

A major step towards the US market

Second quarter: 1 April – 30 June 2022

- Net sales amounted to SEK 4.1 million (4.3).
- The operating result totalled SEK -73.1 million (-68.2).
- The result for the period amounted to SEK -74.0 million (-68.0).
- Earnings per share before and after dilution amounted to SEK -2.53 (-2.47).
- Cash flow from operating activities totalled SEK -69.1 million (-45.0).

Period: 1 January – 30 June 2022

- Net sales amounted to SEK 9.9 million (4.3).
- The operating result totalled SEK -144.9 million (-131.9).
- The result for the period amounted to SEK -145.9 million (-131.1).
- Earnings per share before and after dilution amounted to SEK -5.00 (-4.81).
- Cash flow from operating activities totalled SEK -120.8 million (-101.1).
- As of 30 June 2022, the Company had a total of SEK 213.8 million (347.8) in available funds.

Significant events

In the second quarter of 2022

- The Company announced that ASTar had received a Breakthrough Device designation from the US Food and Drug Administration (FDA).
- Q-linea submitted a market application to the FDA for ASTar in the US.

after the end of the period

- Q-linea received a letter of intent from a large market-leading company to evaluate and potential commercialization of Podler.

A major step towards the US market



There was a wealth of positive news for Q-linea in the second quarter of 2022, above all strong interest from potential customers.

Feedback from potential customers was positive at ECCMID (the European Congress of Clinical Microbiology and Infectious Diseases) in Lisbon, Portugal on 23–26 April and at the US equivalent to ECCMID, ASM Microbe (American Society for Microbiology), in Washington DC on 9–13 June. At ECCMID, we presented our Podler® blood culture technology in its entirety for the first time as well as the possibility of running isolate discs in ASTar using a separate loading station.

We received more than 100 expressions of interest in ASTar at ASM Microbe, which was far higher than our internal target. We are overwhelmed by this level of interest, given that ASM Microbe is a smaller conference than ECCMID and that ASTar is not yet commercially available in the US. On the whole, the level of interest in ASTar exceeded all of our internal targets, and our partner, Thermo Fisher Scientific, had a full house at its ASTar booth at both conferences.

We see that the great interest should generate a positive development in sales during the next year and that we are currently sticking to the previously communicated sales forecast for the year. The sales process is long, and our assessment is that 2022 will be a difficult year. However, our goal is long-term and the interest in ASTs and successful evaluations is a good foundation for the future.

One catalyst for the high degree of interest is that we are approaching market approval in the US. Just before ASM Microbe, we submitted a 510(k) application to the FDA to gain US market authorisation. Since we received a Breakthrough Device designation in April this year, we hope that the FDA will expedite the regulatory review of our application.

This designation is given to products that are deemed to provide a more efficient treatment for serious illnesses where no comparable alternative is available in the

market. The aim of the designation is to accelerate the regulatory review of new medical devices and provide patients with faster access to new treatment alternatives.

Our market application contained over 2,000 pages, partly due to our broad panel, which makes the application very extensive. The FDA will contact us during the summer. Normally the process takes 90 days, but the pandemic is still having repercussions, and the clock stops if the FDA asks a question. However, we are cautiously optimistic, and given our Breakthrough Device designation we hope for an interactive, prioritised process.

During the quarter, we received a letter of intent (LOI) from a large market-leading company for an evaluation and potential commercialisation partnership for our Podler blood culture technology. The traditional blood culture market is dominated by a small number of large companies and entering into a letter of intent with one of them is a positive first step in the commercialisation of the Podler technology. The LOI is proof of the serious interest we are seeing in our technology, and if the evaluation goes well it could lead to more extensive commercial discussions.

In May, we announced that we achieved In Vitro Diagnostics Regulation (IVDR) status for the ASTar instrument. The transition from the IVD Directive to the IVD Regulation (IVDR) is the largest change in the regulation of diagnostic products in Europe in decades. The regulation makes the European system more like the American system, with more extensive tests in order to meet regulatory requirements. We were very proud to have met the demands for CE/IVDR marking for the ASTar instrument, and we are currently working to gain IVDR status for the ASTar BC G-Kit, which we have about five years to accomplish.

Based on all of our positive news and the high level of interest from potential customers, I am very optimistic about the future. We look forward to our future launch of ASTar in the US, and to seeing ASTar contribute to improved patient outcomes for as many patients as possible around the world in the long term.

We are also seeing our staffing needs beginning to level off for the first time since the Company was started. This is primarily because we have used consultants at the Company in order to reach important milestones (IVDR, 510k, etc.). As we have passed these milestones and are also able to transfer knowledge to our personnel, we are now able to reduce the use of consultants. Naturally, it is a positive development to be able to deliver more without needing to grow at the same pace as before.

Uppsala, 13 July 2022, Jonas Jarvius, President

510(k) regulatory application for the ASTar Instrument and the gram-negative kit product submitted to the FDA

Developments in the second quarter of 2022

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

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

Consumables

Development of the Company's upcoming kit product for gram-positive bacteria continued during the quarter. Work focused on the areas where the new product differs from the gram-negative product, which has many similarities. The gram-positive product will have a somewhat different sample preparation protocol, and different organisms will be used for quality control of antibiotics.

Production of the gram-negative kit product also continued, with continued commercial deliveries of the CE-marked product to Thermo Fisher Scientific and kit deliveries to conduct the clinical performance study in the US.

Scale-up and cutting production costs

Work to develop more automated manufacturing processes for consumables continued during the quarter, with the long-term objective of cutting production costs while being able to manufacture the anticipated volumes. One important step in this process has been to develop new equipment for dispensing and performing quality control on the antibiotic load of the AST disc. Qualification of the equipment began during the quarter, with the objective of drastically increasing capacity to produce AST discs.

Instruments

We continued working to ensure our ability to fulfil larger production volumes during the quarter by continuing to transfer certain production tests to our contract manufacturer, Sanmina. The Company has previously built up a supply of critical components in order to ensure future instrument deliveries. During the second quarter, the Company also developed instrument software that can manage multiple hardware versions of a specific component that is reaching the end of its life cycle and will be replaced by a new one. This approach makes it easy to phase out hardware components that are approaching the end of their life cycle or need to be replaced for other reasons.

Regulatory studies for the US market

During the quarter, the Company compiled and submitted a 510(k) regulatory application for the ASTar instrument and the gram-negative kit product to the FDA. The application is based on the clinical and analytical studies that the Company conducted in the US and Europe during the autumn and spring. The FDA previously classified ASTar as a Breakthrough Device, and its review of the application has now begun.

Planning of a new clinical performance study for the Company's upcoming kit product for gram-positive bacteria has also begun. The study will be largely conducted in cooperation with the same partners that conducted the previous gram-negative study.

Development of new products

Development of Q-linea's portable blood culture technology continue during the quarter. Development is partly being performed jointly with a development partner, Innokas Medical, with which the Company signed a development agreement during the quarter. They will work closely with Q-linea's development team. Several strategic partners have continued to show strong interest in the technology, and discussions on the launch strategy have continued.

Financial performance in brief

Comments on the report

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

Income, expenses and earnings

Net sales for the second quarter amounted to SEK 4,121 thousand (4,320), a decrease of SEK 199 thousand compared with the year-earlier period. Net sales for the January–June period totalled SEK 9,920 thousand (4,320), up SEK 5,600 thousand. Sales comprised ASTar instruments and associated consumables.

Other operating income amounted to SEK 36 thousand (45) for the second quarter and SEK 677 thousand (48) for the January–June period, and pertained primarily to sales of customer-specific prototypes to external customers.

Changes in inventories of products in progress, semi-finished goods and finished goods amounted to SEK -6,925 thousand (-8,017) for the quarter and SEK -16,508 thousand (-14,030) for the January–June period, mainly due to the increased sales of the Company's products.

Costs for raw materials and consumables and goods for resale totalled SEK 3,204 thousand (4,623) for the second quarter and SEK 6,376 thousand (7,733) for the January–June period. The Company recognised an impairment of goods for resale and finished goods that amounted to SEK 45 thousand (-2,821) for the quarter, and SEK -209 thousand (-2,821) for the January–June period.

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

Other external costs totalled SEK 24,724 thousand (23,656) for the second quarter, up SEK 1,068 thousand. The change during the quarter was largely due to an increase in market activities and services pertaining to clinical studies compared with the year-earlier period. Costs amounted to SEK 48,325 thousand (45,728) for the January–June period, up SEK 2,597 thousand. The changes were largely attributable to an increase in external consultancy services and market activities, including travel costs.

Personnel costs amounted to SEK 39,635 thousand (34,454) for the second quarter, up SEK 5,181 thousand compared with the corresponding quarter in the preceding year. Personnel costs amounted to SEK 79,159 thousand (65,288) for the January–June period, up SEK 13,871 thousand. The cost increase during both the quarter and the period was primarily attributable to a higher number of employees compared with the year-earlier periods.

Costs for depreciation, amortisation and impairment of tangible and intangible assets totalled SEK 2,397 thousand (1,721) for the second quarter and SEK 4,628 thousand (3,414) for the January–June period. This cost increase was primarily attributable to the Company's investments in expanded laboratory capacity and ASTar instruments for clinical studies, which are now being depreciated.

Other operating expenses amounted to SEK 351 thousand (46) for the second quarter and SEK 514 thousand (87) for the January–June period, and pertained largely to exchange-rate losses.

The operating result amounted to SEK -73,080 thousand (-68,152) for the second quarter and SEK -144,912 thousand (-131,911) for the January–June period. The planned reduction in the operating result, which amounted to SEK -13,001 thousand, was primarily attributable to increased personnel costs.

The result from financial items totalled SEK -922 thousand (223) for the second quarter and SEK -1,026 thousand (789) for the January–June period. Realised exchange losses from the sale of fixed-income funds and bonds exceeded interest income for the period, leading to the negative result from financial items.

The reported tax for the second quarter and the January–June period was SEK 0 thousand (0).

The result totalled SEK -74,002 thousand (-67,929) for the second quarter and SEK -145,938 thousand (-131,122) for the January–June period.

Financial position

Cash and cash equivalents at the end of the second quarter totalled SEK 19,567 thousand (15,089). Cash and cash equivalents that are not required for daily operations over the coming 12 months have been invested in fixed-income funds and listed corporate bonds.

On the balance sheet date, the Company's short-term investments amounted to SEK 100,242 thousand (150,945), consisting of fixed-income funds and the short-term component of listed corporate bonds. The fixed-income funds consist of low-risk securities and other interest-rate

instruments that were recognised at cost in an amount of SEK 25,462 thousand (91,245) at the end of the second quarter. The fair value of the fixed-income funds totalled SEK 25,018 thousand (91,295) on the balance sheet date (level 1 in the fair value hierarchy).

The Company's short-term component of the listed corporate bonds was recognised at cost in an amount of SEK 74,779 thousand (59,700) on the balance sheet date. The value includes accrued coupon rates of SEK 115 thousand (150). The fair value of the bonds amounted to SEK 73,424 thousand (59,427).

Financial assets totalled SEK 97,045 thousand (184,815) on the balance sheet date, a decrease of SEK 87,770 thousand. The change was attributable to the Company having sold bonds amounting to SEK 65,503 thousand (5,150). The remaining amount is attributable to the reclassification of listed corporate bonds to the short-term category as well as changes in accrued interest and credit reserve.

The Company's financial assets primarily comprise listed corporate bonds in several sectors with a diversified maturity structure with high credit ratings. During the quarter, the Company reduced its holding in long-term bonds somewhat, which resulted in a lower credit reserve. At the end of the second quarter, the Company's total value of listed corporate bonds amounted to SEK 93,998 thousand (181,768). These are recognised at amortised cost and include a credit reserve of SEK 179 thousand (215). The Company tests for impairment on each recognition date using data from S&P and Moody's. Other long-term financial assets also comprise participations in EMPE Diagnostics AB amounting to SEK 2,997 thousand (2,997) at the end of the quarter. Q-linea's holding comprises 23,400 shares, corresponding to 5.52% of the capital and votes.

At the end of the quarter, equity amounted to SEK 286,135 thousand (430,788), the equity/assets ratio to 87% (92) and the debt/equity ratio to -75% (-81).

Cash flow and investments

Cash flow from operating activities totalled SEK -69,107 thousand (-45,036) for the second quarter and SEK -120,770 thousand (-101,137) for the January–June period. The change in cash flow in the second quarter and the January–June period was mainly due to a weaker change in working capital and a lower operating result.

Cash flow from investing activities totalled SEK 73,329 thousand (-203,311) for the second quarter and SEK 125,327 thousand (-144,775) for the January–June period. Investments in tangible assets amounted to SEK 7,268 thousand (2,388) for the second quarter and SEK -12,966 thousand (3,186) for the January–June period.

During the second quarter, the Company invested SEK 0 thousand (165,073) in short-term investments, of which SEK 0 thousand (160,000) was invested in interest-

bearing funds and SEK 0 thousand (5,073) in short-term listed bonds. During the January–June period, the Company invested SEK 70,000 thousand (170,079) in short-term investments, of which SEK 70,000 thousand (160,000) was invested in interest-bearing funds and SEK 0 thousand (10,079) in short-term listed bonds.

In addition, the Company divested short-term investments totalling SEK 80,597 thousand (75,187) in the second quarter. Of this amount, short-term fixed-income funds comprised SEK 80,597 thousand (44,708) and short-term bonds comprised SEK 0 thousand (30,479). The Company divested short-term investments totalling SEK 201,285 thousand (188,184) in the January–June period. Of this amount, short-term fixed-income funds comprised SEK 135,782 thousand (104,345) and short-term bonds comprised SEK 65,503 thousand (83,839).

The Company invested SEK 0 thousand (116,187) in financial assets in the second quarter, and SEK 0 thousand (164,844) in the January–June period. The Company only invests in listed bonds that have the highest rating from S&P and Moody's. In addition, the Company divested financial assets valued at SEK 0 thousand (5,150) in the quarter, and SEK 7,008 thousand (5,150) in the January–June period.

Cash flow from financing activities totalled SEK -40 thousand (283,985) for the second quarter and SEK -79 thousand (283,905) for the January–June period, and pertained to repayments to credit institutions. Loans to credit institutions are now repaid in full. During the comparative quarter and the January–June 2021 period, the Company carried out a directed issue that raised gross proceeds of SEK 301,400 thousand. Issue costs totalled SEK 17,335 thousand.

Financing

To provide the Company with sufficient liquidity to continue operating and developing according to its strategic plan, the Company carried out a directed issue during 2021. This issue raised gross proceeds for the Company of SEK 301,400 thousand. As of 30 June 2022, the Company had access to cash and cash equivalents of SEK 19,657 thousand (15,089), short-term investments including short-term components of other securities held as non-current assets of SEK 100,242 thousand (150,945) and long-term listed corporate bonds of SEK 93,998 thousand (181,768), totalling SEK 213,807 thousand (347,802).

Future financing

Q-linea has the first ASTar product approved for sales in Europe. However, the Company is yet to generate any positive cash flow. During the second quarter of the previous year, the Company carried out a directed issue amounting to SEK 301.4 million before issue costs, which is described under "Financing" above. The Company is implementing a business plan for 2022–2023 that includes licensing revenue for Podler and an assessment

that costs will now level off primarily due to a reduced need for consultants. Based on the proceeds generated for the Company last year as well as the Company's current business plan, the Board's assessment is that, as of 30 June 2022, working capital and the assumptions that the business plan is based on are sufficient to cover the Company's needs for at least the next 12 months.

Other information

Employees

Calculated on the basis of full-time equivalents, Q-linea had 151 (118) employees at the end of the second quarter, 65 (49) of whom were women. The number of consultants at the end of the second quarter was 24 (32), six (nine) of whom were women.

2022 Annual General Meeting

In addition to the standard matters addressed by the Annual General Meeting, the following resolutions were passed:

- To re-elect directors Erika Kjellberg Eriksson, Mats Nilsson, Marianne Hansson, Per-Olof Wallström, Hans Johansson and Mario Gualano, and to elect Nina Korfu-Pedersen as a new director. Erika Kjellberg Eriksson was re-elected as Board Chairperson. Markus Storch informed the Nomination Committee before the Annual General Meeting that he would not stand for re-election.
- To appoint the registered accounting firm Öhrling PricewaterhouseCoopers AB as auditor.
- To introduce an employee share option programme ("Employee share option programme 2022/2025") for the Company's employees.
- To authorise the Board of Directors, on one or more occasions during the period until the next Annual General Meeting, to decide to increase the Company's share capital by a maximum of SEK 295,379.47. 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.

The effect of Covid-19 on operations

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

It is currently difficult to estimate the future effect on Q-linea's operations given that certain areas are under

constant change. We have started to see positive effects as well as a certain degree of uncertainty in the following significant areas, which could be subject to the effects of the pandemic:

- The timeframe of the planned clinical study, if hospitals are tied up with activities related to SARS-CoV-2 and Covid-19. The possibility to visit hospitals during the study, given that this could be limited during certain periods and in certain regions.
- Delays in commercialisation if customers are less available as a result of the pandemic.
- Expense levels and financing strategy.

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

The situation in Ukraine

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

- The Company's operations are not dependent on Russian or Belarusian suppliers or customers.
- The Company has no operations or employees in these countries.
- Costs for fuel, energy, shipping and certain insurance could increase further, which will impact the Company's expense levels, although only to a limited extent.
- The Company could be affected by higher prices for raw materials, primarily plastic which is produced from oil. However, any impact would be limited since the cost of plastic in the Company's products is a small portion of the total cost.

Q-linea is following the events closely.

Information about risks and uncertainties

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

The goal of the Company's risk management is to identify, measure, control and limit the risks associated with its operations. Risks can be divided into financial risks and operational and business environment risks. Q-linea's

operational and business environment risks mainly comprise risks related to research and development, production risks, clinical trials, market risks, risks associated with product approval and the dependence on key individuals. A detailed description of the Company's risk exposure and risk management is presented on pages 36–82 of the 2021 Annual Report.

Definition of performance measures

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

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

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

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

Reconciliation of alternative performance measures

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

EBITDA

SEK thousand	2022 Apr–Jun	2021 Apr–Jun	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
Operating result	-73,080	-68,152	-144,912	-131,911	-233,550
Depreciation, amortisation and impairment	2,397	1,721	4,628	3,414	7,311
EBITDA	-70,683	-66,431	-140,284	-128,497	-226,238

Equity/assets ratio

SEK thousand (unless otherwise stated)	30 Jun 2022	30 Jun 2021	31 Dec 2021
Total assets	330,122	600,226	466,633
Equity	286,135	534,989	430,788
Equity/assets ratio (%)	87%	89%	92%

Debt/equity ratio

SEK thousand (unless otherwise stated)	30 Jun 2022	30 Jun 2021	31 Dec 2021
Current liabilities to credit institutions (a)	0	171	79
Total borrowing	0	171	79
- Less cash and cash equivalents (b)	-19,567	-48,137	-15,088
- Less short-term investments (c)	-100,242	-278,484	-150,945
- Less long-term investments (d)	-93,998	-184,196	-181,768
Net debt (e=a+b+c+d)	-213,807	-510,646	-347,722
Equity (f)	286,135	534,989	430,788
Debt/equity ratio (e/f) (%)	-75%	-95%	-81%

Equity per share

SEK thousand (unless otherwise stated)	30 Jun 2022	30 Jun 2021	31 Dec 2021
Equity (a)	286,135	534,989	430,788
Total number of shares outstanding (b)	29,537,947	29,537,947	29,537,947
- Less holding of treasury shares (c)	-328,472	-328,472	-328,472
Equity per share (a/(b-c)), SEK	9.58	18.32	14.75

Performance measures and other information

SEK thousand (unless otherwise stated)	2022 Apr–Jun	2021 Apr–Jun	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
Earnings					
Net sales	4,121	4,320	9,920	4,320	9,335
EBITDA	-70,683	-66,431	-140,284	-128,497	-226,238
Operating result	-73,080	-68,152	-144,912	-131,911	-233,550
Result for the period	-74,002	-67,929	-145,938	-131,122	-231,242
Per share					
Equity per share, SEK	9.58	18.32	9.58	18.32	14.75
Earnings per share before and after dilution, SEK	-2.53	-2.47	-5.00	-4.81	-8.19
Total number of shares outstanding	29,537,947	29,537,947	29,537,947	29,537,947	29,537,947
- of which, treasury shares	328,472	328,472	328,472	328,472	328,472
Number of shares outstanding excl. treasury shares	29,209,475	29,209,475	29,209,475	29,209,475	29,209,475
Total average number of shares	29,537,947	27,821,463	29,537,947	27,581,041	28,567,536
- of which, average number of treasury shares	328,472	328,472	328,472	328,472	328,472
Average number of shares excl. treasury shares	29,209,475	27,492,991	29,209,475	27,252,569	28,239,064
Cash flow					
Cash flow from operating activities	-69,107	-45,036	-120,770	-101,137	-255,049
Cash flow from investing activities	73,239	-203,311	125,327	-144,775	-23,819
Cash flow from financing activities	-40	283,985	-79	283,905	283,813

SEK thousand (unless otherwise stated)	30 Jun 2022	30 Jun 2021	31 Dec 2021
Financial position			
Total assets	330,122	600,226	466,633
Cash and cash equivalents	19,567	48,137	15,089
Short-term investments and non-current securities	194,239	462,680	332,712
Equity	286,135	534,989	430,788
Equity/assets ratio, %	87	89	92
Debt/equity ratio, %	-75	-95	-81

CERTIFICATION AND UPCOMING REPORT DATES

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

Uppsala, 13 July 2022

Jonas Jarvius
President

Erika Kjellberg Eriksson
Chairperson

Mats Nilsson
Director

Mario Gualano
Director

Nina Korfu-Pedersen
Director

Marianne Hansson
Director

Per-Olof Wallström
Director

Hans Johansson
Director

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

Upcoming reporting dates

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

About the Company

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This information is information that Q-linea AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above, on 14 July 2022 at 7:30 a.m. (CEST).

Presentation

Q-linea invites investors, analysts and the media to an audiocast and teleconference (in English) today, 14 July 2022, at 1:00 to 2:00 p.m. (CEST). President Jonas Jarvius and CFO Anders Lundin will present Q-linea, comment on the interim report for the January–June 2022 period and respond to questions.

Webcast: <https://tv.streamfabriken.com/q-linea-q2-2022>

Telephone numbers for the teleconference: SE: +46 850 516 386 UK: +44 203 198 4884 US: +1 412 317 6300

Pin code for all participants calling in: 4129112#

Income statement

Amounts in SEK thousand	Note	2022 Apr–Jun	2021 Apr–Jun	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
Net sales	2	4,121	4,320	9,920	4,320	9,335
Other operating income		36	45	677	48	450
Changes in inventories of products in progress, semi-finished goods and finished goods ¹⁾		-6,925	-8,017	-16,508	-14,030	2,165
Raw materials and consumables, and goods for resale		-3,204	-4,623	-6,376	-7,733	-36,529
Other external costs		-24,724	-23,656	-48,325	-45,728	-90,765
Personnel costs	4	-39,635	-34,454	-79,159	-65,288	-110,512
Depreciation/amortisation of tangible and intangible assets		-2,397	-1,721	-4,628	-3,414	-7,311
Other operating expenses		-351	-46	-514	-87	-383
Operating result		-73,080	-68,152	-144,912	-131,911	-233,550
Revenue from holdings of listed corporate bonds that are non-current assets ²⁾		281	289	648	416	1,668
Other interest income and similar profit items		238	881	589	1,886	2,580
Interest expenses and similar loss items		-1,441	-947	-2,264	-1,513	-1,941
Result from financial items		-922	223	-1,026	789	2,307
Result before tax		-74,002	-67,929	-145,938	-131,122	-231,242
Tax on result for the period		-	-	-	-	-
Result for the period		-74,002	-67,929	-145,938	-131,122	-231,242
Earnings per share before and after dilution, SEK	8	-2.53	-2.47	-5.00	-4.81	-8.19
Average number of shares excl. treasury shares		29,209,475	27,492,991	29,209,475	27,252,569	28,239,064

Statement of comprehensive income

Amounts in SEK thousand	2022 Apr–Jun	2021 Apr–Jun	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
Result for the period	-74,002	-67,929	-145,938	-131,122	-231,242
Other comprehensive income, net after tax		-	-	-	-
Total comprehensive income	-74,002	-67,929	-145,938	-131,122	-231,242

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

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

Balance sheet

Amounts in SEK thousand	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
Non-current assets				
<i>Intangible assets</i>				
Licences		60	130	95
Technology and customer relationships		253	337	295
Goodwill		3,259	4,345	3,802
Total intangible assets		3,572	4,812	4,193
<i>Tangible assets</i>				
Equipment, tools, fixtures and fittings		36,628	22,255	27,669
Total tangible assets		36,628	22,255	27,669
<i>Financial assets</i>				
Other securities held as non-current assets	7	96,995	187,193	184,765
Other long-term receivables		50	50	50
Total financial assets		97,045	187,243	184,815
Total non-current assets		137,245	214,310	216,676
Current assets				
Inventories	5	18,700	22,596	28,646
<i>Current receivables</i>				
Accounts receivable		1,067	4,751	3,481
Other receivables		49,548	28,713	48,440
Prepaid expenses and accrued income		3,753	3,234	3,355
Total current receivables		54,368	36,698	55,276
Short-term investments	6	100,242	278,484	150,945
Cash and bank balances		19,567	48,137	15,089
Total current assets		192,877	385,916	249,957
TOTAL ASSETS		330,122	600,226	466,633

Balance sheet

Amounts in SEK thousand	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		1,477	1,477	1,477
Total restricted equity		1,477	1,477	1,477
Unrestricted equity				
Share premium reserve		1,234,972	1,234,972	1,234,972
Retained earnings		-804,376	-570,338	-574,419
Result for the period		-145,938	-131,122	-231,242
Total unrestricted equity		284,658	533,512	429,311
Total equity		286,135	534,989	430,788
Liabilities				
<i>Current liabilities</i>				
Loans from credit institutions		0	171	79
Accounts payable		8,195	25,058	8,103
Current tax liabilities		0	1,667	2,238
Other liabilities		11,488	5,894	10,969
Accrued expenses and deferred income		24,304	32,447	14,456
Total current liabilities		43,987	65,237	35,845
TOTAL LIABILITIES AND EQUITY		330,122	600,226	466,633

Changes in equity

Amounts in SEK thousand	Note	Restricted equity	Unrestricted equity			Total equity
		Share capital	Share premium reserve	Retained earnings	Result for the period	
Opening balance, 1 January 2021		1,367	951,017	-353,531	-218,655	380,197
Comprehensive income						
Result for the period		-	-	-	-131,122	-131,122
Appropriation of profits		-	-	-218,655	218,655	0
Total comprehensive income		-	-	-218,655	87,533	-131,122
Transactions with shareholders						
New share issue	10	110	301,290	-	-	301,400
Issue costs		-	-17,335	-	-	-17,355
Share-based remuneration programmes	4	-	-	1,848	-	1,848
Total transactions with shareholders		110	283,955	1,848	-	285,913
Closing balance, 30 June 2021		1,477	1,234,972	-570,338	-131,122	534,989
Opening balance, 1 January 2021		1,367	951,017	-353,531	-218,655	380,197
Comprehensive income						
Result for the year		-	-	-	-231,242	-231,242
Appropriation of profits in accordance with AGM decision		-	-	-	-	-
- Carried forward to unrestricted equity		-	-	-218,655	218,655	0
Total comprehensive income		-	-	-218,655	-12,587	-231,242
Transactions with shareholders						
New share issue		110	301,290	-	-	301,400
Issue costs		-	-17,335	-	-	-17,335
Share-based remuneration programmes	4	-	-	-2,233	-	-2,233
Total transactions with shareholders		110	283,955	-2,233	-	281,833
Closing balance, 31 December 2021		1,477	1,234,972	-574,419	-231,242	430,788
Opening balance, 1 January 2022		1,477	1,234,972	-574,419	-231,242	430,788
Comprehensive income						
Result for the period		-	-	-	-145,938	-145,938
Appropriation of profits		-	-	-231,242	231,242	0
Total comprehensive income		-	-	-231,242	85,304	-145,938
Transactions with shareholders						
Share-based remuneration programmes	4	-	-	1,285	-	1,285
Total transactions with shareholders		-	-	1,285	-	1,285
Closing balance, 30 June 2022		1,477	1,234,972	-804,376	-145,938	286,135

Cash flow statement

Amounts in SEK thousand	Note	2022 Apr–Jun	2021 Apr–Jun	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
Cash flow from operating activities						
Operating result		-73,080	-68,152	-144,912	-131,911	-233,550
Adjustments for non-cash items						
- Depreciation reversal		2,397	1,721	4,628	3,414	7,311
- Scrapping of inventory		-	-	-	-	94
- Change in guarantee reserve		-	175	210	175	350
- Share-based remuneration programmes	4	631	1,005	1,285	1,848	-2,233
Interest received		410	874	1,059	1,870	3,735
Interest paid		-1,337	-692	-1,905	-1,059	-1,180
Tax paid		-	248	-	-264	306
Cash flow from operating activities before changes in working capital		-70,978	-64,821	-139,635	-125,928	-225,167
<i>Changes in working capital</i>						
Increase/decrease in inventories	5	3,196	-6,247	9,946	-10,163	-16,213
Increase/decrease in accounts receivable		-309	-2,645	2,414	-4,707	-3,438
Increase/decrease in other current receivables		-2,811	1,781	-1,506	6,210	-13,639
Increase/decrease in other current liabilities		4,222	11,006	7,919	16,462	3,371
Increase/decrease in accounts payable		-2,427	15,890	92	16,989	36
<i>Changes in working capital</i>		<i>1,871</i>	<i>19,785</i>	<i>18,865</i>	<i>24,791</i>	<i>-29,883</i>
Cash flow from operating activities		-69,107	-45,036	-120,770	-101,137	-255,050
Cash flow from investing activities						
Investments in tangible assets		-7,268	-2,388	-12,966	-3,186	-11,971
Short-term investments	6	-	-165,073	-70,000	-170,079	-176,134
Divestment of short-term investments	6	80,597	75,187	201,285	188,184	363,231
Investments in financial assets	7	-	-116,187	-	-164,844	-204,095
Divestment of financial assets	7	-	5,150	7,008	5,150	5,150
Cash flow from investing activities		73,329	-203,311	125,327	-144,775	-23,819
Cash flow from financing activities						
New share issue		-	301,400	-	301,400	301,400
Issue costs		-	-17,355	-	-17,355	-17,335
Repayment of loans		-40	-80	-79	-160	-252
Cash flow from financing activities		-40	283,985	-79	283,905	283,814
Cash flow for the period		4,182	35,638	4,478	37,993	4,945
Cash and cash equivalents at the beginning of the period		15,386	12,499	15,089	10,144	10,144
Cash and cash equivalents at the end of the period		19,567	48,137	19,567	48,137	15,089

Accounting policies and notes

Note 1 Accounting policies

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

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

The interim report comprises pages 1–20, and pages 1–11 thus comprise an integrated component of this financial report.

Note 2 Specification of net sales

Net sales specified by geographic market:

SEK thousand	2022 Apr–Jun	2021 Apr–Jun	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
UK	4,121	4,320	9,220	4,320	9,335
Total net sales by geographic market	4,121	4,320	9,220	4,320	9,335

Net sales specified by type of income

SEK thousand	2022 Apr–Jun	2021 Apr–Jun	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
ASTar instruments and associated consumables.	4,121	4,320	9,220	4,320	9,335
Total net sales by type of income	4,121	4,320	9,220	4,320	9,335

Note 3 Related-party transactions

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

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

Note 4 Share-based remuneration programmes

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

Performance share-based programme LTIP 2019

The rights to receive performance shares were allotted free of charge in December 2019. As of 31 December 2019, when the programme was closed to new participants, 40,990 performance share rights had been allotted to participants of the programme. The performance targets are linked to product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met. The value of each performance share right is SEK 56.00 and is based on the closing price on the allotment date (20 December 2019). At the end of the second quarter, there were 40,990 (40,990) performance share rights outstanding and no performance share rights had expired. The cost recognised including social security contributions amounted to SEK 251 thousand (221) for the second quarter and SEK 218 thousand (533) for the first half of the year.

Employee share option programme 2020/2023

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

The option value on the allotment date was based on the average price on the allotment date and was calculated at SEK 11.38 per option. At the end of the second quarter, there were 304,040 (335,140) employee share options outstanding and 41,810 (10,710) employee share options had expired since the start of the programme. The option value on the balance sheet date was SEK 5.78 (53.50) per option, according to the Black & Scholes model. The cost recognised including social security contributions amounted to SEK 165 thousand (184) for the second quarter and SEK -422 thousand (811) for the first half of the year.

Employee share option programme 2021/2024

Employee share options were allotted free of charge on 30 June 2021 following a resolution by the Annual General Meeting on 25 May 2021. The programme measures the fulfilment of certain strategic and operational targets established by the Board, and employees may acquire one ordinary share in the Company after a vesting period of three years. Employee share options are to be offered free of charge to individuals employed by the Company as of 15 June 2021 who are not covered by any of the previous share-based incentive programmes in the Company. When the programme was closed to new participants, a total of 128,520 employee share options had been allotted. The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period from 10–24 May, meaning the ten (10) trading days prior to 25 May 2021, was SEK 153.45, and the exercise price was thus set at SEK 191.81 per share.

The option value on the allotment date was based on the average price on the allotment date and was calculated at SEK 23.71 per option. At the end of the second quarter, there were 117,810 (128,520) employee share options outstanding and 10,710 (0) employee share options had expired since the start of the programme. The option value on the balance sheet date was SEK 1.87 (23.71) per option, according to the Black & Scholes model. The cost recognised including social security contributions amounted to SEK 261 thousand (0) for the second quarter and SEK 478 thousand (0) for the first half of the year.

Employee share option programme 2022/2025

The Company's Annual General Meeting on 24 May 2022 resolved to introduce an employee share option programme for the Company's employees. Employee share option programme 2022/2025 is to comprise a maximum of 292,770 employee share options. Employee share options are to be offered free of charge to individuals employed by the Company as of 15 June 2022 who are i) members of the management team or ii) not covered by any of the two previous employee share option programmes (adopted in 2020 and 2021, respectively), the "Previous Programmes". Each person will be offered as many employee share options as needed for the person in question to hold a certain total number of options within the framework of this employee share option programme and the Previous Programmes. The total number of options per individual per category is shown below.

- I. President: 30,000
- II. Management team 21,030
- III. Other employees: 3,570

Each employee share option shall entitle the holder, on the achievement of certain strategic and operational goals set by the Board in advance and connected to significant events in the Company's development, such as advances in product development, product approval and commercialisation, and after a three-year vesting period, to acquire one (1) new common share in the Company at an exercise price corresponding to 125% of the volume-weighted average price of the Company's share according to Nasdaq Stockholm's price list during the period ten (10) trading days before 24 May 2022. However, the subscription price may not under any circumstances be less than the quotient value. To enable the Company's delivery of shares under the programme and to cover the cash flow effects as a result of any social security contributions arising under the programme, the Annual General Meeting resolved to carry out a directed issue of a maximum of 384,758 warrants to the Company, of which a maximum of 91,988 warrants were issued to cover any cash flow effects as a result of social security contributions arising under the employee share option programme 2022/2025.

As of 30 June 2022, when the programme was closed to new participants, a total of 223,030 employee share options had been allotted to the 39 participants who had registered for the programme. The volume-weighted average price for the Company's share according to Nasdaq Stockholm's price list during the period 10–23 May, meaning the ten (10) trading days prior to 24 May 2022, was SEK 82.26, and the exercise price was thus set at SEK 102.82 per share. The option value on the allotment date of 30 June 2022 was calculated according to the Black & Scholes model based on the average price on the allotment date and was calculated at SEK 14.06 per option. The cost recognised for the second quarter and for the January–June period amounted to SEK 0 thousand (0) since the employee share options were allotted to the participants on 30 June 2022.

Note 5 Inventories

At the end of the second quarter of 2022, the Company had an inventory value of SEK 18,700 thousand (28,646).

SEK thousand (unless otherwise stated)	30 Jun 2022	30 Jun 2021	31 Dec 2021
Raw materials and consumables	3,207	3,352	2,781
Goods for resale ¹⁾	10,264	14,123	18,369
Products in progress	879	630	2,019
Semi-finished goods	3,162	2,109	3,226
Finished goods	1,188	2,382	2,251
Total inventories	18,700	22,596	28,646

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

The Company's impairment reserve for goods for resale and finished goods amounted to SEK -4,943 thousand (-4,734) at the end of the second quarter. SEK 10,430 thousand (6,358) in goods was expensed for the quarter, and SEK 22,407 thousand (7,832) for the January–June period.

Note 6 Short-term investments

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

At the end of the second quarter, the Company's short-term investments totalled SEK 100,242 thousand (150,945), of which SEK 74,779 thousand (59,700) represents the short-term component of the Company's listed corporate bonds. The fair value of the fixed-income funds amounted to SEK 25,018 thousand (91,295) and the fair value of the bonds amounted to SEK 73,424 thousand (59,427). Accrued interest on the listed bonds amounted to SEK 115 thousand (150). Coupon rates received from short-term bonds amounted to SEK 210 thousand (208) for the quarter and SEK 539 thousand (524) for the January–June period.

Note 7 Other securities held as non-current assets

Other securities held as non-current assets primarily comprise low-risk listed corporate bonds that were measured at an amortised cost of SEK 93,998 thousand (181,768) on the balance sheet date, of which the accrued interest amounted to SEK 94 thousand (170) and the credit reserve to SEK -179 thousand (-215). The Company carries out impairment tests on a quarterly basis on each recognition date. The Company invests exclusively in bonds belonging to level 1 of the fair value hierarchy, and the impairment test is based on information from S&P and Moody's. The bond coupon rates carry both variable and fixed interest with periodic payments. Coupon rates received amounted to SEK 281 thousand (289) for the second quarter and SEK 648 thousand (416) for the January–June period.

Other securities held as non-current assets pertain to participations in EMPE Diagnostics AB. Participations were recognised at cost in the balance sheet in an amount of SEK 2,997 thousand (2,997). As of 30 June 2022, the Company deemed that there was no impairment requirement for the participations in EMPE Diagnostics AB since the share price in the latest directed issue exceeded the price paid by Q-linea. Q-linea's holding comprises 23,400 shares, corresponding to 5.52% of the capital and votes.

Note 8 Earnings per share

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

SEK thousand (unless otherwise stated)	2022 Apr–Jun	2021 Apr–Jun	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
Result for the period	-74,002	-67,929	-145,938	-131,122	-231,242
Weighted average number of shares outstanding	29,537,947	27,821,463	29,537,947	27,581,041	28,567,536
- Less average holding of treasury shares	-328,472	-328,472	-328,472	-328,472	-328,472
Earnings per share before and after dilution (SEK)	-2.53	-2.47	-5.00	-4.81	-8.19

Note 9 Risk management

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

At the end of second quarter, the Company had a credit reserve of SEK -179 thousand (-215). The material risks associated with Q-linea's operations are presented in the Annual Report for the 1 January to 31 December 2021 financial year and in the prospectus prepared prior to the listing on Nasdaq Stockholm.

Note 10 Future financing

Q-linea has the first ASTar product approved for sales in Europe. However, the Company is yet to generate any positive cash flow. During the second quarter of the previous year, the Company carried out a directed issue amounting to SEK 301.4 million before issue costs, which is described under "Financing" above. The Company is implementing a business plan for 2022–2023 that includes licensing revenue for Podler and an assessment that costs will now level off primarily due to a reduced need for consultants. Based on the proceeds generated for the Company last year as well as the Company's current business plan, the Board's assessment is that, as of 30 June 2022, working capital and the assumptions that the business plan is based on are sufficient to cover the Company's needs for at least the next 12 months.

Note 11 Significant events after the end of the period

Q-linea received a letter of intent from a large Q market-leading company to evaluate and potential commercialization of Podler.