Q-LINEA

Developing innovative solutions for improved infection diagnostics

Annual Report January–December 2021

Contents

2021 in brief

In 2021, ASTar® affected outcomes for healthcare patients for the first time, which is exactly what the system is designed to do. Other important milestones were receiving CE-IVD marking for ASTar in Europe, the beginning of the US clinical study and the launch of ASTar in Europe by Q-linea's partner Thermo Fisher Scientific.

Q1

- Q-linea's partner Thermo Fisher Scientific places first order for ASTar totalling over SEK 8 million
- Thermo Fisher Scientific contracted as the first site to participate in the US clinical study
- Very good interim results from the European study presented

Q2

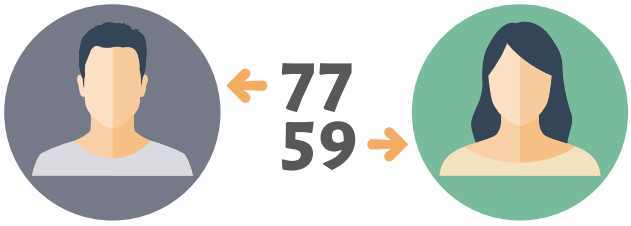
- ASTar receives CE-IVD approval
- The US regulatory study of ASTar begins
- A directed issue raises SEK 301 million for the Company before issue costs

Q3

- No significant events to report

Q4

- ASTar is launched in the European market by Q-linea's partner Thermo Fisher Scientific
- The Company signs the first commercial evaluation contract for ASTar with a Swedish regional hospital
- The first patients are enrolled in the US clinical study



Employees

Q-linea is made up of a highly motivated team with experience and expertise from multiple disciplines and scientific fields. The Company had 136 (107) employees at year-end, 59 (43) of whom were women and 77 (64) were men. The number of consultants at year-end was 37 (33). Q-linea has a very broad knowledge base and also invests in strategic collaborations with partners to, for example, evaluate technical solutions clinically, add further technical know-how, achieve more economically advantageous solutions and/or reach a larger market uptake in an early phase.

Q-linea, sepsis and ASTar in brief

Q-linea in brief

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

The Company's first product, ASTar, enables rapid diagnosis of 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. ASTar is a fully automated instrument for rapid antibiotic susceptibility determination, or antibiotic susceptibility testing (AST), that produces a sensitivity profile from a positive blood culture within about six hours and has substantial potential to save lives. This is up to 48 hours faster than current diagnostics. ASTar's antibiotic susceptibility testing identifies the MIC value (the minimum antibiotic concentration that inhibits the growth of bacteria or kills them) via physical properties that are measured using proprietary optics and image algorithms.

Q-linea was founded in 2008 by scientists from the Rudbeck Laboratory at Uppsala University, together with Olink AB and Uppsala University's holding company, UUAB. Today, Q-linea is made up of a highly motivated team of 173 employees and consultants who operate out of state-of-the-art, customised facilities at three locations in Uppsala.

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

Sepsis in brief

Sepsis, formerly known as blood poisoning, is a life-threatening disease that occurs when the immune system overreacts to an infection in the body. When bacteria from a local infection leak into the bloodstream, sepsis is a rapid process and can lead to multiple organ failure and death. Rapid diagnosis of sepsis is critical for physicians to be able to provide the correct antibiotic treatment in time.

ASTar in brief

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

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

Vision

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

Mission

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

Business concept

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

Strategy

Q-linea has continuously built up and reinforced both competence and infrastructure in all areas needed to develop and supply integrated diagnostics systems. Sales are carried out by our partners, and the majority of income is expected to come from sales of consumables.

Partnership

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 sold. The aim of this is to achieve broad and speedy market penetration. Unique with the partnership is that Q-linea has access to all aspects of the sales process and participates with applications specialists. Q-linea sells ASTar directly in Sweden.

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

	Advantages for laboratory staff and physicians	Advantages for patients – with the potential to save lives
Fully automated ASTar offers a fully automated solution with the capacity to load 12 samples at a time with random-access loading, requiring less than two minutes' manual preparation time	• Anyone on staff can start a test in ASTar, regardless of their level of training and even under time pressure (such as at night). • Perfectly integrated into the workflow: you only need to interact with ASTar once and then turn to other tasks. • ASTar is suited for managing peaks in sample flow in daytime laboratories. It also has a high capacity for large hospitals.	• Results are available in the fastest possible time, since ASTar can be loaded whenever there is available capacity.
Accurate MIC results Accurate MIC results are delivered in about six hours thanks to a controlled inoculum and between six and 14 two-fold dilution steps for each antibiotic in the panel.	• MIC values make it possible to customise treatment, since a bacterium's level of resistance/sensitivity to various preparations can be taken into account. • Long dilution series provide a more accurate MIC value, making it possible to provide the correct dosage if the bacterium is not completely sensitive. This is not possible if there are limits to the area in which the MIC value lies.	• Greater likelihood of correct treatment, since the dosage can also be taken into account. Even highly resistant bacteria can be managed correctly during treatment.
A comprehensive AST panel The AST disc has over 330 wells available for antibiotics in varying concentrations against both fastidious and non-fastidious pathogens, making it possible to obtain clinically applicable results after only one analysis	• A test run in ASTar is more likely to provide results that can be used as a basis for treatment if the panel is comprehensive. • Since the panel contains numerous different preparations, this reduces the need for parallel tests or follow-up tests. • Saves time and money since only one test needs to be performed on the sample. • It is possible to track the development of resistance and switch treatment strategies when needed to reduce further development of resistance	• There is a higher likelihood of rapid and correct treatment, since the laboratory does not need to perform follow-up tests in cases where the patient has a bacterium that is highly resistant or multi-drug resistant. These are the patients for whom the time it takes to obtain accurate results is the most important. • Even patients with fastidious bacteria infections (up to 10% of all sepsis patients) can receive the correct treatment rapidly[1)]. • ASTar has already demonstrated that a comprehensive panel has affected the time it takes to treat patients with serious infections. The aim is to save lives.
Samples can be included later ASTar is approved to include positive blood cultures up to 16 hours after proven bacterial growth	• It is important for daytime laboratories to be able to include samples that signalled positive the night before. • Simple workflow, since it is often not necessary to consider whether the sample can be included in ASTar.	• Fastest possible time for results, regardless of whether patients are treated at a hospital with a laboratory open daytime or 24/7.
ASTar is approved for many different blood culture bottles ASTar is approved for nine different types of culture bottles	• The most frequently used culture bottles from leading suppliers can be used in ASTar. • This enables many hospitals to begin using ASTar.	• There is a higher likelihood of rapid and correct treatment regardless of the hospital where the patient is treated, since ASTar supports most types of blood culture bottles.
ASTar is future-proofed for new tests and sample types ASTar's consumables are prepared to handle new sample types such as urine, and they also make it possible to analyse samples such as isolate samples at a lower price, because the AST disc can be run separately semi-automatically.	• ASTar's architecture has the ability to handle numerous sample types in the future as well as the ability to analyse samples at different price levels, presenting opportunities for the lab to include and expand the use of ASTar cost effectively.	• More patients with other infections will be able to receive rapid, comprehensive results in the future as ASTar's product offering grows.

ASTar makes it possible to save lives while reducing the risk of increased antibiotic resistance.

Footnotes – see References on page 88.

ASTar affected outcomes for healthcare patients for the first time

2021 was a year of successes for Q-linea. The clinical study provided extremely strong results, our global partner Thermo Fisher Scientific launched our product in Europe and we had our first commercial evaluation customer in Sweden. Yet the single most important thing we accomplished in 2021 was that ASTar affected outcomes for healthcare patients for the first time, and we look forward to continuing to deliver solutions that benefit patients and society.

Thanks to extremely good study results that exceeded the requirements for European approval, we received CE-IVD marking for ASTar in May. This means that we have been able to commercialise the system in Europe together with our partner Thermo Fisher Scientific. It has been gratifying to see Thermo Fisher Scientific's launch. Despite Covid-related restrictions, they were able to participate in several conferences, both virtually and in person, where they received positive feedback. These conferences are an important form of marketing where there is an opportunity to reach a wide audience and present ASTar to potential customers. In 2021, Thermo Fisher Scientific placed orders for a total of SEK 13.9 million to ensure their ability to provide systems and consumables to their end customers.

We made great progress during the year in the development of our portable blood culture technology. We are working to be able to initiate patient studies in the US in late 2022.

During the summer, Thermo Fisher Scientific conducted a study that included approximately 500 samples at multiple hospitals in Europe. This study demonstrated even better results than the previous European study. The panel contains powerful and important antibiotics such as Colistin as well as the analysis of fastidious bacteria, which means that our technology is well equipped for the future: the wider the panel's coverage, the higher the number of patients that can be treated correctly. In addition, everyone at the lab can load a sample regardless of the time of day thanks to the easy handling of ASTar. ASTar was able to provide results for 98.7% of all patient samples in the study, an outstanding performance that demonstrates the importance of the panel's breadth. The study is also important because it was conducted at various types of labs with extended hours as well as labs open 24/7, demonstrating ASTar's immense practical value.

We sell ASTar in Sweden ourselves, and during the autumn our first potential customer performed an evaluation with extremely good results. Since Sweden has a relatively low occurrence of antibiotic-resistant bacteria and no 24/7 laboratories, it is a market with lower demand for our products in relative terms. Nevertheless, during the evaluation we could see that ASTar affected healthcare so that patients received care faster, which is exactly what we want the system to accomplish. We expect ASTar to be able to provide critical decisions in every hospital that chooses to include it in their routine diagnostics.

In 2021, we initiated the clinical study to receive 510(k) clearance to market ASTar in the US. The majority of the US study was conducted at Q-linea, while parts of the reproducibility study were conducted at Swedish hospitals. The final prospective part of the study began in December, with approximately 450 patient samples at three US hospitals where ASTar was installed.

We made great progress during the year in the development of our portable blood culture technology, Podler®. We are working to be able to initiate patient studies in the US in late 2022. All future studies, such as for isolates and gram-positive bacteria, will be initiated in the US before being transferred to Europe, and we expect that on the whole this will open up a wider market more rapidly. While we have been developing our technology, we have also been speaking with several potential commercial partners in order to find one or more partners with the best prospects of commercialising our technology on favourable terms. Interest in the technology has proven to be strong, since a diagnosis immediately after sampling would be incredibly valuable compared with today's procedure where a potentially significant amount of time is lost in transport. The hours saved in the workflow would

enable improved and equivalent care regardless of when and where a sample is taken, and would do so for all sepsis patients.

During the year, the Company grew by some 30 employees and was able to keep morale high despite challenges posed by the pandemic. On the whole, things worked very smoothly, and our staff met these challenges with aplomb. During the summer, we completed a directed issue in an amount of SEK 301 million before transaction costs in order to scale up and achieve the objectives we established with Thermo Fisher Scientific. We are building up our capacity to produce systems and consumables on a commercial scale, and I would like to take this opportunity to thank our owners – both old and new – for the confidence you have shown in us. Q-linea targets an enormous market where there is a major need, and it has the opportunity to establish a leading position in the next few years. We are investing in order to become the most successful company in the sector in the long term. I would like to express my thanks for a job well done, and I look forward to the road ahead.

Uppsala, April 2022

Jonas Jarvius, President

Innovative solutions for improved infection diagnostics

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

Sepsis is an overreaction by the immune system

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

Anyone can develop sepsis as a consequence of a common bacterial infection, such as tonsillitis, infected wounds, pneumonia or a urinary tract infection. Sepsis is a global health problem, afflicting as many as 50 million people every year[2]. Sepsis afflicts more people 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%[3].

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[4].

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 upp to 72 hours 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 susceptibility determination.

Footnotes – see References on page 88.

About Q-linea

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

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 susceptibility determination or AST. Both answers are needed, but susceptibility determination is what ultimately leads to the optimal treatment prescription.

Today, susceptibility determination is a process that consumes time and labour, and 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 susceptibility determination 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 up to 48 hours faster than traditional technologies. It has been demonstrated that 24-hour sepsis diagnostics can reduce mortality by 40%[5], lower the number of opportunistic infections[6] and drastically reduce costs in the healthcare sector[7].

Footnotes – see References on page 88.

History

2000

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

2012

Entry into the diagnostics field

To take advantage of Q-linea's innovative technologies for rapid and sensitive analyses of nucleic acids and proteins, the Company made a strategic decision in 2012 to enter the in vitro infection diagnostics business. A partnership with risk capital firm Nexttobe made long-term financing and uninterrupted technological progress possible. Clinical partnerships were also initiated to verify performance.

2016

In 2016, Q-linea's molecular identification technology (ID) and phenotypical antibiotic susceptibility testing (AST) were successfully tested directly from the blood of septic patients in partnership with Örebro University Hospital.

2018

ASTar

The following years saw a revolution in the field of rapid analysis of bacterial ID from positive blood cultures through technologies including mass spectrometry. This opened up a market for dedicated AST systems that could deliver results at a speed similar to the new ID methods. To meet this new market demand for rapid results and minimal handling time, product development for Q-linea's first diagnostic product focused on a pure AST system for positive blood cultures, the fully automated ASTar. Q-linea was listed on the stock exchange to finance its development.

2020

In 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.

2021

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. In 2021, ASTar receives CE-IVD approval and the product is launched in Europe.

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

Q-linea focuses on supplying the market with automated systems for rapid susceptibility determination, or AST, of bacteria that cause infectious diseases. Q-linea's first application for ASTar is the analysis of gram-negative bacteria from patients with suspected sepsis who have positive blood cultures. Q-linea's AST technology was developed in consultation with hospital laboratories in order to best meet their needs.

The fully automated ASTar instrument provides accurate and reproducible sample preparation for accurate MIC identification through a high-quality optical detection system. ASTar can be combined with a rapid identification system, thus meeting the clinical need for early and correct antibiotic treatment.

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

When diagnosing patients with blood infections, the time it takes to get a correct antibiotic result is decisive, and can provide major benefits to patients, hospitals and society. In recent years, the time it takes to receive a result as to which bacteria caused an infection has been radically reduced. As bacteria show increasing antibiotic resistance, the need increases for a corresponding change in the diagnostics to determine an effective antibiotic. Q-linea's ASTar provides a rapid, detailed result combined with easy handling.

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

ASTar is a rapid and complete system

ASTar Instrument

The fully automated ASTar Instrument provides accurate and reproducible sample preparation for AST as well as 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.

➜ Fully automated

ASTar offers a fully automated solution with the capacity to load 12 samples at a time with random-access loading, requiring less than two minutes' manual preparation time

➜ Delivers accurate MIC results

Accurate MIC results are delivered in about six hours thanks to a controlled inoculum and between six and 14 two-fold dilution steps for each antibiotic in the panel.

➜ Comprehensive AST panel

The AST disc has over 330 wells available for antibiotics in varying concentrations against both fastidious and non-fastidious pathogens, making it possible to obtain clinically applicable results after only one test

ASTar Kit

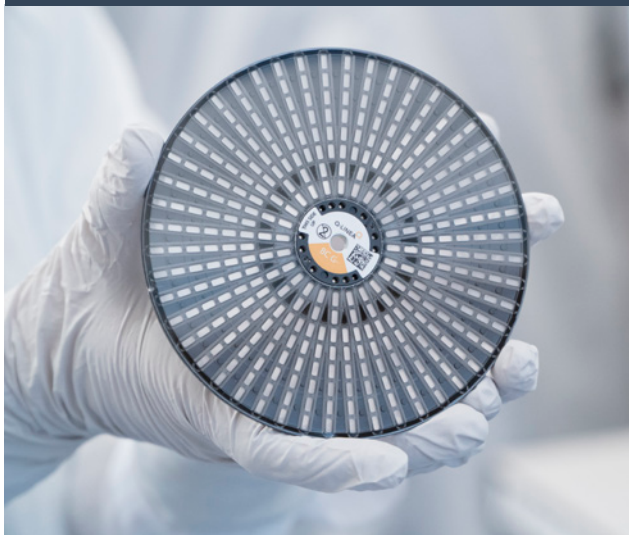
The ASTar Kit has two parts: a sample preparation cartridge and an AST disc. A frozen insert is added to the cartridge before use.

Cartridge

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

- ✔ Contains a combination of freeze-dried and room-temperature reagents
- ✔ A frozen insert 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 to determine susceptibility and concentration.

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

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

ASTar provides rapid results when it counts

In 2021, a laboratory in southern Sweden conducted a commercial evaluation of ASTar. The chief microbiologist shares her experience with ASTar here.

What sort of needs do you see for rapid/faster susceptibility determination?

Rapid susceptibility determination of blood cultures is important in order to detect resistance mechanisms against the antibiotics used in our region in cases of suspected sepsis, especially ESBL. ESBL stands for Extended Spectrum Betalactamases, and ESBL-producing bacteria have acquired resistance to the most common preferred preparations in cases of sepsis infections caused by gram-negative bacteria.

How does ASTar differ from your existing equipment?

ASTar doesn't require advance preparation of the blood culture, and it requires less handling time.

Who used ASTar?

Two biomedical analysts had this task in our study. Under ordinary conditions, this would be all of the biomedical analysts who work with the blood cultures.

Did you need to adapt your work procedure to incorporate ASTar?

No.

How much would you use ASTar if it was implemented in your procedure?

It would be possible to test all of the blood cultures where gram-negative bacteria are detected in ASTar continually during working hours.

The clinical microbiology ward that conducted the evaluation

The laboratory analyses samples for healthcare providers in a Swedish region with about 350,000 inhabitants, two hospitals and about 30 community health centres. The laboratory has around 40 employees and is staffed for about ten hours in the daytime. There are three blood culturing cabinets, which means that blood cultures are incubated around the clock.

Your evaluation included 30 patients. Sweden still has a low level of bacterial resistance, but did you still see ASTar leading to changed outcomes for some patients?

Yes, for a patient with a strain that was resistant to the treatment using piperacillin/tazobactam that they were receiving. Once we had this information, the treatment was changed to meropenem in the afternoon.

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

It's good to have a broad panel. In Sweden, we've been spared from multi-resistant strains and blood cultures in relative terms, but this is needed in several European countries.

ASTar provides rapid results and is extremely easy to use

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

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

A large microbiology laboratory currently performs a substantial number of susceptibility determinations, some of which are considered critical, such as those from positive blood cultures. To meet the daily sample throughput at a large laboratory, a system should handle 10-30 positive blood cultures per day. Daytime laboratories also need to be able to analyse a large number of blood cultures that signalled positive during the night, which means that a system needs high peak capacity. 24/7-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.

AST technology

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

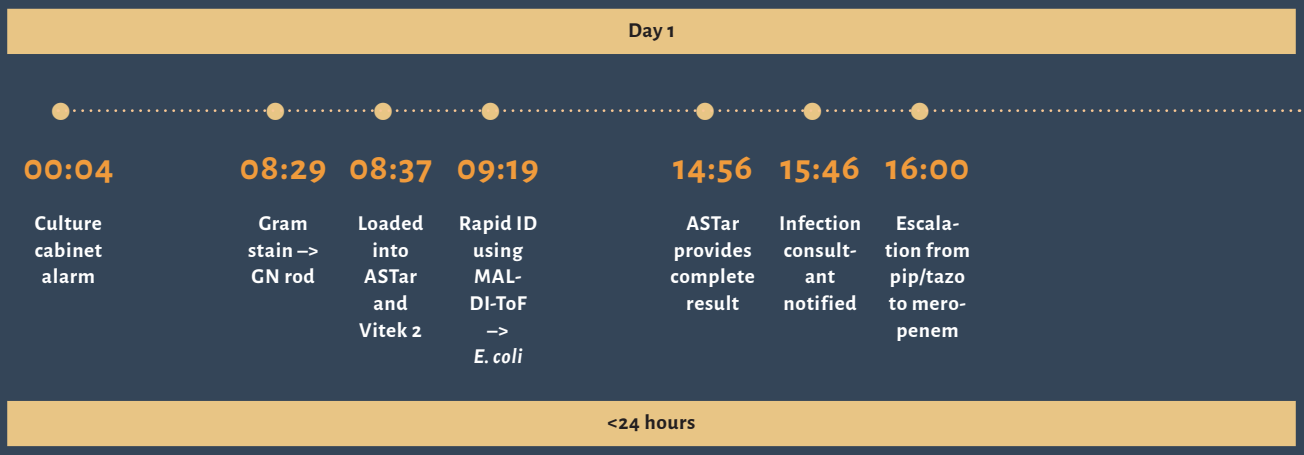
- ✔ More than **380 different strains**, including several multidrug-resistant bacteria
  - » 25 different species
  - » Gram-positive and gram-negative bacteria
  - » Difficult-to-culture bacteria that only grow in fastidious media
- ✔ **30 different antibiotics**
- ✔ A total of more than **5,900 bacteria/antibiotic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

2021 patient cases

In autumn 2021, a severely ill 64 year-old man is being cared for in the surgical ward of a small hospital in southern Sweden. Due to the man's poor health and high infection values, he is given broad-spectrum antibiotics while awaiting test results.

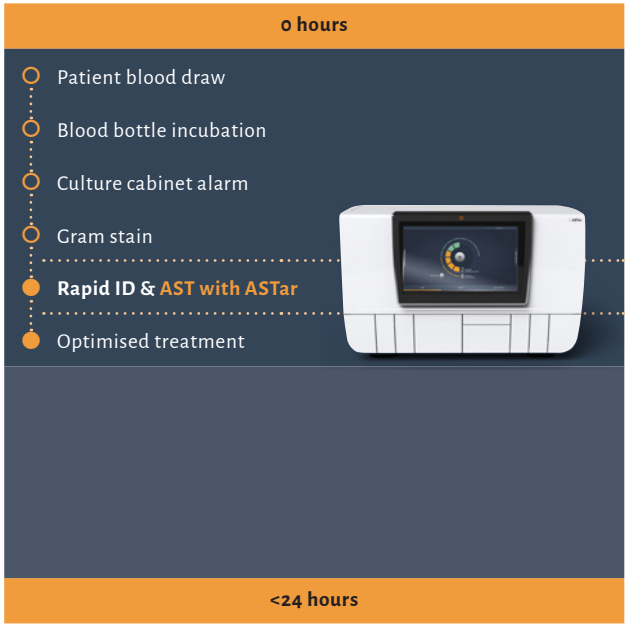
The patient's blood bottles are sent to the closest central hospital, where it signals bacteria growth during the night. After gram staining the following morning, an analysis is started in ASTar at the same time as the lab's ordinary equipment for susceptibility determination, followed by identification of the type of bacteria using a rapid method through MALDI-ToF analysis. The analysis in ASTar is finished just before 3:00 p.m., and it shows that the bacteria in the patient's blood are resistant to the initial antibiotic treatment. The antibiotic is changed immediately, meaning at least 18 hours earlier than would have been possible if they had waited for the results from the routine diagnostics. The initial empirical treatment that was employed was not effective against the bacteria in the patient's blood, and according to the specialist in infectious diseases the reduction in time to a susceptibility determination may have saved the man's life.

If the laboratory had been open around the clock and if the transport time had been shorter, the time to reach the susceptibility determination could have been cut by about seven more hours.



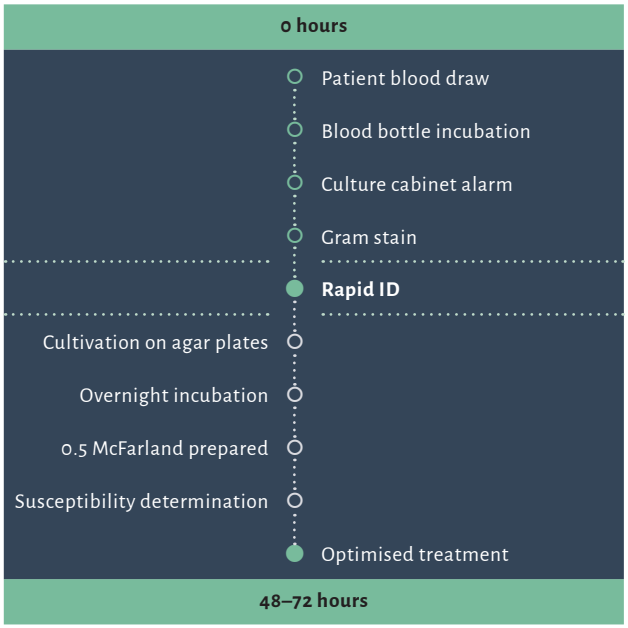
ASTar workflow

ASTar delivers AST results directly from clinical samples in about six hours from a positive blood culture, a time savings of up to 48 hours.



Traditional workflow

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



ASTar is easy to use

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/panel, which is loaded into the instrument; the disc's barcode is automatically scanned while it is loaded.

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

2 Fully automated sample preparation

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

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

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

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

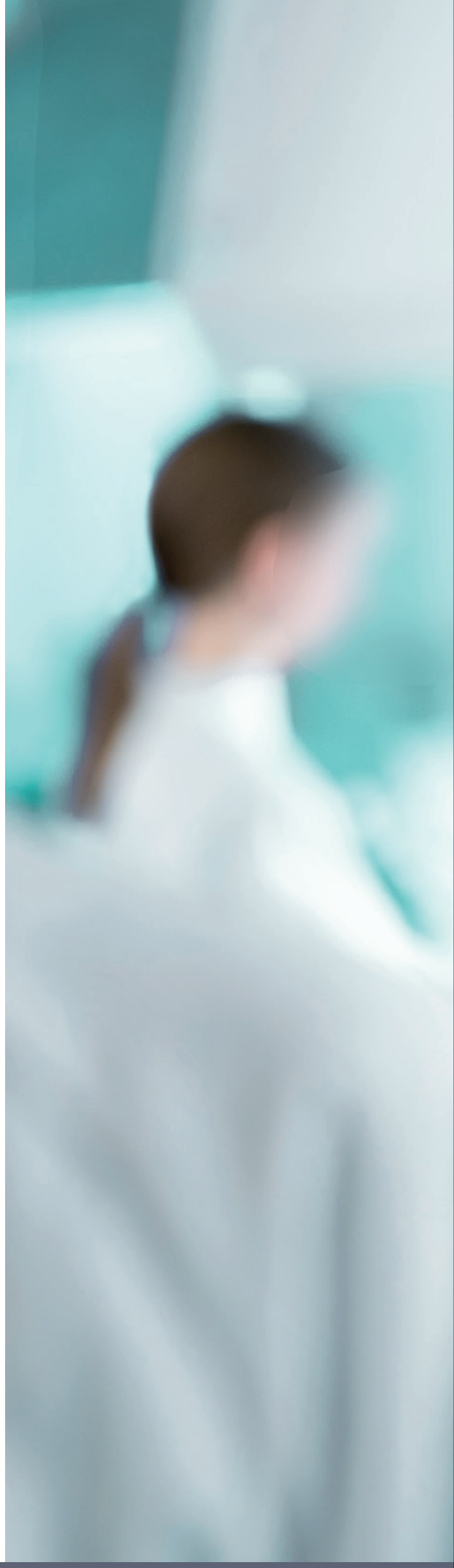
3 Susceptibility determination

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.

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



ASTar shortens the time to the correct antibiotic treatment of patients with sepsis by up to 48 hours. ASTar can help save lives.

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

The market for 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[8)].

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

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

The market for portable blood cultures

In many cases, the time it takes to transport blood culture bottles from satellite hospitals to central hospitals with microbiology laboratories lengthens the important time it takes to get a result. It can take more than ten hours for a sample to get to the laboratory, depending on when and where the sample is taken, and it is only once the sample has arrived that diagnostics can start. The ability to start 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.

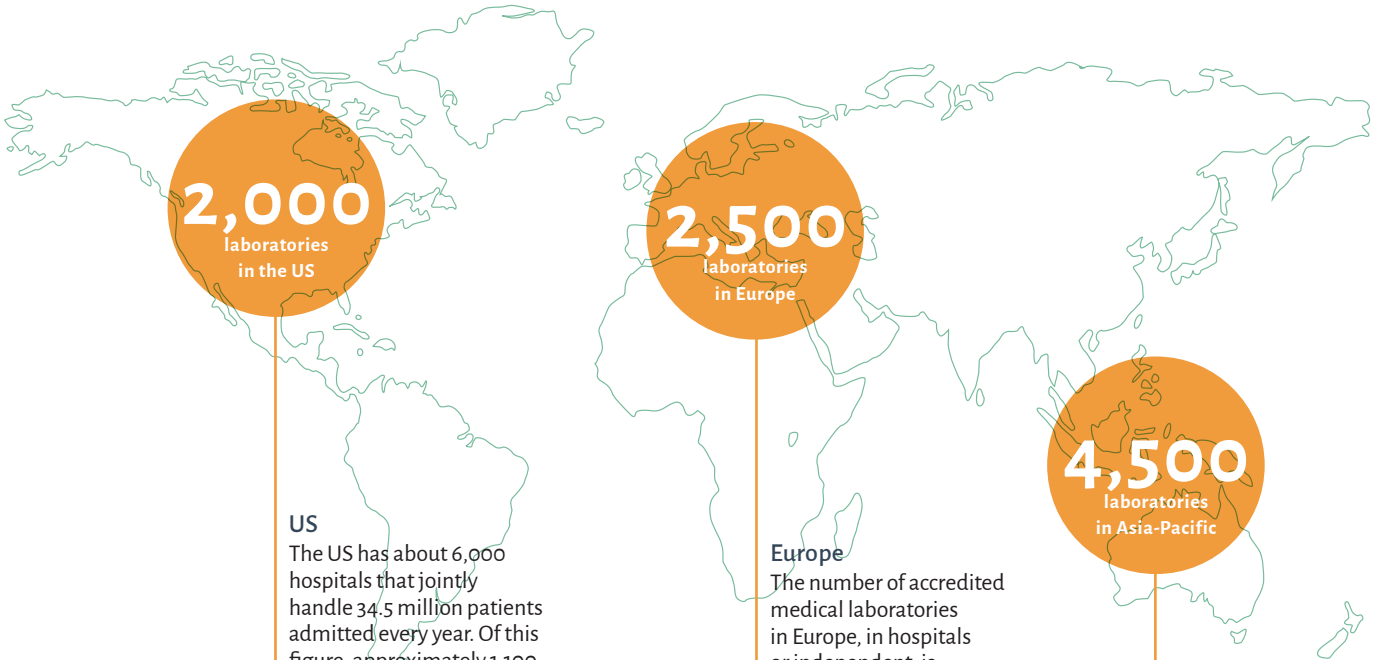
In November 2020, Q-linea announced that the Company had started the development of a portable culture container with the goal of shortening the time from sampling to correct antibiotic result. In 2021, Q-linea took important steps in its development, launching plans to put this product into production. Provided that development proceeds according to plan, Q-linea will be able to initiate pivotal studies in 2022.

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. Q-linea estimates that Becton Dickinson in the US and bioMérieux in France jointly account for approximately 90% of the total market for automated blood culture systems.

Together, ASTar and the portable blood culture technology could enable a major improvement in diagnostics. According to Q-linea's estimates, the total addressable market 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 88.

Addressable market for Q-linea's ASTar



US

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

Europe

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

Asia-Pacific (APAC)

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

We share the same goal

Why did you choose Q-linea as a partner?
The basis for our choice is not only Q-linea's fantastic technology for rapid AST but also our common vision and philosophy about antimicrobial susceptibility testing (AST). We share the same goal of being able to supply what we call true MIC results (minimum inhibitory concentration) to microbiology laboratories. That is the lowest concentration of an antibiotic at which bacterial growth is completely inhibited – which are as accurate as possible. At Thermo Fisher Scientific, we have this same philosophy for all of our AST product lines – we look for accuracy. Something we share with Q-linea, is we both want to deliver the best possible results to our customers.

But their products also fit your product line?
Yes, perfectly. Q-linea's ASTar System addresses exactly what our customers need when it comes to rapid AST. As two companies that are committed to fostering innovation for our customers, partnerships like the one we have with Q-linea are very rewarding for all parties involved. With Q-linea, we can help customers get access to innovation and we can support expedited treatment intervention.

What can you tell us about your partnership so far?
It is a very constructive partnership. We have a lot of interactions, not only between our commercial teams, but also on the scientific level. The partnership is very valuable and leads to a lot of cross fertilization.

Thermo Fisher Scientific has many partnerships around the world. Is there anything that makes this special?
This partnership strongly resonates with our mission at Thermo Fisher Scientific, to enable our customers to make the world healthier, cleaner and safer. As the partnership centers around rapid AST it is in the forefront of the battle against antibiotic resistance. Rapid AST may help diminish patients exposure to broad spectrum antibiotic therapy, by providing results that can be used to guide more targeted treatment. At Thermo Fisher Scientific, we are strongly involved in the fight against antibiotic resistance and are engaged in antibiotic stewardship.

How would you describe the launch?
The launch has generated a lot of interest and many customers are expressing interest. However, most microbiology labs have been highly involved in fighting the COVID-19 pandemic. As the pressure of the pandemic on the hospital looks to be decreasing, we expect our customers to accelerate their plans with regard to rapid AST and look forward to placing our first system soon.

Has anything in the launch surprised you?
AST has always been a critical piece of the microbiological results, but through the emergence of rapid AST, the AST result itself has come under more scrutiny and we have realized that the strong interest for rapid AST has led to a renewed interest in AST in general and in what an accurate AST is. So, from a general point of view, interest in how we can all do better has increased.

What is the feedback you get from customers?
The feedback we get is very good. Customers and evaluation centers really value the performance of the technology, the ease of use and the limited footprint in the lab. The system is easily set up in the lab and fits seamlessly in the workflow. However, rapid AST could be a game changer as healthcare organizations are set up for much longer answering times than ASTar provides. One of their main questions is about driving change to materialize the advantage of rapid AST.

How can customers adjust?
We need to help them by practically reviewing the workflow of results. There must be good communication between stakeholders such as clinical doctors and microbiological labs. The clinical doctors of course want results as soon as possible, so they can de-escalate patients from the cocktail of antibiotics that are used. The earlier doctors can de-escalate, the better it is for the full community and for the patient. So, it is not only the lab, but the full medical community that must adapt to faster response times. We can be a catalyst link between these stakeholders. In this task, health economic studies will also be very useful. Innovation in the healthcare sector is seen in the lens of health economics and there always needs to be a cost benefit of new treatments and procedures being introduced.

How do you see the partnership with Q-linea developing?
We would love to get even closer in our partnership and to expand it, as we see so much opportunity. We are currently launching in Europe, with plans for launch in other regions to follow pending relevant regulatory approvals.

Romain Lecomte

Senior Director Global Clinical Product Marketing at Thermo Fisher Scientific

Our partnership with Thermo Fisher Scientific

Q-linea entered into an exclusive worldwide partnership with Thermo Fisher Scientific for the commercialisation of ASTar in 2020. 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 susceptibility determination, and they are working 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. By combining Thermo Fisher Scientific's long-standing experience and strength in the field with Q-linea's unique system for rapid, fully automated susceptibility determination, there is great potential to improve and expedite the diagnosis of patients with serious infectious diseases.

According to the agreement, Q-linea receives 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 manages all first-level service, and Q-linea is responsible for expertise in connection with more complex issues.

In March 2021, Q-linea announced that Thermo Fisher Scientific had placed its first binding prepaid order for ASTar and consumables at a value exceeding SEK 8 million. The order, which was placed even before the European clinical study was completed in order to be commercially ready, demonstrates Thermo Fisher Scientific's confidence in Q-linea. Both Thermo Fisher Scientific and Q-linea anticipate healthy growth for ASTar and are aiming for a long-term, successful and strong expansion after the initial controlled launch phase.

In June 2021, less than a month after ASTar received CE marking, the commercial evaluation of ASTar in Europe began with the first system installation by one of Thermo Fisher Scientific's customers.

Continuous innovation

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

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

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

Blood cultures | **Isolates** | **Urine samples** | **Lower respiratory tract 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.

Q-linea is working on several other revolutionary technologies. The Company's bacterial ID and AST technology for diagnosing sepsis can be combined into a fully automated system, **ASTrID®**, that provides both ID and susceptibility determination directly from whole blood, meaning a positive blood culture is not necessary. The ASTrID concept has been clinically proven in partnership with Örebro University Hospital.

Q-linea's AST technology enables

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

The world's first portable blood culture unit

Shortening lead times for blood cultures is vitally important when it comes to culture sensitivity and patient outcomes. Transportation of blood culture bottles is the main factor that delays the detection of bacterial pathogens in blood cultures[9]. Q-linea determined early on that the next major step to accelerate the time to treatment-supporting result is to shorten the time it takes for a blood culture to signal positive.

Utilising transport time increases the likelihood that the patient will receive a diagnostic result that supports the choice of treatment as soon as possible, thereby preventing their condition from deteriorating. Later studies have verified this problem and shown that even in cases where transport times are drastically improved, a significant share of patients treated at a central hospital with a laboratory experience a delay of more than three hours. For nearly all patients whose sample needs to be transported to the nearest central hospital, the delay is longer than six hours[10]. In other words, the greatest benefit for the patient can be achieved by shortening the transport time, rather than by further reducing the time for susceptibility determination.

Q-linea's technology makes use of time it takes to transport blood cultures by using its portable blood culture unit. This device makes it possible to provide results and treatment for all patients with blood infections in the fastest possible time, regardless of whether they live close to a large hospital or in a rural area and regardless of what time of the day and week they fall ill.

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

Q-linea's portable blood culture technology has been trademarked under the trademark Podler. While its Podler technology was under development, Q-linea had several extremely positive discussions with a number of major commercial firms that would be able to launch the product successfully. Q-linea's objective is to sign an agreement with one or more partners with the best prospects of commercialising the technology on favourable terms. Ultimately, Q-linea also expects that Podler will make it possible to offer advanced diagnostics in areas where microbiology analyses cannot currently be carried out by utilising the transport time for blood cultures, thereby enabling a result with a treatment recommendation within a clinically relevant time frame through services at central microbiology laboratories.

Footnotes – see References on page 88.

The clinical studies

ASTar has undergone clinical studies in both Europe and the US to demonstrate that its safety and efficacy. The results of the studies form part of the documentation for IVD approval for ASTar in each of these markets.

Europe

The pivotal study for Europe initiated in December 2020 comprised of approx 75 prospective patients samples and approximately 600 samples that were 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 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.

In May 2021, Q-linea announced that the Company had received CE-IVD marking for ASTar thanks to very good study results. Essential Agreement (EA) was 94.9%, Categorical Agreement (CA) 97.6% and overall reproducibility 99.6%. To achieve CE-IVD approval in Europe, EA and CA must exceed 90%. EA means giving the same result as the reference method on the concentration of antibiotics that kill or inhibit bacterial growth. CA means giving the same classification of the bacterium within one of three groups (S.I.R) with respect to susceptibility to antibiotics. In addition, the study results exceeded the previously announced interim results.

US

Q-linea's US clinical study of ASTar for 510(k) clearance began during the second quarter of 2021. The structure of the study follows the design of the European clinical study, and it focuses on susceptibility determination, known as AST, for gram-negative bacteria including fastidious bacteria directly from positive blood cultures.

The size of the US study is slightly larger than the European study, with an expanded analytical study according to the guidelines of the US Food and Drug Administration (FDA). Meanwhile, the FDA gave Q-linea the go-ahead to conduct the majority of the US study at Q-linea and parts of the reproducibility study at Swedish hospitals, which is naturally a very positive development. The study at Q-linea was initiated with analytical and retrospective spike-in samples during the second quarter. In October 2021, Q-linea announced that the reproducibility phase of the study was beginning at two Swedish hospitals and at Q-linea.

The study entered the final phase in December 2021 when the first patient samples were included in the final prospective part of the study, which includes up to 150 prospective patient samples from each of the three hospitals in the study where ASTar is installed.

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

Health economics is an important parameter when commercialising a product

Tiziana Di Martino is Q-linea's Chief Medical Officer. She developed the Company's clinical strategy, including health economics studies (HEOR).

Tiziana Di Martino looks forward to the launch of the interesting new products Q-linea is working on.

You head up the health economics studies. Why are they important?

Health economics studies are important for demonstrating ASTar's advantages for patients, the microbiology laboratory and the entire hospital. The healthcare sector often faces resource allocation challenges, and in order to formalise the decision-making process they perform economic evaluations where they look at the costs and advantages that come with each option. Decision-makers use evidence from health economics studies to provide specific recommendations for reimbursement and pricing, and to define best clinical practices. All in all, health economics is an extremely important parameter when commercialising a product.

Can you describe the studies?

We are conducting two health economics studies in 2022. The first study is a multi-centre project involving four Italian hospitals, including a paediatric hospital. The study population is made up of intensive care patients with bacteria in their bloodstreams. This study investigates the effect of using ASTar: how the system affects the time it takes to reach the final antibiotic treatment as well as the length of the hospital stay in both the ward and the intensive-care unit. The second health economics evaluation will involve three central European hospitals. It will focus on the advantages of using results from ASTar for emergency ward patients. We are still defining the study protocol with the investigators, and we plan to begin in the end of 2022.

What do you hope to demonstrate?

We hope we will be able to demonstrate that ASTar enables physicians to administer optimal antibiotic treatment at least one day earlier when compared with traditional laboratory methods. This will be advantageous for patients, since narrow-spectrum treatment can begin earlier while avoiding the long-term use of broad-spectrum antibiotics. Moreover, results from ASTar can enable physicians to control the infection more rapidly. In these cases, patients can be moved earlier from the intensive care unit to a less expensive ward, and/or be discharged from the hospital earlier. Where there is a high bed occupancy rate, reducing the hospital stay can make a significant difference in keeping a clinic running smoothly and allocating resources wisely.

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[11)]

~ 40%

Up to 40% lower mortality[12)]

25%

Up to 25% reduction in C. difficile infections caused by broad-spectrum antibiotic treatment[13)]

When will the studies be completed?

Health economics evaluations are time-consuming, since they consist of two phases. The first phase is purely clinical, where patient samples are analysed in ASTar and data is collected. The second phase is the health economics analysis. The duration of the phases can vary depending on the project's complexity and the number of centres involved. For example, the Italian study is expected to take about a year in total.

You've been with Q-linea for about three years now, but you've had a long career as a clinician. What attracted you to the Company?

ASTar was an important factor in my decision. It combines several strengths that make it stand out from other rapid AST systems. As a clinician, I value two of these strengths in particular. The first is the accuracy of results, which ASTar achieves by providing MIC results through broth dilution with a controlled inoculum. ASTar's second asset is its comprehensive panel. The first commercially available consumable, the ASTar BC G- Kit, has a panel containing a large number of antibiotics in many different concentrations to use for the most clinically relevant gram-negative bacteria, including fastidious bacteria, which can cause bacteraemia and sepsis. The panel consists of both new and old antibiotics, such as colistin, at broad concentration intervals. The panel's layout enables the physician to initiate optimal antibiotic treatment early on, even when treatment alternatives are limited.

Footnotes—see References on page 88.

What else attracted you to Q-linea?

In addition to the enormous value that I saw in ASTar, I was attracted by the team spirit that I noticed even at my very first meetings with my future colleagues. Everyone at Q-linea is enthusiastic about what they're doing, we enjoy working together and we enjoy collaborating with customers to create the best possible solutions for patients. Everyone feels that they are doing something important to preserve antibiotics for future generations. You can really see the energy and pride at Q-linea.

Aside from developing the clinical study strategy, what else have you been working on during your three years at Q-linea?

Above all, I developed the Clinical Value department from the ground up. Today, the department consists of four teams responsible for regulatory studies, health economics studies, medical communication and clinical issues. In addition, I've worked with my marketing and research colleagues to provide input on the panel design and help prioritise which additional antibiotics will be included.

What do you look forward to in the years to come?

Thanks to our commercial partnership with Thermo Fisher Scientific, I look forward to many hospitals in multiple geographic regions being able to benefit from ASTar. Clinical usage of ASTar has the potential to improve patient outcomes and reduce the unnecessary or suboptimal use of antibiotics, keeping them effective for future generations. In addition, I look forward to the launch of the interesting new products we are working on.

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

Some objectives require investments, while others can be fulfilled within the existing organisation. One important objective is for the Company to pursue ISO 14001 certification, which is a time-consuming process. Certification itself is not expected until 2024. Another objective for Q-linea's governance is better documentation of the Company's sub-suppliers. Accordingly, a project to expand the Company's documentation and inspection of sub-suppliers from additional perspectives beyond pure quality aspects was initiated in 2021. This project will be ramped up in 2022.

Environment

The environment is one of three areas where Q-linea concentrated its sustainability efforts in 2021. 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

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

- ✔ Engage in safe, resource-efficient and environmentally friendly production and development.
- ✔ Use natural resources effectively. Q-linea currently purchases green electricity, meaning electricity that comes from renewable energy sources. The Company is also investigating whether it can purchase green electricity that is also eco-labelled, and take the next step to green electricity that is eco-labelled and has carbon offsets.
- ✔ Lower energy consumption and emission of greenhouse gases in every part of the organisation, both during development and manufacturing of components and during future use of the systems.
- ✔ Consider environmental criteria when selecting suppliers.

The product

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

Fighting antibiotic resistance promotes sustainability

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

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

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

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

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

to prevent the release of the antibiotics into the environment. However, Q-linea is evaluating alternatives.

Transports

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

Travel

Q-linea shall consider environmental criteria when selecting suppliers, and seek to communicate digitally while continuously evaluating various environmentally friendly travel alternatives. Digital communication became a necessity in 2021, and internal training was provided to all employees during the year in order to facilitate more effective management of digital channels and communication. In 2022, Q-linea will provide company bicycles at the production facility on Palmbladsgatan and at the head office on Dag Hammarskjölds väg in Uppsala.

Social responsibility

Social responsibility is one of three areas where Q-linea concentrated its sustainability efforts in 2021. 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 and be an attractive employer for current and future employees. Q-linea continued hiring at a rapid pace in 2021 and was able to fill its vacant positions satisfactorily. Average staff turnover (people who left their positions) has been 4% in recent years. Eight people chose to leave their positions in 2021, corresponding to 6.7% of the average number of employees during the year.
- ✔ Support diversity.
- ✔ Offer environmental training courses when relevant.

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-spectrum treatment that risks being ineffective for the patient.

The Uppsala:2030 network

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

Using Uppsala:2030 as a starting point, Q-linea intends to increase the depth and structure of its sustainability agenda and is eager to get the entire Company involved, which will increase its impact. Therefore, Q-linea has initiated an employee-driven sustainability agenda where all departments at the Company identify goals that they can pursue in their part of the operation. These goals pertain to such areas as reduced environmental impact, work environment, procurement, production, development and internal approaches to work. By December 2021, 45 goals had been identified, such as separating infection protection grade 2 rubbish in the microbiology lab, charging options for electric cars at the production facility and joining REPA, an industry partnership for the recycling of packaging materials. 22 of these initiatives have begun and 11 have been completed.

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.

Social responsibility is one of three areas where Q-linea concentrated its sustainability efforts in 2021.
Q-linea's philosophy is that all employees are equally valuable and should have the same opportunities regardless of their background and individual differences.

The 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 3,338 million (4,647). The share is listed in the Mid Cap segment and the Company is classified as a healthcare company. The listing enables the Company to execute its long-term strategy by broadening its ownership base, thereby contributing to increased awareness of the Company and its operations and creating access to the Swedish and international capital markets.

Share capital and number of shares

The Company's share capital at year-end amounted to SEK 1,476,897.35 (1,366,897.35), distributed between 29,537,947 (27,337,947) shares. Of the total of 29,537,847 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.

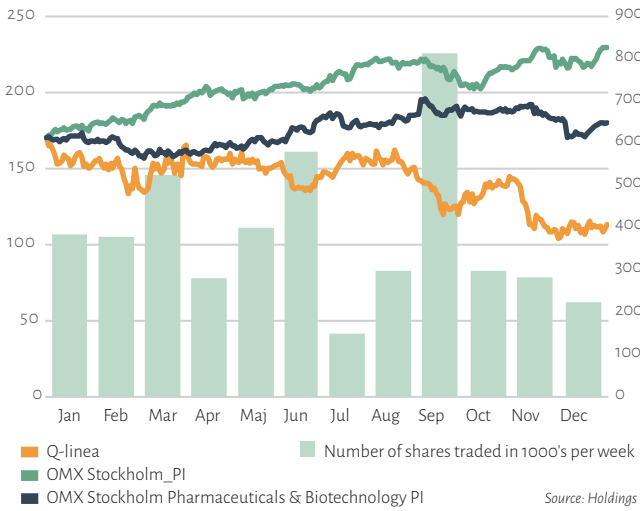
Share capital trend

	Number of shares, thousand	Share capital, SEK thousand
Opening balance at 1 January 2020	**23,235**	**1,162**
New share issue	103	5
New share issue	4,000	200
Closing balance at 31 December 2020	**27,338**	**1,367**
New share issue	2,200	110
Closing balance at 31 December 2021	**29,538**	**1,477**

Share turnover

In 2021, a total of 4.6 million (8.3) shares were traded at a value of SEK 652 million (889). An average of 18,193 (32,924) Q-linea shares were traded each day.

Share price trend and turnover



Shareholder information

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

Shareholders at 31 December 2021[1)]

	Number of shares	Number of shares and votes
Nexttobe AB	9,894,957	33.50%
Swedbank Robur Fonder	2,821,960	9.55%
Fourth Swedish National Pension Fund	2,391,536	8.10%
Investment AB Öresund	2,234,000	7.56%
Handelsbanken Fonder	986,662	3.34%
Avanza Pension	957,051	3.24%
Third Swedish National Pension Fund	919,500	3.11%
Futur Pension	622,841	2.11%
The Confederation of Swedish Enterprise	600,000	2.03%
Mats Nilsson	497,320	1.68%
Ulf Landegren	461,580	1.56%
Skandia Fonder	328,926	1.11%
Q-linea AB	328,472	1.11%
SEB-Stiftelsen	322,000	1.09%
Second Swedish National Pension Fund	308,743	1.05%
Delphi Fondsforvaltning AS	308,270	1.04%
Aktie-Ansvar Fonder	300,000	1.02%
Lancelot Asset Management AB	300,000	1.02%
AXA	290,000	0.98%
Jonas Jarvius	281,857	0.95%
Holdings, 20 largest shareholders	**25,155,675**	**85.16%**
Other shareholders	4,382,272	14.84%
Total number of shares	**29,537,947**	**100%**

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

Source: Monitor

Financial objectives

During the launch period in the European market and until the launch of ASTar in the US market, Q-linea's objective will be for the Company to be in a strong financial position in order to ensure that the launch, product development programme and expansion of production can proceed according to plan. Q-linea's sales figures are currently attributable primarily to income from sales of ASTar and consumables in Europe. Q-linea will continue to focus on further developing ASTar and related applications as well as supporting the launch of ASTar. Q-linea will also allocate resources for expanding its project portfolio, primarily through development of the Company's Podler portable blood culture technology.

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 2021, Q-linea has three share-based incentive programs, one of the type Performance share-based incentive program (LTIP 2019) and two Employee stock option programs. One performance-based incentive programme (LTIP 2018) ended during the year and the performance share rights expired. These programmes are described in detail in the Corporate Governance Report, in the section "Share-based incentive programmes" on pages 53-54 as well as in Note 9.

Analysts

These analysts regularly follow Q-linea's performance:

ABG Sundal Collier

- Adam Karlsson: adam.karlsson@abgsc.se

Carnegie Investment Bank AB

- Ulrik Trattner: ulrik.trattner@carnegie.se
- Erik Hultgård: erik.hultgard@carnegie.se
- Kristofer Liljeberg: kristofer.liljeberg@carnegie.se

Kempen & Co

- Alex Cogut: alex.cogut@kempen.com

Redeye

- Johan Unnerus: johan.unnerus@redeye.se

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 2021 financial year. All figures pertain to 2021 and are compared with the 2020 financial year, unless otherwise stated.

Operations

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

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

In 2021, Q-linea strengthened its commercial organisation by adding resources in sales, marketing, customer service and support. The Company also began preparing for an expansion of its operations to other geographic areas.

Q-linea was founded in 2008 by scientists from the Rudbeck Laboratory at Uppsala University, together with Olink AB and Uppsala University's holding company, UUAB. Today, Q-linea is an interdisciplinary, highly motivated team that operates out of state-of-the-art, customised facilities in Uppsala Science Park.

Significant events during the financial year

In February, Q-linea AB announced that the Company had received the first order for ASTar, valued at over SEK 8 million, from the Company's global sales partner Thermo Fisher Scientific. The order included a pre-payment for a binding order for the next six months.

Q-linea presented very good interim results from the pivotal European trial for the antibiotic susceptibility system ASTar. In the second quarter, the Company announced that it had achieved CE-IVD approval for ASTar with very good study results. This approval will enable the Company to commercialise ASTar in Europe together with its partner Thermo Fisher Scientific. The commercial evaluation of the fully automated ASTar instrument and related consumables began in June, about a month after approval. In the fourth quarter, the Company announced that its partner Thermo Fisher Scientific was officially launching ASTar for the European market. Q-linea, which according to the partnership agreement has the right to co-market ASTar in the Swedish market, also announced that it had signed the first commercial evaluation contract for ASTar with a Swedish regional hospital.

The Company announced that it had started a clinical study with ASTar for US 510(k) market approval. As part of its preparations for the study, the Company contracted Thermo Fisher Scientific as the first site to participate in the US clinical study. The Company commenced the reproducibility phase of the clinical study for ASTar market approval in the US, which focuses on evaluating the ability to report the same response each time a sample is analysed. In December, the Company announced that the first patients had been enrolled in the US clinical study for ASTar. After the end of the financial year, the Company announced that it had begun preparing for FDA regulatory submission in the form of a 510(k) application.

At the Annual General Meeting in May 2021, in addition to the customary matters addressed, the Meeting resolved to re-elect directors Erika Kjellberg Eriksson, Mats Nilsson Bernitz, Ulf Landegren, Marcus Storch, Marianne Hansson, Per-Olof Wallström, Hans Johansson and Mario Gualano. Erika Kjellberg Eriksson was re-elected Chairperson of the Board. The Board of Directors was authorised to introduce an employee share option programme ("Employee share option programme 2021/2024") for the Company's employees who were not encompassed by previous incentive programmes in the Company. The Board was also authorised to decide to increase the Company's share capital by a maximum of SEK 273,379.45 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. Issues in accordance with this authorisation are to be on market terms. The registered accounting firm Öhrlings PricewaterhouseCoopers AB was appointed as auditor. Authorised Public Accountant Lars Kylberg is Auditor-in-Charge.

In early June, Q-linea's Board of Directors decided, based on the issue authorisation from the Annual General Meeting

on 25 May 2021, to carry out a directed issue of 2,200,000 shares at a subscription price of SEK 137 per share, thereby raising gross proceeds of SEK 301 million for the Company. The subscription price of SEK 137 per share corresponded to a discount of approximately 5.8% in relation to the closing price on Nasdaq Stockholm on 10 June 2021. 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:

- funding of the final stages of the commercial launch of ASTar together with the Company's global sales partner; including a ramp-up and increased preparedness to meet higher than initially expected sales volumes, as its global sales partner increases the number of internal applications and sales personnel for their joint conceptual launch;
- acceleration of the development of ASTar additional assays, including urine and isolates, as well as acceleration of the development of the Company's portable blood culture technology product, in preparation for the start of clinical studies in 2022;
- enhancement of the Company's financial flexibility to pursue additional commercialisation activities and geographical expansion; and
- the Company's operating activities.

The directed issue resulted in a dilutive effect of approximately 7% 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 2,200,000 from 27,337,947 till 29,537,947. The share capital increased by SEK 110,000.00 from SEK 1,366,897.35 to SEK 1,476,897.35. In conjunction with the issue, Jonas Jarvius, President of Q-linea, sold 95,000 shares in the Company to the Company's largest shareholder Nexttobe AB. Jonas Jarvius retained approximately 75% of his existing fully diluted holding.

ABG Sundal Collier, Carnegie Investment Bank and Kempen & Co were Joint Bookrunners in connection with the directed issue. Advokatfirman Lindahl was legal adviser to the Company and White & Case Advokatbyrå was legal advisor to the Joint Bookrunners in connection with the directed issue.

Significant events after the end of the financial year

After the end of the financial year, the Company announced that the antibiotic panel in ASTar was being expanded to offer even broader results. The panel now covers 222 combinations of antibiotics and bacteria in order to offer even broader results, increasing the benefit to patients and reducing the need for resources.

In April 2022, the Company announced that ASTar has received a breakthrough device designation by the U.S. Food and Drug Administration (FDA). This categorization can be assigned to products that are considered to provide a more effective treatment of severe disease states, where there is no comparable equivalent on the market. The categorization is intended to expedite the regulatory review of medical devices so that patients receive faster access to new treatment options.

Research and development

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

The most important sub-target achieved in the Company's product development was the receipt of regulatory approval for the Company's first product in May. CE-IVD approval of ASTar and the Company's related consumables means that AST of positive blood cultures for gram-negative bacteria can now be used to diagnose patients in all countries that recognise CE-IVD approval. At the time of its launch, ASTar's panel featured the most comprehensive AST in the market in terms of the number of antibiotics and concentration intervals, allowing numerous patients to receive informative results that can be used as a basis for treatment. The development of the panel continued during the year and, after the end of the period, the Company announced that 18 additional combinations of bacteria/antibiotics had been added to the panel,

which subsequently covers a total of 222 combinations. During the summer, the Company's commercial partner Thermo Fisher Scientific initiated a comprehensive evaluation of several hospitals in Europe. The evaluation was supported by Q-linea and delivered excellent results. Of the approximately 500 samples analysed, ASTar could provide results for 98.7% of all gram-negative bacteria included. This exceeded the target established by the Company of providing results for over 95%. The clinical results were also higher than the results from the CE-IVD study and showed essential agreement (EA) of 96.6%.

The Company also presented the possibility of ASTar being able to deliver results for a large share of the antibiotics included in the panel in order to show whether a bacterium is resistant to initial treatment. Market studies were initiated to assess the value for the laboratory and patient, which will form the basis for determining whether this functionality will be included in ASTar in the future.

The Company also made major progress in the development of its next intended product, a portable blood culture system that was trademarked under the trademark Podler. The aim of Podler is to be able to offer faster results for all patients with positive blood cultures. Podler makes it possible to begin testing for the presence of bacteria in the blood immediately after a sample is taken from the patient. Today, most of these samples have to be transported to a central laboratory, resulting in long lead times – often more than ten hours. Podler can use the entire transport time for analysis, thereby significantly shortening the time it takes to show the presence of bacteria in the blood and thus the time to correct patient treatment. The technology underwent rapid development during the year, and the Company was able to demonstrate the results in fully functioning prototypes successfully tested against a large number of bacteria. Negotiations with potential manufacturing partners were initiated towards the end of the year.

At the end of 2021, Q-linea's IP portfolio comprised 17 different patent families and five registered design families, with a total of 154 patent applications and registered designs in various geographies. In total, at the end of 2021, Q-linea had 66 patents granted in various geographies, of which 26 were granted in 2021. The patents granted comprise those that describe aspects of ASTar as well as patents that relate to potential future products such as a portable blood culture system.

Production and supply chain

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

The following significant events and sub-targets were achieved in 2021:

- The production process and other processes for consumables and instruments were verified.
- Production capacity was increased significantly to meet anticipated demand.

Multi-year overview

Amounts in SEK thousand	2021	2020	2019	2018	2017
Earnings					
Net sales	9,335	243	1,005	1,066	1,500
Operating result (EBIT)	-233,550	-221,543	-179,115	-127,366	-67,869
EBITDA	-226,238	-215,442	-174,988	-124,329	-66,149

	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Financial position					
Total assets	466,633	412,233	374,407	539,068	18,397
Cash and cash equivalents, short-term and long-term investments	347,801	331,256	327,456	504,438	6,588
Equity	430,788	380,197	340,994	513,458	1,511
Equity/assets ratio, %	92	92	91	95	8
Debt/equity ratio, %	-81	-87	-96	-98	-237

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.

- Shelf-life studies for the consumables exceeded 12 months of shelf life in 2021. The Company expanded the studies to evaluate whether the shelf life could be further extended in 2022.
- The Company's activities were reviewed both internally and externally through Tüv Süd in relation to ISO 13485, with positive results and few deviations.

Commercialisation

The most important step in 2021 was the achievement of CE-IVD certification of ASTar and the Company's related consumables for the analysis of gram-negative pathogens in positive blood cultures in May 2021. The first customer evaluations were carried out in the summer together with Thermo Fisher Scientific. After a highly positive response from users, Thermo Fisher Scientific officially launched ASTar and the ASTar Kit in Europe in October.

In Sweden, where Q-linea sells ASTar directly, the Company was in contact with several interested hospitals and conducted its first commercial evaluations. During the second half of 2021, Q-linea initiated the clinical trials for 510(k) approval, which will allow the Company to make the product available in the US.

In 2021, the Company had limited opportunities to meet with customers at hospitals and conferences due to the COVID-19 pandemic. One of the few meetings that took place was RICAI in Paris in December, where visitors showed considerable interest.

Income, expenses and earnings

Net sales for the full year totalled SEK 9,335 thousand (243), up SEK 9,092 thousand. The increase in sales was mainly attributable to the Company's sales of ASTar instruments and associated consumables.

Other operating income for the full year amounted to SEK 450 thousand (911), down SEK 461 thousand primarily due to the Company's sale of raw materials to a sub-supplier in the comparative year.

Changes in inventories of products in progress, semi-finished goods and finished goods amounted to SEK 2,165 thousand (5,330) during the year, mainly due to the gradual accumulation of inventory prior to the launch of the Company's products in Europe.

Costs for raw materials and consumables as well as goods for resale for the year totalled SEK 36,529 thousand (37,592). The Company recognised an impairment of goods for resale and finished goods that amounted to SEK -4,734 thousand (0) during the year.

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

Other external costs totalled SEK 90,765 thousand (89,409), up SEK 1,356 thousand. This change was largely attributable to higher costs for software and external consultancy services compared with the preceding year.

Personnel costs totalled SEK 110,512 thousand (94,576), an increase of SEK 15,936 thousand compared with the preceding year, mainly attributable to an increase in the average number of employees in product development, clinical development, production and customer service. Toward the end of the year, the performance share-based programme LTIP 2018 expired, since it was decided that the performance targets had not been met. Personnel costs that had been reserved in earlier years since the programme began and were reversed amounted to SEK 10,823 thousand including social security contributions.

Depreciation, amortisation and impairment of tangible and intangible assets amounted to SEK 7,311 thousand (6,101) for the full year. This increase is mainly attributable to amortisation of investments in production equipment and other equipment in the building.

Other operating expenses amounted to SEK 383 thousand (349) for the year and largely pertained to exchange-rate losses and scrapping of non-current assets.

The operating result totalled SEK -233,550 thousand (-221,543) 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 2,307 thousand (2,887) for the full year and were mainly attributable to coupon rates 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 2021 or 2020.

The result for the year totalled SEK -231,242 thousand (-218,655).

Financial position

Cash and cash equivalents at the end of the financial year totalled SEK 15,089 thousand (10,144).

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 with a diversified maturity at both variable and fixed interest rates. Toward the end of the

year, the credit rating of the bonds deteriorated somewhat, resulting in a higher credit reserve.

At the end of the year, the Company's short-term investments amounted to SEK 150,945 thousand (296,748), consisting of fixed-income funds and the short-term component of listed corporate bonds. The fixed-income funds consist of low-risk securities and other interest-rate instruments that were recognised at cost in an amount of SEK 91,245 thousand (165,749) at the end of the year. The fair value of the fixed-income funds totalled SEK 91,295 thousand (166,745) on the balance sheet date (level 1 in the fair value hierarchy).

The Company's short-term component of the listed corporate bonds was recognised at cost in an amount of SEK 59,700 thousand (130,999) on the balance sheet date. The value includes accrued coupon rates of SEK 150 thousand (324). The fair value of the bonds amounted to SEK 59,427 thousand.

Financial assets totalled SEK 184,815 thousand (27,411) on the balance sheet date, an increase of SEK 157,404 thousand. The change is attributable to the Company having invested issue proceeds from the second quarter in listed corporate bonds and having sold bonds amounting to SEK 5,150 thousand (16,013). The remaining amount is attributable to changes in accrued interest and credit reserve.

The Company's financial assets primarily comprise listed corporate bonds in several sectors with a diversified maturity structure with high credit ratings.

The Company's total value of listed corporate bonds amounted to SEK 181,768 thousand (24,364). These are recognised at amortised cost and include a credit reserve of SEK 215 thousand (63). During the year, the credit rating of the bonds deteriorated somewhat, resulting in a higher credit reserve. The Company tests for impairment on each recognition date using data from S&P and Moody's.

Other long-term financial assets also comprise participations in EMPE Diagnostics AB amounting to SEK 2,997 thousand (2,997) at the end of the year.

At the end of the year, equity amounted to SEK 430,788 thousand (380,197), the equity/assets ratio to 92% (92) and the debt/equity ratio to -81% (-87).

As of 31 December 2021, the Company had access to cash and cash equivalents, short-term investments including short-term components of other securities held as non-current assets and long-term listed corporate bonds totalling SEK 347,802 thousand (331,256). The Board's assessment is that the existing working capital, as of 31 December 2021, is sufficient to cover the Company's needs for at least the next 12 months.

Cash flow and investments

Cash flow from operating activities amounted to SEK -255,050 thousand (-237,305) for the full year. The increased cash outflow during the year is primarily attributable to the change in operating result and a certain increase in working capital. Changes in working capital amounted to SEK -29,833 thousand (-28,922) for the full year.

Cash flow from investing activities totalled SEK -23,819 thousand (-32,295) for the year. Investing activities refers to investments in tangible assets, primarily service facilities and production equipment, which amounted to SEK -11,971 thousand (-13,228). The decrease in investments in tangible assets of SEK -1,257 thousand during the year was mainly due to purchases for the new production premises, which were largely completed in 2020 and charged to the comparative year.

During the year, the Company invested SEK 176,134 thousand (185,000) in short-term investments, of which SEK 160,000 thousand (185,000) was invested in interest-bearing funds and SEK 16,135 thousand (0) in short-term listed bonds.

The Company also divested short-term investments totalling SEK 363,231 thousand (200,046). Sales of fixed-income funds are continuously carried out on a monthly basis to cover overhead expenses since the Company does not generate a positive cash flow.

The Company invested SEK 204,095 thousand (50,127) in financial assets during the year. The Company only invests in listed bonds that have the highest rating from S&P and Moody's. In addition, the Company divested financial assets valued at SEK 5,150 thousand (16,013).

Cash flow from financing activities totalled SEK 283,814 thousand (253,777) for the full year. The positive cash flow from financing activities in 2021 is attributable to the directed issue that was completed in June, raising gross proceeds for the Company of SEK 301,400 thousand (270,000). Issue costs totalled SEK -17,335 thousand (-15,845).

Repayments to credit institutions amounted to SEK -252 thousand (-378) during the year. The remaining loan has a repayment plan that is shorter than 12 months.

Financing

To provide the Company with sufficient liquidity to continue operating and developing according to its strategic plan, the Company carried out a directed issue during the second quarter of 2021. This issue raised gross proceeds for the Company of SEK 301,400 thousand. As of 31 December 2021, the Company had access to cash and cash equivalents of SEK 15,089 thousand (10,144), short-term investments including short-term components of other securities held as non-current assets of SEK 150,945 thousand (296,748) and long-term listed corporate bonds of SEK 181,768 thousand (24,364), totalling SEK 347,802 thousand (331,256).

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 136 (107) employees at year-end, 59 (43) of whom are women. The number of consultants at year-end was 37 (33), 12 (8) of whom are women. The average number of employees during the financial year was 120 (89).

Total salaries, remuneration and social security contributions amounted to SEK 110,512 thousand (76,057). Reversed personnel costs for LTIP 2018, which expired during the year and had been reserved in previous years, amounted to SEK 10,823 thousand including social security contributions. 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 34–35.

As of 31 December 2021, the Company had 29,537,947 shares, of which 328,472 were treasury shares. For more information, refer to the section "Corporate Governance Report" and pages 46–55.

Future development

Q-linea now has the first ASTar product approved for sales in Europe. During the year, the Company registered the first customer order from, and sale to, its sales partner Thermo Fisher Scientific. However, the Company is yet to generate any positive cash flow. During the second quarter, the Company carried out a directed issue amounting to SEK 301.4 million (270) before issue costs. Based on the proceeds generated for the Company, the Board deems the existing working capital, as of 31 December 2021, to be sufficient to cover the Company's needs over at least the next 12 months.

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. As part of its sustainability efforts, Q-linea participates, for example, in the Uppsala:2030 network, a local programme that helps companies define their sustainability goals and then make them actionable.

In 2021, Q-linea reviewed the Company in the three areas of environment, social responsibility and governance. The review was conducted by an interdepartmental group. First, the project's procedures and level of ambition were defined, and during the summer a gap analysis was performed that resulted in several objectives for 2022–2024.

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

Significant risk factors

Risk management is carried out by company management in consultation with the President and Board of Directors in accordance with the guidelines established by the Board. The risk function includes the identification, evaluation and hedging of financial risks. Effective risk assessments help to align Q-linea's business opportunities and earnings with the requirements of the shareholders and other stakeholders with respect to stable, long-term value growth and control. The Company's financial risks and risk management are described in Note 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 now has the first ASTar product approved for sales in Europe. However, the Company is yet to generate any positive cash flow. The Board's assessment is that the existing working capital, as of 31 December 2021, 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's 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), while FDA approval is required in the US market.

The new In Vitro Diagnostics Regulation (IVDR) will take effect in Europe in 2022 and will introduce significantly expanded regulatory requirements for diagnostic medical devices. IVDR will take effect on 26 May 2022 for the ASTar instrument and in 2026 for the Company's consumables. Since IVDR is also new for the regulatory authorities, 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. ISO 13485 certification was successfully carried out during the year, and the Company was deemed to meet the ISO 13485 standard.

The Company also intends to use Tüv Süd 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 a significant adverse impact on the Company's operations, financial position and results.

Even after market approval has been obtained, the approved medical devices are continuously evaluated by the Company and the relevant authorities and there is a risk that an approved product may be recalled from the market by regulatory authorities or upon the Company's initiative, for example, for safety reasons, defects in the design or manufacture or defective components. Recalls or other follow-up actions (such as repair of instruments or communications to relevant healthcare personnel) may 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 the Company's products becoming outdated. Competitors, some of whom have considerable financial and other resources, could overtake the Company in terms of developing products and obtaining official approval, or succeed in developing a product that is more effective and more financially viable. Moreover, the development of products must satisfy clinical praxis and meet patient expectations. There is thus a risk that the Company will be unable to sustain its position in the face of competition. If competing products were to gain market shares or reach the market faster than Q-linea's products, the future value of Q-linea's product and project portfolio could be lower than originally expected.

Lack of market acceptance

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

Market acceptance of the Company's current and future products by physicians, hospitals, laboratories, healthcare payers and patients will depend on a number of factors that in many cases are beyond the Company's control, including: the clinical indications for which each product is approved, acceptance by physicians, hospitals, laboratories and healthcare payers that the product comprises a safe and effective analysis method, relative user-friendliness, simple administration and other perceived benefits compared with competing analysis

methods, the cost of the product and its use in relation to alternative products, the extent to which the product has been approved for procurement by hospital laboratories, whether the product, in accordance with guidelines, has been named as a preferred method for the establishment of treatment preparations for the relevant diagnosis, and restrictions and warnings that are found on the product's approved labelling.

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

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

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

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

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

Furthermore, the Company's efforts to train and make healthcare providers aware of the benefits of the products in comparison with other technologies and processes could fail. Insufficient measures in this regard could lead to the incorrect use of the products, which in turn, could result in unsatisfactory results for patients, injury to patients, incorrect treatment (which could impact price and reimbursement levels), negative publicity and/or legal action. Negative media reporting may prevent broad acceptance of the products, which increases the risk of unexpected results in the market. A lack of market acceptance from laboratories and other relevant healthcare players could impact the Company's reputation and general demand for the Company's products and hinder the commercial success of the current and future products.

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

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 of the ongoing pandemic on the Company's operations. We have now begun to see light in the tunnel in the wake of the pandemic, and many of Q-linea's employees began to return to working at the office towards the end of the year. At the same time, we are analysing which positive aspects of working from home we can take with us as we create a new way of working in the future. It is not currently possible to estimate the extent to which Q-linea's operations could be affected given that certain areas are under constant change. We have noted positive effects, but also have a certain degree of uncertainty in the following significant areas, which 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. The possibility to visit hospitals during the study, given that this could be limited during certain periods and in certain regions.
- Delays in commercialisation if customers are less available as a result of the pandemic.
- Expense levels and financing strategy.
- Shortage of components that are necessary for the ASTar instrument, which could also apply for consumables.

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

The situation in Ukraine

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

At present, the assessment of management and the Board of Directors is that:

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

Q-linea is following the events closely.

Proposed appropriation of unrestricted equity

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

	SEK
Share premium reserve	1,234,971,886
Retained earnings	-574,418,763
Result for the year	-231,242,337
Total	**429,310,786**

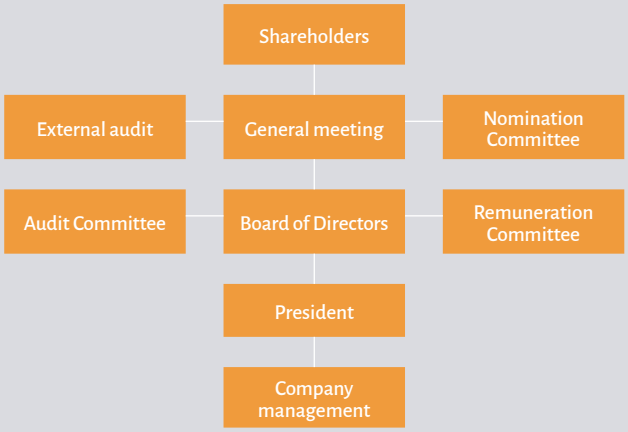
The Board proposes that profit be appropriated as follows: SEK 429,310,786 to be carried forward. The Board proposes to the Annual General Meeting that no dividend be paid for 2021. For more information concerning the Company's earnings and financial position, refer to the following income statement and balance sheet as well as the statement of comprehensive income and related notes.

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

Corporate Governance Report

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

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



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

Q-linea has applied the Code since 7 December 2018, and has undertaken to follow corporate governance best practices wherever possible. The Company did not deviate from any of the rules stipulated in the Code in 2021. 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 2021 amounted to SEK 1,476,897.35, distributed between 29,537,947 ordinary shares. The shares' quotient value is SEK 0.05. Of these 29,537,947 shares, 328,472 are treasury shares held by the Company. As of 31 December 2021, Nexttobe AB was the only shareholder whose holding in Q-linea represented at least one tenth of the voting rights for all shares in the Company. Nexttobe AB accounted for 33.50% (35.85) of the shares and votes in the Company at year-end and the Company's 20 largest owners are presented in the section "The Q-linea share" on pages 34–35.

General meeting of shareholders

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

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

The Annual General Meeting is held annually within six months of the end of the financial year. The Chairperson of the Annual General Meeting is to be nominated by the Nomination Committee and elected by the Meeting. The business of the Annual General Meeting includes election of the Company's directors and auditors, adoption of the Company's balance sheet and income statement, resolving on allocations of the Company's profit or loss in accordance with the adopted balance sheet, and resolving on whether the directors and the President should be discharged from liability. The Annual General Meeting also resolves on the fees payable to the Board, committee members 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.

2021 Annual General Meeting

In addition to standard matters, the following resolutions were passed at the Annual General Meeting on 25 May 2021:

- To re-elect directors Erika Kjellberg Eriksson, Mats Nilsson, Marianne Hansson, Marcus Storch, Per-Olof Wallström, Hans Johansson and Mario Gualano. Erika Kjellberg Eriksson was re-elected as Board Chairperson.
- To appoint the registered accounting firm Öhrling PricewaterhouseCoopers AB as auditor.
- To introduce an employee share option programme ("Employee share option programme 2021/2024") 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 273,379.45. 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.

2022 Annual General Meeting

Q-linea's 2022 Annual General Meeting will be held at 4:00 p.m. on 24 May 2022. The meeting is currently planned to be held at Hubben Konferens (Uppsala Science Park Room 3+4), Dag Hammarskjölds väg 38 in Uppsala, Sweden, while taking into consideration applicable restrictions due to COVID-19. The general meeting may be held through postal voting instead if the pandemic continues and permission to hold general meetings through postal voting is consequently extended, and if doing so is considered appropriate. 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 5 April 2022.

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

Nomination Committee

The Nomination Committee's duties include the preparation and drafting of proposals for the election of directors, the Board's Chairperson, the general meeting's Chairperson and auditors. The Nomination Committee is also to recommend the fees payable to directors and auditors. On 25 May 2021, 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 2021, 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 2023 Annual General Meeting.

Ahead of the 2022 Annual General Meeting and until a new Nomination Committee is appointed, the Company's Nomination Committee consists of Erika Kjellberg Eriksson (Nexttobe AB), Ulrik Grönvall (Swedbank Robur Fonder) and Öystein Engebretsen (Investment AB Öresund). Öystein Engebretsen is Chairperson of the Nomination Committee.

Shareholders who wish to contact the Nomination Committee may do so in writing at: Nomination Committee, Q-linea AB, Dag Hammarskjölds väg 52A, SE-752 37 Uppsala, Sweden or by e-mail at: contact@qlinea.com.

Board of Directors

Duties of the Board of Directors

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

Composition of the Board

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

Work of the Board

			Independent in relation to		Attendance (total number of meetings)		
Name	Position	Director since	The Company and management	Major shareholders	Board meetings	Audit Committee	Remuneration Committee
Erika Kjellberg Eriksson	Chairperson	Director since 2012, Chairperson since 2018	Yes	No	10(10)	5(5)	7(7)
Mario Gualano	Director	Director since 2020	Yes	Yes	9(10)		
Mats Nilsson	Director	Director since 2008, Chairperson 2008–2013	No	Yes	10(10)		
Marcus Storch	Director	Director since 2018	Yes	Yes	10(10)		
Marianne Hansson	Director	Director since 2018	Yes	Yes	10(10)	5(5)	7(7)
Per Olof Wallström	Director	Director since 2018	Yes	No	10(10)	5(5)	
Hans Johansson	Director	Director since 2018	Yes	Yes	10(10)		
Total number of Board and Committee meetings					**10**	**5**	**7**

auditor, and keep in touch with the Company's auditor on a continuing basis. All meetings of the Audit Committee are to be recorded in minutes, which are presented to the Board together with a verbal debriefing to support the Board's decision-making processes.

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 25 May 2021 resolved that an annual fee of SEK 420,000 should be paid to the Board's Chairperson and an annual fee of SEK 210,000 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 80,000 to the Chairperson of the Audit Committee and an annual fee of SEK 40,000 to each member of the Audit Committee. The Annual General Meeting also resolved that a fee would not be paid to Erika Kjellberg Eriksson if she is elected in accordance with the Nomination Committee's recommendation. For the 2020 and 2021 financial years, remuneration was paid according to the table in Note 9 and Note 24.

Work of the Board in 2021

In 2021, the Board of Directors held ten meetings at which minutes were taken. The participation of individual directors at these meetings is shown in the table on page 48. 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 2021, 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 for 2021 was carried out in the autumn through individual discussions with the Nomination Committee and a questionnaire sent to all directors with questions and space for comments. The results were generally positive and included suggestions of areas for further strategic focus. The results of the 2021 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 2021 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	2,848	10,258	**13,106**
Variable pay	282	749	**1,031**
Benefits	-	-	**-**
Other remuneration	40	187	**228**
Share-based remuneration[1)]	-955	-1,889	**- 2,844**
Subtotal	**2,215**	**9,305**	**11,520**
Pension	635	2,669	**3,303**
Total	**2,850**	**11,973**	**14,823**

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

The Board of Directors' proposed 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, is not encompassed by these guidelines.

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

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

The Company's business strategies are:

Regulatory strategy: carry out necessary regulatory activities for 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

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

Incentive programmes comprising share and share-price-based remuneration are resolved by the general meeting and are not included in these guidelines. However, existing incentive programmes are described below in order to provide a complete picture of the Company's total remuneration package for company management. The existing long-term share-based incentive programmes (LTIP 2019, employee share option programme 2020/2023 and employee share option programme 2021/2024) contain performance requirements linked to the business strategy.

Various forms of remuneration

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

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

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

The following pension levels apply for the 2021 financial year:

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

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

Other benefits may include occupational health services, occupational group life assurance, health and medical insurance and other similar benefits. Other benefits may 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.

In December 2021, the Board of Directors made the assessment that the performance targets for LTIP 2018 will not be met when the programme ends on 28 February 2022. The Board decided that all 142,720 performance share rights in the programme consequently will therefore expire.

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.

Employee share option programme 2021/2024

The Annual General Meeting on 25 May 2021 resolved to introduce an employee share option programme (Employee share option programme 2021/2024) for the Company's employees. The employee share options were allotted free of charge in June 2021 to employees not encompassed by previous long-term incentive programmes in the Company. The programme measures the fulfilment of certain strategic and operational targets established by the Board, and employees may acquire one ordinary share in the Company after a vesting period of three years. The targets include such areas as product development, product approval and commercialisation, which are aligned with the Company's business strategies.

Termination of employment and severance pay

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

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

Salaries and employment conditions for employees not members of company management

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

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

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

The Board shall prepare a proposal for new guidelines at

least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting.

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

Derogation from the guidelines

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

Description of material changes to the guidelines

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

Share-based remuneration programmes

Performance share incentive programme 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.

In December 2021, the Board of Directors made the assessment that the performance targets for LTIP 2018 will not be met when the programme ends on 28 February 2022. The Board decided that all 142,720 performance share rights in the programme consequently expired. Refer to Note 9.

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.

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.

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. Refer to Note 9.

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

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

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

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

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

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

Actual number of performance share rights allotted

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

The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period from 11–25 May 2020, meaning the ten (10) trading days prior to 26 May 2020, was SEK 79.19, and the exercise price was thus set at SEK 98.98 per ordinary share. The option value on the allotment date of 30 June 2020 was based on the average price on the allotment date and was calculated at SEK 11.38 per option. Refer to Note 9.

Employee share option programme 2021 (Employee share option programme 2021/2024)

The Company's Annual General Meeting on 25 May 2021 resolved to introduce an employee share option programme for the Company's employees. Employee share option programme 2021/2024 comprises a maximum of 160,650 employee share options. The employee share options are to be offered free of charge to individuals employed by the Company as of 15 June 2021 who are not covered by any of the previous share-based incentive programmes in the Company.

Each employee share option entitles the holder, upon the fulfilment of certain strategic and operational targets established by the Board and after a vesting period of three years, to acquire one (1) new ordinary share in the Company at an exercise price corresponding to 125% of the volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the ten (10) trading days prior to 25 May 2021. However, the subscription price may not under any circumstances be less than the quotient value.

Employees who have the right to participate in the employee share option programme 2021/2024 may be allotted 3,570 employee share options each at the most.
To enable the Company's delivery of shares under the programme and to cover the cash flow effects as a result of any social security contributions arising under the programme, the Annual General Meeting resolved to carry out a directed issue of a maximum of 211,126 warrants to the Company, of which a maximum of 50,476 warrants were issued to cover any cash flow effects as a result of social security contributions arising under the programme.

Actual number of performance share rights allotted

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

The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period from 10-24 May 2021, meaning the ten (10) trading days prior to 25 May 2021, was SEK 153.45, and the exercise price was thus set at SEK 191.81 per ordinary share. The option value on the allotment date of 30 June 2021 was based on the average price on the allotment date and was calculated at SEK 23.71 per option. Refer to Note 9.

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 2022 Annual General Meeting. Authorised Public Accountant Lars Kylberg is Auditor in Charge of the Q-linea audit. The auditor's duties are to review a company's annual financial statements and accounts as well as the management of the Board and the President. This normally takes place at least twice per year, since at least one interim report, in addition to the annual report, must be reviewed by the auditor. Remuneration of the auditor

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 25 May 2021 resolved that audit fees are to be approved and paid on an ongoing basis.

Fees paid in 2021 and 2020 are shown in the table below.

	2021	2020
PwC, Öhrlings PricewaterhouseCoopers AB		
Audit assignment	455	709
Audits other than audit assignment	-	107
Tax advisory services	30	62
Other advisory services	65	466
Total	**550**	**1,343**

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 25 May 2021 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 273,379.45. 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 10 June 2021, the Board resolved, with the support of the authorisation by the Annual General Meeting, on a directed issue of SEK 2,200,000 ordinary shares which means that the Company's share capital increased by SEK 110,000.

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 to 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. The assignment for all directors applies for the period up until the end of the next Annual General Meeting, which will be held on 24 May 2022. 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 48.

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, Brixton Medical AB, Aros Biotech, Lumina Adhesives AB, AllgoHolding AB, Lokon Pharma AB and Tanea Medical AB, and Director of Vivolux AB and Findolon AB.

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

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

2. Marianne Hansson

Director since 2018

Marianne Hansson has 20 years' experience in life sciences. She most recently served as CEO of Atlas Antibodies AB and prior to that as Business Development Manager at Affibody Medical AB. She is a co-founder of Affibody AB, Atlas Antibodies AB, ScandiBio Therapeutics AB, ScandiEdge Therapeutics AB, Amylonix AB, ProteomEdge AB 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, ProteomEdge 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 2021

Mario Gualano is currently CEO of BBI Group Ltd and has more than 25 years of commercial, technical and operational experience in the microbiology and diagnostics industries, including 15 years in international leadership roles with Thermo Fisher Scientific. During his time with Thermo Fisher Scientific, he led Thermo Fisher Scientific's Specialty Diagnostics Group in APAC and, most recently, was the President of the Microbiology division responsible for 14 manufacturing sites and 30 commercial offices worldwide.

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

Born: 1949

Education: MSc Pharm, Uppsala University (1972).

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

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

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

Senior executives

The Company's management team comprises 11 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), Victoria Lerneryd (Manager QA/RA) and Ulrika Stolpe (HR Manager).

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1. Jonas Jarvius

Employed by the Company as CEO since 2008

Jonas Jarvius has extensive R&D experience in the field of 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 267,152 shares 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 and 8,410 employee share options in the Company.

3. Thomas Fritz

Employed by the Company as CCO since 2020

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

Employed by the Company as CFO and Investor Relations since 2018

Anders Lundin has more than 20 years' experience in financial work and leadership in international organisations operating in the medical technology and pharmaceutical industries. He has previously served as 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: He owns 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 and 8,410 employee share options in the Company.

6. Charlotta Göransson

Employed by the Company since 2016, Sales and Marketing Director since 2021

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 and 8,410 employee share options in the Company.

7. Tiziana Di Martino

Employed by the Company as CMO since 2020

Tiziana Di Martino has more than 18 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 and 8,410 employee share options in the Company.

9. Karl Sköld

Employed by the Company as Director Contract Development since 2018

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

Born: 1974

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

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

Holdings in the Company: Karl Sköld owns 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.

10. Victoria Lerneryd

Employed by the Company as Manager QA/RA since 2020

Victoria Lerneryd has over ten years' experience in quality assurance and regulatory affairs for medical devices. She has managed quality management systems, QA, regulatory audits and applications. She previously held positions as Quality Manager at St. Jude Medical at Quality & Regulatory Affairs Manager at Cavidi. These roles included responsibility for compliance, from product development to production and post-market activities.

Born: 1984

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

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

Holdings in the Company: Victoria Lerneryd owns 3,570 employee share options in the Company.

11. Ulrika Stolpe

Employed by the Company since 2012, HR Manager since 2019

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

Born: 1967

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

Holdings in the Company: Ulrika Stolpe owns 3,441 shares and 3,570 employee share options in the Company.

Income statement

Amounts in SEK thousand	Note	2021	2020
Net sales	5	9,335	243
Other operating income	6	450	911
Changes in inventories of products in progress, semi-finished goods and finished goods[1]		2,165	5,330
Raw materials and consumables, and goods for resale		-36,529	-37,592
Other external costs	7, 8	-90,765	-89,409
Personnel costs	9, 24	-110,512	-94,576
Depreciation/amortisation of tangible and intangible assets	11, 12	-7,311	-6,101
Other operating expenses	6	-383	-349
Operating result		**-233,550**	**-221,543**
Revenue from holdings of listed corporate bonds that are non-current assets[2]		1,668	933
Other interest income and similar profit items		2,580	3,490
Interest expenses and similar loss items		-1,941	-1,536
Result from financial items		**2,307**	**2,887**
Result before tax		**-231,242**	**-218,655**
Tax on result for the year	10	–	–
Result for the year		**-231,242**	**-218,655**
Earnings per share before and after dilution, SEK	19	-8.19	-8.64
Average number of shares		28,239,064	25,309,041

Statement of comprehensive income

Amounts in SEK thousand	Note	2021	2020
Result for the year		-231,242	-218,655
Total comprehensive income		**-231,242**	**-218,655**

1) *This item was previously included in the line "Raw materials and consumables, and goods for resale"*
2) *This item was previously included in the line "Other interest income and similar profit items"*

Balance sheet

Amounts in SEK thousand	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Licences	11	95	167
Technology and customer relationships	11	295	420
Goodwill	11	3,802	4,889
Total intangible assets		4,193	5,475
Tangible assets			
Equipment, tools, fixtures and fittings	12	27,669	21,821
Total tangible assets		27,669	21,821
Financial assets			
Other securities held as non-current assets	13	184,765	27,361
Other long-term receivables		50	50
Total financial assets		184,815	27,411
Total non-current assets		**216,676**	**54,707**
Current assets			
Inventories	14	28,646	12,433
Current receivables			
Accounts receivable		3,481	43
Other receivables	15	48,440	35,198
Prepaid expenses and accrued income	16	3,355	2,958
Total current receivables		55,276	38,200
Short-term investments			
Short-term investments	17	150,945	296,748
Total short-term investments		150,945	296,748
Cash and bank balances		15,089	10,144
Total current assets		249,957	357,525
TOTAL ASSETS		**466,633**	**412,233**

Balance sheet

Amounts in SEK thousand	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	18	1,477	1,367
Unregistered share capital		-	-
Total restricted equity		**1,477**	**1,367**
Unrestricted equity			
Share premium reserve		1,234,972	951,017
Retained earnings		-574,419	-353,531
Result for the year		-231,242	-218,655
Total unrestricted equity	26	**429,311**	**378,830**
Total equity		**430,788**	**380,197**
Liabilities			
Long-term liabilities			
Loans from credit institutions	20	-	79
Total long-term liabilities		**-**	**79**
Current liabilities			
Loans from credit institutions	20	79	252
Accounts payable		8,103	8,068
Current tax liabilities		2,238	1,932
Other liabilities	21	10,969	3,463
Accrued expenses and deferred income	22	14,456	18,241
Total current liabilities		**35,845**	**31,956**
TOTAL LIABILITIES AND EQUITY		**466,633**	**412,233**

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	
Equity at 1 January 2020		**1,162**	**5**	**697,062**	**-179,930**	**-177,354**	**340,944**
Comprehensive income							
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**
Total comprehensive income		**-**	**-**	-	-177,354	-41,301	**-218,655**
Transactions with shareholders							
New share issue	18	205	-5	269,800	-	-	**270,000**
Issue costs		-	-	-15,845	-	-	**-15,845**
Share-based remuneration programmes	9	-	-	-	3,754	-	**3,754**
Total transactions with shareholders		205	-5	253,955	3,754	-	**257,909**
Closing balance, 31 December 2020		**1,367**	**0**	**951,017**	**-353,531**	**-218,655**	**380,197**

Amounts in SEK thousand	Note	Share capital	Unregistered share capital	Share premium reserve	Retained earnings	Result for the year	Total equity
Equity at 1 January 2021		**1,367**	**0**	**951,017**	**-353,531**	**-218,655**	**380,197**
Comprehensive income							
Result for the year		-	-	-	-	-231,242	**-231,242**
Appropriation of profits in accordance with AGM decision							
– Carried forward to unrestricted equity		-	-	-	-218,655	218,655	**-**
Total comprehensive income		**-**	**-**	**-**	**-218,655**	-12,587	**-231,242**
Transactions with shareholders							
New share issue	18	110	-	301,290	-	-	**301,400**
Issue costs		-	-	-17,335	-	-	**-17,335**
Share-based remuneration programmes	9	-	-	-	-2,233	-	**-2,233**
Total transactions with shareholders		110	-	283,955	-2,233	-	**281,833**
Closing balance, 31 December 2021		**1,477**	**0**	**1,234,972**	**-574,419**	**-231,242**	**430,788**

Cash flow statement

Amounts in SEK thousand	Note	2021	2020
Cash flow from operating activities			
Operating result		-233,550	-221,543
Adjustments for non-cash items			
– Depreciation reversal		7,311	6,101
– Scrapping of inventory	12	94	201
– Change in guarantee reserve		350	-
– Share-based remuneration programmes	9	-2,233	3,754
Interest received		3,735	2,764
Interest paid		-1,180	-434
Tax paid		306	774
Cash flow from operating activities before changes in working capital		**-225,167**	**-208,383**
Changes in working capital			
Increase/decrease in inventories	14	-16,213	-12,433
Increase/decrease in accounts receivable		-3,438	-27
Increase/decrease in other current receivables		-13,639	-14,638
Increase/decrease in other current liabilities		3,371	-711
Increase/decrease in accounts payable		36	-1,113
Changes in working capital		**-29,883**	**-28,922**
Cash flow from operating activities		**-255,050**	**-237,305**
Cash flow from investing activities			
Investments in tangible assets		-11,971	-13,228
Short-term investments		-176,134	-185,000
Divestment of short-term investments		363,231	200,046
Investments in financial assets		-204,095	-50,127
Divestment of financial assets		5,150	16,013
Cash flow from investing activities		**-23,819**	**-32,295**
Cash flow from financing activities			
New share issue		301,400	270,000
Issue costs		-17,335	-15,845
Repayment of loans	20	-252	-378
Cash flow from financing activities		**283,814**	**253,777**
Cash flow for the year		**4,945**	**-15,823**
Cash and cash equivalents at the beginning of the year		10,144	25,968
Cash and cash equivalents at the end of the year		**15,089**	**10,144**

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. The address of the head office is Dag Hammarskjölds väg 52 A, Uppsala, Sweden. Q-linea's shares are listed on Nasdaq Stockholm.

The Board of Directors approved this annual report for publication on 13 April 2022.

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. The most significant accounting policies applied when this annual report was prepared are set out below. 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 in Note 4 "Significant estimates and judgements."

Accounting policies

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.

Segment reporting

An operating segment is a part of a company that conducts business activities from which revenue can be generated and costs are incurred and for which independent financial information is available. The segment's operating result is assessed on a regular basis by the Company's chief operating decision maker as a basis for decisions regarding the allocation of resources to the segment. At Q-linea, company management has been identified as the chief operating decision maker. Company management assesses the operations in their entirety, meaning as a single segment, and the Company therefore does not present information by segment.

Revenue recognition

Revenue includes the value that Q-linea has the right to receive for goods and services sold in the Company's operating activities, excluding VAT and volume discounts. Contracted volume discounts reduce revenue and are recognised at expected fair value.

Sales of goods

The Company develops, manufactures and sells instruments, consumables and spare parts on a global basis to both a global retailer and directly to Swedish end users. Revenue from sales to retailers and end users is recognised when control of the goods has passed from Q-linea to the customer.

The time at which control passes from Q-linea to the customer is typically upon delivery. The delivery time to the retailer is when the goods are transported from Q-linea's production premises. The delivery time to the end user is normally when the goods have been transported to the specific location designated by the end user and the installation has been carried out. In these cases, revenue from sales is recognised at a point in time. Freight is normally paid by the customer.

Sales of services

The Company offers services, mainly in the form of maintenance of instruments. Service agreements can be signed directly between Q-linea and the end user and are typically invoiced one year in advance. Q-linea's efforts to meet its performance obligation in service agreements is assessed to be evenly distributed during the contract period. This is because the customer can take advantage of the service at any time during the entire contract period and the degree of usage is unknown. Revenue is thus recognised in a linear manner across the entire contract period.

Services can also be offered to retailers, in which a suborder is made according to a contracted price list. The contract is typically on current account based on a price per hour. The Company's efforts to meet its performance obligation to the retailer take place upon completion, and revenue is recognised during the period in which the service is carried out.

Q-linea applies an average credit period of 30–60 days for the sale of instruments and 30–45 days for the sale of consumables and spare parts. Q-linea receives partial payments for instruments in advance and recognises the advance received as a contract liability until the time of delivery.

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 two types of share-based remuneration programmes at the end of 2021.

Employee share option programme

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

Performance share-based programme

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.

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

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

Income tax
Income tax-related income and expenses comprise current and deferred tax. Current tax is the tax calculated on the Company's taxable result for the current period or prior periods. Deferred tax is tax on temporary differences between carrying amounts and tax bases of assets and liabilities.

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

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.

Leases
All leases are classified as operating leases. Lease payments are expensed on a straight-line basis over the lease term.

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

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

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

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

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

– Licenses	7 years

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

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

– 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

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

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

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

The recoverable amount is the higher of an asset's fair value less selling expenses and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). For previously impaired assets, an assessment is made on each balance sheet date as to whether a reversal should take place.

Inventories

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

Goods for resale are goods that are purchased in order to be sold without Q-linea processing them further. They are valued at the purchase price invoiced by the supplier plus costs for quality control. Goods for resale were included in the item "Finished goods" in the 2020 Annual Report.

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.

Financial instruments

Financial instruments are agreements that give rise to a financial asset or liability. Financial assets include cash, equity instruments in other companies and agreements that carry entitlement to cash and other financial assets. Financial liabilities are agreements under which the Company is obligated to pay cash or other financial assets to another company.

This means that there are several receivables and liabilities that are not financial instruments. For example, receivables or liabilities that can be expected to be settled in a manner other than cash or other financial assets are not handled according to the accounting policies for financial instruments. The same applies for receivables and liabilities that are not based on agreements.

In accordance with exception in RFR 2, Q-linea has chosen not to apply IFRS 9 for financial instruments. Some of the policies in IFRS 9 are still applicable, however, such as those pertaining to impairment, recognition/derecognition, criteria for the application of hedge accounting and the effective interest method for interest income and interest expenses. For financial assets recognised at amortised cost, the impairment rules of IFRS 9 are applied. Impairment of unlisted shareholdings that are not holdings in subsidiaries, associated companies or joint arrangements are recognised if the present value of the expected future cash flows is lower than the carrying amount. Q-linea's financial non-current assets are recognised at cost less any impairment and financial current assets at the lower of cost and net realisable value. Financial assets that are non-current assets are recognised at cost less any impairment. Financial liabilities are measured at amortised cost using the effective interest method.

Financial instruments are recognised in the balance sheet when Q-linea becomes a party to the instrument's contractual terms and conditions. Accounts receivable are recognised when they are issued. A financial asset is derecognised from the balance sheet when the rights in the contract cease because they have been realised, expire or Q-linea loses control of them. A financial liability is derecognised from the balance sheet when the contractual obligation is discharged or otherwise ceases to apply.

Impairment of financial assets

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

Offsetting

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

Equity

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

At the end of 2021, Q-linea had a holding of treasury shares. On the repurchase of treasury shares, the total purchase consideration paid reduces equity (retained earnings). The holding of treasury shares is recognised in retained earnings at the quotient value of the shares. The holding of treasury shares has been excluded from the calculation of per-share performance measures.

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

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.

Provisions

Guarantees

The Company sells instruments with guarantees in accordance with industry practice.

The guarantee period is normally 12 months from the date of the approved installation. The right of return is only valid upon technical errors. Provisions for these guarantee commitments are calculated for each individual instrument based on applicable guarantee conditions and assessed product quality and are recognised as a liability until the guarantee period is complete or the guarantee has been utilised.

Significant estimates and judgements of the size of the guarantee reserve.

Assumptions about the size of the guarantee reserve are based on estimates and judgements since data on actual historic guarantee costs is not available.

Cash flow

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 as cash and cash equivalents.

Performance measures

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

Reconciliation of alternative performance measures

The following is a reconciliation of 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.

EBITDA

	2021	2020
Operating result	-233,550	-221,543
Depreciation, amortisation and impairment	7,311	6,101
EBITDA	**-226,238**	**-215,442**

Equity/assets ratio

	31 Dec 2021	31 Dec 2020
Total assets	466,633	412,233
Equity	430,788	380,197
Equity/assets ratio (%)	**92%**	**92%**

Equity per share

	31 Dec 2021	31 Dec 2020
Equity (a)	430,788	380,197
Total number of shares outstanding (b)	29,537,947	27,337,947
- Less holding of treasury shares (c)	-328,472	-328,472
Equity per share (a/(b-c)), SEK	**14.75**	**14.08**

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%
2021				
EUR	-	-5,356	-5,356	+/-268
USD	-	-5,865	-5,865	+/-296
GBP	-	-3,918	-3,918	+/-196
DKK	-	-226	-226	+/-11
CHF	-	-208	-208	+/-10
SEK	9,785	-225,454	-215,669	+/-0
Total	**9,785**	**-241,027**	**-231,242**	**+/-778**

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**

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 311,362 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 3,114 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. 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. At the end of the year, the Company's short-term investments totalled SEK 150,945 thousand (296,748), of which SEK 59,700 thousand (130,999) represents the short-term component of the Company's listed corporate bonds. The fair value of the fixed-income funds amounted to SEK 91,295 thousand (166,745) and the fair value of the bonds amounted to SEK 59,427 thousand (130,659). Accrued interest on the listed bonds amounted to SEK 150 thousand (324).

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 181,768 thousand (24,364) at the end of the year. The capital in listed bonds is placed in several sectors and a diversified maturity structure with both variable and fixed interest rates. Although these are recognised as long-term because of their maturity structure, they can – like short-term bonds – be converted to cash and cash equivalents within three to five days. The average maximum fixed-interest period permitted is five years and investments are made in securities with an investment grade rating or equivalent.

In 2021, the Company carried out a directed issue that generated proceeds of SEK 301,400 thousand (270,000) for the Company, less issue costs, which amounted to SEK 17,335 thousand (15,845).

The Board's assessment is that the existing working capital, as of 31 December 2021, 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 2021				
Borrowing	79	–	–	–
Interest to be paid to credit institutions	1	–	–	–
Advance payments from customers	4,899	–	–	–
Accounts payable	8,103	–	–	–
Total	**13,082**	**–**	**–**	**–**
At 31 December 2020				
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 credit risk is deemed to exist.

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 and long-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 2021	31 Dec 2020
Long-term liabilities to credit institutions (a)	0	79
Current liabilities to credit institutions (b)	79	252
Total borrowing (c=a+b)	79	331
– Less cash and cash equivalents (d)	-15,089	-10,144
– Less short-term investments (e)	-150,945	-296,748
– Less long-term investments (f)	-181,768	-24,364
Net debt (g=c+d+e+f)	-347,723	-330,925
Equity (h)	430,788	380,197
Debt/equity ratio (g/h) (%)	**-81%**	**-87%**

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 2021.

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 1,053,618 thousand (806,246) on 31 December 2021.

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). In December 2021, the Board of Directors made the assessment that the performance targets for LTIP 2018 will not be met when the programme ends on 28 February 2022. The Board decided that all 142,720 performance share rights in the programme consequently expired. The recognised reversal of costs in previous periods since the start of the programme, including social security contributions, amounted to SEK -8,950 thousand (6,201) for the year.

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 934 thousand (1,410) for the year. 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
Employee share options were allotted free of charge on 30 June 2020 following a resolution by the Annual General Meeting on 26 May 2020. The programme measures the fulfilment of certain strategic and operational targets established by the Board, and participants may acquire one ordinary share in the Company after a vesting period of three years if the targets are achieved. When the programme was closed to new participants, a total of 345,850 employee share options had been allotted. The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period from 11–25 May, meaning the ten (10) trading days prior to 26 May 2020, was SEK 79.19, and the exercise price was thus set at SEK 98.98 per share. The option value on the allotment date was based on the average price on the allotment date and was calculated at SEK 11.38 per option. At the end of the year, there were 324,430 (345,850) employee share options outstanding and 21,420 (0) employee share options had expired. The option value at the end of the year amounted to SEK 27.36 (77.91) per option, according to the Black & Scholes model. The cost recognised for the year, including social security contributions, amounted to SEK 970 thousand (1,751).

Employee share option programme 2021/2024
Employee share options were allotted free of charge on 30 June 2021 following a resolution by the Annual General Meeting on 25 May 2021. The programme measures the fulfilment of certain strategic and operational targets established by the Board, and participants may acquire one ordinary share in the Company after a vesting period of three years if the targets are achieved. Employee share option programme 2021/2024 encompasses a maximum of 160,650 employee share options and is to be offered free of charge to individuals employed by the Company as of 15 June 2021 who are not covered by any of the previous share-based incentive programmes in the Company.

As of 30 June 2021, when the programme was closed to new participants, a total of 128,520 employee share options had been allotted to the 36 participants who had registered for the programme. The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period 10–24 May, meaning the ten (10) trading days prior to 25 May 2021, was SEK 153.45, and the exercise price was thus set at SEK 191.81 per share.
The option value at the end of the year amounted to SEK 10.07 per option, according to the Black & Scholes model. At the end of the year, there were 124,950 (0) employee share options outstanding and 3,570 (0) options had expired. The cost recognised for the year, including social security contributions, amounted to SEK 697 thousand (0).

Size of the guarantee reserve
Assumptions about the size of the guarantee reserve are based on estimates and judgements since data on actual historic guarantee costs is not available.

Note 5 Specification of net sales

Net sales are specified by geographic market as follows:

	2021	2020
UK	9,335	-
Sweden	-	243
Total net sales by geographic market	**9,335**	**243**

Net sales specified by type of revenue:

	2021	2020
Instruments and consumables	9,335	-
Prototype development	-	243
Total net sales by type of revenue	**9,335**	**243**

Instruments and consumables pertain to ASTar instruments with associated consumables. Prototype development pertains to the development of customer-specific prototypes for external customers. Prototype development is recognised as revenue on the date when the control is transferred to the customer. Refer also to the section on revenue recognition in Note 2.

Note 6 Other operating income and other operating expenses

Other operating income

	2021	2020
Sale of raw materials to suppliers	20	610
Development services provided	377	94
Exchange-rate differences	26	98
Other	28	109
Total other operating income	**450**	**911**

Other operating expenses

	2021	2020
Exchange-rate differences	289	148
Scrapping of inventory	94	201
Total other operating expenses	**383**	**349**

Note 7 Operating leases

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

	31 Dec 2021	31 Dec 2020
Due for payment within one year	6,451	5,933
Due for payment later than one year but within five years	5,423	10,716
Due for payment later than five years	-	-
Total	**11,874**	**16,649**
Expensed lease payments for the period	7,231	6,329
– of which, variable index costs	226	185

Operating leases comprise leases for company cars, rent for premises and rent for office equipment. The lease with the longest term pertains to work machinery and expires on 28 February 2025 and can be terminated by the tenant on 30 August 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.

	2021	2020
PwC, Öhrlings PricewaterhouseCoopers AB		
Audit assignment	455	709
Audits other than audit assignment	-	107
Tax advisory services	30	62
Other advisory services	65	466
Total	**550**	**1,343**

Note 9 Employee benefits and disclosures on employees

Employee benefits

	2021	2020
Salaries and remuneration	77,825	58,277
Social security costs	18,701	17,780
Share options and performance share rights allotted to employees[1)]	-2,233	3,754
Pension costs – defined-contribution plans	10,575	7,980
Total	**104,868**	**87,791**

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

	2021		2020	
	Salaries and other remunera-tion	Pension costs	Salaries and other remunera-tion	Pension costs
Directors, President and other senior executives	15,477	3,303	13,728	3,089
of which, variable pay	1,031		508	
Other employees	62,335	7,272	44,549	4,891
of which, variable pay	1,639		1,841	-
Total	**77,812**	**10,575**	**58,277**	**7,980**
of which, variable pay	**2,670**		**2,350**	

Average no. of employees

	2021		2020	
	Average no. of employees	Of whom, men	Average no. of employees	Of whom, men
Sweden	120	70	89	55
Total	**120**	**70**	**89**	**55**

Other senior executives refers to the individuals who, together with the President, comprised the management team during the year. The Company's management team was expanded to include an additional two executives in mid-December 2021. Their remuneration for parts of December are included in "Other employees" for full-year 2021. At the end of the year, the management team, excluding the President, comprised ten (eight) people, including four (two) women and six (six) men.

At the end of the 2021 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 2019, Employee share option programme 2020/2023 and Employee share option programme 2021/2024. During the year, the share-based remuneration programme LTIP 2018 ended and the performance share rights expired.

Employee share option programme 2021/2024

The Company's Annual General Meeting on 25 May 2021 resolved to introduce an employee share option programme for the Company's employees. Employee share option programme 2021/2024 is to comprise a maximum of 160,650 employee share options. Employee share options are to be offered free of charge to individuals employed by the Company as of 15 June 2021 who are not covered by any of the previous share-based incentive programmes in the Company.

Each employee share option shall entitle the holder, on the achievement of certain strategic and operational goals set by the Board in advance and connected to significant events in the Company's development, such as advances in product development, product approval and commercialisation, And after a three-year vesting period, to acquire one (1) new common share in the Company at an exercise price corresponding to 125% of the volume-weighted average price of the Company's share according to Nasdaq Stockholm's price list during the period ten (10) trading days before 25 May 2021. However, the subscription price may not under any circumstances be less than the quotient value.

Employees who have the right to participate in the employee share option programme 2021/2024 may be allotted 3,570 employee share options each at the most.

To enable the Company's delivery of shares under the programme and to cover the cash flow effects as a result of any social security contributions arising under the programme, the Annual General Meeting resolved to carry out a directed issue of a maximum of 211,126 warrants to the Company, of which a maximum of 50,476 warrants were issued to cover any cash flow effects as a result of social security contributions arising under the employee share option programme 2021/2024.

As of 30 June 2021, when the programme was closed to new participants, a total of 128,520 employee share options had been allotted to the 36 participants who had registered for the programme. The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period 10–24 May, meaning the ten (10) trading days prior to 25 May 2021, was SEK 153.45, and the exercise price was thus set at SEK 191.81 per share. The option value on the balance sheet date was SEK 10.07 per option, according to the Black & Scholes model. The allotment of employee share options per participant and category are presented in the table below.

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

Number of allotted employee share options

Number	31 Dec 2021	2020-12-31[1)]
Opening number	-	-
allotted during the period	128,520	-
exercised during the period	-	-
expired during the period	-3,570	-
Closing number of options	**124,950**	**-**

At the end of the year, there were 124,950 (0) employee share options outstanding and 3,570 (0) options had expired during the year. The fair value of the options, calculated using the Black & Scholes valuation model, amounted to SEK 10.07 per option on the balance sheet date, and the cost recognised in the 2021 financial year including social security contributions amounted to SEK 697 thousand (0). From the allotment date to the end of 2021, Q-linea's share price decreased from SEK 141.85 to SEK 113.00, down approximately 20%. The fair value of the allotted options was calculated at SEK 1,258 thousand (0) with the following inputs:

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

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

Employee share option programme 2020/2023

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

- **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.

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	No. of performance share rights allotted per participant	No. of performance share rights allotted per category
President	1	15,660	15,660
Management team	7	8,410	58,870
Other key employees	76	3,570	271,850
Total	**84**	**–**	**345,850**

Number of employee share options outstanding at year-end

Number	31 Dec 2021	31 Dec 2020
Opening number	345,850	-
allotted during the period	-	345,850
exercised during the period	-	-
expired during the period	-21,420	-
Closing number of options	**324,430**	**345,850**

The fair value of the options, calculated using the Black & Scholes valuation model, amounted to SEK 27.36 (77.91) per option on the balance sheet date, and the cost recognised in the 2021 financial year including social security contributions amounted to SEK 970 thousand (1,751). From the allotment date to the end of 2021, Q-linea's share price rose from SEK 73.54 to SEK 113.00, an increase of approximately 54% (131). The fair value of the outstanding options was calculated at SEK 8,876 thousand (26,945) with the following inputs:

Number	31 Dec 2021	2020-12-31 [1]
Share price on the valuation date, SEK	113.00	170.00
Exercise price, outstanding options, SEK	98.98	98.98
Expected volatility [1]	0.37	0.37
Term, options with three-year vesting period, years	1.625	2.625
Risk-free rate, %	– neg 0.20	– neg 0.36
Fair value per option, SEK	**27.36**	**77.91**

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

Performance share-based programme LTIP 2019

The rights to receive performance shares were allotted free of charge in December 2019. As of 31 December 2019, when the programme was closed to new participants, 40,990 performance share rights had been allotted to participants of the programme. The performance targets are linked to product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met. The value of each performance share right is SEK 56.00 and is based on the closing price on the allotment date (20 December 2019). The cost recognised for the year including social security contributions amounted to SEK 934 thousand (1,410).

Outstanding performance share rights for LTIP 2019

	31 Dec 2021	31 Dec 2020
Opening number of performance share rights	40,990	40,990
allotted during the period	-	-
exercised during the period	-	-
expired during the period	-	-
Closing number of performance share rights	**40,990**	**40,990**

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

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

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).

In December 2021, the Board of Directors made the assessment that the performance targets for LTIP 2018 will not be met when the programme ends in February 2022. The Board decided that all 142,720 outstanding performance share rights in the programme had thus expired. The recognised reversal of costs in previous periods since the start of the programme, including social security contributions, amounted to SEK -8,950 thousand (6,201) for the year.

Performance share rights allotted for LTIP 2018

	31 Dec 2021	31 Dec 2020
Opening number of performance share rights	142,720	142,720
allotted during the period	-	-
exercised during the period	-	-
expired during the period	-142,720	-
Closing number of performance share rights	**0**	**142,720**

Actual number of performance share rights allotted for LTIP 2018 per category at the start of the programme

		No. of performance share rights allotted	
Category	No. of participants	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
Total	**14**	**–**	**142,720**

Note 10 Tax on result for the year

Tax on result for the year

	2021	2020
Current tax for the year	–	–
Deferred tax	–	–
Total tax on result for the year	**–**	**–**

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

	2021	2020
Result before tax	- 231,242	-218,655
Income tax calculated according to prevailing tax rate in Sweden (20.6% in 2021 and 21.4% in 2020)	47,636	46,792
Issue costs not included in result	3,571	3,391
Non-taxable income	106	355
Non-deductible costs	-340	-249
Loss carryforwards for which no deferred tax asset has been recognised	- 50,972	- 50,290
Tax on result for the year	**0**	**0**

As of 31 December 2021, the Company's accumulated loss carryforwards from prior years and from the current financial year amounted to SEK 1,053,618 thousand (806,246). The amount for the comparative year has been updated from SEK 790,328 thousand since a decision on final tax has been received and differs from the value recognised in the 2020 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 156,947 thousand (156,387), corresponding to 64% (70) of operating expenses.

	Licences	Technology and customer relation-ships	Goodwill
31 Dec 2021			
Opening cost	5,500	835	7,605
Closing accumulated cost	**5,500**	**835**	**7,605**
Opening amortisation	-5,333	-415	-2,716
Amortisation for the year	-71	-125	-1,086
Closing accumulated amortisation	**-5,405**	**-540**	**-3,802**
Closing carrying amount	**95**	**295**	**3,802**
31 Dec 2020			
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
Closing carrying amount	**167**	**420**	**4,889**

Note 12 Tangible assets

Equipment, tools, fixtures and fittings

	31 Dec 2021	31 Dec 2020
Opening cost	34,496	21,643
Purchases	11,971	13,228
Sales and scrapping	-1,913	-375
Closing accumulated cost	**44,554**	**34,496**
Opening depreciation	-12,676	-8,073
Sales and scrapping	1,819	174
Depreciation for the year	-6,029	-4,777
Closing accumulated depreciation	**-16,886**	**-12,676**
Closing carrying amount	**27,669**	**21,821**

Note 13 Other securities held as non-current assets

	2021	2020
Listed bonds [1]	181,768	24,364
Unlisted shares in EMPE Diagnostics AB	2,997	2,997
Total	**184,765**	**27,361**

1) includes an accrued coupon rate of SEK 275 thousand (170) and a credit reserve of SEK -215 thousand (-63).

Other securities held as non-current assets primarily comprise low-risk listed corporate bonds. The Company carries out impairment tests on a quarterly basis on each recognition date. The Company invests exclusively in bonds belonging to level 1 of the fair value hierarchy, and the impairment test is based on information from S&P and Moody's.

Unlisted shares in EMPE Diagnostics AB were acquired at the end of 2017. As of 31 December 2021, the Company deemed that there was no impairment requirement for the participations in EMPE Diagnostics AB since the share price at the latest directed issue exceed the price paid by Q-linea. Q-linea's holding comprises 23,400 shares, corresponding to 5.84% of the capital and votes.

Note 14 Inventories

At the end of the year, the Company had an inventory value of SEK 28,646 thousand (12,433).

	31 Dec 2021	31 Dec 2020
Raw materials and consumables	2,781	713
Goods for resale [1]	18,370	6,390
Products in progress	2,019	1,051
Semi-finished goods	3,226	1,164
Finished goods	2,250	3,115
Total inventories	**28,646**	**12,433**

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

During the year, the Company impaired the inventory of goods for resale and finished goods by an amount of SEK 4,734 thousand (0), and goods in an amount of SEK 14,494 thousand (0) were expensed.

Note 15 Other receivables

	31 Dec 2021	31 Dec 2020
VAT receivable	6,242	7,369
Advance payments to suppliers	37,309	21,809
Receivables from suppliers	2,007	-
Other	2,883	6,020
Total other receivables	**48,440**	**35,198**

Note 16 Prepaid expenses and accrued income

	31 Dec 2021	31 Dec 2020
Prepaid rent	1,725	1,528
Prepaid insurance costs	142	103
Prepaid marketing costs	198	91
Prepaid IR expenses	56	166
Prepaid expenses for software	670	598
Prepaid IT expenses	312	262
Other items	253	210
Total prepaid expenses and accrued income	**3,355**	**2,958**

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 150,945 thousand (296,748), of which 59,700 (130,999) represents the short-term component of the Company's listed corporate bonds.

The fair value of the fixed-income funds amounted to SEK 91,295 thousand (166,745) and the fair value of the bonds amounted to SEK 59,427 thousand (130,659). Accrued interest on the listed bonds amounted to SEK 150 thousand (324). Coupon rates received from short-term bonds amounted to SEK 834 thousand (1,494) for the year.

	31 Dec 2021	31 Dec 2020
Fixed-income funds	91,245	165,749
Listed corporate bonds	59,700	130,999
Total short-term investments in the balance sheet	**150,945**	**296,748**

Note 18 Share capital trend

The Company's share capital at year-end amounted to SEK 1,476,897.35 (1,366,897.35), distributed between 29,537,947 (27,337,947) shares. The quotient value per share is SEK 0.05 (0.05).

Holding of treasury shares

At the end of the year, Q-linea had a holding of 328,472 (328,472) treasury shares. Each share carries one vote per share and the quotient value per share is SEK 0.05 (0.05). The aim of these shares is to ensure the delivery of performance shares under 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 2020	**23,235**	**1,162**
New share issue	103	5
New share issue	4,000	200
Closing balance, 31 December 2020	**27,338**	**1,367**
New share issue	2,200	110
Closing balance, 31 December 2021	**29,538**	**1,477**

Note 19 Earnings per share

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

	2021	2020
Result for the year, SEK thousand	-231,242	-218,655
Weighted average number of shares outstanding	28,239,064	25,309,041
Earnings per share before and after dilution (SEK)	**-8.19**	**-8.64**

Note 20 Borrowing

	31 Dec 2021	31 Dec 2020
Borrowing at the beginning of the year	331	709
Repayment	-252	-378
Borrowing at the end of the year	**79**	**331**

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 79 thousand (331) is recognised in the balance sheet as a long-term liability of SEK 0 thousand (79) and a short-term liability of SEK 79 thousand (252). In 2021, two of three loans were repaid in full. At the end of the financial year, the remaining loan had a remaining term of six months.

Cash flow statement

		Changes affecting cash flow	
SEK thousand	1 Jan 2021	Repayment	31 Dec 2021
Long-term loans from credit institutions	79	-79	0
Short-term loans from credit institutions	252	-173	79
Total	**331**	**-252**	**79**

Note 21 Other current liabilities

	31 Dec 2021	31 Dec 2020
Personnel-related liabilities	6,070	3,463
Advance payments from customers	4,899	-
Total other liabilities	**10,969**	**3,463**

Note 22 Accrued expenses and deferred income

	31 Dec 2021	31 Dec 2020
Accrued personnel costs	8,793	14,159
Accrued audit fees	329	539
Accrued expenses for consultants	3,263	3,164
Accrued expenses for advisory services	135	18
Accrued expenses for modifications to premises	109	-
Accrued expenses for external consultants	637	-
Other	1,190	361
Total accrued expenses and deferred income	**14,456**	**18,241**

Note 23 Pledged assets and contingent liabilities

The Company has pledged assets in an ownership reservation with Nordea Finans that amounted to SEK 79 thousand (331) at year-end. The Company had no contingent liabilities at year-end 2021 or 2020.

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 2021 were paid to directors that were not employed in the Nexttobe Group. These fees amounted to SEK 1,340 thousand (1,180).

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

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.

In conjunction with the Company's directed issue in June 2021, Jonas Jarvius, President of Q-linea, divested 95,000 shares in the Company to the Company's largest shareholder Nexttobe AB. Jonas Jarvius remains highly committed to Q-linea, where he will retain approximately 75% of his existing fully diluted holding. Jonas Jarvius co-founded Q-linea in 2008 and has been President from the start. Jonas Jarvius has agreed to not sell any shares in Q-linea for a period of 365 days after the completion of the directed issue.

Remuneration for senior executives

	Basic salary/ Board	Variable pay	Pension costs	Share-based remuneration [6]	Other remuneration [4]	Total
2021						
Board Chairperson Erika Kjellberg Eriksson [1]	–	–	–	–	–	–
Director Mats Nilsson	205	–	–	–	–	205
Director Marcus Storch	205	–	–	–	–	205
Director Mario Gualano	205	–	–	–	–	205
Director Marianne Hansson	280	–	–	–	–	280
Director Per-Olof Wallström	240	–	–	–	–	240
Director Hans Johansson	205	–	–	–	–	205
President Jonas Jarvius	2,848	282	635	- 955	40	2,850
Other senior executives (8 people) [5]	10,258	749	2,669	-1,889	187	11,973
Total	**14,446**	**1,031**	**3,303**	**-2,844**	**228**	**16,164**
2020						
Board Chairperson Erika Kjellberg Eriksson [1]	–	–	–	–	–	–
Director Mats Nilsson	180	–	–	–	–	180
Director Ulf Landegren [2]	80	–	–	–	–	80
Director Marcus Storch	180	–	–	–	–	180
Director Mario Gualano [3]	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**

1) Chairperson from the Annual General Meeting in June 2018, employed by the Nexttobe Group.

2) Declined re-election and stepped down at the 2020 Annual General Meeting.

3) Elected at the 2020 Annual General Meeting.

4) Other remuneration comprises health insurance and fitness subsidies.

5) The Company's management team was expanded to include two additional executives in mid-December 2021. Their remuneration for parts of December is not included.

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

Note 25 Significant events after the end of the financial year

The antibiotic panel in ASTar was expanded to offer even broader results. The panel now covers 222 combinations of antibiotics and bacteria in order to offer even broader results, increasing the benefit to patients and reducing the need for resources.

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

In April 2022, the Company announced that ASTar has received a breakthrough device designation by the U.S. Food and Drug Administration (FDA). This categorization can be assigned to products that are considered to provide a more effective treatment of severe disease states, where there is no comparable equivalent on the market. The categorization is intended to expedite the regulatory review of medical devices so that patients receive faster access to new treatment options.

Note 26 Proposed appropriation of unrestricted equity

The Board proposes that profit be appropriated as follows:

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

	SEK
Share premium reserve	1,234,971,886
Retained earnings	-574,418,763
Result for the year	-231,242,337
Total	**429,310,786**

The Board proposes that profit be appropriated as follows: SEK 429,310,786 to be carried forward. The Board proposes to the Annual General Meeting that no dividend be paid for 2021.

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, 13 April 2022

Jonas Jarvius
President

Erika Kjellberg Eriksson
Chairperson

Mats Nilsson
Director

Mario Gualano
Director

Marcus Storch
Director

Marianne Hansson
Director

Per-Olof Wallström
Director

Hans Johansson
Director

Our Auditor's Report was submitted on 13 April 2022

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Authorised Public Accountant

Auditor's report

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

Report on the annual accounts

Opinions

We have audited the annual accounts of Q-linea AB for the year 2021 except for the corporate governance statement on pages 46-55. The annual accounts of the company are included on pages 36-83 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 as of 31 December 2021 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 46-55. 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.

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 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.

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 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 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 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.et, men vi gör inga separata uttalanden om dessa områden.

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 157 million during the financial year 2021. This corresponds to 64 percent of the company's total operating costs. Most of the costs relate to the development of the company's leading product ASTar and consist mainly of expenses for hired and own staff. In our audit, we have focused on these costs as they together amount to a significant amount and that there is a risk regarding the accuracy, completeness and accrual of these expenses.

How our audit addressed the key audit matter

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

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

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

Other Information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1-35 and 88-90. 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 accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, 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 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. 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 for the year 2021 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 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. 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 46-55 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 by the general meeting of the shareholders on the 25 May 2021 and has been the company's auditor since the April 2007.

Uppsala 13 April 2022

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Authorized Public Accountant

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Page	Source:
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Glossary

AST
Antibiotic susceptibility testing.

Antibiotic resistance
When bacteria develop the ability to defeat antibiotics.

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

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

5 May 2022	Interim report January to March 2022
24 May 2022	2022 Annual General Meeting
14 July 2022	Interim report January to June 2022
3 November 2022	Interim report January to September 2022

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