

# Q-linea signs global partnership agreement with Thermo Fisher Scientific for the commercialisation of ASTar

## First quarter, January–March 2020

- Net sales amounted to SEK 0.2 million (0.4).
- The operating result totalled SEK -55.9 million (-36.7).
- The result for the period amounted to SEK -56.0 million (-36.3).
- Earnings per share before and after dilution amounted to SEK -2.44 (-1.59).
- Cash flow from operating activities totalled SEK -59.1 million (-41.0).
- At 31 March 2020, cash and cash equivalents amounted to SEK 28.3 million (26.0). Short-term investments in fixed-income funds totalled SEK 89.8 million (150.4), short-term portions of listed corporate bonds SEK 27.9 million (30.1) and long-term investments in listed corporate bonds amounted to SEK 115.2 million (121.0).

## Significant events

### *in the first quarter of 2020*

- Q-linea signs global partnership agreement with Thermo Fisher Scientific for the commercialisation of ASTar
- On account of the coronavirus pandemic, the company has taken action to protect our employees and has taken our social responsibility, while we are at the same time striving to minimise any adverse impact on operations.

### *after the end of the period*

- Q-linea is planning to unveil ASTar to the market in digital form at a later date, given that the European Congress of Clinical Microbiology & Infectious Diseases (ECCMID) was cancelled due to the coronavirus pandemic.

## Q-linea signs global partnership agreement with Thermo Fisher Scientific for the commercialisation of ASTar



The first quarter of 2020 was one of the most eventful in Q-linea's history. The most important event was, of course, the signing of a global partnership agreement with Thermo Fisher Scientific™ for the commercialisation of ASTar®. We also moved to new production premises on Palmbladsgatan in Uppsala, where we have now begun to produce consumables. During the quarter, we solved the component problems that arose at the end of last year, which is naturally very positive. ASTar is now undergoing verification testing ahead of a future clinical study.

Our exclusive worldwide partnership with Thermo Fisher Scientific for the commercialisation of ASTar is our most important commercial milestone to date. A number of global companies showed strong interest in commercialising ASTar and we are very pleased to be collaborating with Thermo Fisher Scientific. We are particularly pleased with the company's global reach and share their view of the market and how infection diagnostics can be improved.

Thermo Fisher Scientific will have exclusive rights to offer ASTar to the market in all geographic areas, with the exception of the Swedish market where we also can market ASTar. Despite the challenges of the coronavirus pandemic, for example in the form of digital meetings instead of physical, the collaboration has begun well.

The coronavirus pandemic has naturally affected the mood at Q-linea, but we have thankfully been spared most of the direct and indirect effects of the pandemic. We have taken action to protect our employees and have taken our social responsibility, while we are at the same time striving to minimise any adverse impact on operations. The

situation may, of course, change in the future but we are currently cautiously positive.

In 2019, we took the strategic decision to relocate all plastic component production for our consumables to Sweden. If we had not taken control of our procurement and production from abroad, we may have been left with no components at this sensitive time. In conjunction with this strategic shift, we decided to establish an internal production and assembly facility for disposables. This has now been inaugurated in our new premises on Palmbladsgatan in Uppsala, which feels very positive for the future.

Our clinical study is progressing as planned. This may change, but our clinical partner remains confident that the study will start. A large share of the study will be conducted on isolates internally by the company and is not dependent on patient material, which has partially reduced the risk of possible delays. We are holding very positive talks with other clinical partners should we need to conduct the study at several laboratories to keep to the timetable.

The issue detected with an important component from a third-party manufacturer in October last year was resolved during the quarter. In collaboration with the component manufacturer, we quickly identified and completed the minor modifications and improvements that were required. The solution has now been tested since November and this component has operated without any issue. A number of the systems were also used in our new microbiology laboratory, in other words, in the same environment as at customers' sites, without encountering any problems with the component.

In summary, I am proud to look back on one of Q-linea's strongest and most intensive quarters. However, we have no plans to rest on our laurels. We must now work just as hard towards the market launch of ASTar. In these turbulent times, we have an enormous strength in our global partner Thermo Fisher Scientific. We are looking forward to the joint launch – which is a value-creating move for us, for healthcare and for patients and therefore also for our shareholders.

Uppsala, May 2020

Jonas Jarvius, President

# ASTar undergoing intensive testing

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 first quarter of 2020

### Consumables

- The company has identified suitable suppliers for large-scale manufacturing of components to the AST disc and sample preparation cartridge. Special focus was on ensuring that all suppliers can fulfil regulatory requirements for an in vitro diagnostic product and that component supply is secured by concentrating on local suppliers with short supply chains. Data has been prepared to support the phasing in of the new suppliers into pilot production.
- During the quarter, preparations were also under way ahead of the production process validation of consumables.

### Instruments

- A number of development instruments were used in the company's microbiology laboratories during the quarter. This included more than 150 tests with positive blood cultures that were completed with excellent results.
- Deployment and tests were also successfully carried out with the instrument generation on which the clinical performance study will be conducted.

### Clinical performance study

- Work continued to characterise the bacterial isolates collected according to the regulatory reference method for clinical performance studies in Europe. Characterisation has been completed for approximately 80% of the more than 650 isolates collected.
- We visited laboratories intended for the clinical performance study, to assess the workflow and discuss practical details surrounding the study.

# 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 first quarter amounted to SEK 178 thousand (426), down SEK 248 thousand compared with the year-earlier period.

Other operating income amounted to SEK 8 thousand (23) for the first quarter.

Operating expenses including depreciation, amortisation and impairment totalled SEK 56,086 thousand (37,175) in the first quarter. The increase in the first quarter amounted to SEK 18,911 thousand compared with the year-earlier period.

Costs for raw materials and consumables amounted to SEK 9,499 thousand (6,066), an increase by SEK 3,433 thousand largely due to a rise in the number of ASTars and consumables manufactured compared with the year-earlier period.

Other external costs amounted to SEK 24,213 thousand (14,926). The cost increase was attributable to the use of external consultants to complete the company's new production premises on Palmbladsgatan, and due to the increase in the number of consultants in product development, operations and QA compared with the year-earlier period.

Personnel costs amounted to SEK 21,089 thousand (14,982) and the increase is attributable to a rise in the average number of employees. Product development and production expansion require additional personnel resources.

Costs in the first quarter for depreciation, amortisation and impairment of tangible and intangible assets amounted to SEK 1,203 thousand (1,104). The cost increase is mainly attributable to the company's investments in service facilities as part of completing the new premises on Palmbladsgatan.

Other operating expenses totalled SEK 82 thousand (97) for the first quarter.

The operating result totalled SEK -55,900 thousand (-36,725) for the first quarter. The larger operating loss was mainly attributable to the increase in the use of raw materials and consumables, external expenses and personnel costs.

Net financial items amounted to SEK -60 thousand (403) in the first quarter pertaining to coupon rates and accrued interest on listed corporate bonds, unrealised changes in value on short-term investments of SEK -452 thousand (0) and an impairment of securities held as non-current assets of SEK -210 thousand (0).

No tax was recognised for the first quarter of 2020 or for 2019.

**EBIT Q1**  
SEK **-55.9** million

## Equity/assets ratio 90%

The result for the period amounted to SEK -55,960 thousand (-36,322) for the first quarter.

### Financial position

Cash and cash equivalents at the end of the first quarter totalled SEK 28,350 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.

The fixed-income funds, which invest in low-risk interest-bearing securities and other interest-rate instruments, amounted to SEK 89,840 thousand (150,419) at the end of the first quarter. The fair value of fixed-income funds at the end of the first quarter amounted to SEK 89,855 thousand (level 1 in the fair value hierarchy). The company's short-term portion of the listed corporate bonds amounted to SEK 27,931 thousand (30,093) at the end of the first quarter.

The company's financial assets primarily comprise listed corporate bonds in several sectors with a diversified maturity structure with high credit ratings. The value of the company's listed corporate bonds amounted to SEK 115,199 thousand (120,976) at the end of the first quarter. The value for the first quarter includes impairment of SEK 210 thousand (0). Other long-term non-current assets also include participations in EMPE Diagnostics AB amounting to SEK 2,997 thousand (2,997).

At the end of the quarter, equity amounted to SEK 285,773 thousand (340,944), the equity/assets ratio to 90% (96) and the debt/equity ratio to -91% (-97).

### Cash flow and investments

Cash flow from operating activities totalled SEK -59,118 thousand (-41,004) for the first quarter. The increased cash outflow from operating activities was mainly due to a larger operating loss compared with corresponding quarter in the preceding year.

Changes in working capital amounted to SEK -5,584 thousand (-5,610) for the first quarter. Changes in working capital in the first quarter were mainly attributable to other current liabilities, which decreased, and accounts payable, which increased, compared with the year-earlier quarter.

Cash flow from investing activities amounted to SEK 61,606 thousand (-292,743) in the first quarter and comprises the disposal of short-term fixed-income funds of SEK 59,969 thousand (20,980). In addition to the short-term investments, in the first quarter of the preceding year the company also invested SEK 151,776 thousand in listed corporate bonds with a diversified maturity structure. One of the bonds matured in the first quarter of 2020 at a nominal value of SEK 8,026 thousand (0).

The company also invested SEK -6,389 thousand (-947) in service facilities as part of completing premises on Palmbladsgatan.

Cash flow from financing activities amounted to SEK -105 thousand (-105) for the first quarter attributable to ongoing amortisation.

Cash flow from financing activities in the first quarter of 2019 was attributable to an issue and acquisition of 211,048 shares at a quotient value of SEK 0.05

per share, intended to ensure the delivery of performance shares under LTIP 2018.

### **Financing**

To provide the company with sufficient liquidity to continue operating and developing according to its strategic plan, the company had access to cash and cash equivalents on 31 March 2020 of SEK 28,350 thousand (25,968), short-term investments including short-term portions of other securities held as non-current assets of SEK 117,770 thousand (180,512) and long-term listed corporate bonds of SEK 115,199 thousand (120,976).

### **Future financing**

Q-linea does not yet have any approved products and does not generate its own positive cash flow. The Board's assessment is that the existing working capital, as of 31 March 2020, is sufficient to cover the company's needs for at least the next 12 months. Efforts are continuously being made to optimise the company's use of resources and capital structure. The results of this work may show that Q-linea is dependent on future external financing.

### **Other information**

#### **Partnership**

In February 2020, Q-linea signed a global partnership agreement with Thermo Fisher Scientific for the commercialisation of ASTar. Thermo Fisher Scientific will have the exclusive right to offer ASTar to the market in all geographies, with the exception that Q-linea can co-market in the Swedish market. The partnership is exclusive to both companies regarding fast AST testing. The two companies will work closely together to provide customers with a comprehensive AST portfolio.

#### **Employees**

Calculated on the basis of full-time equivalents, Q-linea had 76 (56) employees at the end of the quarter, 29 (20) of whom are women. The number of consultants at the end of the quarter was 38 (29), nine (six) of whom were women.

#### **The novel coronavirus**

Q-linea has taken action to protect its employees, assume its responsibility in society and at the same time minimise the negative impact on the company's operations. As of the date of the signing of this interim report, Q-linea has only seen a slight increase in sickness absence and a somewhat higher number of employees are working from home.

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

- The timeframe of planned clinical trials, if hospitals are tied up with activities related to SARS-CoV-2 and COVID-19
- Expense levels and financing strategy
- Control and efficiency in the launch of ASTar

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 balance sheet that has been financed by equity and is used to measure the company's financial position.
<b>Debt/equity ratio</b>	Net debt divided by recognised equity according to the balance sheet. Net debt is defined as total borrowing (comprising the items short-term borrowing and long-term borrowing in the balance sheet, including borrowing from related parties/Group companies and provisions, less cash and cash equivalents and short and long-term investments).	This performance measure is a measure of capital strength and is used to determine the relationship between adjusted liabilities and adjusted equity. In the case of positive equity, a negative debt/equity ratio means that available cash and cash equivalents and short-term investments exceed total borrowing.
<b>Equity per share before and after dilution</b>	Adjusted Equity attributable to the company's shareholders in relation to the number of shares outstanding, excluding treasury holdings, at the end of the 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 Jan–Mar	2019 Jan–Mar	2019 Jan–Dec
Operating result	-55,900	-36,725	-179,115
Depreciation, amortisation and impairment	1,203	1,104	4,127
<b>EBITDA</b>	<b>-54,697</b>	<b>-35,621</b>	<b>-174,988</b>

#### Equity/assets ratio

SEK thousand (unless otherwise stated)	31 Mar 2020	31 Mar 2019	31 Dec 2019
Total assets	316,437	498,598	374,307
Equity	285,773	477,582	340,944
<b>Equity/assets ratio (%)</b>	<b>90%</b>	<b>96%</b>	<b>91%</b>

#### Debt/equity ratio

SEK thousand (unless otherwise stated)	31 Mar 2020	31 Mar 2019	31 Dec 2019
Long-term liabilities to credit institutions (a)	251	604	331
Current liabilities to credit institutions (b)	353	420	378
Liabilities to Group companies (c)	-	-	-
<b>Total borrowing (d=a+b+c)</b>	<b>604</b>	<b>1,024</b>	<b>709</b>
- Less cash and cash equivalents (e)	-28,350	-20,585	-25,968
- Less short-term investments (f)	-117,770	-290,020	-180,512
- Less long-term investments (g)	-115,199	-151,776	-120,976
<b>Net debt (h=d+e+f+g)</b>	<b>-260,715</b>	<b>-461,357</b>	<b>-326,746</b>
<b>Equity (i)</b>	<b>285,773</b>	<b>477,582</b>	<b>340,944</b>
<b>Debt/equity ratio (h/i) (%)</b>	<b>-91%</b>	<b>-97%</b>	<b>-96%</b>

#### Equity per share

SEK thousand (unless otherwise stated)	31 Mar 2020	31 Mar 2019	31 Dec 2019
Equity (a)	285,773	477,582	340,944
Total number of shares outstanding (b)	23,337,947	23,117,963	23,235,387
- Less holding of treasury shares (c)	-328,472	-211,048	-328,472
<b>Equity per share (a/(b+c)), SEK</b>	<b>12.42</b>	<b>20.85</b>	<b>14.88</b>

**Performance measures and other information**

SEK thousand (unless otherwise stated)	2020 Jan–Mar	2019 Jan–Mar	2019 Jan–Dec
<b>Earnings</b>			
Net sales	178	426	1,005
EBITDA	-54,697	-35,621	-174,988
Operating result	-55,900	-36,725	-179,115
Result for the period	-55,960	-36,322	-177,354
<b>Per share</b>			
Equity per share, SEK	12.42	20.85	14.88
Earnings per share before and after dilution, SEK	-2.44	-1.59	-7.74
Total number of shares outstanding	23,337,947	23,117,963	23,235,387
- of which, treasury shares	328,472	211,048	328,472
Number of shares outstanding excl. Treasury shares	23,009,475	22,906,915	22,906,915
Average number of shares	23,312,025	22,979,609	23,104,611
- of which, average number of treasury shares	328,472	72,694	197,696
Average shares outstanding excl. treasury shares	22,983,553	22,906,915	22,906,915
<b>Cash flow</b>			
Cash flow from operating activities	-59,119	-41,004	-169,760
Cash flow from investing activities	61,606	-292,743	-159,776
Cash flow from financing activities	-105	-105	1,119

SEK thousand (unless otherwise stated)	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>Financial position</b>			
Total assets	316,437	498,598	374,407
Cash and cash equivalents	28,350	20,585	25,968
Short-term investments and non-current securities	232,969	441,796	301,488
Equity	285,773	477,582	340,994
Equity/assets ratio, %	90	96	91
Debt/equity ratio, %	-91	-97	-96

## 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, 6 May 2020

Jonas Jarvius  
*President*

Erika Kjellberg Eriksson  
*Chairperson*

Mats Nilsson  
*Director*

Ulf Landegren  
*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. This 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

26 May 2020	Annual General Meeting	
16 July 2020	Interim report, Q2	January to June 2020
5 November 2020	Interim report, Q3	January to September 2020

### About the company

#### Q-linea AB (publ)

Corporate Registration Number:	556729-0217	
Registered office:	Uppsala	
Contact:	Dag Hammarskjölds väg 52 A SE-752 37 Uppsala, Sweden Tel: +46 18 444 3610	<a href="http://www.qlinea.com">www.qlinea.com</a> E-mail: <a href="mailto:contact@qlinea.com">contact@qlinea.com</a>

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

Jonas Jarvius, President	Tel: +46 70 323 7760	E-mail: <a href="mailto:jonas.jarvius@qlinea.com">jonas.jarvius@qlinea.com</a>
Anders Lundin, CFO & IR	Tel: +46 70 600 1520	E-mail: <a href="mailto:anders.lundin@qlinea.com">anders.lundin@qlinea.com</a>

*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 7 May 2020 at 7:30 a.m. CEST.*

### Presentation

Q-linea invites investors, analysts and the media to an audiocast and teleconference (in English) today, 7 May, 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 to March 2020 period and respond to questions.

Webcast: <https://tv.streamfabriken.com/q-linea-q1-2020>

Telephone numbers for the teleconference: SE: +46850558352 UK: +443333009261 US: +18332498403

# Income statement

Amounts in SEK thousand	Note	2020 Jan–Mar	2019 Jan–Mar	2019 Jan–Dec
<b>Operating income</b>				
Net sales	1	178	426	1,005
Other operating income		8	23	11
<b>Total operating income</b>		<b>186</b>	<b>449</b>	<b>1,016</b>
<b>Operating expenses</b>				
Raw materials and consumables		-9,499	-6,066	-28,585
Other external costs		-24,213	-14,926	-75,847
Personnel costs	3	-21,089	-14,982	-71,324
Depreciation/amortisation of tangible and intangible assets		-1,203	-1,104	-4,127
Other operating expenses		-82	-97	-249
<b>Total operating expenses</b>		<b>-56,086</b>	<b>-37,175</b>	<b>-180,131</b>
<b>Operating result</b>		<b>-55,900</b>	<b>-36,725</b>	<b>-179,115</b>
Other interest income and similar profit items	5	608	412	2,467
Interest expenses and similar loss items		-668	-9	-706
<b>Result from financial items</b>		<b>-60</b>	<b>403</b>	<b>1,761</b>
<b>Result before tax</b>		<b>-55,960</b>	<b>-36,322</b>	<b>-177,354</b>
Tax on result for the period		-	-	-
<b>Result for the period</b>		<b>-55,960</b>	<b>-36,322</b>	<b>-177,354</b>

## Statement of comprehensive income

Amounts in SEK thousand	Note	2020 Jan–Mar	2019 Jan–Mar	2019 Jan–Dec
Result for the period		-55,960	-36,322	-177,354
Other comprehensive income, net after tax		-	-	-
<b>Total comprehensive income</b>		<b>-55,960</b>	<b>-36,322</b>	<b>-177,354</b>
Earnings per share before and after dilution, SEK	6	-2.44	-1.59	-7.74
Average number of shares		22,983,553	22,906,915	22,906,915

# Balance sheet

Amounts in SEK thousand	Note	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
<i>Intangible assets</i>				
Licences		220	292	238
Technology and customer relationships		545	711	586
Goodwill		5,703	6,790	5,975
<b>Total intangible assets</b>		<b>6,468</b>	<b>7,792</b>	<b>6,799</b>
<i>Tangible assets</i>				
Equipment, tools, fixtures and fittings		19,087	8,915	13,570
<b>Total tangible assets</b>		<b>19,087</b>	<b>8,915</b>	<b>13,570</b>
<i>Financial assets</i>				
Other securities held as non-current assets	5	118,196	154,773	123,973
Other long-term receivables		50	50	50
<b>Total financial assets</b>		<b>118,246</b>	<b>154,823</b>	<b>124,023</b>
<b>Total non-current assets</b>		<b>143,801</b>	<b>171,530</b>	<b>144,392</b>
<b>Current assets</b>				
<i>Current receivables</i>				
Accounts receivable		4	16	17
Other receivables		22,288	13,997	20,129
Prepaid expenses and accrued income		4,223	2,450	3,389
Short-term investments	4	117,770	290,020	180,512
<b>Total current receivables</b>		<b>144,286</b>	<b>306,483</b>	<b>204,047</b>
Cash and bank balances		28,350	20,585	25,968
<b>Total current assets</b>		<b>172,635</b>	<b>327,068</b>	<b>230,015</b>
<b>TOTAL ASSETS</b>		<b>316,437</b>	<b>498,598</b>	<b>374,407</b>

# Balance sheet

Amounts in SEK thousand	Note	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>EQUITY</b>				
<b>Restricted equity</b>				
Share capital		1,167	1,156	1,162
Unregistered share capital		-	-	5
<i>Total restricted equity</i>		<i>1,167</i>	<i>1,156</i>	<i>1,167</i>
<b>Unrestricted equity</b>				
Share premium reserve		697,062	695,528	697,062
Retained earnings		-356,495	-182,780	-179,930
Result for the period		-55,960	-36,322	-177,354
<i>Total unrestricted equity</i>		<i>284,606</i>	<i>476,526</i>	<i>339,777</i>
<b>Total equity</b>		<b>285,773</b>	<b>477,582</b>	<b>340,944</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Loans from credit institutions		251	604	331
<b>Total long-term liabilities</b>		<b>251</b>	<b>604</b>	<b>331</b>
<b>Current liabilities</b>				
Loans from credit institutions		353	420	378
Accounts payable		13,446	8,388	9,181
Current tax liabilities		1,066	503	1,158
Other liabilities		2,126	1,921	2,496
Accrued expenses and deferred income		13,421	9,181	19,919
<b>Total current liabilities</b>		<b>30,412</b>	<b>20,412</b>	<b>33,132</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>316,437</b>	<b>498,598</b>	<b>374,407</b>

# Changes in equity

Amounts in SEK thousand	Note	Restricted equity		Unrestricted equity			Total equity
		Share capital	Unregistered share capital	Share premium reserve	Retained earnings	Result for the year	
<b>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>Comprehensive income</b>							
Result for the period		-	-	-	-	-36,322	-36,322
Appropriation of profits		-	-	-	-128,353	128,353	0
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-128,353</b>	<b>92,031</b>	<b>-36,322</b>
<b>Transactions with shareholders</b>							
New share issue	3	11	-	-	-	-	11
Acquisition of own shares	3	-	-	-	-11	-	-11
Option programme	3	-	-	-	446	-	446
<b>Total transactions with shareholders</b>		<b>11</b>	<b>-</b>	<b>-</b>	<b>435</b>	<b>-</b>	<b>446</b>
<b>Closing balance, 31 March 2019</b>		<b>1,156</b>	<b>-</b>	<b>695,528</b>	<b>-182,780</b>	<b>-36,322</b>	<b>477,582</b>
<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>Comprehensive income</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>Transactions with shareholders</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>
Result for the period		-	-	-	-	-55,960	-55,960
Appropriation of profits		-	-	-	-177,354	177,354	0
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-177,354</b>	<b>121,394</b>	<b>-55,960</b>
<b>Transactions with shareholders</b>							
New share issue	3	5	-5	-	-	-	0
Option programme	3	-	-	-	790	-	790
<b>Total transactions with shareholders</b>		<b>5</b>	<b>-5</b>	<b>-</b>	<b>790</b>	<b>-</b>	<b>790</b>
<b>Closing balance, 31 March 2020</b>		<b>1,167</b>	<b>0</b>	<b>697,062</b>	<b>-356,495</b>	<b>-55,960</b>	<b>285,773</b>

# Cash flow statement

Amounts in SEK thousand	Note	2020 Jan–Mar	2019 Jan–Mar	2019 Jan–Dec
<b>Cash flow from operating activities</b>				
Operating result		-55,900	-36,725	-179,115
Adjustments for non-cash items				
- Depreciation reversal		1,203	1,104	4,127
- Share-based remuneration programmes	3	790	446	3,301
- Licensing revenue paid through shares		-	-250	-500
Interest received		470	412	2,516
Interest paid		-6	-9	-47
Tax paid		-91	-372	594
<b>Cash flow from operating activities before changes in working capital</b>		<b>-53,534</b>	<b>-35,394</b>	<b>-169,124</b>
<i>Changes in working capital</i>				
Increase/decrease in accounts receivable		13	-16	-17
Increase/decrease in other current receivables		-2,993	-1,728	-8,799
Increase/decrease in other current liabilities		-6,869	-2,430	8,823
Increase/decrease in accounts payable		4,265	-1,436	-643
<i>Changes in working capital</i>		<i>-5,584</i>	<i>-5,610</i>	<i>-636</i>
<b>Cash flow from operating activities</b>		<b>-59,119</b>	<b>-41,004</b>	<b>-169,760</b>
<b>Cash flow from investing activities</b>				
Investments in tangible assets		-6,389	-947	-7,632
Short-term investments	4	-	-161,000	-170,000
Divestment of short-term investments	4	59,969	20,980	169,581
Investments in financial assets	5	-	-151,776	-151,776
Sale of financial assets	5	8,026	-	-
<b>Cash flow from investing activities</b>		<b>61,606</b>	<b>-292,743</b>	<b>-159,776</b>
<b>Cash flow from financing activities</b>				
New share issue	3	-	11	1,555
Acquisition of own shares	3	-	-11	-16
Repayment of loans		-105	-105	-420
<b>Cash flow from financing activities</b>		<b>-105</b>	<b>-105</b>	<b>1,119</b>
<b>Cash flow for the period</b>		<b>2,382</b>	<b>-333,853</b>	<b>-328,470</b>
Cash and cash equivalents at the beginning of the period		25,967	354,438	354,438
<b>Cash and cash equivalents at the end of the year</b>		<b>28,350</b>	<b>20,585</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 company's accounting policies, which are unchanged compared with the preceding year with the exception of the changes stated below, are presented in the company's Annual Report for 2019.

The carrying amounts of current financial assets and liabilities are assumed to correspond to their fair value, since these items are current by nature.

## Holding of treasury shares

At the end of the first 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.

For a more detailed description of the accounting policies applied in this interim report, refer to page 53 of the Annual Report for the 2019 financial year. The interim report comprises pages 1–20, and pages 1–11 thus comprise an integrated component of this financial report.

## Note 1 Specification of net sales

Net sales specified by geographic market:

Amounts in SEK thousand	2020 Jan–Mar	2019 Jan–Mar	2019 Jan–Dec
Sweden	178	426	1,005
<b>Total net sales by geographic market</b>	<b>178</b>	<b>426</b>	<b>1,005</b>

Net sales specified by type of income:

Amounts in SEK thousand	2020 Jan–Mar	2019 Jan–Mar	2019 Jan–Dec
Licensing revenue	-	250	500
Prototype development	178	176	505
<b>Total net sales by type of income</b>	<b>178</b>	<b>426</b>	<b>1,005</b>

Licensing revenue derives from the licensing agreement signed between EMPE Diagnostics AB and Q-linea during 2017. In 2020, Q-linea received no licensing revenue. Since the the third quarter of 2019, Q-linea has received no licensing revenue from EMPE since 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.

A licensing agreement was signed between EMPE Diagnostics AB and Q-linea, and SEK 0 thousand (250) was recognised as income in the first quarter of 2020. 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 3 Shared-based remuneration programmes

At the end of the first quarter, Q-linea had two ongoing share-based remuneration programmes, LTIP 2018 and LTIP 2019. The performance-based employee share option programme realised the operational targets and employees were offered an opportunity to exercise the options in December 2019.

### *Performance-based employee share option programme*

In December 2019, no employee share options were allotted, 2,622 options expired and 5,128 options were exercised by option holders. Of the 2,622 options that expired, six option holders whose total option holdings amounted to 2,225 options were prevented from exercising their options as they were included in one of the company's insider lists. The proportion of option holders that utilised the right to exercise their options to subscribe for new shares was thus 92.8%.

The company issued warrants to ensure the delivery of the shares to the appropriate employees when they exercise the employee share options. In January 2020, 5,128 exercised options were converted into 102,560 shares. These shares were distributed to the option holders in February. Of the exercise price of SEK 15 per share paid for the 102,560 shares, SEK 5,128 – which is equivalent to the shares' quotient value of SEK 0.05 per share – has been allocated to share capital and the remainder to the share premium reserve.

### *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 in the first quarter amounted to SEK 766 thousand (286).

### *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 in the first quarter amounted to SEK 223 thousand (0).

## Note 4 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 corporate bonds with a maturity of less than 12 months. Short-term investments as of 31 March amounted to SEK 117,770 thousand (180,512), of which SEK 27,931 thousand (30,093) pertained to the short-term component of corporate bonds in listed companies. The fair value of the short-term investments amounted to SEK 117,794 thousand (180,689).

In the first quarter, the company recognised an unrealised change in value of SEK 404 thousand in accordance with the lowest value principle.

### Note 5 Other securities held as non-current assets

Other securities held as non-current assets primarily comprise low-risk listed corporate bonds and amounted to SEK 115,199 thousand (120,976) at the end of the first quarter. The value includes a credit reserve of SEK 210 thousand as the company's assessment is there is a need for impairment due to the current financial market.

The bonds have a term of more than 12 months. The fair value of the bonds at the end of the first quarter amounted to SEK 111,389 thousand (121,428) (level 1 in the fair value hierarchy). During the quarter, one of the company's bonds expired at its nominal value of SEK 8,026 thousand and was paid.

The bond coupon rates carry both variable and fixed interest with periodic payments. The coupon rate paid out in the first quarter amounted to SEK 464 thousand (392).

Other securities held as non-current assets pertain to participations in EMPE Diagnostics AB acquired on 22 December 2017. Participations were recognised at cost in the balance sheet, SEK 2,997 (2,997), which is deemed to comprise the fair value at end of the period. As of 31 March 2020, the company deemed that there was no impairment requirement for the participations in EMPE Diagnostics AB.

### Note 6 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 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Result for the period	-55,960	-36,322	-177,354
Weighted average number of shares outstanding	23,312,025	22,979,609	23,104,611
- Less average holding of treasury shares	-328,472	-72,694	-197,696
<b>Earnings per share before and after dilution (SEK)</b>	<b>-2.44</b>	<b>-1.59</b>	<b>-7.74</b>

### Note 7 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. During the first quarter, the financial risks are deemed to have increased due to the COVID-19 pandemic and the company recognised an impairment of SEK 210 thousand (0) on the listed corporate bonds. Other than these risks, no material risks arose during the quarter. 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 8 Future financing**

Q-linea does not yet have any approved products and does not generate its own positive cash flow. The Board's assessment is that the existing working capital, as of 31 March 2020, is sufficient to cover the company's needs for at least the next 12 months. Efforts are continuously being made to optimise the company's use of resources and capital structure. The results of this work may show that Q-linea is dependent on future external financing.

**Note 9 Significant events after the end of the period**

Q-linea is planning to unveil ASTar to the market in digital form at a later date, given that the European Congress of Clinical Microbiology & Infectious Diseases (ECCMID) was cancelled due to the coronavirus pandemic.