

Interim report July-September 2021

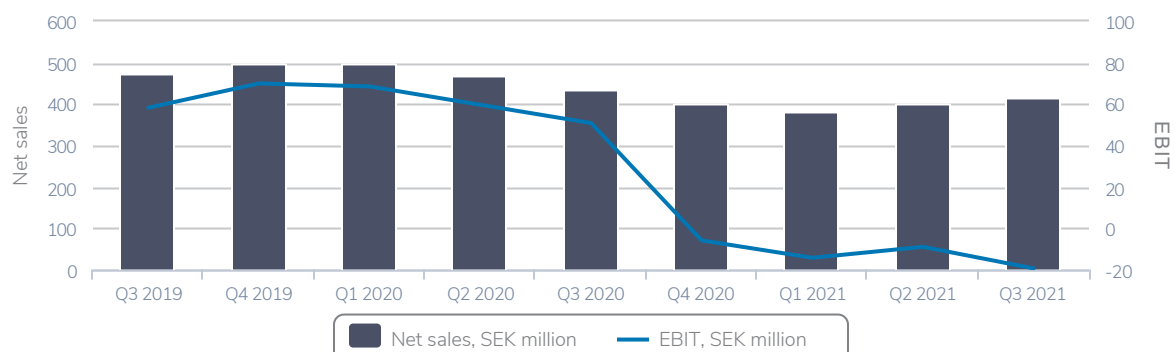
Continued growth for all products

Quarter July-September 2021

- ▶ Net sales amounted to SEK 111.8 (98.8) million, an increase of 13.2 percent. After adjustment for currency effects, the increase is 14.6 percent.
- ▶ The number of instruments sold amounted to 996 (737), an increase of 35 percent.
- ▶ Cash flow from operating activities amounted to SEK 10.6 (17.8) million.
- ▶ Operating profit was SEK 13.0 (23.5) million, corresponding to an operating margin of 11.7 (23.7) percent. Operating profit last year included conversion of government grants regarding payroll protection loan (SEK 11.6 million).
- ▶ Profit after tax amounted to SEK 7.1 (20.2) million.
- ▶ Basic and diluted earnings per share amounted to SEK 0.37 (1.04).

| Key figures | Jul-Sep 2021 | Jul-Sep 2020 | Jan-Sep 2021 | Jan-Sep 2020 | Oct 20-Sep 21 (R12) | Oct 19-Sep 20 (R12) |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------------|------------------------|
| Sales growth, % | 13.2 | -24.7 | 5.0 | -16.7 | -4.9 | -8.1 |
| Net sales, SEK million | 111.8 | 98.8 | 323.1 | 307.8 | 415.7 | 437.1 |
| Gross margin, % | 44.7 | 46.4 | 43.6 | 44.8 | 43.3 | 44.8 |
| Operating profit (EBIT), SEK million | 13.0 | 23.5 | 22.2 | 35.7 | -19.5 | 50.9 |
| Operating margin (EBIT), % | 11.7 | 23.7 | 6.9 | 11.6 | -4.7 | 11.6 |
| Profit after tax, SEK million | 7.1 | 20.2 | 6.0 | -15.4 | -26.6 | -8.2 |
| Net debt, SEK million | 6.5 | -4.5 | 6.5 | -4.5 | 6.5 | -4.5 |
| Return on equity, % | 2.7 | 6.6 | 2.2 | -5.0 | -9.8 | -2.5 |
| Net debt/EBIT (R12), times | -0.3 | -0.1 | -0.3 | -0.1 | -0.3 | -0.1 |
| Diluted earnings per share, SEK | 0.37 | 1.04 | 0.31 | -0.79 | -0.33 | -0.42 |

Net sales (R12) and EBIT (R12)



Q4 2020 incl. a write-down of intangible assets of SEK 40 million.

Continued recovery and well-filled order book

We have seen a continued recovery in the market, and during the third quarter, the positive trend in both sales and order intake continued. Sales amounted to SEK 112 million, which is 13 percent more than the same period in the previous year. Compared with the second quarter of 2021 consumables sales increased by 11 percent.

Growth in instrument sales came mainly from Asia and Africa. Consumables sales are increasing or stable, apart from in some countries in Southeast Asia where sales decreased due to extended pandemic restrictions. In India, sales of consumables increased by a full 91 percent compared with the previous year. Our OEM business continues to develop positively and increased by 44 percent.

During the quarter, the shortage of electronic and other components has created significant challenges for our development projects and our production, negatively impacting both sales and costs. A product mix with a higher proportion of basic instruments, mainly for India, is also putting pressure on our gross margins. Some of the order backlog from the third quarter will be carried into the fourth quarter, which we start with a larger than normal order book.

Operating profit was SEK 13 million, corresponding to an operating margin of 11.7 percent. The result is impacted by additional costs for goods and higher transport costs. We are seeing a gradual improvement in profitability as volumes increase. We have delivered this result while conducting improvement projects and incurring costs of adapting the organization and tools to equip Boule for the future. The process of updating our quality systems and certain product documentation to meet the new IVDR Regulation continues. We welcome the European Commission's proposal to change from a full implementation of the IVDR in May 2022 to a phased introduction, which means that our existing instruments can be sold with the current CE marking until 2027.

Operating cash flow was SEK 10 million and SEK 11 million was invested in Boule's new product platform during the quarter.

Market still affected by the pandemic

In many developing countries, the vaccination rate is low with continuing restrictions, resulting in fewer patient visits and fewer diagnostic tests being performed. This continues to affect Boule as we have a large number of active instruments in developing countries. In the slightly longer term, we expect test volumes to return to more normal levels in these countries too, which will contribute to increased sales.

Market volatility is affecting us and there are continuing material supply risks and problems that we will also have to live with in the coming year. This is challenging and creates additional work and higher costs, but Boule has managed these challenges well during the year. We are adapting, working closely with suppliers, providing longer-term forecasts, finding new suppliers, redesigning and changing components when necessary. Increased costs can be partly offset by increased prices. We have already made some price adjustments in selected markets this year. However, this is a measure that will take some time to take full effect.

Pro-active initiatives to strengthen Boule's market positions

Russia is a market with significant potential for Boule. A few years ago, we established a sales company there in order to get closer to the market and distributors. During the quarter, our factory was completed, and the first deliveries of consumables were shipped from the new production facility to customers in Russia. Local production means immediate advantages in public procurement, shorter lead times, lower transport costs and a reduced environmental impact from transport.

During the quarter, we also established a local presence in the Middle East and Africa, with sales managers based in the United Arab Emirates and Kenya. This is a slightly longer-term venture, but we are already seeing new business opportunities in these regions.

The strategy focuses on continuously upgrading and broadening our offering

In an uncertain world, Boule stands on a solid foundation with competent and ambitious employees, several exciting future projects and a business model based on a large and growing number of active instruments



generating recurring sales of consumables with good margins.

We are focused on continued expansion in emerging markets where a local presence, combined with our expertise in hematology and robust technology solutions, gives us competitive advantages. Our strategy of selling our solutions through distributors stands firm.

In parallel, we are conducting programs to increase the pace of innovation with new complete solutions that will be connected. During the year, we increased the offering from Boule Academy, our training platform where we share service, clinical and application knowledge that is valuable to both our distributors and end-users.

Our long-term ambition is to continually broaden our offering of new products and related services in order to deliver our high-quality tests to more people around the world. Through this, we contribute to improved health and well-being, with users receiving rapid test results that improve the efficiency of care, which also benefits patients.

The new platform is the basis for an updated product portfolio

Intensive development work is in progress, creating the conditions for Boule to be a leading future global player in decentralized blood diagnostics with innovative new solutions. The investment in a new product platform will enable our entire product portfolio to be upgraded over the next 3-5 years. In addition to the development of new instruments, a separate cloud service is being developed. Initially, we will offer cloud services that are used for service and maintenance. New functionality will be added over time, and through connected services and training via Boule Academy, Boule will increase customer value and create differentiated solutions. The first of these solutions will be launched towards the end of 2022.

Positive trends

In 2021, we have seen a clear trend of increasing sales for all our products. I am proud of how our employees have solved all the challenges of material supply and logistics we have faced so far. Challenges with incoming deliveries will continue to affect us. At the same time, we have a high level of activity both commercially and in our development projects, and a well-filled order book, so we look forward with confidence to the end of 2021 and the coming year.



Group performance July-September 2021

Net sales

Net sales for the third quarter amounted to SEK 111.8 (98.8) million, an increase of 13.2 percent. After adjustment for USD and EUR currency effects, the increase was 14.6 percent. Instrument sales increased by 13 percent, sales of consumables increased with 12 percent and OEM and CDS brand sales increased by 29 percent compared with the same period the previous year.

Increased growth is a result of increased vaccination rates in many countries. Growth in Asia is driven by strong sales in India where we saw an increase in both instruments and consumables.

Accumulated net sales for the period January to September amounted to SEK 323.1 (307.8) million, representing an increase of 5.0 percent and 12.2 percent adjusted for currency effects.

| Net sales by region, SEK million | Jul-Sep 2021 | Jul-Sep 2020 | change | Jan-Sep 2021 | Jan-Sep 2020 | change | Oct 20- Sep 21 (R12) | Oct 19- Sep 20 (R12) | change (R12) |
|-------------------------------------|-----------------|-----------------|------------|-----------------|-----------------|-----------|----------------------------|----------------------------|-----------------|
| USA | 37.9 | 32.3 | 17% | 108.9 | 99.4 | 10% | 137.9 | 135.8 | 2% |
| Asia | 30.2 | 25.9 | 16% | 81.8 | 75.6 | 8% | 110.2 | 118.8 | -7% |
| Eastern Europe | 14.4 | 12.6 | 14% | 42.2 | 44.5 | -5% | 52.9 | 59.8 | -12% |
| Latin America | 8.4 | 7.8 | 7% | 29.3 | 28.0 | 5% | 34.3 | 39.2 | -12% |
| Western Europe | 6.5 | 9.7 | -33% | 21.3 | 25.5 | -16% | 31.9 | 36.0 | -11% |
| Africa/Middle East | 14.4 | 10.5 | 38% | 39.5 | 34.8 | 14% | 48.5 | 47.6 | 2% |
| Total | 111.8 | 98.8 | 13% | 323.1 | 307.8 | 5% | 415.7 | 437.1 | -5% |

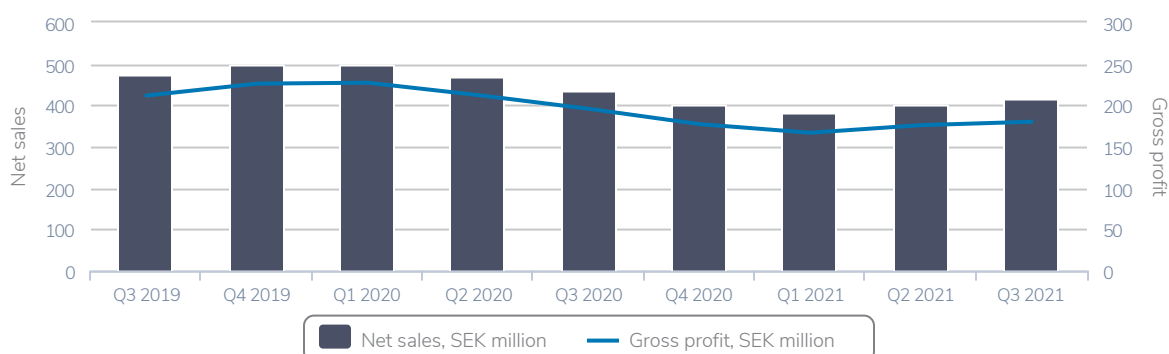
Net sales by product, SEK million

| | Jul-Sep 2021 | Jul-Sep 2020 | change | Jan-Sep 2021 | Jan-Sep 2020 | change | Oct 20- Sep 21 (R12) | Oct 19- Sep 20 (R12) | change (R12) |
|-----------------------------------|-----------------|-----------------|------------|-----------------|-----------------|-----------|----------------------------|----------------------------|-----------------|
| Instruments | 33.6 | 29.7 | 13% | 103.9 | 89.7 | 16% | 134.9 | 134.3 | 0% |
| Consumables, own instruments | 48.5 | 43.4 | 12% | 133.8 | 139.2 | -4% | 174.3 | 196.2 | -11% |
| Consumables, OEM and CDS brand | 20.8 | 16.0 | 29% | 58.5 | 49.6 | 18% | 71.5 | 64.8 | 10% |
| Other | 8.9 | 9.7 | -8% | 26.8 | 29.4 | -9% | 35.0 | 41.8 | -16% |
| Total | 111.8 | 98.8 | 13% | 323.1 | 307.8 | 5% | 415.7 | 437.1 | -5% |

Gross profit

Gross profit for the third quarter was SEK 49.9 (45.8) million, with a gross margin of 44.7 (46.4) percent. The gross margin was negatively affected by the regional and product mix with a high share of instrument sales to Asia and a high share of OEM-sales, both of which impact the gross margin percentage, as well as increased costs in the supply chain due to component shortages and logistics challenges.

Net sales (R12) and gross profit (R12)



Expenses

Operating expenses for the period amounted to SEK 37.1 (34.6) million. Administrative expenses include the cost of establishing local manufacturing in Russia, additional costs to strengthen the organization and consultancy support for the development of certain markets.

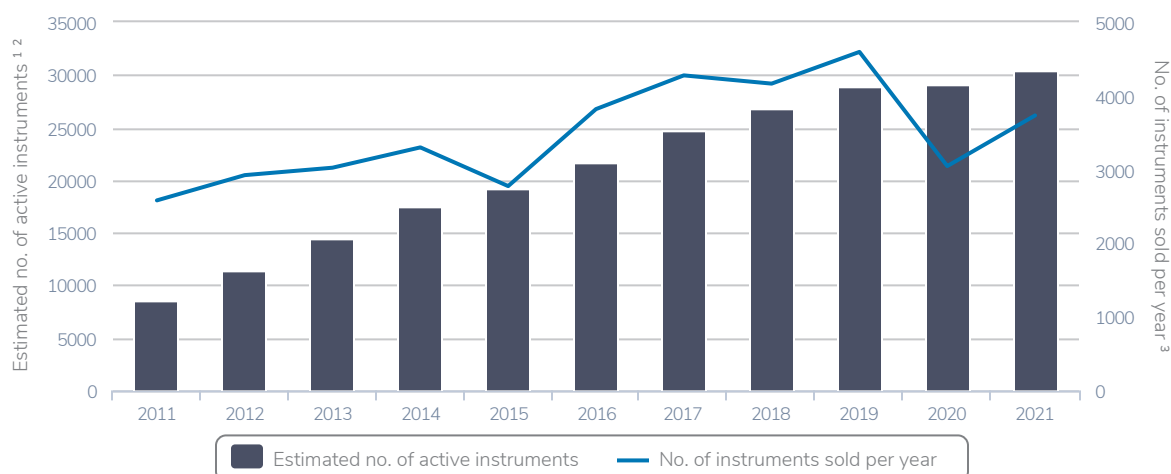
Research and development expenses, including costs related to the quality assurance organization, amounted to SEK 9.3 (9.1) million, corresponding to 8.3 (9.2) percent of net sales. Development expenses of SEK 11.1 (7.1) million were capitalized. Total research and development expenses correspond to 18.3 (16.4) percent of net sales.

The net of other operating income and other operating expenses for the period amounted to SEK 0.2 (12.2) million and consists of positive and negative exchange differences. Last year other operating income includes conversion of governmental grant regarding payroll protection loan for the US subsidiary of USD 1.2 million corresponding to SEK 11.6 million.

Operating profit

Operating profit amounted to SEK 13.0 (23.5) million, corresponding to an operating margin of 11.7 (23.7) percent. Operating profit last year, excluding governmental grant corresponding to SEK 11.6 million, amounted to SEK 11.9 million and an operating margin of 12.0%. The operating margin excluding capitalized development expenses during the third quarter was 1.7 (16.5) percent.

Estimated number of active instruments



¹ Estimated number of active instruments installed starting 2006 is based on an expected lifespan of eight years for the instruments.

² Accumulated number of instruments sold since 2006 was 43,311 at September 30, 2021.

³ Number of instruments sold in 2021 refers to sales on a rolling 12-month basis.

Net financial items

Net financial items amounted to SEK -1.7 (-0.9) million.

Earnings

Profit before tax was SEK 11.3 (22.6) million. Profit for the period was SEK 7.1 (20.2) million.

Financing and cash flow

Cash flow from operating activities for the third quarter was SEK 10.6 (17.8) million. Working capital during the period was negatively affected by reduction of holiday pay debt.

The Swedish Export Credit Agency (EKN) guarantees some of Boules trade receivables at up to 75-95 percent of the receivables' total amount. Receivables may be pledged, in which case the liabilities are reported as interest-bearing liabilities.

The change in trade receivables guaranteed by EKN is included in cash flow from operating activities, while the change in other interest-bearing liabilities is reported under cash flow from financing activities.

Cash flow for the period was SEK 7.1 (4.7) million and cash and cash equivalents at September 30 amounted to SEK 35.7 (39.6) million.

During the quarter the company has taken a loan of SEK 20 million to ensure good liquidity. At the same time utilization of the credit facility decreased. The Group's available cash and cash equivalents, including unutilized credit facilities, was SEK 82.2 (86.9) million at September 30.

Investments

Total investments amounted to SEK 12.1 (7.9) million, with investments in future product platforms accounting for SEK 11.1 (7.1) million of the figure.

Equity and liabilities

The Group's equity at September 30, 2021 was SEK 273.9 (313.4) million and the equity/assets ratio was 51 (56) percent.

Interest-bearing liabilities excluding leases are primarily related to pledged trade receivables guaranteed by EKN and amounted to SEK 118.9 (102.2) million at September 30, 2021. SEK 35.3 (23.0) million of these liabilities were non-current and SEK 83.6 (79.2) million were current. At September 30, 2021, SEK 10.3 (10.2) million of the credit facility had been used and other current non-interest-bearing liabilities and trade payables amounted to SEK 96.5 (73.0) million.

Lease liabilities at September 30 amounted to SEK 30.6 (39.4) million. SEK 17.8 (26.7) million of these liabilities were non-current and SEK 12.7 (12.6) million were current.

Net debt at September 30, 2021 amounted to SEK 6.5 (-4.5) million.

Deferred tax assets amounted to SEK 0.0 (0.0) million and deferred liabilities were SEK 18.2 (25.3) million at June 30.

Non-current provisions consist of direct pension provisions of SEK 3.3 (3.8) million.

Significant risks and uncertainties

The Group's operations are subject to risks and uncertainties that may, to a varying extent, affect the Company's ability to achieve defined goals. Boule works continuously on management of existing risks and uncertainties and on the risk inventory that forms the basis for detecting new risks and uncertainties. The systematic and internally coordinated work is aimed at identifying risks, limiting risk exposure and minimizing any impact should a risk materialize. Currently, primary risks and uncertainties have been identified in the following areas: regulatory risks, product portfolio risks, distributor risks, production and quality risks, counterfeit reagents, price pressure, supplier risks, market risks and competition, bribery, and corruption, currency risks, IT security and systems, financing risks and future cash flows, health and safety in the workplace, dependence on key personnel and the effects of Covid-19.

Boule is currently exposed to exchange rate changes. A change of +/- 10 percent in the USD/SEK exchange rate affects net sales by +/- SEK 20 million and operating profit by +/- SEK 4 million. Boule works constantly to reduce the Group's currency exposure in its operations.

A more detailed description of risks, risk management and related opportunities can be found in the 2020 Annual Report. The risks are considered unchanged from those described in the Annual Report, other than the update on the effects of Covid-19 presented below.

Covid-19

Like other companies, Boule faces new challenges related to the spread of Covid-19. There has been a slowdown in sales as a result of the closure of many markets, with a significant decline in routine healthcare visits and therefore fewer blood samples taken. The length of time in which key markets are closed will determine the impact on sales of consumables in the period ahead. New sales of instruments have also stopped at times, with healthcare providers concentrating on managing Covid-19 patients.

Problems of components and raw material shortages, logistics and distribution to customers have arisen and continue to arise due to a lack of transport capacity and obstacles related to border closures. The disruptions have escalated during 2021, which may lead to a levershorter or longer production stop. Boule is taking active measures to mitigate the impact by working closely with the Group's subcontractors, redesign of components and planning and booking deliveries well in advance.

Boule has focused on ensuring good liquidity. Some investments have been postponed but long-term strategic investments have continued according to plan.

Future effects on sales and delivery capacity are difficult to estimate as there is continuing uncertainty about how quickly the markets will recover and potentially new lockdowns. In the longer term, we see a continuation of stable growth for the decentralized near-patient market that Boule addresses.

Related-party transactions

No related-party transactions have taken place during the period.

Nomination Committee

At the Annual General meeting, it was resolved that the Nomination Committee shall consist of three members representing the three largest shareholders at the end of September. The largest shareholders at this time were Svolder AB, AB Grenspecialisten and Thomas Eklund, who in turn nominated Ulf Hedlundh (Svolder AB), Emil Hjalmarsson (AB Grenspecialisten) and Thomas Eklund. The Nomination Committee has elected Ulf Hedlundh as its chairman and co-opted the chairman of the board, Peter Ehrenheim. Information on how to contact the nomination committee can be found on Boule's [website](#).

Events after the end of the interim period

No events of significance to the Group occurred after the end of the interim period.

Parent Company

Boule Diagnostics AB (publ), corporate ID 556535-0252, is a Swedish limited liability company with its registered office in Stockholm. The address of the head office is Domnarvsgatan 4, SE-163 53 Spånga, Sweden.

The Parent Company's revenue is derived from Group-wide services.

Risks and uncertainties for the Parent Company indirectly correspond with those for the Group.

Personnel

The average number of employees in the Group during the period was 218 (213), including 7 (8) employees at the Parent Company. The average number of employees by country was as follows: Sweden 123 (116), United States 84 (89), Mexico 2 (2) and Russia 9 (6). The average number of women in the Group was 99 (93) and the average number of men was 119 (120). Personnel in countries where Boule does not have a legal entity are not included in the number of employees as they are employed via external companies and therefore included as consultancy costs.

Number of shares

The total number of shares and votes in Boule Diagnostics AB is 19,416,552 and has remained unchanged in 2021. After full dilution, the number of shares amounts to 19,959,349.

| Shareholders, September 30, 2021 (according to Euroclear) | Number of shares, September 30 | Share of capital/votes |
|---|--------------------------------|------------------------|
| Svolder AB | 2,414,194 | 12.4% |
| AB Grenspecialisten | 2,274,332 | 11.7% |
| Thomas Eklund inkl bolag | 1,956,055 | 10.1% |
| Swedbank Robur Fonder AB | 1,940,000 | 10.0% |
| Nordea Fonder | 1,773,791 | 9.1% |
| Tredje AP-fonden | 1,625,771 | 8.4% |
| Länsförsäkringar Fonder | 775,777 | 4.0% |
| Andra AP-Fonden | 684,974 | 3.5% |
| Skandinaviska Enskilda Banken UK | 594,440 | 3.1% |
| Société Générale | 548,139 | 2.8% |
| CBNY-Norges Bank | 385,000 | 2.0% |
| Sijotusrahasto Aktia Nordic | 371,270 | 1.9% |
| Fondita Nordic | 354,000 | 1.8% |
| Other shareholders (2,540) | 3,718,809 | 19.2% |
| Total number of shares | 19,416,552 | 100.0% |

Option programs

The Board of Directors believes that it is important and in the interest of all shareholders that the CEO and key employees, who are considered important to the Company's further development, have a long-term interest in good value growth for the Company's shares. A personal, long-term shareholder commitment would be expected to contribute to increased interest in the Company's operations and financial performance, and to increase the CEO's and key employees' motivation and affinity with the Company and its shareholders.

The warrants have been allotted and purchased by employees at market conditions. The market value has been determined using the Black & Scholes option valuation model.

If a warrant holder's employment ceases, Boule has the right of first refusal and may choose to exercise that right. The Board has decided to exercise the right of first refusal regarding former employees who purchased warrants in the 2019 program, and 110,638 warrants have accordingly been repurchased since allotment. There are no restrictions on transferring warrants in the programs.

| Outstanding programs | Outstanding options | | | Corresponding shares | Proportion of total no. of shares | Exercise price | Exercise period |
|----------------------|---------------------|---------------|----------------|----------------------|-----------------------------------|----------------|-------------------------|
| | CEO | Key employees | Total | | | | |
| 2019/2022 | 0 | 352,797 | 352,797 | 352,797 | 1.8% | 67.50 | 1 Juni 2022-30 Dec 2022 |
| 2020/2023 | 130,000 | 50,000 | 180,000 | 180,000 | 0.9% | 86.70 | 1 juni 2023-30 dec 2023 |
| | 130,000 | 402,797 | 532,797 | | | | |

The Board of Directors and the CEO certify that this interim report provides a true and fair view of the operations, financial position and earnings of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the other Group companies.

Stockholm, November 10, 2021

Boule Diagnostics AB

Peter Ehrenheim

Chairman of the Board

Thomas Eklund

Board member

Karin Dahllöf

Board member

Jon Risfelt

Board member

Charlotta Falvin

Board member

Yvonne Mårtensson

Board Member

Torben Jörgensen

Board Member

Jesper Söderqvist

CEO

Auditor's Report

Boule Diagnostics AB (publ) Co nr 556535-0252

INTRODUCTION

We have conducted a general review of the financial interim report information in the summary for Boule Diagnostics AB (publ) as of 30 September 2021 and the nine-month period that ended on this date. It is the responsibility of the Board of Directors and the Chief Executive Officer to prepare and present these interim financial statements in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our general review.

THE SCOPE AND FOCUS OF THE REVIEW

We have conducted our general review in accordance with the International Standard on Review Engagements ISRE 2410 Review of interim financial report information performed by the independent auditor of the entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially limited in scope compared to the focus and scope of an audit conducted in accordance with ISA and generally accepted auditing practice. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant circumstances that might be identified in an audit. Therefore, the opinion expressed based on a review does not give the same level of assurance as an opinion expressed on the basis of an audit.

OPINION

On the basis of our review, nothing has come to our attention that causes us to believe that the interim report was not, in all material aspects, prepared for the Group's part in accordance with IAS 34 and the Annual Accounts Act and, in the case of the parent company, the Annual Accounts Act.

Stockholm November 10, 2021

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg

Authorized Public Accountant