

Group performance October-December 2021

Net sales

Net sales for the fourth quarter amounted to SEK 140.3 (92.7) million, an increase of 51.4 percent. After adjustment for USD and EUR currency effects, the increase was 50.3 percent. Instrument sales increased by 45 percent, sales of consumables increased by 47 percent and OEM and CDS brand sales increased by 102 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 US is driven by OEM-business and 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 December amounted to SEK 463.3 (400.5) million, representing an increase of 15.7 percent and 20.8 percent adjusted for currency effects.

	Oct-Dec 2021	Oct-Dec 2020	change	Jan-Dec 2021	Jan-Dec 2020	change
Net sales by region, SEK million						
USA	43.6	28.9	51%	152.6	128.3	19%
Asia	39.6	28.5	39%	121.3	104.0	17%
Eastern Europe	18.9	10.6	78%	61.1	55.6	10%
Latin America	8.3	5.0	68%	37.7	32.8	15%
Western Europe	10.8	10.6	3%	32.2	36.0	-10%
Africa/Middle East	19.0	9.1	108%	58.4	43.8	33%
Total	140.3	92.7	51%	463.3	400.5	16%
Net sales by product, SEK million						
Instruments	44.8	31.0	45%	148.7	120.7	23%
Consumables, own instruments	59.6	40.5	47%	193.5	179.7	8%
Consumables, OEM and CDS brand	26.1	12.9	102%	84.7	62.5	35%
Other	9.7	8.2	18%	36.5	37.6	-3%
Total	140.3	92.7	51%	463.3	400.5	16%

Gross profit

Gross profit for the fourth quarter was SEK 57.9 (39.2) million, with a gross margin of 41.2 (42.3) 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.

Dynamisk graf:

Expenses

Operating expenses for the period amounted to SEK 44.6 (78.6) million. Operating expenses last year amounted to 38.6 million excluding write-off of intangible assets of 40.0 million. Selling expenses increases compared to last year and includes cost for trade fairs, increased travel cost and cost for strengthening the organization.

Research and development expenses, including costs related to the quality assurance organization, amounted to SEK 12.3 (51.3) million, corresponding to 8.8 (55.4) percent of net sales. Development expenses of SEK 15.3

(11.2) million were capitalized. Total research and development expenses correspond to 19.7 (67.5) percent of net sales.

The net of other operating income and other operating expenses for the period amounted to SEK 0.5 (-2.2) million and consists of positive and negative exchange differences.

Operating profit

Operating profit amounted to SEK 13.8 (-41.6) million, corresponding to an operating margin of 9.9 (-44.9) percent. Operating profit last year, excluding write-off of intangible assets, amounted to SEK -1.6 million and an operating margin of -1.7 percent. The operating margin excluding capitalized development expenses during the fourth quarter was -1.1 (-57.1) percent.

Inventory of installed base

During the year an inventory of instrument installed base was carried out in collaboration with our distributors. The 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 28,600 and during the year 140+ million tests were performed on Boule instruments.

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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 44,637 at December 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 -2.3 (0.7) million.

Earnings

Profit before tax was SEK 11.5 (-41.0) million. Profit for the period was SEK 17.3 (-32.6) million.

Financing and cash flow

Cash flow from operating activities for the fourth quarter was SEK 11.8 (25.3) million. Working capital during the period was negatively affected by increased trade receivables due to increased sales. A large part of trade receivables are guaranteed by and pledged to the Swedish Export Credit Agency (EKN) and as a result interest-bearing liabilities increases. The net between trade receivables and pledged trade receivables was -3.7 million for the period.

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 1.6 (-4.7) million and cash and cash equivalents at December 31 amounted to SEK 38.0 (33.0) million.

The Group's available cash and cash equivalents, including unutilized credit facilities, was SEK 89.0 (83.1) million at December 31.

Investments

Total investments amounted to SEK 16.0 (14.0) million, with investments in future product platforms accounting for SEK 15.3 (11.2) million of the figure.

Equity and liabilities

The Group's equity at December 31, 2021 was SEK 295.7 (269.3) million and the equity/assets ratio was 52 (56) percent.

Interest-bearing liabilities excluding leases are primarily related to pledged trade receivables guaranteed by EKN and amounted to SEK 127.8 (89.4) million at December 31, 2021. SEK 35.8 (17.8) million of these liabilities were non-current and SEK 92.1 (71.5) million were current. At December 31, 2021, SEK 6.3 (9.5) million of the credit facility had been used and other current non-interest-bearing liabilities and trade payables amounted to SEK 106.4 (68.9) million.

Lease liabilities at December 31 amounted to SEK 27.6 (36.1) million. SEK 14.9 (23.8) million of these liabilities were non-current and SEK 12.7 (12.3) million were current.

Net debt at December 31, 2021 amounted to SEK 0.7 (-4.7) million.

Deferred tax assets amounted to SEK 0.0 (0.0) million and deferred liabilities were SEK 10.5 (12.8) million at December 31.

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.

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.

Sales and order intake has recovered during 2021, but 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.

Significant events during the interim period

CFO Christina Rubenhag has decided to leave Boule and to join AddLife as CFO.

Events after the end of the interim period

Anette Colin is appointed as new CFO effective April 4, 2022. Annette Colin brings more than 25 years of experience from executive positions such as CEO, CFO, COO, and Group Financial Controller, including 15+ years in the Life Science industry.

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 219 (219), including 7 (7) employees at the Parent Company. The average number of employees by country was as follows: Sweden 120 (124), United States 86 (84), Mexico 2 (2) and Russia 12 (9). The average number of women in the Group was 97 (94) and the average number of men was 123 (125). 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 19,949,349.

Shareholders, December 31, 2021 (accord. to Euroclear)	Number of shares, December 31	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	1,793,608	9.2%
Nordea Fonder	1,625,771	8.4%
Länsförsäkringar Fonder	769,531	4.0%
Andra AP-Fonden	684,974	3.5%
Skandinaviska Enskilda Banken UK	565,879	2.9%
Société Générale	510,539	2.6%
Sijaitusrahasto Aktia Nordic	496,270	2.6%
CBNY-Norges Bank	400,000	2.1%
Fondita Nordic	354,000	1.8%
Other shareholders (2,426)	3,631,399	18.7%
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				

Dividend

The Board proposes a dividend of SEK 0.55 (0.55) per share for 2021, corresponding to 45.9 (37.3) percent of the year's profit. The company's policy is that dividend in the long-term shall equal to 25-50 percent of the profit for the period, after taking due consideration to company liquidity.

Annual Report 2021

The Swedish version of the annual report 2021 will be published on April 14, 2021 and will be available on the company's website www.boule.com. The English version will be published prior to the annual general meeting on May 6 and will be available on the company's English website www.boule.com.

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, February 3, 2022

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

Audit Review

This year-end report has not been reviewed by the company's auditor.

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