programme measures performance over a three-year period starting in December 2019 and the performance targets are linked to various operational sub-targets during the same period. The

targets include such areas as product development, product approval and commercialisation, which are aligned with the Company's business strategies. The performance share rights are earned as the performance targets are met.

Employee share option programme 2020/2023

The Annual General Meeting on 26 May 2020 resolved to introduce an employee share option programme (Employee share option programme 2020/2023) for the Company's employees. The employee share options were allotted free of charge in June 2020. The programme measures the fulfilment of certain strategic and operational targets established by the Board, and employees may acquire one ordinary share in the Company after a vesting period of three years. The targets include such areas as product development, product approval and commercialisation, which are aligned with the Company's business strategies.

Termination of employment and severance pay

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

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

Salaries and employment conditions for employees not members of company management

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

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

The Board has established a Remuneration Committee, whose tasks include preparing the Board's decision to propose

remuneration principles, remuneration and other employment conditions for company management. The Remuneration Committee is also to monitor and evaluate variable pay plans for company management both ongoing and those completed during the year. The Committee shall also monitor and evaluate the application of the guidelines for executive remuneration that the general meeting is to resolve on according to law, as well as the current remuneration structures and compensation levels in the Company.

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

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

Derogation from the guidelines

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

Description of material changes to the guidelines

These guidelines were prepared by the Board's Remuneration Committee in consultation with the Company's HR function and the proposal was approved for presentation to the 2020 Annual General Meeting. The proposal essentially corresponds to the guidelines approved by the 2019 Annual General Meeting.

Share-based remuneration programmes  
Performance share incentive programme 2018 (LTIP 2018)

An extraordinary general meeting on 12 November 2018 decided that a long-term incentive programme in the form of a performance share-based programme would be implemented.

The programme measures performance over a three-year period starting in March 2019 and the performance targets are linked to various operational sub-targets during the same period. The targets include such areas as product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met.

As of the Annual General Meeting on 22 May 2019, when the programme was closed to new participants, 142,720 performance share rights had been allotted free of charge to participants of the programme.



Actual number of performance share rights allotted

Category	No. of participants	No. of performance share rights allotted per participant	No. of performance share rights allotted per category
President	1	30,250	30,250
Management team	6	12,620	75,720
Other key employees	7	5,250	36,750
Total	14	—	142,720

The value of each performance share right is SEK 55.54 and is based on the closing price on the allotment date (1 March 2019).

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

**Performance share incentive programme 2019 (LTIP 2019)**

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

The programme measures performance over a three-year period starting in December 2019 and the performance targets are linked to various operational sub-targets during the same period. The targets include such areas as product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met.

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

**Actual number of performance share rights allotted**

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

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

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

Employee share option programme 2020  
(Employee share option programme 2020/2023)

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

Each employee share option entitles the holder, upon the fulfilment of certain strategic and operational targets established by the Board and after a vesting period of three years, to acquire one (1) new ordinary share in the Company at an exercise price corresponding to 125% of the volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the ten (10) trading days prior to 26 May 2020. However, the subscription price may not under any circumstances be less than the quotient value.

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

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

To enable the Company's delivery of shares under the programme and to cover the cash flow effects as a result of any social security contributions arising under the programme, the Annual General Meeting resolved to carry out a directed issue of a maximum of 459,970 warrants to the Company, of which a maximum of 109,970 warrants were issued to cover any cash flow effects as a result of social security contributions arising under the programme.

**Actual number of performance share rights allotted**

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

The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period from 11–25 May 2020, meaning the ten (10) trading days prior to 26 May 2020, was SEK 79.19, and the exercise price was

thus set at SEK 98.98 per ordinary share. The option value on the allotment date of 30 June 2020 was based on the average price on the allotment date and was calculated at SEK 11.38 per option.

**Audit and control**

**External auditor**

The Nomination Committee's duties include presenting the Annual General Meeting with a proposed resolution on the choice of auditor. Öhrlings PricewaterhouseCoopers AB (PwC) was appointed as the Company's external auditor until the 2021 Annual General Meeting. The Annual General Meeting was informed that, due to auditor rotation rules, Leonard Daun would be replaced as Auditor-in-Charge by Authorised Public Accountant Lars Kylberg. The auditor's duties are to review a company's annual financial statements and accounts as well as the management of the Board and the President. This normally takes place at least twice per year, since at least one interim report, in addition to the annual report, must be reviewed by the auditor.

**Remuneration of the auditor**

The Annual General Meeting resolves on remuneration of the auditor, based on the Nomination Committee's recommendation. The Annual General Meeting on 26 May 2020 resolved that audit fees are to be approved and paid on an ongoing basis. Fees paid in 2020 and 2019 are shown in the table below.

	2020	2019
PwC, Öhrlings PricewaterhouseCoopers AB		
Audit assignment	709	461
Audits other than audit assignment	107	129
Tax advisory services	62	20
Other advisory services	466	56
Total	1,343	666

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

**Authorisations**

The Annual General Meeting held on 26 May 2020 resolved to authorise the Board of Directors, on one or more occasions during the period until the next Annual General Meeting, to decide to increase the Company's share capital by a maximum of SEK 233,380. According to the issue authorisation, the Board may decide to issue shares, warrants and/or convertibles by disapplying the preferential rights of the shareholders and/or with payment through contribution in kind, by offset or otherwise on terms in accordance with Chapter 2, Section 5, Paragraph 2, Subsections 1-3 and 5 of the Swedish Companies Act. On 2 June 2020, the Board resolved, with the support of the authorisation by the Annual General Meeting, on a

directed issue SEK 4,000,000 ordinary shares which means that the Company's share capital increased by 200,000 SEK.

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

**Internal audit and control**

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

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

The Board evaluates the need to establish a separate internal audit function on an annual basis. The Board has made the assessment that, given the Company's size and the scope of its transactions, as well as the skills in the field possessed by the Board and the Board's meeting with its auditors, there is no reason to establish a formal internal audit function.

The Board has established an Audit Committee that is primarily responsible for monitoring and quality-assuring the Company's financial statements, keeping in touch with the Company's external auditor on a continuous basis, monitoring the effectiveness of the Company's internal control over financial reporting, and reviewing and monitoring the objectivity and independence of the auditor. Within the Board, the Audit Committee is also responsible for monitoring and managing risks that could have a material adverse effect on the Company's business.

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

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

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



# Directors

Q-linea's Board comprises a combination of entrepreneurs, inventors and people with industrial experience who represent the Company's largest shareholders and provide active support to management. The Board of Directors consists of seven ordinary members: Erika Kjellberg Eriksson (Chairperson), Marianne Hansson, Hans Johansson, Mario Gualano, Mats Nilsson, Marcus Storch and Per-Olof Wallström. Ulf Landegren declined re-election as a director before the 2020 Annual General Meeting. The assignment for all directors applies for the period up until the end of the next Annual General Meeting, which will be held on 25 May 2021. However, any director may withdraw from their assignment before then. A description of the directors, their position, the year in which they were initially elected and whether they are considered independent from the Company and its management, and from major shareholders, is also presented in the table on page 41.

## 1. Erika Kjellberg Eriksson

*Chairperson since 2018,  
Director since 2012*

Erika Kjellberg Eriksson has held Board assignments and senior positions in pharmaceutical, biotech and med tech companies for more than 20 years. She has long experience from working in both listed and unlisted companies and extensive board experience.

**Born:** 1962

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

**Other ongoing assignments:** Erika Kjellberg Eriksson is CEO and Chairperson of Nexttobe AB, Chairperson of Linum AB, Bioimics AB, Aros Biotech, Lumina Adhesives AB, AllgoHolding AB, Lokon Pharma AB, Tanea Medical AB and Bluefish Pharmaceuticals AB (publ), Director of Sweden Carnica Group AB, Delta Projects AB, Vivolux AB and Findolon AB and Deputy Director of Bluefish Pharma AB and Bluefish Pharma Incentive AB.

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

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

## 2. Marianne Hansson

*Director since 2018*

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

**Born:** 1963

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

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

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

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

## 3. Hans Johansson

*Director since 2018*

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

**Born:** 1954

**Education:** MSc in chemical engineering.

**Other ongoing assignments:** Hans Johansson is Chairperson of Myrtila AB and Doloradix AB and a Director of Immunovia AB (publ) and Swelife.

**Holdings in the Company:** Hans Johansson owns 5,882 shares in Q-linea.

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

## 4. Mario Gualano

*Director since 2020*

Mario Gualano is currently CEO of BBI Group Ltd and has more than 25 years of commercial, technical and operational experience in the microbiology and diagnostics industry, including 15 years in international

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leadership roles with Thermo Fisher Scientific. During his time with Thermo Fisher Scientific, he led Thermo Fisher Scientific's Specialty Diagnostics Group in APAC and, most recently, was the President of the Microbiology division responsible for 14 manufacturing sites and 30 commercial offices worldwide. PhD in Microbiology and Immuno-diagnostics and an MBA from Henley Management College.

**Born:** 1969

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

**Other ongoing assignments:** CEO of BBI Solutions Ltd.

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

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

## 5. Mats Nilsson

*Director since 2008  
(Chairperson 2008–2013)*

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

**Born:** 1969

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

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

**Holdings in the Company:** Mats Nilsson owns 444,000 shares in the Company. He owns an additional 53,320 shares in the Company through the related company Biocyclica Holding AB.

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

## 6. Marcus Storch

*Director since 2018*

Marcus Storch has extensive board experience. He also has leadership experience, including senior positions such as President of AGA AB and Chairperson of the Nobel Foundation. He also founded the Tobias Foundation.

**Born:** 1942

**Education:** MSc in electrical engineering, KTH Royal Institute of Technology (1967); honorary doctor at Karolinska Institute (1996).

**Other ongoing assignments:** Marcus Storch

is Chairperson of Kebris AB and a Director of Investment AB Öresund and Storch & Storch AB. Member of the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Sciences.

**Holdings in the Company:** Marcus Storch does not own any shares in the Company.

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

## 7. Per-Olof Wallström

*Director since 2018*

Per-Olof Wallström has 49 years' experience in the pharmaceutical and biotech industry and has held senior positions in the Nordic region and Europe at companies including Merck AB, Astra AB, Pharmacia AB and Bristol-Myers Squibb AB. He has also served as CEO of Karo Bio AB, Melacure Therapeutics AB and Q-Med AB.

**Born:** 1949

**Education:** MSc Pharm, Uppsala University (1972).

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

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

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

# Senior executives

The Company's management team comprises nine individuals. Jonas Jarvius is Chief Executive Officer (CEO). Other senior executives in the Company are Mats Gullberg (Vice President, Research Director), Thomas Fritz (Chief Commercial Officer/CCO), Anders Lundin (Chief Financial Officer, CFO, Investor Relations), Nils Kristensen (Chief Operating Officer, COO), Charlotta Göransson (Marketing Director), Tiziana Di Martino (Chief Medical Officer/CMO), Jonas Melin (Director Product Development) and Karl Sköld (Director Contract Development).

## 1. Jonas Jarvius

*CEO since 2008*

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

**Born:** 1971

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

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

**Holdings in the Company:** Jonas Jarvius owns 362,152 shares, 32,250 performance share rights and 15,660 employee share options in the Company. He owns an additional 14,705 shares in the Company through his wholly owned company Umbrella Science AB.

## 2. Mats Gullberg

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

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

**Born:** 1971

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

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

**Holdings in the Company:** Mats Gullberg owns 9,601 shares, 12,620 performance share rights and 8,410 employee share options in the Company.

## 3. Thomas Fritz

*CCO since 2019*

Thomas Fritz has more than 20 years' commercial experience in the microbiology field. He has also worked in clinical, pharmaceutical and industrial markets. He has led marketing, sales, customer service and support organisations in various regions. He was also CEO of a large manufacturing facility. In his previous role, he served as Senior Director, Commercial EMEA for the microbiology division of Thermo Fisher Scientific.

**Born:** 1964

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

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

**Holdings in the Company:** Thomas Fritz owns 4,500 shares, 12,620 performance share rights and 8,410 employee share options in the Company.

## 4. Anders Lundin

*CFO and Investor Relations since 2018*

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

**Born:** 1964

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

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

**Holdings in the Company:** Anders Lundin owns 12,620 performance share rights in the Company. He owns an additional 14,705 shares in the Company through his wholly owned company CFO Akuten AB.

## 5. Nils Kristensen

*Employed by the Company since 2014, COO since 2017*

Nils Kristensen has extensive experience in R&D and the commercialisation of products in the life sciences and telecom industries.



He has vast experience in leadership and project management, and has been running businesses and R&D projects for over 30 years. His main focus area has been manufacturing projects, in which he has worked with optimisation, lean management and quality management systems.

**Born:** 1963

**Education:** MSc in engineering physics, Uppsala University (1998); licentiate of engineering in materials science, Uppsala University (1991).

**Other ongoing assignments:** Nils Kristensen is a Director and CEO of Kristensen Consulting AB.

**Holdings in the Company:** Nils Kristensen owns 441 shares, 12,620 performance share rights, and 8,410 employee share options in the Company.

## 6. Charlotta Göransson

*Employed by the Company since 2016, Sales and Marketing Director since 2020*

Charlotta Göransson is a former researcher and has worked in sales and marketing in the biotech industry since 2003. She has experience in international sales as well as project management.

**Born:** 1972

**Education:** PhD in molecular medicine, Uppsala University (2001); MSc in molecular biology, Uppsala University (1998).

**Other ongoing assignments:** Charlotta Göransson has no other current assignments.

**Holdings in the Company:** Charlotta Göransson owns 441 shares, 12,620 performance share rights and 8,410 employee share options in the Company.

## 7. Tiziana Di Martino

*CMO since 2019*

Tiziana Di Martino has more than 16 years' experience in clinical practice, research and medical businesses in the microbial diagnostics industry. She has previously served as Regional Medical Affairs Manager at Abbott Molecular, Clinical and Scientific Affairs Manager EMEA at Abbott Point of Care and Head of Clinical Development EMEA at Accelerate Diagnostics. In these roles, she has successfully driven clinical projects related to new product launches.

**Born:** 1976

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

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

**Holdings in the Company:** Tiziana Di Martino owns 12,620 performance share rights and 8,410 employee share options in the Company.

## 8. Jonas Melin

*Director Product Development since 2017*

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

**Born:** 1976

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

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

**Holdings in the Company:** Jonas Melin owns 441 shares, 12,620 performance share rights, and 8,410 employee share options in the Company.

## 9. Karl Sköld

*Director Contract Development since 2018*

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

**Born:** 1974

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

**Other ongoing assignments:** Karl Sköld is a Director of Hardcover AB and a Deputy Director of Laminaria Group AB and Maurten AB.

**Holdings in the Company:** Karl Sköld owns 12,620 performance share rights and 8,410 employee share options in the Company. He owns an additional 1,029 shares in the Company through his wholly owned company Hardcover AB.



# Income statement

Amounts in SEK thousand	Note	2020	2019
<b>Operating income</b>			
Net sales	5	243	1,005
Other operating income	6	911	11
<b>Total operating income</b>		<b>1,155</b>	<b>1,016</b>
<b>Operating expenses</b>			
Raw materials and consumables		-32,263	-28,585
Other external costs	7, 8	-89,409	-75,847
Personnel costs	9	-94,576	-71,324
Depreciation/amortisation of tangible and intangible assets	11, 12	-6,101	-4,127
Other operating expenses	6	-349	-249
<b>Total operating expenses</b>		<b>-222,697</b>	<b>-180,131</b>
<b>Operating result</b>		<b>-221,543</b>	<b>-179,115</b>
Other interest income and similar profit items		4,423	2,467
Interest expenses and similar loss items		-1,536	-706
<b>Result from financial items</b>		<b>2,887</b>	<b>1,761</b>
<b>Result before tax</b>		<b>-218,655</b>	<b>-177,354</b>
Tax on result for the year	10	—	—
<b>Result for the year</b>		<b>-218,655</b>	<b>-177,354</b>
Earnings per share before and after dilution, SEK	19	-8.64	-7.74
Average number of shares		25,309,041	22,906,915

## Statement of comprehensive income

Amounts in SEK thousand	Note	2020	2019
Result for the year		-218,655	-177,354
<b>Total comprehensive income</b>		<b>-218,655</b>	<b>-177,354</b>

# Balance sheet

Amounts in SEK thousand	Note	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Licences	11	167	238
Technology and customer relationships	11, 24	420	586
Goodwill	11, 24	4,889	5,975
<b>Total intangible assets</b>		<b>5,475</b>	<b>6,799</b>
<b>Tangible assets</b>			
Equipment, tools, fixtures and fittings	12, 24	21,821	13,570
<b>Total tangible assets</b>		<b>21,821</b>	<b>13,570</b>
<b>Financial assets</b>			
Other securities held as non-current assets	13	27,361	123,973
Other long-term receivables		50	50
<b>Total financial assets</b>		<b>27,411</b>	<b>124,023</b>
<b>Total non-current assets</b>		<b>54,707</b>	<b>144,392</b>
<b>Current assets</b>			
Inventories	14	12,433	—
<b>Current receivables</b>			
Accounts receivable		43	17
Other receivables	15	35,198	20,129
Prepaid expenses and accrued income	16	2,958	3,389
<b>Total current receivables</b>		<b>38,200</b>	<b>23,535</b>
<b>Short-term investments</b>			
Short-term investments	17	296,748	180,512
<b>Total short-term investments</b>		<b>296,748</b>	<b>180,512</b>
<b>Cash and bank balances</b>		<b>10,144</b>	<b>25,968</b>
<b>Total current assets</b>		<b>357,525</b>	<b>230,015</b>
<b>TOTAL ASSETS</b>		<b>412,233</b>	<b>374,407</b>

# Balance sheet

Amounts in SEK thousand	Note	31 Dec 2020	31 Dec 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity			
Share capital	18	1,367	1,162
Unregistered share capital		0	5
Total restricted equity		1,367	1,167
Unrestricted equity			
Share premium reserve		951,017	697,062
Retained earnings		-353,531	-179,930
Result for the year		-218,655	-177,354
Total unrestricted equity	26	378,830	339,777
<b>Total equity</b>		<b>380,197</b>	<b>340,944</b>
<b>Liabilities</b>			
Long-term liabilities			
Loans from credit institutions	20	79	331
Total long-term liabilities		79	331
Current liabilities			
Loans from credit institutions	20	252	378
Accounts payable		8,068	9,181
Current tax liabilities		1,932	1,158
Other liabilities	21	3,463	2,496
Accrued expenses and deferred income	22	18,241	19,919
Total current liabilities		31,956	33,132
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>412,233</b>	<b>374,407</b>

# Changes in equity

Amounts in SEK thousand	Note	Restricted equity		Unrestricted equity			Total equity
		Share capital	Unregistered share capital	Share premium reserve	Retained earnings	Result for the year	
<b>Equity at 1 January 2019</b>		<b>1,145</b>	<b>-</b>	<b>695,528</b>	<b>-54,862</b>	<b>-128,353</b>	<b>513,458</b>
<b>Comprehensive income</b>							
Result for the year		-	-	-	-	-177,354	-177,354
Appropriation of profits in accordance with AGM decision							
– Carried forward to unrestricted equity		-	-	-	-128,353	128,353	0
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-128,353</b>	<b>-49,001</b>	<b>-177,354</b>
<b>Transactions with shareholders</b>							
New share issue	18	16	5	1,533	-	-	1,555
Issue costs		-	-	-	-	-	-
Shareholder contribution received		-	-	-	-16	-	-16
Option programme	9	-	-	-	3,301	-	3,301
<b>Total transactions with shareholders</b>		<b>16</b>	<b>5</b>	<b>1,533</b>	<b>3,285</b>	<b>-</b>	<b>4,840</b>
<b>Closing balance, 31 December 2019</b>		<b>1,162</b>	<b>5</b>	<b>697,062</b>	<b>-179,930</b>	<b>-177,354</b>	<b>340,944</b>

Amounts in SEK thousand	Note	Share capital	Unregistered share capital	Share premium reserve	Retained earnings	Result for the year	Total equity
<b>Equity at 1 January 2020</b>		<b>1,162</b>	<b>5</b>	<b>697,062</b>	<b>-179,930</b>	<b>-177,354</b>	<b>340,944</b>
<b>Comprehensive income</b>							
Result for the year		-	-	-	-	-218,655	-218,655
Appropriation of profits in accordance with AGM decision							
– Carried forward to unrestricted equity		-	-	-	-177,354	177,354	0
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-177,354</b>	<b>-41,301</b>	<b>-218,655</b>
<b>Transactions with shareholders</b>							
New share issue	18	205	-5	269,800	-	-	270,000
Acquisition of own shares		-	-	-15,845	-	-	-15,845
Share-based remuneration programmes	9	-	-	-	3,754	-	3,754
<b>Total transactions with shareholders</b>		<b>205</b>	<b>-5</b>	<b>253,955</b>	<b>3,754</b>	<b>-</b>	<b>257,909</b>
<b>Closing balance, 31 December 2020</b>		<b>1,367</b>	<b>0</b>	<b>951,017</b>	<b>-353,531</b>	<b>-218,655</b>	<b>380,197</b>



Cash flow statement

Amounts in SEK thousand	Note	2020	2019
Cash flow from operating activities			
Operating result		-221,543	-179,115
Adjustments for non-cash items			
– Depreciation reversal		6,101	4,127
- Scrapping of inventory	12	201	-
– Share-based remuneration programmes	9	3,754	3,301
– Licensing revenue paid through shares		-	-500
– Unrealised changes in value in investments		-	98
Interest received		2,764	2,418
Interest paid		-434	-47
Tax paid		774	594
Cash flow from operating activities before changes in working capital		-208,383	-169,124
Changes in working capital			
Increase/decrease in inventories	14	-12,433	-
Increase/decrease in accounts receivable		-27	-17
Increase/decrease in other current receivables		-14,638	-8,799
Increase/decrease in other current liabilities		-711	8,823
Increase/decrease in accounts payable		-1,113	-643
Changes in working capital		-28,922	-636
Cash flow from operating activities		-237,305	-169,760
Cash flow from investing activities			
Investments in tangible assets		-13,228	-7,632
Short-term investments		-185,000	-170,000
Divestment of short-term investments		200,046	169,581
Investments in financial assets		-50,127	-151,776
Sale of financial assets		16,013	-
Cash flow from investing activities		-32,295	-159,827
Cash flow from financing activities			
New share issue		270,000	1,555
Issue costs		-15,845	-
Acquisition of treasury shares		-	-16
Repayment of loans	20	-378	-420
Cash flow from financing activities		253,777	1,119
Cash flow for the year		-15,824	-328,470
Cash and cash equivalents at the beginning of the year		25,968	354,438
Cash and cash equivalents at the end of the year		10,144	25,968

Accounting policies and notes

Note 1 General information

Q-linea AB (publ) has been listed on Nasdaq Stockholm since 7 December 2018. The Company is an innovative infection diagnostics company focusing on the development of instruments and consumables for rapid and reliable infection diagnostics. Q-linea's vision is to help to save lives by ensuring antibiotics continue to be an effective treatment for future generations. Q-linea develops and delivers solutions for healthcare providers, enabling them to diagnose and treat infectious diseases in the shortest possible time. The Company's leading product, ASTar®, is a fully automated instrument for testing antibiotic resistance (AST), which produces a sensitivity profile from a positive blood culture within six hours. For more information, visit [www.qlinea.com](http://www.qlinea.com). The address of the head office is Dag Hammarskjölds väg 52 A, Uppsala, Sweden.

The Board of Directors approved this annual report for publication on 14 April 2021.

All amounts are presented in thousands of Swedish kronor (SEK thousand) unless otherwise stated. All amounts presented have been rounded correctly, which may mean that certain totals do not tally.

Note 2 Summary of significant accounting policies

**Basis of preparation of financial statements**

Q-linea AB has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and International Financial Reporting Standards (IFRS) in accordance with 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 annual report has been prepared according to the cost method.

The Company applies the presentation methods specified in the Swedish Annual Accounts Act, which means that equity is presented differently compared with IFRS.

The most significant accounting policies applied when this annual report was prepared are set out below. Unless otherwise stated, these policies have been applied consistently for all years presented. Preparing financial statements according to RFR 2 requires the use of some significant accounting estimates.

Furthermore, management is required make certain assessments in the application of accounting policies. The areas that involve a high degree of assessments, that are complex, or areas where assumptions and estimates are of major importance for the annual report are described under the heading "Significant estimates and judgements."

**Share capital**

Transaction costs that are directly attributable to issues or new shares or options are recognised in net amounts after tax in equity as a deduction from the issue proceeds. On the repurchase of treasury shares, the total purchase consideration paid reduces equity. Holding of treasury shares are recognised in share capital at the quotient value of the shares. The holding of treasury shares has been excluded from the calculation of per-share performance measures.

**Treasury shares**

At the end of 2020, Q-linea had a holding of 328,472 treasury shares. The shares are valued at SEK 0.05 per share, which is also the quotient value of the share. The aim of these shares is to ensure the delivery of performance shares under the long-term incentive programmes LTIP 2018 and LTIP 2019. The holding of treasury shares has been excluded from the calculation of per-share performance measures.

**Earnings per share**

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

Earnings per share after dilution are calculated by dividing the result for the year by the total weighted average number of ordinary shares and dilutive potential ordinary shares. The dilutive effect of potential ordinary shares is only recognised if a conversion to ordinary shares would lead to a reduction of earnings per share after dilution, and since the company recognises losses for the recognised years, no dilutive effect is recognised.

Translation of foreign currency

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

Exchange-rate gains and losses attributable to loans and cash and cash equivalents are recognised in profit or loss under financial items. All other exchange-rate gains and losses are recognised in operating result.

Revenue recognition

The Company's revenue arises from projects related to the development of customer-specific prototypes. Q-linea's projects that relate to the development of prototypes often involve a considerable amount of customisation and integration of goods and services, which often means that the goods and services are deemed to be one performance obligation. For those development projects that consist of several sub-projects/phases, so-called work packages, an analysis needs to be performed in order to assess whether these sub-projects/phases are separate performance obligations. Each work package is often deemed to be a separate performance obligation. Revenue from each work package is normally recognised at a point in time, meaning when control of the prototype has been transferred to the customer in accordance with the terms of the contract, since the criteria for recognising revenue over time are not satisfied.

Under fixed-price agreements, the customer pays the agreed price on agreed payment dates. If the services delivered by the company exceed the payment, a contract asset is recognised. If the payment exceeds the services delivered, a contract liability is recognised. For Q-linea's service agreements which include the sale of consulting hours, the customer normally obtains the benefits when the obligation is satisfied. Revenue is therefore mainly recognised over time as the service is performed according to the contract.

During the comparative year of 2019, the Company's revenue mainly derived from licences under which a customer acquires a licence to utilise the company's technology to manufacture and sell products. These licences grant the customer with access rights for which revenue is recognised over time. The Company has a performance obligation that is recognised over time since the customer simultaneously receives and utilises the benefits associated with the company providing the customer with access to its intangible assets as this occurs. Revenue from licences is recognised on a straight-line basis over the contract period. Revenue is measured at the fair value of the consideration received or receivable, less VAT, discounts and similar deductions. As planned, since the second quarter of 2019, Q-linea has received no licensing revenue since the knowledge transfer under agreements has been completed.

Interest income

Interest income is recognised using the effective interest method.

Current and deferred tax

Tax expense for the year comprises current tax calculated on the taxable income for the year at the applicable tax rate. The current tax expense is adjusted with changes in deferred tax assets and tax liabilities attributable to temporary differences and unutilised deficits.

The current tax expense is estimated on the basis of the enacted tax rules on the balance sheet date, or substantively enacted in

Sweden. Management regularly evaluates the claims made in the tax return in regard to situations where the applicable tax rules are subject to interpretation. When deemed appropriate, the Company makes provisions for amounts that will probably be due to the tax authority.

Deferred tax is recognised on all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts. Deferred income tax is calculated by applying tax rates (and laws) that have been approved or announced on the balance sheet date and are expected to apply when the deferred tax asset is realised or when the deferred tax liability is settled.

Current and deferred tax is recognised in profit or loss, except when tax refers to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or equity.

Deferred tax revenue also arises insofar as the tax effect of a tax loss carryforward is recognised as a deferred tax asset. However, a deferred tax asset is recognised only insofar as it is clearly probable that the company, in future, will generate a sufficient taxable surplus against which the deferred tax asset can be deducted. Since it is not yet possible to reliably estimate when Q-linea will generate such a surplus, no deferred tax assets have been recognised.

Leases

All leases are classified as operating leases. Payments made during the leasing period are expensed in profit or loss on a straight-line basis over the leasing period. All of Q-linea's leased assets were classified as operating leases as per the end of the 2020 and 2019 financial years.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include bank deposits. Other short-term investments are classified as cash and cash equivalents when they fall due within three months from the acquisition date, can be readily converted into cash at a known amount and are exposed to an insignificant risk of fluctuations in value.

Inventories

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

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

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

Tangible assets

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

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

Equipment, tools, fixtures and fittings

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

Intangible assets

Research and development

Research expenses that aim to obtain new scientific or technological expertise are recognised as costs as they arise. Expenses for development projects attributable to the development and testing of new or improved products are carried forward to the extent that these expenses are expected to generate future financial benefits. Q-linea capitalises development expenses when the requirements for capitalisation in accordance with IAS 38 have been fulfilled. At the end of the year, management determined that all of the requirements for capitalisation of development expenses had not been fulfilled.

Licences

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

- Licences 7 years

Goodwill

Goodwill arises in business combinations and pertains to the amount by which the purchase consideration exceeds the fair value of the identifiable net assets acquired. Goodwill is recognised at cost less accumulated amortisation. Amortisation takes place on a straight-line basis in order to distribute the cost of goodwill over the estimated useful life:

- Goodwill 7 years

Acquired intangible assets

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

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

Impairment of non-financial assets

Tangible assets and intangible assets that are depreciated/amortised are tested for impairment annually or when there are indications of a decline in value.

Assets that are depreciated/amortised are tested for impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable. Impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less selling expenses and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). For

previously impaired assets, an assessment is made on each balance sheet date as to whether a reversal should take place.

Financial instruments

Financial assets

Financial assets are recognised and measured at amortised cost using the effective interest method. Interest income from these financial assets is recognised using the effective interest method and is included in financial income. Financial assets measured at amortised cost comprise the items other long-term receivables, accounts receivable and cash and bank balances.

Other securities held as non-current assets are recognised at cost adjusted for any impairment (refer to the section on impairment below for more information).

Short-term investments are recognised at cost. In subsequent periods, financial assets acquired with the intention of being held over the short term are recognised at the lower of cost and market value.

Financial liabilities

Financial liabilities are recognised and measured at amortised cost using the effective interest method. Borrowing is subsequently recognised net after transaction costs and any differences between the amount received (net after transaction costs) and the repayment amount are recognised in profit or loss distributed over the term of the loan applying the effective interest method. Other financial liabilities comprise loans from credit institutions and accounts payable.

General policies

Purchases and sales of financial assets and liabilities are recognised on the transaction date, which is the date on which the company pledged to purchase or sell the asset or liability. Financial assets are derecognised from the balance sheet when the right to receive cash flow from the instrument has expired or been transferred and the company has transferred essentially all risks and benefits associated with ownership. Financial liabilities are derecognised from the balance sheet when the contractual obligation has been fulfilled or otherwise extinguished.

Financial assets are included in current assets with the exception of items with due dates more than 12 months after the balance sheet date, which are classified as non-current assets. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

The carrying amounts of current financial liabilities and assets are assumed to correspond to their fair value, since these items are current by nature. The carrying amounts of the company's other financial assets and liabilities essentially correspond to their fair values.

Impairment of financial assets

The Company assesses its future expected credit losses associated with assets recognised at amortised cost. The Company recognises a loss allowance for such expected credit loss on each reporting date. For accounts receivable, the simplified approach is used to establish a loss allowance. This method entails that expected losses throughout the duration of the receivable are used as the basis of the allowance. The allowance is based on the expected credit loss in an amount corresponding to the present value of the difference between the expected recoverable amount and the contractual amount.

On each balance sheet date, the company assesses whether there is any indication of an impairment requirement of the financial assets (other securities held as non-current assets that pertain to shareholdings). Impairment takes place if the decline in value is deemed to be permanent and is recognised in profit or loss.





Employee benefits

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

Pension obligations

Q-linea has only post-employment defined-contribution pension plans. For defined-contribution pension plans, Q-linea pays contributions to publicly or privately administered pension insurance plans on a compulsory, contractual or voluntary basis. Q-linea has no other payment obligations once these contributions have been paid. The contributions are recognised as personnel costs when they fall due for payment.

Prepaid contributions are recognised as an asset insofar as a cash repayment or a decrease in future payments could accrue to Q-linea.

Past-service costs are recognised directly in profit or loss.

Share-based remuneration

The Company had three share-based remuneration programmes at the end of 2020.

Employee share option programme 2020/2023

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

Performance share-based programmes LTIP 2018 and LTIP 2019

The fair value of the performance share rights was determined on the allotment date and corresponded to the closing price of the share on that date. The value has been recognised as a personnel cost in profit or loss, distributed over the vesting period, with a corresponding increase in equity. The amount recognised corresponds to the fair value of the performance shares expected to be vested. In subsequent periods, this cost will be adjusted to reflect the actual number of vested performance shares.

Social security contributions

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

Cash flow statement

The cash flow statement has been prepared according to the indirect method. The recognised cash flow includes only transactions that involve receipts or payments.

The company classifies available balances at banks and other credit institutions and short-term liquid investments that are listed on a marketplace and have a term of less than three months from the acquisition date as cash and cash equivalents.

Definition of performance measures in the multi-year overview in the Board of Directors' Report

Definitions of certain key figures not defined by IFRS and an explanation of each key figure are provided below. The key figures presented below are deemed to be relevant to the type of operations conducted by Q-linea and increase understanding of the company's financial statements.

Performance measures

Definition	Reason for use
<b>EBITDA</b>	
Operating result before depreciation/amortisation and impairment.	This performance measure provides an overall view of profit for the operating activities.
<b>Adjusted equity</b>	
Equity recognised in the balance sheet plus untaxed reserves less the tax portion of untaxed reserves.	The equity measure is used to calculate all performance measures that include equity, for example, equity/assets ratio and equity per share.
<b>Operating result</b>	
Result before financial items according to the income statement.	This earnings measurement is used for external comparisons.
<b>Equity/assets ratio, %</b>	
Adjusted 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.
<b>Debt/equity ratio, %</b>	
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 adjusted liabilities and adjusted 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.
<b>Equity per share before and after dilution</b>	
Adjusted equity attributable to the company's shareholders in relation to the number of shares outstanding, excluding treasury holdings, at the end of the year.	This performance measure shows the amount of the company's equity that can be attributed to a share.

**Reconciliation of alternative performance measures**

The following is a reconciliation of certain alternative performance measures showing the various performance measure components that make up the alternative performance measures. Treasury shares refer to the Company's own holding to ensure the delivery of performance shares under LTIP 2018 and LTIP 2019. The Company's holding of treasury shares has been excluded from the calculation of per-share performance measures.

<b>EBITDA</b>		
	2020	2019
Operating result	-221,543	-179,115
Depreciation, amortisation and impairment	6,101	4,127
<b>EBITDA</b>	<b>-215,442</b>	<b>-174,988</b>

<b>Equity/assets ratio</b>		
	31 Dec 2020	31 Dec 2019
Total assets	412,233	374,307
Equity	380,197	340,944
<b>Equity/assets ratio (%)</b>	<b>92 %</b>	<b>91 %</b>

<b>Equity per share</b>		
	31 Dec 2020	31 Dec 2019
Equity (a)	380,197	340,944
Total number of shares outstanding (b)	27,337,947	23,235,387
- Less holding of treasury shares (c)	-328,472	-328,472
<b>Equity per share (a/(b-c), SEK)</b>	<b>14.08</b>	<b>14.88</b>

For a reconciliation of the alternative performance measure of debt/equity ratio, refer to Note 3 below and the section "Management of capital."

Note 3 Financial risk management

Q-linea's operations are, like all business activities, exposed to a large number of risks. These risks can be generally divided into risks that directly impact the company's financial situation (financial risks) and risks that only indirectly impact the financial situation (operating risks). The operating risks that Q-linea is exposed to and how they are managed are described in the Board of Directors' Report. Financial risks can be divided into risks that affect the company's financial instruments and other financial risks that affect other assets and liabilities and equity.

Risk management is undertaken by management following guidelines adopted by the Board for both overall risk management and for special areas, such as currency risk, interest rate risk, credit risk and investment of surplus liquidity. Management identifies, evaluates and hedges financial risks.

- Risks comprise two components:
- The risk of a negative event occurring
  - The risk of major consequences if a negative event occurs.

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

Credit and liquidity risks are largely governed by events that can be managed by taking active pre-emptive measures. The dominating financial risks for Q-linea are financing and associated liquidity risks as described above.

As a result, most financial risk management activities focus on these two risks. This means in practice that company management continuously works to identify and develop various financing opportunities through both lenders and owners.

- The primary financial risks to which Q-linea's financial instruments are exposed to varying extents are:
- Market risk, entailing the risk that variables dependent on trends in the financial markets have a negative impact on the value of Q-linea's financial instruments.
  - Liquidity and financing risk, entailing the risk that Q-linea will have insufficient cash and cash equivalents to pay a debt when it falls due or that a lack of liquidity will significantly limit Q-linea in its operations.
  - Credit risk, entailing the risk that a debtor does not pay its debts to Q-linea.

a) Market risk  
Transaction exposure

Q-linea is exposed to a certain level of currency risk since a significant amount of its costs are in foreign currency and the company has SEK as its functional currency and presentation currency. Consequently, the company is exposed to currency risk since fluctuations in exchange rates may impact the operating result.

The tables below show the most commonly occurring currencies in the operations and the theoretical effect on the operating result that would arise if the average exchange rate of each currency were to change by 5%.

SEK thousand	Sales	Expenses	Result for the year	Change +/- 5%
2020				
EUR		-3,674	-3,674	+/-184
USD		-4,717	-4,717	+/-236
GBP		-4,542	-4,542	+/-227
DKK		-21	-21	+/-1
AUD		-125	-125	+/-6
SEK	1,155	-206,731	-205,576	+/-0
Total	1,155	-219,810	-218,655	+/-654

SEK thousand	Sales	Expenses	Result for the year	Change +/- 5%
2019				
EUR		-4,779	-4,779	+/-239
USD		-3,971	-3,971	+/-199
GBP		-3,817	-3,817	+/-191
DKK		-211	-211	+/-11
AUD		-73	-73	+/-4
SEK	1,016	-165,519	-164,503	+/-0
Total	1,016	-178,370	-177,354	+/-644

Currency risk attributable to the balance sheet  
Currency risk attributable to the company's balance-sheet items is insignificant.

Interest rate risk attributable to cash flows and fair values  
Q-linea had interest-bearing assets with a current variable rate amounting to SEK 247,572 thousand at year-end. The theoretical earnings effect that would arise if the company's interest rate were to change by +/- 1% amounts to +/- SEK 2,476 thousand annually.

- b) Liquidity risk and financing risk
- Financing risk entails that risk that Q-linea will not be successful in persuading existing owners or finding new owners who are willing to contribute capital and lenders who are prepared to grant loans to a sufficient extent until such time as the company's own sales have reached a sufficient scope. If financing is not secured to a sufficient extent, there is the risk that the company will not have the prerequisites for being a going concern.
- Liquidity risk is the risk that Q-linea lacks cash and cash equivalents for the payment of its undertakings. Liquidity is impacted by such factors as payment terms of customer credit and credit from suppliers.
- The Company follows an investment policy that stipulates the regulations for managing Q-linea's cash funds based on the guidelines approved by the Board. The investment policy stipulates regulations in the following areas:
- Permitted classes of assets and limitations for the various classes of assets
  - Restrictions on one-handed commitments
  - Periodic monitoring of holdings
  - Ethical requirements

Cash and cash equivalents that will not be used in the daily operations but are planned to be used within the coming 12 months have been placed in fixed-income funds. The fixed-income funds, which invest in low-risk interest-bearing securities, and the current portion of long-term bonds amounted to SEK 296,748 thousand (180,512) at the end of the year.

Cash and cash equivalents that will not be used within the next 12 months have been invested in listed corporate bonds. The value of the Company's long-term bonds including accrued interest amounted to SEK 24,364 thousand (120,976) at the end of the year. The capital in listed bonds is placed in several sectors and a diversified maturity with both variable and fixed interest rates. The average maximum fixed-interest period permitted is five years and investments are made in securities with an investment grade rating or equivalent.

In 2020, the Company conducted a directed issue in June and a warrant conversion in January. In June 2020, the Company conducted a directed issue. This issue generated proceeds of SEK 270,000 thousand (1,555) for the Company, less issue costs, which amounted to SEK 15,845 thousand (0).

In January, 5,128 exercised warrants were converted into 102,560 shares within the framework of the employee share option programme adopted by the Annual General Meeting in 2011. These shares were distributed to the option holders in February. Of the exercise price of SEK 15 per share that was paid for the 102,560 shares, SEK 5,128 – which was equivalent to the shares' quotient value of SEK 0.05 per share – has been allocated to share capital and the remainder to the share premium reserve.

The Board's assessment is that the existing working capital, as of 31 December 2020, is sufficient to cover the Company's needs for at least the next 12 months.

The table below presents the undiscounted cash flows derived from Q-linea's liabilities in the form of financial instruments, based on the contracted remaining terms on the balance sheet date. The amounts falling due within 12 months correspond to the carrying amounts since the discount effect is insignificant.

SEK thousand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2020				
Borrowing	252	79	—	—
Interest to be paid to credit institutions	7	1	—	—
Accounts payable	8,068			
Total	8,327	80	—	—

At 31 December 2019				
Borrowing	378	252	79	—
Interest to be paid to credit institutions	19	7	1	—
Accounts payable	9,240	—	—	—
Total	9,637	259	80	—

c) Credit risk  
Credit risk arises in the context of cash and cash equivalents, balances with banks and financial institutions and credit exposure through Q-linea's customers, including receivables outstanding and contracted transactions.

Credit risk regarding bonds  
The Company invests in corporate bond with high credit ratings, which means that all bonds have a rating higher than BBB-. The Company has decided to invest in several sectors and diversify the maturity structure over various periods for the next four years. Interest rate risk has also been considered and divided evenly between variable fixed interest.

Credit risk regarding accounts receivable  
Customer credit risk entails that customers do not meet their undertakings to Q-linea. The Company had only a limited number of accounts receivable during the year. Customer credit risk is primarily managed by monitoring customer credit ratings assigned by independent rating agencies. If no independent credit rating is available, a risk assessment of the customer's credit rating is performed taking into account the customers' financial positions, previous experience and other factors. No major concentrations of credit risk are deemed to exist.

Credit risk associated with loans from credit institutions  
The credit risk associated with loans from credit institutions has not been deemed material.

Price risk from shareholdings  
The holding of shares in EMPE is recognised at cost and a value adjustment is carried out if the fair value is lower than the cost. The holding has been deemed not to constitute a material financial risk.

Management of capital  
The Company's objective concerning the capital structure is to safeguard its ability to continue its operations, so that the Company can maintain an optimal capital structure in order to minimise the cost of capital. Capital is assessed on the basis of the debt/equity ratio. This performance measure is calculated as net debt divided by total capital. 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 any short-term investments). Total capital is calculated as equity in the balance sheet plus net debt. The Company's quantitative target for managing capital is for the net debt/equity ratio to be below 50%.

The debt/equity ratio at the end of the respective financial years was as follows:

SEK thousand (unless otherwise stated)	31 Dec 2020	31 Dec 2019
Long-term liabilities to credit institutions (a)	79	331
Current liabilities to credit institutions (b)	252	378
Total borrowing (c=a+b)	331	709
- Less cash and cash equivalents (d)	-10,144	-25,968
- Less short-term investments (e)	-296,748	-180,512
- Less long-term investments (f)	-24,364	-120,976
Net debt (g=c+d+e+f)	-330,925	-326,746
Equity (h)	380,197	340,944
Debt/equity ratio (g/h) (%)	-87%	-96%



Note 4 Significant estimates and judgements

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

Research and development expenses

The assets that arise by virtue of research or are in the research phase for internal projects are not recognised as assets in the financial statements. Research expenses or expenses for internal projects in the research phase are expensed when they arise. The assets that arise by virtue of development or are in the development phase for internal projects are recognised as assets under certain conditions. Every year, or when indications arise, Q-linea assesses whether an internal project in the research phase meets the criteria for progressing to the development phase. None of the ongoing projects met the criteria for being recognised as an asset in the financial statements as per 31 December 2020.

Deferred tax

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

Deferred tax assets are recognised to the extent that it is probable that future surpluses for tax purposes will be available to offset temporary differences. Q-linea does not recognise any deferred tax in the balance sheet due to the uncertainty of whether it will be possible to utilise losses in the foreseeable future. The accumulated, unrecognised loss carryforwards in the company amounted to SEK -790,328 thousand (572,168) on 31 December 2020.

Share-based remuneration programmes

Performance share-based programme LTIP 2018

The rights to receive performance shares were allotted free of charge in March 2019. As of the Annual General Meeting on 22 May 2019, when the programme was closed to new participants, 142,720 performance share rights had been allotted to participants of the programme free of charge. The performance targets are linked to product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met. The value of each performance share right is SEK 55.54 and is based on the closing price on the allotment date (1 March 2019). The cost recognised, including social security contributions, amounted to SEK 6,201 thousand (2,757). The final cost upon redemption in 2022 depends on several different factors that management cannot control and may differ from the estimated cost.

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). The cost recognised, including social security contributions, amounted to SEK 1,410 thousand (10). The final cost upon redemption in 2022 depends on several different factors that management cannot control and may differ from the estimated cost.

Employee share option programme 2020/2023

In 2020, the Company initiated an employee share option programme. At the end of the year, there were 345,850 (0) employee share options outstanding. The option value at the end of the year was calculated at SEK 77.91 per option, according to the Black & Scholes model. The cost recognised for the year, including social security contributions, amounted to SEK 1,751 thousand (0). The estimated fair value of the employee share options was calculated using the Black & Scholes model. The cost is recognised based on vesting, sub-targets achieved and management's best estimate of the number of employees who are entitled and intend to redeem the options on the redemption date. The final cost upon redemption in 2023 depends on several different factors that management cannot control and may differ from the estimated cost.

Note 5 Specification of net sales

Net sales are specified by geographic market as follows:

	2020	2019
Sweden	243	1,005
<b>Total net sales by geographic market</b>	<b>243</b>	<b>1,005</b>

Net sales specified by type of income:

	2020	2019
Licensing revenue	-	500
Prototype development	243	505
<b>Total net sales by type of income</b>	<b>243</b>	<b>1,005</b>

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. Refer also to the section of revenue recognition in Note 2.

Licensing revenue in 2019 derives from the licensing agreement signed between EMPE Diagnostics AB and Q-linea during 2017. As planned, since the second quarter of 2019, Q-linea has received no licensing revenue from EMPE since the knowledge transfer under the agreement was completed in the second quarter of 2019.

Note 6 Other operating income and other operating expenses

Other operating income

	2020	2019
Sale of raw materials to suppliers	610	-
Development services provided	94	-
Exchange-rate differences	98	11
Other	109	-
<b>Total other operating income</b>	<b>911</b>	<b>11</b>

Other operating expenses

	2020	2019
Exchange-rate differences	148	249
Scrapping of inventory	201	-
<b>Total other operating expenses</b>	<b>349</b>	<b>249</b>

Note 7 Operating leases

Future minimum lease payments to be paid for non-cancellable leases:

	31 Dec 2020	31 Dec 2019
Due for payment within one year	5,933	5,614
Due for payment later than one year but within five years	10,716	13,763
Due for payment later than five years	-	-
<b>Total</b>	<b>16,649</b>	<b>19,377</b>
Expensed lease payments for the period	6,329	4,347
- of which, variable index costs	185	100

Operating leases comprise rent for premises and office equipment.

The lease with the longest contract period that pertains to a lifting machine expires on 28 February 2025, and can be terminated by the tenant on 30 November 2024 at the earliest. Otherwise, the lease will be extended by an additional three months.

Note 8 Audit fees

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

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

	2020	2019
<b>PwC, Öhrlings PricewaterhouseCoopers AB</b>		
Audit assignment	709	461
Audits other than audit assignment	107	129
Tax advisory services	62	20
Other advisory services	466	56
<b>Total</b>	<b>1,343</b>	<b>666</b>

Note 9 Employee benefits and disclosures on employees

Employee benefits		
	2020	2019
Salaries and remuneration	58,277	43,800
Social security costs	17,780	13,320
Share options and performance share rights allotted to employees	3,754	3,301
Pension costs – defined-contribution plans	7,980	6,218
<b>Total</b>	<b>87,791</b>	<b>66,639</b>

	2020		2019	
	Salaries and other remuneration	Pension costs	Salaries and other remuneration	Pension costs
Directors, President and other senior executives	13,728	3,089	14,959	2,560
of which, variable pay	508		1,417	
Other employees	44,549	4,891	28,841	3,658
of which, variable pay	1,841	-	-	
<b>Total</b>	<b>58,277</b>	<b>7,980</b>	<b>43,800</b>	<b>6,218</b>
<b>of which, variable pay</b>	<b>2,350</b>		<b>1,417</b>	

Average no. of employees

	2020		2019	
	Average no. of employees	Of whom, men	Average no. of employees	Of whom, men
Sweden	89	55	62	39
<b>Total</b>	<b>89</b>	<b>55</b>	<b>62</b>	<b>39</b>

Other senior executives refers the individuals who, together with the President, comprised the management team during the year. On the balance sheet date, the management team, excluding the President, comprised eight (eight) people, including two (two) women and six (six) men.

At the end of the 2020 financial year, the Board comprised seven people (two women and five men).

Shared-based option programme

At the end of the year, Q-linea had three ongoing share-based remuneration programmes: LTIP 2018, LTIP 2019 and Employee share option programme 2020/2023.

Employee share option programme 2020/2023

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

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

Each employee share option entitles the holder, upon the fulfilment of certain strategic and operational targets established by the Board and after a vesting period of three years, to acquire one (1) new ordinary share in the Company at an exercise price corresponding to 125% of the volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the ten (10) trading days prior to 26 May 2020. The volume-weighted average price during this period was SEK 79.19, and the exercise price was thus set at SEK 98.98 per share. The option value on the allotment date of 30 June 2020 was based on the average price on the allotment date and was calculated at SEK 11.38 per option.

To enable the Company's delivery of shares under the programme and to cover the cash flow effects as a result of any social security contributions arising under the programme, the Annual General Meeting resolved to carry out a directed issue of a maximum of 459,970 warrants to the Company, of which a maximum of 109,970 warrants were issued to cover any cash flow effects as a result of social security contributions arising under the programme.

Number of allotted employee share options

Number	31 Dec 2020	31 Dec 2019 <sup>1)</sup>
Opening number	-	7,750
allotted during the period	345,850	-
exercised during the period	0	-5,128
expired during the period	0	-2,622
<b>Closing number of options</b>	<b>345,850</b>	<b>0</b>

1) Pertains to the employee share option programme adopted in 2011. In December 2019, 5,128 options were exercised for conversion into 102,560 shares. These shares were distributed to the option holders in February 2020.

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

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

The fair value of the options, calculated using the Black & Scholes valuation model, amounted to SEK 77.91 per option on the balance sheet date, and the cost recognised in the 2020 financial year including social security contributions amounted to SEK 1,715 thousand (0). From the allotment date to the end of 2020, Q-linea's share price rose from SEK 73.54 to SEK 170.06, an increase of approximately 131%. The fair value of the allotted options was calculated at SEK 26,945 thousand (0) with the following inputs:

Number	31 Dec 2020
Share price on the valuation date	SEK 170.00
Exercise price, outstanding options	SEK 98.98
Expected volatility <sup>1)</sup>	0.37
Term, options with three-year vesting period	2.625 years
Risk-free rate, %	- neg 0.36
<b>Fair value per option, SEK</b>	<b>77.91</b>

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

Performance share-based programme LTIP 2018

The rights to receive performance shares were allotted free of charge in March 2019. As of the Annual General Meeting on 22 May 2019, when the programme was closed to new participants, 142,720 performance share rights had been allotted to participants of the programme. The performance targets are linked to product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met. The value of each performance share right is SEK 55.54 and is

based on the closing price on the allotment date (1 March 2019). The cost recognised for the year including social security contributions amounted to SEK 6,201 thousand (2,757).

Performance share rights allotted for LTIP 2018

Number	31 Dec 2020	31 Dec 2019
Opening number of performance share rights	142,720	-
allotted during the period	-	142,720
exercised during the period	-	-
expired during the period	-	-
<b>Closing number of performance share rights</b>	<b>142,720</b>	<b>142,750</b>

Actual number of performance share rights allotted for LTIP 2018 per category, 31 December 2020

Category	No. of participants	No. of performance share rights allotted	
		per participant	per category
President	1	30,250	30,250
Management team	6	12,620	75,720
Other key employees	7	5,250	36,750
<b>Total</b>	<b>14</b>	<b>-</b>	<b>142,720</b>

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). The cost recognised for the year including social security contributions amounted to SEK 1,410 thousand (10).

Performance share rights allotted for LTIP 2019

	31 Dec 2020	31 Dec 2019
Opening number of performance share rights	40,990	-
allotted during the period	-	40,990
exercised during the period	-	-
expired during the period	-	-
<b>Closing number of performance share rights</b>	<b>40,990</b>	<b>40,990</b>

Actual number of performance share rights allotted for LTIP 2019 per category, 31 December 2020

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



**Note 10 Tax on result for the year****Tax on result for the year**

	2020	2019
Current tax for the year	—	—
Deferred tax	—	—
<b>Total tax on result for the year</b>	<b>—</b>	<b>—</b>

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

	2020	2019
Result before tax	-218,655	-177,354
Income tax calculated according to prevailing tax rate in Sweden (21.4%)	46,792	37,954
Issue costs not included in result	3,391	0
Non-taxable income	355	116
Non-deductible costs	-249	-204
Loss carryforwards for which no deferred tax asset has been recognised	- 50,290	-37,865
<b>Tax on result for the year</b>	<b>0</b>	<b>0</b>

As of 31 December 2020, the Company's accumulated loss carryforwards from prior years and from the current financial year amounted to approximately SEK 790,328 thousand (572,168). The amount for the comparative year has been updated from SEK 572,462 thousand since a decision on final tax has been received and differs from the value recognised in the 2019 Annual Report. No deferred tax assets have been recognised in the balance sheet; refer to Note 4.

**Note 11 Intangible assets**

Total research and development expenses that have been expensed amounted to SEK 156,387 thousand (121,686), corresponding to 70% (68) of operating expenses.

	Licences	Technology and customer relationships	Goodwill
<b>31 Dec 2020</b>			
Opening cost	5,500	835	7,605
Closing accumulated cost	5,500	835	7,605
Opening amortisation	5,262	-249	-1,630
Amortisation for the year	-71	-166	-1,086
Closing accumulated amortisation	-5,333	-415	-2,716
<b>Closing carrying amount</b>	<b>167</b>	<b>420</b>	<b>4,889</b>
<b>31 Dec 2019</b>			
Opening cost	5,500	835	7,605
Closing accumulated cost	5,500	835	7,605
Opening amortisation	-5,012	-83	-543
Amortisation for the year	-250	-166	-1,086
Closing accumulated amortisation	-5,262	-249	-1,630
<b>Closing carrying amount</b>	<b>238</b>	<b>586</b>	<b>5,975</b>

**Note 12 Tangible assets****Equipment, tools, fixtures and fittings**

	31 Dec 2020	31 Dec 2019
Opening cost	21,643	14,051
Purchases	13,228	7,632
Sales and scrapping	-375	-40
<b>Closing accumulated cost</b>	<b>34,496</b>	<b>21,643</b>
Opening depreciation	-8,073	-5,489
Sales and scrapping	174	34
Depreciation for the year	-4,777	-2,619
Closing accumulated depreciation	-12,676	-8,073
<b>Closing carrying amount</b>	<b>21,821</b>	<b>13,570</b>

**Note 13 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 24,364 thousand (120,976) on the balance sheet date. The value includes a credit reserve of SEK 63 thousand (0). The bonds all belong to level 1 of the fair value hierarchy. The Company uses credit information from S&P and Moody's in its assessments.

During the year, bonds matured and were paid out in a total amount of SEK 46,390 thousand (0), of which SEK 30,376 thousand was classified as current investments at the end of the year. The bond coupon rates carry both variable and fixed interest with periodic payments. Coupon rates received for the year amounted to SEK 2,428 thousand (2,095).

Other securities held as non-current assets pertain to participations in EMPE Diagnostics AB acquired at the end of 2017. Participations were recognised at cost in the balance sheet in an amount of SEK 2,997 thousand (2,997). As of 31 December 2020, 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 6.0% of the capital and votes.

**Note 14 Inventories**

At the end of the year, the Company had an inventory value of SEK 12,433 thousand (0).

	31 Dec 2020	31 Dec 2019
Raw materials and consumables	713	-
Products in progress	1,051	-
Semi-finished goods	1,164	-
Finished goods	9,505	-
<b>Total inventories</b>	<b>12,433</b>	<b>-</b>

**Note 15 Other receivables**

	31 Dec 2020	31 Dec 2019
VAT receivable	7,369	6,472
Advance payments to suppliers	21,809	11,509
Other	6,020	2,149
<b>Total other receivables</b>	<b>35,198</b>	<b>20,129</b>

**Note 16 Prepaid expenses and accrued income**

	31 Dec 2020	31 Dec 2019
Prepaid rent	1,528	1,485
Prepaid insurance costs	103	70
Prepaid marketing costs	91	600
Prepaid IR expenses	166	160
Prepaid expenses for software	598	762
Prepaid IT expenses	262	-
Other items	210	311
<b>Total prepaid expenses and accrued income</b>	<b>2,958</b>	<b>3,389</b>

**Note 17 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 year, the Company's short-term investments totalled SEK 296,748 thousand (180,512), of which 130,999 (30,093) represents the short-term component of the Company's listed corporate bonds.

The fair value of the fixed-income funds amounted to SEK 166,745 thousand and the fair value of the bonds amounted to SEK 130,659 thousand, including accrued interest of SEK 324 thousand.

	31 Dec 2020	31 Dec 2019
Fixed-income funds	165,749	150,419
Listed corporate bonds	130,999	30,093
<b>Total short-term investments in the balance sheet</b>	<b>296,748</b>	<b>180,512</b>

Note 18 Share capital trend

The Company's share capital at year-end amounted to SEK 1,366,897.35 (1,161,769.35), distributed between 27,337,947 (23,235,387) shares. The quotient value per share is SEK 0.05 (0.05).

Holding of treasury shares

At the end of the year, Q-linea had a holding of 328,472 (328,472) treasury shares. Each share carries one vote per share and the quotient value per share is SEK 0.05 (0.05). The aim of these shares is to ensure the delivery of performance shares under the long-term incentive programmes LTIP 2018 and LTIP 2019. The holding of treasury shares has been excluded from the calculation of per-share performance measures.

Share capital trend

	Number of shares, thousand	Share capital, SEK thousand
Opening balance, 1 January 2019	22,907	1,145
New share issue	211	11
New share issue	117	6
Closing balance, 31 December 2019	23,235	1,162
New share issue <sup>1)</sup>	103	5
New share issue	4,000	200
Closing balance, 31 December 2020	27,338	1,367

1) In January 2020, 5,128 exercised warrants were converted into 102,560 shares. These shares were distributed to the option holders in February 2020. Of the exercise price of SEK 15 per share that was paid for the 102,560 shares, SEK 5,128 – which is equivalent to the shares' quotient value of SEK 0.05 per share – has been allocated to share capital and the remainder to the share premium reserve.

Note 19 Earnings per share

Earnings per share are calculated by dividing the result for the year by a weighted average of the number of ordinary shares outstanding during the year.

	2020	2019
Result for the year, SEK thousand	-218,655	-177,354
Weighted average number of shares outstanding	25,309,041	22,906,915
Earnings per share before and after dilution (SEK)	-8.64	-7.74

Note 20 Borrowing

	31 Dec 2020	31 Dec 2019
Borrowing at the beginning of the year	709	1,129
Repayment	-378	-420
Borrowing at the end of the year	331	709

The loans were assumed by Q-linea in 2018 in connection with the acquisition of Umbrella Science AB and pertain to external financing of production equipment. Borrowing at the end of the year of SEK 331 thousand (709) is recognised in the balance sheet as a long-term liability of SEK 79 thousand (331) and a short-term liability of SEK 252 thousand (378). In 2020, one of three loans was repaid in full. At the end of the financial year, the remaining loans had remaining terms of seven and 18 months, respectively.

Cash flow statement

SEK thousand	1 Jan 2020	Changes affecting cash flow	
		Repayment	31 Dec 2020
Long-term loans from credit institutions	331	-252	79
Short-term loans from credit institutions	378	-126	252
Total	709	-378	331

Note 21 Other current liabilities

	31 Dec 2020	31 Dec 2019
Personnel-related liabilities	3,463	2,496
Total other liabilities	3,463	2,496

Note 22 Accrued expenses and deferred income

	31 Dec 2020	31 Dec 2019
Accrued personnel costs	14,159	9,785
Accrued audit fees	539	340
Accrued expenses for consultants	3,164	2,822
Accrued expenses for advisory services	18	1,187
Accrued expenses for modifications to premises	-	1,275
Accrued expenses for external consultants	-	842
Accrued expenses for raw materials	-	1,880
Other	361	1,787
Total accrued expenses and deferred income	18,241	19,919

Note 23 Pledged assets and contingent liabilities

The Company has pledged assets in an ownership reservation with Nordea Finans that amounted to SEK 331 thousand (709) at year-end. The Company had no contingent liabilities at year-end 2020 or 2019.

Note 24 Related-party transactions

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

Fees in 2020 were paid to directors that were not employed in the Nexttobe Group. These fees amounted to SEK 1,180 thousand (1,030).

If employment is terminated by the company, the contractual period of notice for the President and other senior executives is six months. The same period of notice applies if employment is terminated by the President or senior executive. If employment is

terminated by the Company, senior executives are entitled to severance pay amounting to three months' salary. The President is not entitled to any particular severance pay if employment is terminated by the Company.

Other related-party transactions

Licensing revenue in 2019 derives from the licensing agreement signed between EMPE Diagnostics AB and Q-linea during 2017. As planned, since the second quarter of 2019, Q-linea has received no licensing revenue from EMPE since the knowledge transfer under the agreement was completed in the second quarter of 2019.

A licensing agreement was signed between EMPE Diagnostics AB and Q-linea during 2017 which was terminated in 2019. Since the second quarter of 2019, Q-linea has received no licensing revenue from EMPE since the knowledge transfer under the agreement was completed. Q-linea recognised revenue of SEK 500 thousand in 2019; refer also to Note 5.

The Company also has a shareholder agreement with the other shareholders of EMPE Diagnostics AB. One of EMPE Diagnostics AB's co-founders, shareholders and directors is Mats Nilsson, who is also a co-founder, shareholder and director of Q-linea AB. One of Q-linea's senior executives, Mats Gullberg, is a director of EMPE Diagnostics AB.

Remuneration for senior executives

	Basic salary/ Board	Variable pay	Pension costs	Share-based remuneration	Other remuneration <sup>a)</sup>	Total
2020						
Board Chairperson Erika Kjellberg Eriksson <sup>1)</sup>	—	—	—	—	—	—
Director Mats Nilsson	180	—	—	—	—	180
Director Ulf Landegren <sup>3)</sup>	80	—	—	—	—	80
Director Marcus Storch	180	—	—	—	—	180
Director Maria Gualano <sup>4)</sup>	100	—	—	—	—	100
Director Marianne Hansson	250	—	—	—	—	250
Director Per-Olof Wallström	210	—	—	—	—	210
Director Hans Johansson	180	—	—	—	—	180
President Jonas Jarvius	2,621	108	581	552	6	3,868
Other senior executives (8 people)	9,116	386	2,508	1,852	35	13,897
Total	12,917	494	3,089	2,404	41	18,945
2019						
Board Chairperson Erika Kjellberg Eriksson <sup>1)</sup>	—	—	—	—	—	—
Director Jon Heimer <sup>2)</sup>	—	—	—	—	—	—
Director Mats Nilsson	155	—	—	—	—	155
Director Ulf Landegren	155	—	—	—	—	155
Director Marcus Storch	155	—	—	—	—	155
Director Marianne Hansson	225	—	—	—	—	225
Director Per-Olof Wallström	185	—	—	—	—	185
Director Hans Johansson	155	—	—	—	—	155
President Jonas Jarvius	2,636	516	607	441	7	4,206
Other senior executives (8 people) <sup>5)</sup>	9,876	901	1,953	1,122	66	13,918
Total	13,542	1,417	2,560	1,563	73	19,154

1) Chairperson from the Annual General Meeting in June 2018, employed by the Nexttobe Group.  
2) Chairperson until the 2018 Annual General Meeting, declined re-election and stepped down at the 2019 Annual General Meeting, employed by the Nexttobe Group.  
3) Declined re-election and stepped down at the 2020 Annual General Meeting.  
4) Elected at the 2020 Annual General Meeting.  
5) One senior executive joined the company in April 2019 and another joined the company in September 2019.  
6) Other remuneration comprises health insurance and fitness subsidies.



Note 25 Significant events after the end of the financial year

After the end of the financial year, Q-linea announced that the Company's global sales partner, Thermo Fisher Scientific, had placed its first order for the ASTar instrument and disposables. The value of the order exceeded SEK 8 million. The Company also announced that it had contracted Thermo Fisher Scientific as the first site to participate in the Company's US clinical study for ASTar.

At the end of March, the company announced very good interim results from the pivotal European study for the antibiotic suseptibility system ASTar. Essential Agreement (EA) i.e. giving the same result as the reference method on the concentration of antibiotics that kill or inhibit bacterial growth exceeded 94 percent. Categorical agreement (CA) i.e. giving the same classification of the bacterium within one of three groups (S.I.R) with respect to susceptibility to antibiotics exceeded 97 percent. To achieve CE-IVD approval in Europe, EA and CA must exceed 90 percent. In addition, reproducibility was very high and exceeded 99 percent.

Note 26 Proposed appropriation of unrestricted equity

The Board proposes that profit be appropriated as follows:

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

	SEK
Share premium reserve	951,016,569
Retained earnings	-353,530,830
Result for the year	-218,655,372
<b>Total</b>	<b>378,830,366</b>

The Board proposes that profit be appropriated as follows: SEK 378,830,366 to be carried forward. The Board proposes to the Annual General Meeting that no dividend be paid for 2020.

The Board of Directors and President hereby affirm that the financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2. The annual report has been prepared in accordance with generally accepted accounting practices and provides a true and fair view of the company's financial position and earnings. The Board of Directors' Report for the company 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, 14 April 2021

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

Our Auditor's Report was submitted on 14 April 2021

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg  
Authorised Public Accountant

# Auditor's report

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

## Report on the annual accounts

### Opinions

We have audited the annual accounts of Q-linea AB (publ) for the year 2020 except for the corporate governance statement on pages 39-47. The annual accounts of the company are included on pages 32-73 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Q-linea AB (publ) as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 39-47. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Q-linea AB (publ).

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

### Basis for Opinions

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

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

### Our audit approach

#### Audit scope

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

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

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

#### Materiality

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

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

### Key Audit Matter

#### Research and development costs

According to Note 11, the costs for the company's operations in research and development amounted to SEK 156 million during the financial year 2020. This corresponds to 70 percent of the company's total operating costs. Most of the costs relate to the development of the company's leading product ASTar and consist mainly of expenses for hired and own staff. In our audit, we have focused on these costs as they together amount to a significant amount and that there is a risk regarding the accuracy, completeness and accrual of these expenses.

### Information other than the annual report

This document also contains information other than the annual report and can be found on pages 1-31 and 76-80. This other information also includes the Remuneration report which we received before the signing date of this Auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure, we also take into account our knowledge otherwise obtained in the audit

### Key audit matters

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

### How our audit addressed the key audit matter

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

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

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

and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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



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

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

#### Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's and the Managing Director of Q-linea AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

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

#### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Q-linea AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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

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

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

#### Auditor's responsibility

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

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

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

#### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 39-47 has been prepared in accordance with the Annual Accounts Act.

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

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

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Q-linea AB (publ) by the general meeting of the shareholders on the 26 May 2020 and has been the company's auditor since April 2007.

Uppsala 14 April 2021

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg  
Authorized Public Accountant

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Glossary

AST

Antibiotic susceptibility testing.

Antibiotic resistance

When bacteria develop the ability to defeat antibiotics.

Broad-spectrum antibiotics

Antibiotics that act against a wide range of, but not all, bacteria.

CAGR

Compound annual growth rate.

CE marking

Conformité Européenne (European Conformity), a certification mark used primarily in the EU and EEA.

CE-IVD

Marking of products and instruments used in laboratories for the purpose of providing guarantees that the product meets a number of requirements, including security, quality, validity and traceability, which means that the user can be sure that the product has the performance required for use so that the generated analysis results are reliable.

ECCMID

European Congress of Clinical Microbiology and Infectious Diseases, a large trade fair for companies in the fields of microbiology and infectious diseases.

EEA

The European Economic Area.

FDA

The US Food and Drug Administration, which is responsible for market approval of IVD products.

Gram-negative

Bacteria that do not stain in a gram staining test. The opposite are gram-positive bacteria. What differentiates gram-negative and gram-positive bacteria are the properties of their cell walls. Gram-negative bacteria are often referred to as G-.

Gram-positive

Gram-positive bacteria are bacteria that stain in a gram staining test. The opposite are gram-negative bacteria. What differentiates gram-negative and gram-positive bacteria are the properties of their cell walls. Gram-positive bacteria are often referred to as G+.

Inoculum

A set of methods for artificially inducing immunity against various infectious diseases.

In vitro diagnostics (IVD)

The study of a living microorganism, cell or biomolecule outside its normal context.

Clinical studies

A clinical study for in vitro diagnostic products, a so-called performance evaluation study, which aims to validate performance and safety requirements based on the intended use of the product by examining samples taken from human participants.

MIC values

Minimum inhibitory concentration for the tested antibiotics.

Opportunistic infections

Caused by bacteria that do not normally cause infections but that can – for example, in patients undergoing cancer treatment or broad-spectrum antibiotic treatment – cause severe infections, some of which can be fatal.

Pathogen

Something that causes illness, such as a virus or bacteria.

Sepsis

A serious condition that arises when an infection causes injury to the entire body and vital organs, such as the heart, lungs, brain and kidneys do not function properly (previously known as blood poisoning).

Upcoming reporting dates

6 May 2021	Interim report January to March 2021
25 May 2021	2021 Annual General Meeting
15 July 2021	Interim report January to June 2021
4 November 2021	Interim report January to September 2021

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