

Interim report January-March 2021

Gradual recovery and strong order intake

Quarter January-March 2021

- ▶ Net sales amounted to SEK 100.6 (118.4) million, a decline of 15.0 percent. After adjustment for currency effects, the decline is 6.2 percent.
- ▶ The number of instruments sold amounted to 931 (912), an increase of 2.1 percent.
- ▶ Cash flow from operating activities amounted to SEK 12.6 (14.5) million.
- ▶ Operating profit was SEK 6.8 (15.2) million, corresponding to an operating margin of 6.8 (12.9) percent.
- ▶ Profit after tax amounted to SEK 0.3 (7.4) million.
- ▶ Basic and diluted earnings per share amounted to SEK 0.02 (0.38).

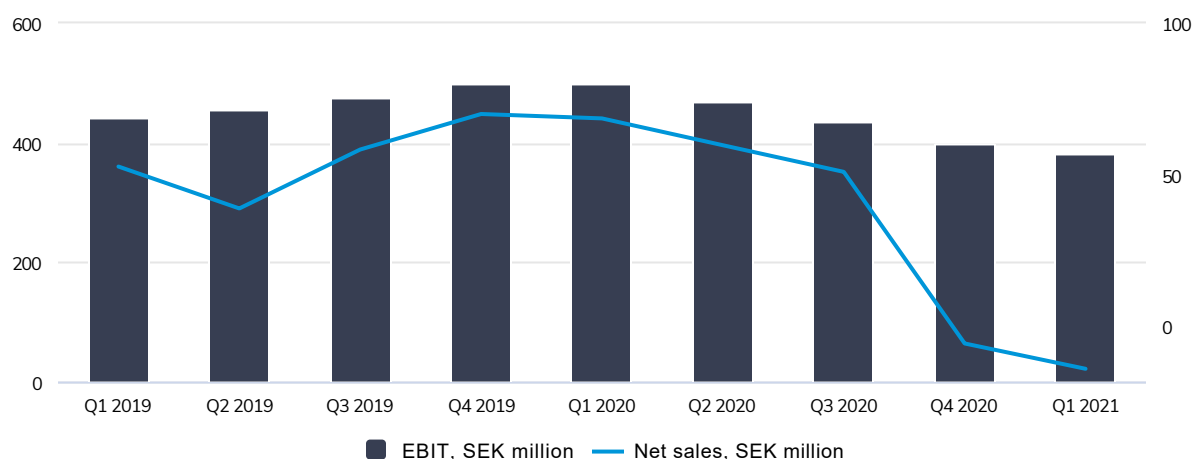
Significant events during the quarter

No significant events occurred during the quarter.

Significant events after the period

No significant events have occurred after the end of the period.

Key figures	Jan-Mar 2021	Jan-Mar 2020	Apr 20- Mar 21 (R12)	Apr 19- Mar 20 (R12)
Sales growth, %	-15.0	-0.2	-23.3	12.4
Net sales, SEK million	100.6	118.4	382.7	498.7
Gross margin, %	44.4	46.6	43.6	45.6
Operating profit (EBIT), SEK million	6.8	15.2	-14.3	68.6
Operating margin (EBIT), %	6.8	12.9	-3.7	13.8
Profit after tax, SEK million	0.3	7.4	-55.0	35.1
Net debt, SEK million	-3.2	2.8	-3.2	2.8
Return on equity, %	0.1	2.2	-17.5	10.5
Net debt/EBIT (R12), times	0.2	0.0	0.2	0.0
Diluted earnings per share, SEK	0.02	0.38	-2.83	1.81



CEO comments

Gradual recovery and increasing instrument sales

Sales growth points to increasing optimism as vaccination programs continue, with net sales adjusted for currency effect increasing by 12 percent from the previous quarter. However, net sales compared with Q1 2020 fell by 15 percent to SEK 101 million. Adjusted for currency effects, the decline was 6 percent.

The recovery has been strongest in the United States, where net sales in local currency grew by 6 percent. Several of our markets in Asia, notably India, have been affected by new virus outbreaks and restrictions that have slowed their recovery. Our sales of both reagents and instruments in Asia are significantly below normal volumes.

The gross margin was 44.4 percent, which is 2.1 percentage points higher than for the previous quarter but 2.2 percentage points down on the corresponding quarter in the previous year. The margin was affected by a change in the product mix, with an increase in sales of instruments relative to sales of reagents, which have a higher margin. In addition, continuing low-capacity utilization and increased supply chain costs resulted in negative production variances.

Operating profit was SEK 6.8 million, corresponding to an operating margin of 6.8 percent. Cash flow from operating activities amounted to SEK 12.6 million and the Group's available cash and cash equivalents were unchanged from the end of 2020.

Increased order intake and supply chain challenges

We have seen an increased order intake during the quarter, which means that we now have a larger than normal order backlog for instruments. The trend is positive in all markets, but consumables are lagging behind as a large proportion of our installed base is in Asia, where the pandemic worsened in the first quarter. This also applies to India, which is a large market for Boule.

Demand for instruments currently exceeds our production capacity, which is being hampered by reduced supply of materials. Transport has been a problem for both incoming deliveries of materials and customer deliveries throughout 2020. The situation has worsened over the last month and we are experiencing disruptions and extended lead times for components and raw materials. The disruptions have created additional work, higher freight costs and a risk of increased purchase prices.

Local production of consumables in Russia is progressing, but has been delayed as one of our production equipment suppliers has had to switch production to provide COVID-19 related medical equipment. The planned start of production in Russia has therefore been postponed and is now expected to take place during summer.



Continuing to improve our digital communication

We are working intensively to improve our internal processes and create even better conditions for growth, including continuing the focus on building stronger relationships with our distributors. An important part of this work involves an increased digital presence with both distributors and customers. By offering marketing and sales support and attractive digital product training, we can provide added value that simplifies procedures for distributors and deepens customer relationships. As part of the Boule Academy, we hold webinars in a number of areas and we are planning to expand our training program during the year. We have also launched a new website with a new partner portal that gives our distributors 24/7 access to information. As part of the launch of the new website, we have also updated Boule's visual identity. Our digital offering is essential in order to operate our business, which is conducted in more than 100 countries.

Decisive growth initiatives

Despite the global COVID-19 challenges, we are pursuing several parallel growth initiatives. Among other things, we have signed agreements with six new distributors in EMEA during the first quarter.

We have also continued to establish and develop clinical, manufacturing and technical collaborations and partnerships. Through cooperation, we maximize the benefits of our own expertise and enlist the help of others in order to reach the market, laboratory users and patients in an effective way.

Development of our new product platform and industrialization of the first release, scheduled for launch in late 2022, are progressing according to plan. Activities to establish suppliers and production equipment are in progress. During the first quarter, we have invested SEK 13.0 million in development of the new platform, which is on track and is an increase compared with the previous year.

Strong confidence in the future

The increased order intake is encouraging and we continue to plan for a return to normal demand in the second half of 2021. With close to 30,000 instruments, Boule has a very strong market position and we are confident that the decentralized near-patient hematology market will return to stable growth in the long term. There are obviously challenges along the way. With a methodical approach and close cooperation with our superb distributors and suppliers, we can create an even stronger offering with the right conditions for long-term growth.



Performance in the quarter

Group performance January-March 2021

Net sales

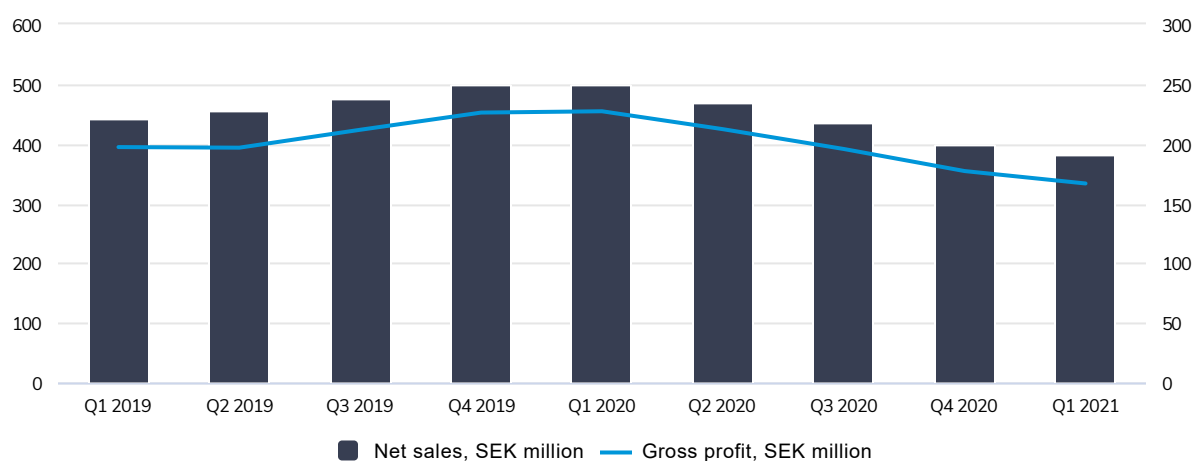
Net sales for the period amounted to SEK 100.6 (118.4) million, a decline of 15.0 percent. After adjustment for USD and EUR currency effects, the decline was 6.2 percent. During the quarter, we have seen a positive trend and increased orders for instruments. However, consumables are lagging behind as a large proportion of our installed base is in Asia, which continues to be seriously affected by restrictions and lockdowns. This has resulted in a reduced number of doctor visits and therefore lower test volumes. The number of instruments sold increased by 2 percent compared with the same period the previous year, but sales of instruments fell by 5 percent due to the product mix and currency effects.

Net sales by region, SEK million	Jan-Mar 2021	Jan-Mar 2020	change	Apr 20- Mar 21 (R12)	Apr 19- Mar 20 (R12)	change (R12)
USA	33.0	34.5	-4.4%	126.8	145.0	-12.5%
Asia	20.3	29.4	-30.9%	95.0	144.1	-34.1%
Eastern Europe	13.4	18.1	-26.2%	50.4	74.0	-31.9%
Latin America	13.2	12.5	6.0%	33.6	43.9	-23.5%
Western Europe	7.5	9.5	-21.3%	34.1	37.0	-7.7%
Africa/Middle East	13.2	14.3	-7.9%	42.8	54.6	-21.7%
Total	100.6	118.4	-15.0%	382.7	498.7	-23.2%

Net sales by product, SEK million	Jan-Mar 2021	Jan-Mar 2020	change	Apr 20- Mar 21 (R12)	Apr 19- Mar 20 (R12)	change (R12)
Instruments	34.5	36.4	-5.1%	118.8	169.1	-29.8%
Consumables, own instruments	41.7	54.5	-23.5%	166.9	216.3	-22.8%
Consumables, OEM and CDS brand	13.9	16.6	-16.5%	59.7	67.3	-11.3%
Other	10.5	10.9	-3.4%	37.3	45.9	-18.7%
Total	100.6	118.4	-15.0%	382.7	498.7	-23.2%

Gross profit

Gross profit for the period was SEK 44.7 (55.2) million, with a gross margin of 44.4 (46.6) percent. The gross margin was adversely affected by a lower proportion of consumables in the product mix, negative production variance due to continuing low capacity utilization and increased supply chain costs.



Expenses

Operating expenses for the period amounted to SEK 38.3 (41.4) million. Distribution costs include cost savings related to Covid-19.

Research and development expenses, including costs related to the quality assurance organization, had an adverse effect of SEK 10.4 (9.9) million on earnings, corresponding to 10.3 (8.4) percent of net sales. Capitalized research

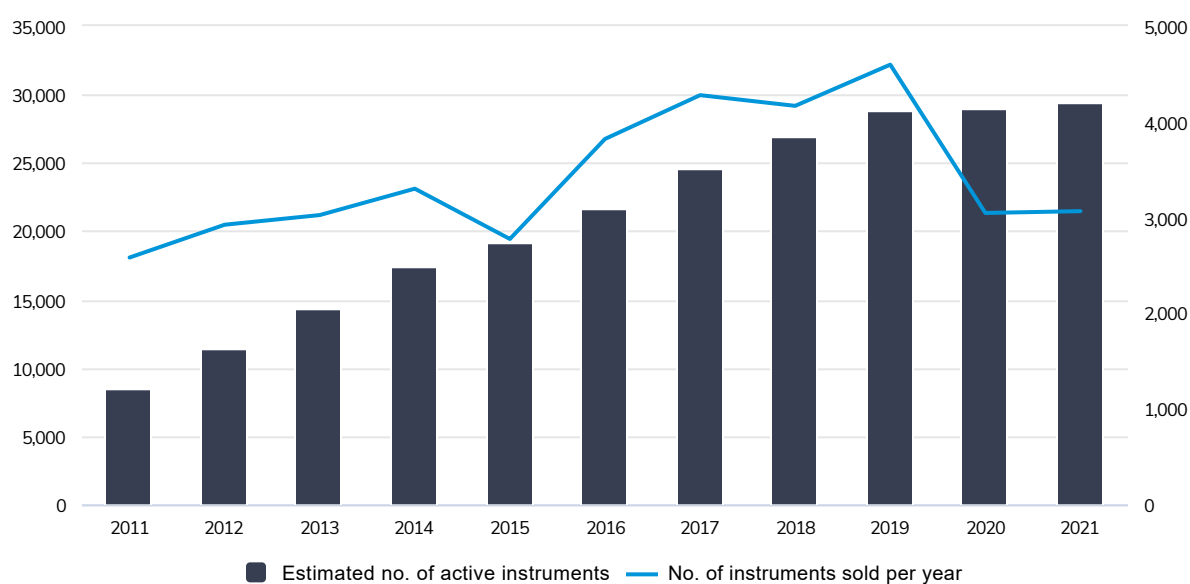
and development expenses amounted to SEK 13.0 (9.8) million and development work on our new product platform is progressing according to plan. Total research and development expenses correspond to 23.3 (16.7) percent of net sales.

Capitalized expenditure during the period is mainly related to the next generation hematology platform.

Net other operating income and other operating expenses for the period amounted to SEK 0.4 (1.4) million and consists of positive and negative exchange differences.

Operating profit

Operating profit amounted to SEK 6.8 (15.2) million, corresponding to an operating margin of 6.8 (12.9) percent. The operating margin excluding capitalized research and development expenses was -6.2 (4.6) percent.



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

² Accumulated number of instruments sold since 2006 was 41,341 at March 31, 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 -3.0 (-5.0) million. Net financial items for the previous year include profit/loss of SEK -3.7 million from associates and amount to SEK -1.3 million excluding profit/loss from associates.

Earnings

Profit before tax was SEK 3.9 (10.2) million. Profit for the period was SEK 0.3 (7.4) million.

Financing and cash flow

Cash flow from operating activities for the period was SEK 12.6 (14.5) million and was positively affected by a reduction in inventories and an increase in current liabilities.

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 -3.0 (3.5) million and cash and cash equivalents at March 31 amounted to SEK 31.5 (26.6) million.

Credit facility utilization decreased during the quarter and the Group's available cash and cash equivalents, including unutilized credit facilities, was SEK 83.5 (83.8) million at March 31, which is in line with the same period the previous year.

Investments

Total investments amounted to SEK 14.5 (12.0) million, with investments in future product platforms accounting for SEK 13.7 (10.8) million of the figure.

Equity and liabilities

The Group's equity at March 31, 2021 was SEK 277.5 (353.1) million and the equity/assets ratio was 54 (56) percent.

Interest-bearing liabilities excluding leases are primarily related to pledged trade receivables guaranteed by EKN and amounted to SEK 91.3 (109.6) million at March 31, 2021. SEK 19.5 (31.1) million of these liabilities were non-current and SEK 71.8 (78.5) million were current. At March 31, 2021, SEK 5.4 (1.8) million of the credit facility had been used and other current non-interest-bearing liabilities and trade payables amounted to SEK 91.2 (93.4) million.

Lease liabilities at March 31 amounted to SEK 36.0 (45.4) million. SEK 23.5 (32.7) million of these liabilities were non-current and SEK 12.6 (12.7) million were current.

Net debt at March 31, 2021 amounted to SEK -3.2 (2.8) million.

Deferred tax assets amounted to SEK 0.0 (0.0) million and deferred liabilities were SEK 15.1 (22.4) million at March 31.

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 currency exchange risks. +/- 10 percent of the exchange rate USD/SEK affects the net sales by +/- SEK 20 million and net profit by +/- SEK 4 million. Boule is continuously working on operationally reducing the company's exchange rate exposure.

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 logistics and distribution to customers have arisen and may continue to arise due to a lack of transport capacity and obstacles related to border closures. The Company has worked through component supply disruptions and sees this as a challenge that has escalated in early 2021. Boule is taking active measures to mitigate the impact by working closely with the Group's subcontractors, planning and booking deliveries well in advance and reducing the spread of infection in factories by arranging for non-production staff to work from home.

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 are difficult to estimate as there is continuing uncertainty about how quickly the markets will recover in 2021. In the longer term, we see a continuation of stable growth for the decentralized near-patient market that Boule addresses.

Related-party transactions

Other than remuneration of the Board and senior executives, no related-party transactions have taken place during the 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 213 (210), including 7 (7) employees at the Parent Company. The average number of employees by country was as follows: Sweden 121 (120), United States 81 (82), Mexico 2 (2) and Russia 9 (6). The average number of women in the Group was 94 (91) and the average

number of men was 119 (119).

Number of shares

The total number of shares and votes in Boule Diagnostics AB is 19,416,552 and has remained unchanged in 2021.

Shareholders, March 31, 2021 (and known changes thereafter)	Number of shares, March 31	Share of capital/votes
Svolder AB	2,414,194	12.43%
AB Grenspecialisten	2,274,332	11.71%
Thomas Eklund incl. companies	1,956,055	10.07%
Swedbank Robur Fonder AB	1,940,000	9.99%
Tredje AP-fonden	1,625,771	8.37%
Nordea Fonder	1,537,127	7.92%
Länsförsäkringar Fonder	799,477	4.12%
Andra AP-Fonden	684,974	3.53%
Skandinaviska Enskilda Banken UK	608,790	3.14%
Société Générale	565,030	2.91%
CBNY-Norges Bank	444,322	2.29%
Sijoitusrahasto Aktia Nordic	371,270	1.91%
Fondita Nordic	354,000	1.82%
Other shareholders (2,914)	3,841,210	19.78%
Total number of shares	19,416,552	100.00%
No. of options outstanding ex. hedging	548,128	
Total number of shares incl. Options	19,964,680	

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 95,307 warrants have accordingly been repurchased. 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	368,128	368,128	368,128	1.9%	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	418,128	548,128				

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, May 6, 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

Jesper Söderqvist

CEO

This interim report has not been reviewed by the Company's auditor.