

# Well prepared ahead of commercialisation

## Fourth quarter: 1 October–31 December 2020

- Net sales amounted to SEK 0.0 million (0.0).
- The operating result totalled SEK -57.1 million (-62.1).
- The result for the period amounted to SEK -56.6 million (-62.0).
- Earnings per share before and after dilution amounted to SEK -2.10 (-2.71).
- Cash flow from operating activities totalled SEK -76.7 million (-52.1).

## Period: 1 January–31 December 2020

- Net sales amounted to SEK 0.2 million (1.0).
- The operating result totalled SEK -221.5 million (-179.1).
- The result for the year amounted to SEK -218.7 million (-177.4).
- Earnings per share before and after dilution amounted to SEK -8.64 (-7.74).
- Cash flow from operating activities totalled SEK -237.3 million (-169.8).
- At 31 December 2020, cash and cash equivalents totalled SEK 10.1 million (26.0). Short-term investments in fixed-income funds amounted to SEK 165.7 million (150.4), short-term components of listed corporate bonds to SEK 131.0 million (30.1) and long-term investments in listed corporate bonds to SEK 24.4 million (121.0).

## Significant events

### *in the fourth quarter of 2020*

- Q-linea initiated a pivotal clinical study for ASTar
- The Company started the development of a portable blood culture technology with the goal of shortening the time from sampling to correct antibiotic response.
- The company has built up inventories of ASTar instruments for the upcoming launch.

### *after the end of the period*

- No significant events took place after the end of the period.

## Well prepared ahead of commercialisation



The fourth quarter of 2020 marked a key milestone for Q-linea: the start of our European pivotal clinical study for our key product, ASTar®. The quarter was also characterised by preparations ahead of the forthcoming launch of ASTar in cooperation with our partner, Thermo Fisher Scientific.

Our cooperation with the participating hospitals in our pivotal study for Europe progressed well during the quarter, and we were very pleased to be able to initiate the study in December.

The results of the study will be an important part of the documentation in the ongoing process for CE-IVD approval prior to the market launch of ASTar in Europe. During the second quarter, Uppsala University Hospital, in collaboration with Q-linea, conducted a highly successful prospective patient study comprising samples from 17 patients and an antibiotic panel consisting of 29 antibiotic preparations. In this small study, the ASTar system displayed very strong results that exceeded the regulatory requirements for the EU and the US. This bodes very well for the results of the pivotal study to be presented during the spring.

Preparations for the US study have gone well, despite a difficult situation in the wake of the COVID-19 pandemic in the US. As in Europe, several hospitals have shown considerable interest in testing ASTar, and we will choose at least two US hospitals to partner with. In addition, discussions have been held regarding the choice of reference laboratory for the study. These discussions yielded positive results, and we plan to begin this work during the first quarter of 2021.

During the quarter, we also spent a great deal of time preparing for the launch of ASTar together with Thermo Fisher Scientific. This collaboration is working very well, and we feel ready for commercialisation as soon as the study is completed and ASTar receives CE marking, which is self-certified. We have established a good routine for our shared processes, and the collaboration is moving forward in all areas, from webinars and marketing material to supply chain issues. Together, we have visited

potential future customers and we are happy to say that there is considerable interest in ASTar. The ASTar instrument assessed at Uppsala University Hospital for beta testing and evaluation ahead of the study provided us with a great deal of important feedback prior to the forthcoming commercialisation. The system is considered to be easy to use, provided much faster responses and was able to analyse more antibiotics than during routine testing, which is the best feedback we could receive.

As soon as ASTar receives its CE label, we will be ready to start detailed planning for our first health economics study, which we plan to conduct in Italy starting in 2021. Favourable results in health economics studies are key to the process of convincing healthcare payers of the benefits of ASTar. In the coming years, we will conduct several health economics studies in various parts of the world, and the Italian study will be of great use when dealing with healthcare payers across the world as well as giving us useful experience for the planning of future health economics studies.

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

In summary, I am proud of what we achieved during the quarter and the commitment and positive attitude demonstrated by the entire team, despite a very difficult time in the face of COVID-19 and changed working conditions. Naturally, the ongoing pandemic has increased the risk of delays in our clinical studies, but our current assessment is that it will be possible to conduct these studies in accordance with the previously announced timelines. We have a period of intensive work ahead of us that will involve continued regulatory studies as well as the commercialisation of ASTar and health economics studies. I look forward to continuing this journey with all of you.

Jonas Jarvius, President, February 2020

# Clinical performance study initiated

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

ASTar will be sold to larger hospital 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 and thereby save lives.

## Developments in the fourth quarter of 2020

### Consumables

- During the quarter, the Company's pilot production department initiated and completed most of the consumables production process validation. In parallel, the product development project was provided with consumables for design verification and for the clinical performance study.

### Instruments

- The instrument design and software have been finalized, and any changes will now be implemented in accordance with the Company's change control procedure. Certain changes to the software are scheduled to be implemented prior to CE labelling.
- The Company has also developed procedures for the deployment and release of instruments. This has enabled the release of instruments for use in the clinical performance study and for commercial use.

### Clinical performance study

- In the fourth quarter, the Company initiated the portion of the clinical performance study to be conducted internally at Q-linea. This part of the study will comprise the main group of study samples and will be conducted using the clinical bacterial isolates previously gathered and characterised by the Company.

## 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 correctly, which may mean that certain totals do not tally.

### Income, expenses and earnings

Net sales for the fourth quarter amounted to SEK 0 thousand (15), a decrease of SEK 15 thousand compared with the year-earlier period. Net sales for the January to December period totalled SEK 243 thousand (1,005), down SEK 762 thousand. The decrease during the January to December period is mainly attributable to the Company's planned lack of licensing revenue since the knowledge transfer to EMPE Diagnostics AB was completed during the second quarter of 2019.

Other operating income amounted to SEK 653 thousand (-12) for the fourth quarter, an increase of SEK 665 thousand, and SEK 911 thousand (11) for the January to December period, an increase of SEK 900 thousand due to deferred invoicing of service facilities, development services provided for external customers and the sale of raw materials to a supplier.

Operating expenses including depreciation, amortisation and impairment totalled SEK 57,719 thousand (62,061) for the fourth quarter, down SEK 4,342 thousand compared with the corresponding quarter in the preceding year. Operating expenses for the January to December period totalled SEK 222,697 thousand (180,131), an increase of SEK 42,566 thousand. The total increase for the January to December period was due to the planned increase in the production of prototypes as well as increased personnel resources.

Costs for raw materials and consumables amounted to SEK 5,106 thousand (12,284) for the fourth quarter, up SEK 7,178 thousand compared with the corresponding quarter in the preceding year, which was attributable to production for inventory. Raw materials and consumables costs for the January to December period totalled SEK 32,263 thousand (28,585), up SEK 3,678 thousand. The cost increases in the period were attributable to the fact that ASTar units were produced and used, and larger volumes of consumables were therefore used compared with earlier periods.

Other external costs totalled SEK 22,802 thousand (23,843) for the fourth quarter, a decline of SEK 1,041

thousand, and SEK 89,409 thousand (75,847) for the January to December period, an increase of SEK 13,562 thousand. The cost increases in the period were attributable to the use of external consultants to complete the Company's new production premises on Palmbladsgatan and the Company's purchase and deployment of a new ERP system.

Personnel costs amounted to SEK 27,899 thousand (24,829) for the fourth quarter, up SEK 3,070 thousand compared with the corresponding quarter in the preceding year. Personnel costs for the January to December period totalled SEK 94,576 thousand (71,324), up SEK 23,252 thousand. The cost increases in the quarter and the period were mainly attributable to an increase in the average number of employees in product development, production and the commercial organisation as well as the launch of an employee share option programme during the period.

Depreciation, amortisation and impairment of tangible and intangible assets amounted to SEK 1,676 thousand (1,094) for the fourth quarter, up SEK 582 thousand. Depreciation, amortisation and impairment for the January to December period totalled SEK 6,101 thousand (4,127), up SEK 1,974 thousand. This cost increase in the quarter and the period was mainly attributable to investments in production equipment and other equipment in the building.

Other operating expenses amounted to SEK 235 thousand (-12) for the fourth quarter and SEK 349 thousand (249) for the January to December period, and pertain to the scrapping of two assets during the quarter with a combined residual value of SEK 201 thousand and to exchange-rate losses.

The operating result totalled SEK -57,065 thousand (-62,058) for the fourth quarter and SEK -221,543 thousand (-179,115) for the January to December period. The decline in the fourth quarter was primarily due to lower costs for purchases of goods and consumables, as the Company began production for inventory. The increase in the January to December period compared with the preceding year was mainly attributable to an increase in the purchase of raw materials and consumables for prototype manufacturing during the first three quarters, other external costs and higher personnel costs.

Net financial items amounted to SEK 466 thousand (58) for the fourth quarter and SEK 2,887 thousand (1,761) for the January to December period, up SEK 408 thousand and SEK 1,126 thousand, respectively. The increase in financial items was 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.

The reported tax in the fourth quarter and for the January to December period amounted to SEK 0 thousand (0).

The result for the period amounted to SEK -56,600 thousand (-62,001) for the fourth quarter and SEK -218,655 thousand (-177,354) for the January to December period.

### Financial position

Cash and cash equivalents at the end of the fourth quarter totalled SEK 10,144 thousand (25,968). Cash and cash equivalents that will not be used in the daily operations over the coming 12 months have been placed in fixed-income funds and listed corporate bonds. During the second quarter, the Company carried out a directed issue that improved the financial position by SEK 270,000 thousand before issue costs. The Company invested SEK 185,000 thousand of the issue proceeds in interest-bearing securities and SEK 50,000 thousand in listed corporate bonds during the period.

On the balance sheet date, the Company's short-term investments amounted to SEK 296,748 thousand (180,512), consisting of fixed-income funds and the short-term component of listed corporate bonds. The fixed-income funds, which invest in low-risk interest-bearing securities and other interest-rate instruments, amounted to SEK 165,749 thousand (150,419) at the end of the fourth quarter. The fair value of fixed-income funds at the end of the fourth quarter amounted to SEK 166,745 thousand (level 1 in the fair value hierarchy). The Company's short-term component of the listed corporate bonds amounted to SEK 130,999 thousand (30,092) at the end of the fourth quarter. The value includes accrued coupon rates of SEK 324 thousand.

Total financial assets amounted to SEK 27,411 thousand (124,023) on the balance sheet date, down SEK 96,612 thousand. The decrease was mainly due to a reclassification between financial assets and short-term investments, as the term of the listed holdings is shorter than 12 months. The Company's financial assets primarily comprise listed corporate bonds in several sectors with a diversified maturity structure with high credit ratings. At the end of the fourth quarter, they were measured at amortised cost, which amounted to SEK 24,364 thousand (120,976). An impairment test was performed at every measurement, which entailed an impairment of SEK -63 thousand (0) for the January to December period.

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

At the end of the quarter, equity amounted to SEK 380,197 thousand (340,944), the equity/assets ratio to 92% (91) and the debt/equity ratio to -87% (-96).

### Cash flow and investments

Cash flow from operating activities amounted to SEK -76,720 thousand (-52,064) for the fourth quarter and SEK

-237,305 thousand (-169,760) for the January to December period. The increased cash outflow from operating activities during the quarter was mainly due to an increase in the accumulation of inventory compared with the corresponding quarter in the preceding year. The increased cash outflow during the January to December period was attributable to the change in operating result, an accumulation of inventory and an increase in advance payments to suppliers.

Changes in working capital amounted to SEK -23,509 thousand (5,641) for the fourth quarter and SEK -28,922 thousand (-636) for the January to December period. During the fourth quarter, changes in working capital were primarily attributable to an accumulation of inventory, an increase in other current receivables and a decrease in accounts payable and other current liabilities during the quarter.

Cash flow from investing activities amounted to SEK 69,148 (57,396) for the fourth quarter and SEK -32,295 thousand (-159,827) for the January to December period. Investments in production equipment and other equipment in the building amounted to SEK -1,014 thousand (-3,413) for the fourth quarter and SEK -13,228 thousand (-7,632) for the January to December period. The increase was attributable to the Company building production capacity at Palmbladsgatan in Uppsala. The Company did not invest in short- or long-term investments during the fourth quarter, but during the January to December period, SEK -185,000 thousand (-170,000) was invested in short-term fixed-income funds and SEK -50,127 thousand (-151,776) in listed corporate bonds. All investments have the highest rating from S&P and Moody's. The divestment of short-term investments partly comprises monthly sales to cover recurring expenses. These divestments amounted to SEK 39,786 thousand (60,809) for the fourth quarter and SEK 169,670 thousand (169,581) for the January to December period. In addition to the divestment of fixed-income funds, the Company's short-term component of listed bonds matured and were paid out in an amount of SEK 30,376 thousand (0). During the period, the Company also received SEK 16,013 thousand (0) from the sale of financial assets.

Cash flow from financing activities amounted to SEK -80 thousand (1,433) for the fourth quarter. For the January to December period, cash flow from financing activities amounted to SEK 253,777 thousand (1,119). This change in the period was attributable to the directed issue totalling SEK 270,000 thousand (16) less issue costs, which amounted to SEK -15,845 thousand (0). At the end of the fourth quarter of 2019, employees received the opportunity to exercise employee share options to subscribe for new shares, generating proceeds of SEK 1,538 thousand for the Company. Cash flow from financing activities for the January to December period was attributable to the issue and acquisition of 328,472 treasury shares at a quotient value of SEK 0.05 per share, intended to ensure the delivery of performance shares under the long-term incentive programmes LTIP 2019 and LTIP 2018. The

Company repaid loans to credit institutions amounting to SEK -80 thousand (-105) during the fourth quarter and SEK -378 thousand (-420) during the January to December period. One of the loans to external institutions was repaid, leading to lower amortisation.

### 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 in June 2020. This issue raised gross proceeds for the Company of SEK 270,000 thousand.

As of 31 December 2020, the Company had access to cash and cash equivalents of SEK 10,144 thousand (25,968), short-term investments including short-term components of other securities held as non-current assets of SEK 296,748 thousand (180,512) and long-term listed corporate bonds of SEK 24,364 thousand (120,976), a total of SEK 331 256 thousand (327 456).

### Future financing

Q-linea does not yet have any approved products and does not generate its own positive cash flow. During the January to December period, the Company carried out a directed issue amounting to SEK 270 million before issue costs, which is described under "Financing" above. Based on the proceeds generated for the Company, the Board deems the existing working capital, as of 31 December 2020, to be sufficient to cover the Company's needs over the next 12 months.

### Other information

#### *Employees*

Calculated on the basis of full-time equivalents, Q-linea had 107 (70) employees at the end of the quarter, 43 (26) of whom are women. The number of consultants at the end of the quarter was 33 (36), eight (seven) of whom were women.

#### *Dividends*

The Board of Directors proposes that no dividend be paid for the 2020 financial year.

#### *The novel coronavirus*

Q-linea has taken action to protect its employees, assume its responsibility in society and at the same time minimise the negative impact on the Company's operations of the ongoing pandemic. As of the date of the signing of this year-end report, Q-linea has seen a slight increase in sickness absence, directly as well as indirectly and the employees, whose duties allow, work from home.

Although it is currently not possible to estimate the extent to which Q-linea's operations could be affected in the future, the following are the significant areas that could be subject to the effects of any outbreak:

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

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

### 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 is 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, clinical trials and the dependence on key individuals. A detailed description of the Company's risk exposure and risk management is presented on pages 28–68 of the 2019 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 financial 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
<b>EBITDA</b>	Operating result before depreciation/amortisation and impairment.	This performance measure provides an overall view of profit for the operating activities.
<b>Adjusted equity</b>	Equity recognised in the balance sheet plus untaxed reserves less the tax portion of untaxed reserves.	The equity measure is used to calculate all performance measures that include equity, for example, equity/assets ratio and equity per share.
<b>Operating result</b>	Result before financial items according to the income statement.	This earnings measurement is used for external comparisons.
<b>Equity/assets ratio, %</b>	Adjusted equity in relation to total assets.	This performance measure shows the amount of the Company's equity that can be attributed to a share.
<b>Debt/equity ratio</b>	Net debt divided by recognised equity according to the balance sheet. Net debt is defined as total borrowing (comprising the items short-term borrowing and long-term borrowing in the balance sheet, including borrowing from related parties/Group companies and provisions, less cash and cash equivalents and short and long-term investments).	This performance measure is a measure of capital strength and is used to determine the relationship between adjusted liabilities and adjusted equity. In the case of positive equity, a negative debt/equity ratio means that available cash and cash equivalents and short-term investments exceed total borrowing.
<b>Equity per share before and after dilution</b>	Adjusted equity attributable to the Company's shareholders in relation to the number of shares outstanding, excluding treasury holdings, at the end of the 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 2018 and LTIP 2019. The Company's holding of treasury shares has been excluded from the calculation of per-share performance measures.

### EBITDA

SEK thousand (unless otherwise stated)	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
Operating result	-57,065	-62,058	-221,543	-179,115
Depreciation, amortisation and impairment	1,676	1,094	6,101	4,127
<b>EBITDA</b>	<b>-55,389</b>	<b>-60,964</b>	<b>-215,442</b>	<b>-174,988</b>

### Equity/assets ratio

SEK thousand (unless otherwise stated)	31 Dec 2020	31 Dec 2019
Total assets	412,233	374,407
Equity	380,197	340,944
<b>Equity/assets ratio (%)</b>	<b>92 %</b>	<b>91 %</b>

### Debt/equity ratio

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

### Equity per share

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



## Performance measures and other information

SEK thousand (unless otherwise stated)	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
<b>Earnings</b>				
Net sales	0	15	243	1,005
EBITDA	-55,389	-60,964	-215,442	-174,988
Operating result	-57,065	-62,058	-221,543	-179,115
Result for the period	-56,600	-62,001	-218,655	-177,354
<b>Per share</b>				
Equity per share, SEK	14.08	14.88	14.08	14.88
Earnings per share before and after dilution, SEK	-2.10	-2.71	-8.64	-7.74
Total number of shares outstanding	27,337,947	23,235,387	27,337,947	23,235,387
- of which, treasury shares	328,472	328,472	328,472	328,472
Number of shares outstanding excl. treasury shares	27,009,475	22,906,915	27,009,475	22,906,915
Total average number of shares	27,337,947	23,213,689	25,637,513	23,104,611
- of which, average number of treasury shares	328,472	306,774	328,472	197,696
Average number of shares excl. treasury shares	27,009,475	22,906,916	25,309,041	22,906,915
<b>Cash flow</b>				
Cash flow from operating activities	-76,720	-52,064	-237,305	-169,760
Cash flow from investing activities	69,148	57,396	-32,295	-159,827
Cash flow from financing activities	-80	1,433	253,777	1,119

SEK thousand (unless otherwise stated)	31 Dec 2020	31 Dec 2019
<b>Financial position</b>		
Total assets	412,233	374,407
Cash and cash equivalents	10,144	25,968
Short-term investments and non-current securities	321,112	301,488
Equity	380,197	340,994
Equity/assets ratio, %	92	91
Debt/equity ratio, %	-87	-96

The Board of Directors and the President hereby certify that this year-end 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, 17 February 2021

Jonas Jarvius  
*President*

Erika Kjellberg Eriksson  
*Chairperson*

Mats Nilsson  
*Director*

Mario Gualano  
*Director*

Marcus Storch  
*Director*

Marianne Hansson  
*Director*

Per-Olof Wallström  
*Director*

Hans Johansson  
*Director*

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

Week of 12 April 2021	Annual Report 2020	
6 May 2021	Interim report, Q1	January to March 2021
25 May 2021	Annual General Meeting	
15 July 2021	Interim report, Q2	January to June 2021
4 November 2021	Interim report, Q3	January to September 2021

### About the Company

#### Q-linea AB (publ)

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#### For questions about the report, contact:

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*This information is information that Q-linea AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 18 February 2021 at 7:30 a.m. (CET).*

### Presentation

Q-linea invites investors, analysts and the media to an audiocast and teleconference (in English) today, 18 February at 1:30 to 2:30 p.m. (CET). President Jonas Jarvius and CFO Anders Lundin will present Q-linea, comment on the year-end report for the January to December 2020 period and respond to questions.

Webcast: <https://tv.streamfabriken.com/q-linea-q4-2020>

Telephone numbers for the teleconference: SE: +46856642692 UK: +443333009265 US: +18335268384

# Income statement

Amounts in SEK thousand	Note	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
<b>Operating income</b>					
Net sales	1	0	15	243	1,005
Other operating income		653	-12	911	11
<b>Total operating income</b>		<b>653</b>	<b>3</b>	<b>1,155</b>	<b>1,016</b>
<b>Operating expenses</b>					
Raw materials and consumables		-5,106	-12,284	-32,263	-28,585
Other external costs		-22,802	-23,843	-89,409	-75,847
Personnel costs		-27,899	-24,829	-94,576	-71,324
Depreciation/amortisation of tangible and intangible assets		-1,676	-1,094	-6,101	-4,127
Other operating expenses		-235	-12	-349	-249
<b>Total operating expenses</b>		<b>-57,719</b>	<b>-62,061</b>	<b>-222,697</b>	<b>-180,131</b>
<b>Operating result</b>		<b>-57,065</b>	<b>-62,058</b>	<b>-221,543</b>	<b>-179,115</b>
Other interest income and similar profit items		1,000	738	4,423	2,467
Interest expenses and similar loss items		-535	-680	-1,536	-706
<b>Result from financial items</b>		<b>466</b>	<b>58</b>	<b>2,887</b>	<b>1,761</b>
<b>Result before tax</b>		<b>-56,600</b>	<b>-62,001</b>	<b>-218,655</b>	<b>-177,354</b>
Tax on result for the period		-	-	-	-
<b>Result for the year</b>		<b>-56,600</b>	<b>-62,001</b>	<b>-218,655</b>	<b>-177,354</b>

## Statement of comprehensive income

Amounts in SEK thousand	Note	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
Result for the year		-56,600	-62,001	-218,655	-177,354
Other comprehensive income, net after tax		-	-	-	-
<b>Total comprehensive income</b>		<b>-56,600</b>	<b>-62,001</b>	<b>-218,655</b>	<b>-177,354</b>
Earnings per share before and after dilution, SEK	7	-2.10	-2.71	-8.64	-7.74
Average number of shares		27,009,475	22,906,915	25,309,041	22,906,915

# Balance sheet

Amounts in SEK thousand	Note	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Licences		167	238
Technology and customer relationships		420	586
Goodwill		4,889	5,975
<b>Total intangible assets</b>		<b>5,475</b>	<b>6,799</b>
<i>Tangible assets</i>			
Equipment, tools, fixtures and fittings		21,821	13,570
<b>Total tangible assets</b>		<b>21,821</b>	<b>13,570</b>
<i>Financial assets</i>			
Other securities held as non-current assets	6	27,361	123,973
Other long-term receivables		50	50
<b>Total financial assets</b>		<b>27,411</b>	<b>124,023</b>
<b>Total non-current assets</b>		<b>54,707</b>	<b>144,392</b>
<b>Current assets</b>			
Inventories	4	12,433	-
<i>Current receivables</i>			
Accounts receivable		43	17
Other receivables		35,198	20,129
Prepaid expenses and accrued income		2,958	3,389
Short-term investments	5	296,748	180,512
<b>Total current receivables</b>		<b>347,381</b>	<b>204,047</b>
Cash and bank balances		10,144	25,968
<b>Total current assets</b>		<b>357,525</b>	<b>230,015</b>
<b>TOTAL ASSETS</b>		<b>412,233</b>	<b>374,407</b>

# Balance sheet

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

## Changes in equity

Amounts in SEK thousand	Note	Restricted equity		Unrestricted equity		Result for the year	Total equity
		Share capital	Unregistered share capital	Share premium reserve	Retained earnings		
<b>Opening balance, 1 January 2019</b>		<b>1,145</b>	<b>-</b>	<b>695,528</b>	<b>-54,862</b>	<b>-128,353</b>	<b>513,458</b>
<b><i>Comprehensive income</i></b>							
Result for the year		-	-	-	-	-177,354	-177,354
<i>Appropriation of profits in accordance with AGM decision</i>							
- Carried forward to unrestricted equity		-	-	-	-128,353	128,353	0
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-128,353</b>	<b>-49,001</b>	<b>-177,354</b>
<b><i>Transactions with shareholders</i></b>							
New share issue	3	16	5	1,533	-	-	1,555
Acquisition of own shares	3	-	-	-	-16	-	-16
Share-based remuneration programmes	3	-	-	-	3,301	-	3,301
<b>Total transactions with shareholders</b>		<b>16</b>	<b>5</b>	<b>1,533</b>	<b>3,285</b>	<b>-</b>	<b>4,840</b>
<b>Closing balance, 31 December 2019</b>		<b>1,162</b>	<b>5</b>	<b>697,062</b>	<b>-179,930</b>	<b>-177,354</b>	<b>340,944</b>
<b>Opening balance, 1 January 2020</b>		<b>1,162</b>	<b>5</b>	<b>697,062</b>	<b>-179,930</b>	<b>-177,354</b>	<b>340,944</b>
<b><i>Comprehensive income</i></b>							
Result for the year		-	-	-	-	-218,655	-218,655
<i>Appropriation of profits in accordance with AGM decision</i>							
- Carried forward to unrestricted equity		-	-	-	-177,354	177,354	0
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-177,354</b>	<b>-41,301</b>	<b>-218,655</b>
<b><i>Transactions with shareholders</i></b>							
New share issue		205	-5	269,800	-	-	270,000
Issue costs		-	-	-15,845	-	-	-15,845
Share-based remuneration programmes	3	-	-	-	3,754	-	3,754
<b>Total transactions with shareholders</b>		<b>205</b>	<b>-5</b>	<b>253,955</b>	<b>3,754</b>	<b>-</b>	<b>257,909</b>
<b>Closing balance, 31 December 2020</b>		<b>1,367</b>	<b>0</b>	<b>951,017</b>	<b>-353,531</b>	<b>-218,655</b>	<b>380,197</b>

# Cash flow statement

Amounts in SEK thousand	Note	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
<b>Cash flow from operating activities</b>					
Operating result		-57,065	-62,058	-221,543	-179,115
<i>Adjustments for non-cash items</i>					
- Depreciation reversal		1,676	1,094	6,101	4,127
- Scrapping of inventory		201	-	201	-
- Share-based remuneration programmes	3	1,082	1,155	3,754	3,301
- Licensing revenue paid through shares		-	-	-	-500
- Unrealised changes in value in investments		-	98	-	98
Interest received		898	689	2,764	2,418
Interest paid		-337	-21	-434	-47
Tax paid		334	1,339	774	594
<b>Cash flow from operating activities before changes in working capital</b>		<b>-53,211</b>	<b>-57,704</b>	<b>-208,383</b>	<b>-169,124</b>
<i>Changes in working capital</i>					
Increase/decrease in inventories	4	-12,433	-	-12,433	-
Increase/decrease in accounts receivable		49	-4	-27	-17
Increase/decrease in other current receivables		-6,802	-5,052	-14,638	-8,799
Increase/decrease in other current liabilities		1,568	9,113	-711	8,823
Increase/decrease in accounts payable		-5,892	1,583	-1,113	-643
<i>Changes in working capital</i>		<b>-23,510</b>	<b>5,641</b>	<b>-28,922</b>	<b>-636</b>
<b>Cash flow from operating activities</b>		<b>-76,720</b>	<b>-52,064</b>	<b>-237,305</b>	<b>-169,760</b>
<b>Cash flow from investing activities</b>					
Investments in tangible assets		-1,014	-3,413	-13,228	-7,632
Investment in short-term investments		-	-	-185,000	-170,000
Divestment of short-term investments		70,162	60,809	200,046	169,581
Investments in financial assets		-	-	-50,127	-151,776
Sale of financial assets		-	-	16,013	-
<b>Cash flow from investing activities</b>		<b>69,148</b>	<b>57,396</b>	<b>-32,295</b>	<b>-159,827</b>
<b>Cash flow from financing activities</b>					
New share issue		-	1,538	270,000	1,555
Issue costs		-	-	-15,845	-
Acquisition of own shares		-	-	-	-16
Repayment of loans		-80	-105	-378	-420
<b>Cash flow from financing activities</b>		<b>-80</b>	<b>1,433</b>	<b>253,777</b>	<b>1,119</b>
<b>Cash flow for the period</b>		<b>-7,652</b>	<b>6,764</b>	<b>15,823</b>	<b>-328,470</b>
Cash and cash equivalents at the beginning of the period		17,796	19,203	25,968	354,438
<b>Cash and cash equivalents at the end of the period</b>		<b>10,144</b>	<b>25,968</b>	<b>10,144</b>	<b>25,968</b>

# Accounting policies and notes

## Compliance with IFRS

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 carrying amounts of current financial assets and liabilities are assumed to correspond to their fair value, since these items are current by nature. For a more detailed description of the accounting policies applied in this year-end report, refer to page 53 of the Annual Report for the 2019 financial year.

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

## Holding of treasury shares

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

## Note 1 Specification of net sales

### Net sales specified by geographic market:

Amounts in SEK thousand	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
Sweden	-	15	243	1,005
<b>Total net sales by geographic market</b>	<b>-</b>	<b>15</b>	<b>243</b>	<b>1,005</b>

### Net sales specified by type of income:

Amounts in SEK thousand	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
Licensing revenue	-	-	-	500
Prototype development	-	15	243	505
<b>Total net sales by type of income</b>	<b>-</b>	<b>15</b>	<b>243</b>	<b>1,005</b>

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

## Note 2 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.

The licensing agreement signed between EMPE Diagnostics AB and Q-linea during 2017 was terminated in 2019. One of EMPE Diagnostics AB's co-founders, shareholders and directors is Mats Nilsson, who is also a co-founder, shareholder and director of Q-linea AB. One of Q-linea's senior executives, Mats Gullberg, remains a director of EMPE Diagnostics AB.



### Note 3 Share-based remuneration programmes

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

#### *Performance share-based programme LTIP 2018*

The rights to receive performance shares were allotted free of charge in March 2019. As of the Annual General Meeting on 22 May 2019, when the programme was closed to new participants, 142,720 performance share rights had been allotted to participants of the programme. The performance targets are linked to product development, product approval and commercialisation. The performance share rights are earned as the performance targets are met. The value of each performance share right is SEK 55.54 and is based on the closing price on the allotment date (1 March 2019). The cost recognised, including social security contributions, amounted to SEK 1,426 thousand (734) for the fourth quarter and SEK 6,201 thousand (2,757) for the January to December period.

#### *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 380 thousand (10) for the fourth quarter and SEK 1,410 thousand (10) for the January to December period.

#### *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. The employee share option programme is to comprise a maximum of 350,000 employee share options, which are to be offered free of charge to individuals employed by the Company as of 15 June 2020.

Each employee share option is to entitle 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 it is proposed that Employee share option programme 2020/2023 enable the following employee share options to 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.

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 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
<b>Total</b>	<b>84</b>	<b>-</b>	<b>345,850</b>

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 of 30 June 2020 was based on the average price on the allotment date and was calculated at SEK 11.38 per option.

At the end of the fourth quarter, there were 345,850 (0) employee share options outstanding. The option value on the balance sheet date was SEK 77.91 per option, according to the Black & Scholes model. The cost recognised, including social security contributions, amounted to SEK 919 thousand (0) for the fourth quarter and SEK 1,751 thousand (0) for the January to December period.

#### Note 4 Inventories

At the end of the fourth quarter of 2020, the Company had an inventory value of SEK 12,433 thousand (0).

SEK thousand (unless otherwise stated)	31 Dec 2020	31 Dec 2019
Raw materials and consumables	713	-
Products in progress	1,051	-
Semi-finished goods	1,164	-
Finished goods	9,505	-
<b>Total</b>	<b>12,433</b>	<b>-</b>

#### Note 5 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 fourth quarter, the Company's short-term investments totalled SEK 296,748 thousand (180,512), of which 130,999 (30,093) represents the short-term component of the Company's listed corporate bonds. The fair value of the fixed-income funds amounted to SEK 166,745 thousand and the fair value of the bonds amounted to SEK 130,659 thousand, including accrued interest of SEK 324 thousand.

#### Note 6 Other securities held as non-current assets

Other securities held as non-current assets primarily comprise low-risk listed corporate bonds that were measured at an amortised cost of SEK 24,364 thousand (120,976) on the balance sheet date. The value includes a credit reserve of SEK 63 thousand (0). The Company reduced the credit reserve from SEK 210 thousand at the end of the first quarter to SEK 63 thousand at the end of the fourth quarter, when the Company decided that the bond market had improved during the year. The bonds all belong to level 1 of the fair value hierarchy. The Company uses credit information from S&P and Moody's in its assessments.

During the January to December period, bonds matured and were paid out in a total amount of SEK 46,390 thousand (0). The bond coupon rates carry both variable and fixed interest with periodic payments. Coupon rates received amounted to SEK 675 thousand (594) for the fourth quarter and SEK 2,428 thousand (2,095) for the January to December period.

Other securities held as non-current assets pertain to participations in EMPE Diagnostics AB acquired at the end of 2017. Participations were recognised at cost in the balance sheet in an amount of SEK 2,997 thousand (2,997). As of 31 December 2020, the Company deemed that there was no impairment requirement for the participations in EMPE Diagnostics AB since the share price at the latest directed issue exceeded the price paid by Q-linea. Q-linea's holding comprises 23,400 shares, corresponding to 6.00% of the capital and votes.

### Note 7 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, excluding holdings of treasury shares, during the period:

SEK thousand (unless otherwise stated)	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
Result for the year	-56,600	-62,001	-218,655	-177,354
Weighted average number of shares outstanding	27,337,947	23,213,689	25,637,513	23,104,611
- Less average holding of treasury shares	-328,472	-306,774	-328,472	-197,696
<b>Earnings per share before and after dilution (SEK)</b>	<b>-2.10</b>	<b>-2.71</b>	<b>-8.64</b>	<b>-7.74</b>

### Note 8 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.

The credit reserve, which amounted to SEK 210 thousand (0) at the end of the first quarter, declined to SEK 63 thousand (0) at the end of the fourth quarter. The Company's assessment is that uncertainty in the bond market has decreased. The material risks associated with Q-linea's operations are presented in the Annual Report for the 1 January to 31 December 2019 financial year and on pages 17–33 of the prospectus prepared prior to the listing on Nasdaq Stockholm.

### Note 9 Future financing

Q-linea does not yet have any approved products and does not generate its own positive cash flow. During the second quarter of 2020, the Company carried out a directed issue that raised SEK 270 million before issue costs. The directed issue is described in the "Financing" section above. Based on the proceeds generated for the Company, the Board deems the existing working capital, as of 31 December 2020, to be sufficient to cover the Company's needs over the next 12 months.

### Note 10 Significant events after the end of the period

No significant events took place after the end of the period.