Group performance October-December 2022

Net sales

Net sales for the quarter amounted to SEK 149.2 (140.3) million, an increase of 6.4 percent. After adjustment for currency effects, net sales decreased by 8.3 percent. Instrument sales decreased by 19.4 percent, sales of consumables increased by 9.8 percent and OEM and CDS brand sales increased by 48.7 percent compared with the same period the previous year.

The growth during the period was negatively impacted by fewer sales of 3-part instruments. During the fourth quarter the market continued to be volatile, which was impacted by the macroeconomic situation. In addition there has been a shortage of currency-reserves in certain markets, for example in Egypt which has impacted the sales during the quarter. The Central-banks imposed temporary restrictions and payments in other currency than the local was not possible.

Net sales by region, SEK million	Oct-Dec 2022	Oct-Dec 2021	change	Jan-Dec 2022	Jan-Dec 2021	change
USA	60.4	43.6	39%	189.8	152.6	24%
Asia	37.3	39.6	-6%	150.7	121.3	24%
Eastern Europe	15.8	18.9	-17%	62.3	61.1	2%
Latin America	7.8	8.3	-6%	45.0	37.7	19%
Western Europe	12.1	10.8	12%	39.6	32.2	23%
Africa/Middle East	15.8	19.0	-17%	60.7	58.4	4%
Total	**149.2**	**140.3**	**6%**	**548.1**	**463.3**	**18%**
Net sales by product, SEK million						
Instruments	36.1	44.8	-19%	158.5	148.7	7%
Consumables, own instruments	65.5	59.6	10%	233.0	193.5	20%
Consumables, OEM and CDS brand	38.8	26.1	49%	112.5	84.7	33%
Other	8.8	9.7	-9%	44.1	36.5	21%
Total	**149.2**	**140.3**	**6%**	**548.1**	**463.3**	**18%**

Gross profit

Gross profit for the period was SEK 66.7 (57.9) million, an increase of 3,5 percentage points, and amounted to 44.7 (41.2) percent during the period. The gross margin was positively impacted by price increases, that now have started to impact and a beneficial product mix with a higher share of consumables. It is, nevertheless, still certain difficulties in the supply-chain with expensive purchase of components, even if the impact has become lower and lower over the months in the fourth quarter. During the period the purchase variances amounted to approximately SEK 4 million which corresponds to 3 percentage points.

Dynamisk graf: **Net sales and EBIT, rolling 12 months**

Expenses

Operating expenses for the period amounted to SEK 50.9 (44.6) million excluding other operating costs and income.

Selling expenses amounted to SEK 29.1 (25.1) million. The increase is mainly due to personnel expenses, expenses for trade fairs and a stronger USD.

Administrative expenses amounted to SEK 8.3 (7.2) million.

Research and development expenses, including costs related to the quality assurance organization, amounted to SEK 13.5 (12.3) million, corresponding to 9.0 (8.8) percent of net sales. Expenses includes redesign of components due to shortages and increased cost for the new European IVDR and the FDA inspection. Development expenses of SEK 15.4 (15.3) million were capitalized. Total research and development expenses correspond to 19.4 (19,.7) percent of net sales.

The net of other operating income and other operating expenses for the period amounted to SEK -5.8 (0.5) million and consists of positive and negative exchange differences.

Operating profit

Operating profit amounted to SEK 10.0 (13.8) million, corresponding to an operating margin of 6.7 (9.9) percent.

Dynamisk graf: **Net sales and EBIT, rolling 12 months**

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

Inventory of installed base

Following an inventory count of instrument installed base in collaboration with our distributors during 2021, our previous assumptions about longevity and use of the instruments have been confirmed. This resulted in an estimated life of instruments of 7.5 years from 2021.

At the end of the quarter, active installed base is estimated at 30,000 instruments.

Dynamisk graf: **Estimated number of active instruments**

[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 48,627 on December 31, 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 -2.1 (-2.3) million, mainly interest expenses SEK 2.6 (1.0) million whereof SEK 0.1 (0.2) million is related to financial leasing.

Earnings

Profit before tax was SEK 8.0 (11.5) million. Profit for the period was SEK 2.9 (17.3) million. Tax was SEK -5.1 (5.8) million and is explained by adjustments of tax from prior year in the quarter.

Financing and cash flow

Cash flow from operating activities for the quarter was SEK 13.3 (11.9) million. The change is mainly due to an improved working capital. Inventory increased by SEK 3.9 million primarily related to build-up of buffer storage of ciritical components.

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 61.2 (1.7) million and cash and cash equivalents on December 31 amounted to SEK 96.9 (38.2) million.

The Group's available cash and cash equivalents, including unutilized credit facilities, was SEK 155.9 (89.0) million on December 31. The main difference is related to the new share issue during the quarter.

Investments

Total investments amounted to SEK 17.3 (16.0) million, with investments in future product platforms accounting for SEK 15.4 (15.3) million of the figure.

Equity and liabilities

The Group's equity on December 31 was SEK 462.5 (295,7) million and the equity/assets ratio was 60.9 (51.7) percent.

Interest-bearing liabilities excluding leases are related to pledged trade receivables guaranteed by EKN and external bank loans and amounted to SEK 153.8 (127.8) million on December 31, of which SEK 62.1 (35.8) million of these liabilities were non-current and SEK 91.7 (92.1) million were current. The external bank loans amounted to SEK 45.2 (28.3) million, of which SEK 32.2 (16.0) were non-current and SEK 13.0 (12.3) were current. On December 31, SEK 0 (6.3) million of the credit facility had been utilized and other current non-interest-bearing liabilities and trade payables amounted to SEK 96.0 (106.4) million.

Lease liabilities on December 31 amounted to SEK 36.2 (27.6) million, of which SEK 22.8 (14.9) million liabilities were non-current liabilities and SEK 13.4 (12.7) million were current liabilities.

Net cash on December 31 amounted to SEK 32.1 million compared to last year's net debt of SEK 0.7 million. The main reason for the difference is related to the new share issue.

Deferred tax liabilities were SEK 8.4 (10.5) million on December 31.

Non-current provisions consist of direct pension provisions of SEK 3.1 (3.9) 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. In certain markets the Central banks have imposed temporary limitations on payment in foreign currencies, which leads to delayed payments from customers and delayed deliveries. After the incident with the Koran burning in Stockholm in January 2023 protests have taken place and exhortations have been made to boycott Swedish products. There is a risk that sales of Boule's products are aggravated or stopped in certain countries.

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 2022, Boule's sales in Eastern Europe amounted to 11 percent (13) of net sales, with the majority referring to Russia. 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. A termination or confiscation of the company's business in Russia could have a substantial negative impact on the company's future earning capacity and profitability and would mean a negative impact on the profit and loss statement if the value of the Russian business is written down in total or in parts. The group net assets amounted to approximately SEK 20 million, whereof approximately SEK 10 million was cash as of December 31 2022. In the event of business closure it is estimated that costs will occur.

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.

Tax audit

On October 6th the Swedish tax authorities have decided to impose increased social security contributions and tax penalties on Boule Diagnostics AB and Boule Medical AB amounting to approximately SEK 1.6 million, in relation

to what they see as incorrectly valued warrants issued to senior executives in the group. The three warranty programs, 2017/2020, 2019/2022 and 2020/2023 are impacted. The decision means that the basis for the price of the warrants, determined by a third party engaged by the company, is deemed to be too low and the warrants as a consequence undervalued. The difference between the set price and the estimate now completed by the tax authorities implies that the tax authorities also intend to impose the warranty holders with benefit taxation. No provision has been recorded in the period. The company has appealed the decision to the Swedish administrative court ("Förvaltningsrätten") and also received approval of delayed payment during the process.

Related-party transactions

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

Nomination Commitee

At the Annual General meeting 2022, it was resolved that a Nomination Committee based on the ownership as of September 30, 2022, should be elected. The largest shareholders at this time were Svolder AB, AB Grenspecialisten and Thomas Eklund representing approximately 35 percent of shares and votes. The Nomination Committe has thereafter elected Ulf Hedlundh as its chairman and co-opted the chairman of the Board of Director's Yvonne Mårtensson. Shareholders who would like to contact the Nomination Committee are welcome to contact the chairman of the Nomination Committee Ulf Hedlundh via e-mail at ulf.hedlund@svolder.se or via phone at number 08-440 37 70. In order for the proposals to be evaluated in a proper manner these proposals should be delivered at the latest February 1, 2023.

Significant events during the interim period

October 3 it was announced that the Board of Directors had resolved on a new issue of shares corresponding to approximately SEK 150 million with preferential rights for the Company's existing shareholders. The Rights Issue is subject to approval by an extraordinary general meeting, to be held on November 1, 2022. The nomination committee also proposed that Emil Hjalmarsson, Portfolio Manager at Grenspecialisten, should be elected to the Company's Board of Directors.

October 3 a notice of shareholders meeting was distributed in relation to the extraordinary general meeting, to be held on November 1, 2022, at 4 PM at Domnarvsgatan 4, Spånga.

October 20 it was announced that Boule had signed a strategic contract manufacturing agreement with Q-Line Biotech for local hematology reagent manufacturing in India.

November 1 it was announced that the extraordinary general meeting ("EGM") resolved in accordance with the Board of Director's proposal to amend the articles of association. The resolution means that the limits for the share capital and the number of shares are changed so that the share capital shall amount to a minimum of SEK 4,800,000 and a maximum of SEK 19,200,000, and the number of shares shall amount to a minimum of 19,000,000 and a maximum of 76,000,000.

In accordance with the Board of Directors' proposal, the EGM also resolved to approve the Board of Directors' resolution on a new issue of shares with preferential rights for existing shareholders. The resolution means that Boule's share capital will increase by a maximum of SEK 4,854,138 by new issue of a maximum of 19,416,552 shares with preferential rights for existing shareholders. Furthermore, the EGM resolved, in accordance with the Nomination Committee's proposal, to increase the number of board members from five members to six members with election of Emil Hjalmarsson as a new member of the Board of Directors. For further information refer to the bulletin from the EGM available on the company's website.

November 10 it was announced that a prospectus prepared in connection with the Rights Issue had been approved and registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) ("SFSA").

November 14 it was announced that trading of the subscription rights for the ongoing Rights Issue would commence from market open Tuesday 15 November.

November 28 it was announced that Boule Medical AB had reached another important milestone in its preventive and diligent work in meeting the new and increased regulatory requirements for in vitro diagnostics. Boule

received CE mark according to IVDR class B for two of its product lines, Medonic M32 and Swelab Alfa Plus.

November 30 it was announced that the Rights Issue was significantly oversubscribed. Through the Rights Issue, Boule will receive proceeds amounting to approximately SEK 150 million before transaction costs. The result of the Rights Issue showed that 19,197,849 new shares, corresponding to approximately 98.9 percent of the Rights Issue, had been subscribed for with subscription rights. Additionally, 13,919,915 shares, corresponding to approximately 71.7 percent of the Rights Issue, were subscribed for without subscription rights of which 218,703 shares, corresponding to approximately 1.1 percent of the Rights Issue, had been allotted to investors that had subscribed for shares without subscription rights. The Rights Issue was thus oversubscribed, and Boule will receive approximately SEK 150 million before transaction costs.

December 14 it was announced that Boule Diagnostics AB had appointed Jan Benjaminson as interim CFO, effective on February 3rd, 2023.

December 30 it was announced that the number of shares and votes in Boule had changed and that the number of shares after the preferential rights issue amounts to total 38 833 104 shares and votes in Boule.

There are no other 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.

Annual General Meeting

Boule Diagnostic's Annual General Meeting will be held on May 4th, 2023. Further information about the Annual General Meeting will be available on Boule's webpage.

Dividend

The Board of Directors propose that no dividend shall be distributed for year 2022 because of the recent completion of the rights issue. The long-term financial goals and the dividend-policy, to distribute 25-50 % of the profit the coming years remain unchanged.

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 236 (219), including 6 (7) employees at the Parent Company. The average number of employees by country was as follows: Sweden 134 (120), United States 87 (86), Mexico 2 (2) and Russia 13 (12). The average number of women in the Group was 104 (97) and the average number of men was 132 (123). 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 38,833,104 and has increased following the new rights share issue. After full dilution, the number of shares amounts to 39,013,104.

Shareholders, Dec 31, 2022 (accord. to Euroclear)	Number of shares, Dec 31	Share of capital/votes
AB Grenspecialisten	4,887,268	12.6%
Svolder AB	4,826,388	12.4%
Thomas Eklund inkl bolag	4,044,700	10.4%
Swedbank Robur Fonder AB	3,659,325	9.4%
Nordea Investment Funds	3,538,562	9.1%
Tredje AP-fonden	3,251,542	8.4%
Skandinaviska Enskilda Banken AB	1,437,526	3.7%
Andra AP-Fonden	1,369,948	3.5%
Sijoitusrahasto Aktia Nordic	992,540	2.6%
Société Générale	765,097	2.0%
Avanza Pension	659,633	1.7%
JP Morgan Chase Bank NA	423,486	1.1%
Other shareholders (3097)	8,977,089	23.1%
Total number of shares	**38,833,104**	**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. During the quarter 352 797 warrants have expired and none were exercised.

	Outstanding warrants						
Outstanding programs	CEO	Key employees	Total	Corresponding shares	Proportion of total no. of shares	Exercise price	Exercise period
2020/2023	130,000	50,000	**180,000**	180,000	0.9%	86.70	1 June 2023-30 Dec 2023
	130,000	402,797	**532,797**				

The Board of Directors and the CEO certify that this year-end 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 2, 2023

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	**Emil Hjalmarsson** Board member
Jesper Söderqvist CEO		

Auditor's review

This year-end report has not been subject to review of the group's auditor.

NEXT