

Group performance April-June 2022

Net sales

Net sales for the quarter amounted to SEK 140.8 (110.7) million, an increase of 27.2 percent. After adjustment for currency effects, the increase was 14.0 percent. Instrument sales increased by 29 percent, sales of consumables increased by 29 percent and OEM and CDS brand sales increased by 14 percent compared with the same period the previous year.

Increased growth is a result of increased vaccination rates and less restrictions and growth in all regions. Growth in Africa/Middle East is driven by strong sales of both instruments and consumables and in Latin America mostly instruments. USA is driven by OEM-business and consumables.

Net sales by region, SEK million	Apr-Jun 2022	Apr-Jun 2021	change	Jan-Jun 2022	Jan-Jun 2021	change	Jul 21-Jun 22 (R12)	Jul 20-Jun 21 (R12)	change (R12)
USA	46.0	38.1	21%	90.3	71.0	27%	171.9	132.3	30%
Asia	31.7	31.2	1%	75.0	51.5	46%	144.8	105.9	37%
Eastern Europe	13.7	14.5	-5%	30.4	27.9	9%	63.7	51.1	25%
Latin America	17.6	7.7	127%	27.9	21.0	33%	44.5	33.7	32%
Western Europe	9.5	7.4	28%	17.7	14.9	19%	35.0	35.1	-0%
Africa/Middle East	22.4	11.7	91%	32.0	25.0	28%	65.4	44.6	47%
Total	140.8	110.7	27%	273.3	211.3	29%	525.4	402.7	30%

Net sales by product, SEK million									
Instruments	46.2	35.8	29%	87.6	70.3	25%	166.0	130.9	27%
Consumables, own instruments	56.3	43.6	29%	110.2	85.3	29%	218.3	169.3	29%
Consumables, OEM and CDS brand	27.3	23.9	14%	54.9	37.8	45%	101.8	66.7	52%
Other	11.0	7.4	49%	20.7	17.9	15%	39.3	35.8	10%
Total	140.8	110.7	27%	273.3	211.3	29%	525.4	402.7	30%

Gross profit

Gross profit for the period was SEK 53.3 (46.1) million, with a gross margin of 37.8 (41.7) percent. The gross margin was negatively affected by the regional and product mix with a high share of instrument sales impacted by increased costs in the supply chain due to component shortages and logistics challenges.

Dynamisk graf:

Expenses

Operating expenses for the period amounted to SEK 52.7 (43.5) million.

Selling expenses amounted to SEK 27.9 (23.1) million. The increase is mainly due to recruitment expenses and

cost for trade fairs.

Administrative expenses amounted to SEK 9.8 (9.0) million.

Research and development expenses, including costs related to the quality assurance organization, amounted to SEK 14.9 (11.4) million, corresponding to 10.6 (10.3) percent of net sales. Expenses includes redesign of components due to shortages and increased cost for the new European IVDR regulation introduced on May 26. Development expenses of SEK 20.3 (13.1) million were capitalized. Total research and development expenses correspond to 25.0 (22.1) percent of net sales.

The net of other operating income and other operating expenses for the period amounted to SEK 4.5 (-0.3) million and consists of positive and negative exchange differences.

Operating profit

Operating profit amounted to SEK 5.0 (2.3) million, corresponding to an operating margin of 3.6 (2.1) percent.

Inventory of installed base

Following an inventory count of instrument installed base in collaboration with our distributors, our previous assumptions about longevity and use of the instruments have been confirmed with an average life expectancy slightly lower in certain regions than the global average of 8 years. Smaller clinics with very low test volumes have closed down due to the pandemic. This results in an adjustment of the estimated life of instruments from previously 8 years to 7.5 years from 2021.

At the end of 2021, active installed base is estimated at 29,000.

Dynamisk graf:

¹ Estimated number of active instruments is based on an expected lifespan of 8 years, changes to 7.5 years from 2021.

² Accumulated number of instruments sold since 2006 was 47,030 at June 30, 2022.

³ Number of instruments sold in 2022 refers to sales on a rolling 12-month basis.

Net financial items

Net financial items amounted to SEK -0.8 (-0.2) million, mainly interest expenses and currency effects.

Earnings

Profit before tax was SEK 4.2 (2.1) million. Profit for the period was SEK 2.9 (-1.4) million.

Financing and cash flow

Cash flow from operating activities for the fourth quarter was SEK -8.7 (8.2) million. The change is mainly due to increased trade receivables amounting to SEK 4.9 million, sales happened towards the end of the quarter due to delivery problems, as well as operating liabilities decreasing by SEK 13 million. Inventory decreased by SEK 7.6 million.

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 2.7 (-3.2) million and cash and cash equivalents at June 30 amounted to SEK 40.5 (27.7) million.

The Group's available cash and cash equivalents, including unutilized credit facilities, was SEK 67.1 (67.0) million at June 30.

The Group's cash flow from operations for the first half year are not sufficient to fully support the current investment pace in intangible assets. Cash flow and gross profit have deteriorated due to challenges in the supply chain, price increases for material cost and logistics as well as funds being locked up in Russia. The development pace of the new product platform is an important cornerstone of the Group's future earnings and the management and the board are reviewing business plans and financing to secure a continued fast development pace of new products.

Investments

Total investments amounted to SEK 21.9 (13.8) million, with investments in future product platforms accounting for SEK 20.3 (13.1) million of the figure.

Equity and liabilities

The Group's equity at June 30 was SEK 313.0 (262.3) million and the equity/assets ratio was 48.6 (50.0) percent.

Interest-bearing liabilities excluding leases are primarily related to pledged trade receivables guaranteed by EKN and amounted to SEK 195.8 (107.2) million at June 30, of which SEK 34.0 (20.4) million of these liabilities were non-current and SEK 161.8 (86.8) million were current. At June 30, SEK 32.1 (17.6) million of the credit facility had been used and other current non-interest-bearing liabilities and trade payables amounted to SEK 102.0 (102.8) million.

Lease liabilities at June 30 amounted to SEK 21.0 (33.4) million, of which SEK 11.7 (20.7) million liabilities were non-current liabilities and SEK 9.3 (12.7) million were current liabilities .

Net debt at June 30 amounted to SEK 43.8 million compared to last year where net cash was SEK 12.8 million.

Deferred tax liabilities were SEK 7.9 (16.4) million at June 30.

Non-current provisions consist of direct pension provisions of SEK 3.9 (3.3) 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.

A more detailed description of risks, risk management and related opportunities can be found on page 36 in the 2021 Annual Report.

Uncertainties due to the war in Ukraine

In 2021, Boule's sales in Eastern Europe amounted to 13 percent of net sales, with the majority referring to Russia. During the first quarter, sales amounted to 10 percent (13%) of net sales. The company has employees in Russia and a production facility for consumables that are distributed to the Russian market. The Eastern European market is uncertain due to the war in Ukraine and the current sanctions against Russia. The company monitors the situation on an ongoing basis.

Covid-19

Like other companies, Boule faced new challenges related to the spread of covid-19. Initially healthcare visits decreased affecting the number of blood samples and also new sales of instruments as the care providers prioritized covid-19 patients. Both sales and order intake have recovered during 2022.

Problems with 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. 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.

Related-party transactions

Other than remuneration of the Board and senior executives, no related-party transactions have taken place during the period.

Significant events during the interim period

There are no significant events to report for the period.

Events after the end of the interim period

There are no significant events to report after the end of 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 quarter was 234 (218), including 7 (7) employees at the Parent Company. The average number of employees by country was as follows: Sweden 129 (123), United States 91 (84), Mexico 2 (2) and Russia 12 (9). The average number of women in the Group was 96 (99) and the average number of men was 138 (119). 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 during the year. After full dilution, the number of shares amounts to 19,949,349.

Shareholders, June 30, 2022 (accord. to Euroclear)	Number of shares, June 30	Share of capital/votes
AB Grenspecialisten	2,443,634	12.6%
Svolder AB	2,414,194	12.4%
Thomas Eklund inkl bolag	1,956,055	10.1%
Swedbank Robur Fonder AB	1,929,181	9.9%
Nordea Invesment Funds	1,757,388	9.1%
Tredje AP-fonden	1,625,771	8.4%
Andra AP-Fonden	684,974	3.5%
Skandinaviska Enskilda Banken AB	674,333	3.5%
Sijaitusrahasto Aktia Nordic	496,270	2.6%
Société Générale	424,794	2.2%
Fondita Nordic	354,000	1.8%
CBNY-Norges Bank	235,348	1.2%
Other shareholders (2,637)	4,420,610	22.8%
Total number of shares	19,416,552	100.0%

Warrant 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 warrants			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, July 18, 2022

Boule Diagnostics AB

Yvonne Mårtensson
Chairman of the Board

Thomas Eklund
Board member

Karin Dahllöf
Board member

Jon Risfelt
Board member

Torben Jørgensen
Board member

Jesper Söderqvist
CEO

Audit Review

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

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