Group performance April-June 2021

Net sales

Net sales for the period amounted to SEK 110.7 (90.6) million, an increase of 22.1 percent. After adjustment for USD and EUR currency effects, the increase was 33.9 percent. Instrument sales increased by 51 percent and OEM and CDS brand sales increased by 41 percent compared with the same period the previous year. Sales of consumables increased by 6 percent. The lower increase for consumables is due to a large proportion of our installed base being 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. Accumulated net sales for the period January to June amounted to SEK 211.3 (209.0) million, representing an increase of 1.1 percent and 11.2 percent adjusted for currency effects.

Net sales by region, SEK million	Apr-Jun 2021	Apr-Jun 2020	change	Jan-Jun 2021	Jan-Jun 2020	change	Jul 20-Jun 21 (R12)	Jul 19-Jun 20 (R12)	change (R12)
USA	38.1	32.5	17%	71.0	67.1	6%	132.3	143.0	-8%
Asia	31.2	20.3	54%	51.5	49.6	4%	105.9	129.2	-18%
Eastern Europe	14.5	13.8	5%	27.9	31.9	-13%	51.1	69.1	-26%
Latin America	7.7	7.6	1%	21.0	20.2	4%	33.7	39.3	-14%
Western Europe	7.4	6.4	15%	14.9	15.9	-7%	35.1	35.1	0%
Africa/Middle East	11.7	9.9	18%	25.0	24.3	3%	44.6	53.8	-17%
Total	**110.7**	**90.6**	**22%**	**211.3**	**209.0**	**1%**	**402.7**	**469.5**	**-14%**
Net sales by product, SEK million									
Instruments	35.8	23.6	51%	70.3	60.0	17%	130.9	149.9	-13%
Consumables, own instruments	43.6	41.2	6%	85.3	95.7	-11%	169.3	207.0	-18%
Consumables, OEM and CDS brand	23.9	16.9	41%	37.8	33.5	13%	66.7	68.7	-3%
Other	7.4	8.9	-17%	17.9	19.7	-9%	35.8	44.0	-19%
Total	**110.7**	**90.6**	**22%**	**211.3**	**209.0**	**1%**	**402.7**	**469.5**	**-14%**

Gross profit

Gross profit for the period was SEK 46.1 (37.0) million, with a gross margin of 41.7 (40.8) percent. The gross margin was adversely affected by a lower proportion of consumables in the product mix, a region mix with a high proportion of instrument sales to Asia, increased supply chain costs due to component shortages and logistics challenges which also result in negative production variance.

Dynamisk graf:

Expenses

Operating expenses for the period amounted to SEK 43.5 (39.4) million. Sales costs are driven by increased marketing activities and increased investment in the sales organization. Administrative expenses include the cost of establishing local manufacturing in Russia, costs of recruitment 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 11.4 (12.8) million, corresponding to 10.3 (14.1) percent of net sales. Development expenses of SEK 13.1 (9.6) million were capitalized. Total research and development expenses correspond to 22.1 (24.7) percent of net sales.

The net of other operating income and other operating expenses for the period amounted to SEK -0.3 (-0.5) million and consists of positive and negative exchange differences.

Operating profit

Operating profit amounted to SEK 2.3 (-3.0) million, corresponding to an operating margin of 2.1 (-3.3) percent. The operating margin excluding capitalized development expenses was -9.7 (-13.8) percent.

Dynamisk graf:

[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 42,315 at June 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 -0.2 (-37.8) million. Net financial items for the previous year include profit/loss from associates corresponding to SEK -36.6 million.

Earnings

Profit before tax was SEK 2.1 (-40.8) million. Profit for the period was SEK -1.4 (-43.0) million.

Financing and cash flow

Cash flow from operating activities for the period was SEK 8.2 (17.6) million. Cash flow during the period was negatively affected by increased inventories to meet increased demand and ensure deliveries.

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 -3.2 (10.9) million and cash and cash equivalents at June 30 amounted to SEK 27.7 (35.7) million. Cash flow includes dividends corresponding to SEK 10.7 (0) million.

Credit facility utilization increased during the quarter. The Group's available cash and cash equivalents, including unutilized credit facilities, was SEK 67.0 (85.5) million at June 30. The Company has taken a loan of SEK 20 million after the end of the period to ensure good liquidity.

Investments

Total investments amounted to SEK 13.8 (12.1) million, with investments in future product platforms accounting for SEK 13.1 (9.6) million of the figure.

Equity and liabilities

The Group's equity at June 30, 2021 was SEK 262.3 (297.7) million and the equity/assets ratio was 50 (53) percent.

Interest-bearing liabilities excluding leases are primarily related to pledged trade receivables guaranteed by EKN and amounted to SEK 107.2 (117.2) million at June 30, 2021. SEK 20.4 (40.1) million of these liabilities were non-current and SEK 86.8 (77.1) million were current. At June 30, 2021, SEK 17.6 (8.6) million of the credit facility had been used and other current non-interest-bearing liabilities and trade payables amounted to SEK 102.1 (80.1) million.

Lease liabilities at June 30 amounted to SEK 33.4 (42.1) million. SEK 20.7 (29.5) million of these liabilities were non-current and SEK 12.7 (12.6) million were current.

Net debt at June 30, 2021 amounted to SEK 12.8 (11.5) million.

Deferred tax assets amounted to SEK 0.0 (0.0) million and deferred liabilities were SEK 16.4 (24.3) 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 in the first half of 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. We consider the negative earnings effect during the quarter to be temporary.

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 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).

During the quarter, we recruited a number of key employees, including two new members of the Executive Team who start in the autumn. Ann-Helen Engman is the new Global Quality Manager, succeeding Debbie Herrera who has chosen an alternative career. Ann-Helen has held global roles in quality assurance and regulatory compliance and also has a background as an international product manager. For many years, Ann-Helen has been active in developing regulatory standards, relevant to Boules' activities, at national and international level. We have also appointed Mattias Isaksson as Global Marketing Manager, a new role in the Executive Team. Mattias is a highly experienced marketing and communications manager with over 25 years of hands-on experience leading teams and driving sales growth in global organizations.

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, June 30, 2021 (and known changes thereafter)	Number of shares, June 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%
Tredje AP-fonden	1,625,771	8.4%
Nordea Fonder	1,699,228	8.8%
Länsförsäkringar Fonder	781,577	4.0%
Andra AP-Fonden	684,974	3.5%
Skandinaviska Enskilda Banken UK	534,298	2.8%
Société Générale	548,139	2.8%
CBNY-Norges Bank	382,165	2.0%
Sijoitusrahasto Aktia Nordic	371,270	1.9%
Fondita Nordic	354,000	1.8%
Other shareholders (2,689)	3,850,549	19.8%
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 100,638 warrants have accordingly been repurchased since allotment. There are no restrictions on transferring warrants in the programs.

	Outstanding options						
Outstanding programs	CEO	Key employees	Total	Corresponding shares	Proportion of total no. of shares	Exercise price	Exercise period
2019/2022	0	362,797	**362,797**	362,797	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	412,797	**542,797**				

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, July 19, 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

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

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