Summary

Year-end report January-December 2021

Finishing the year with record quarter

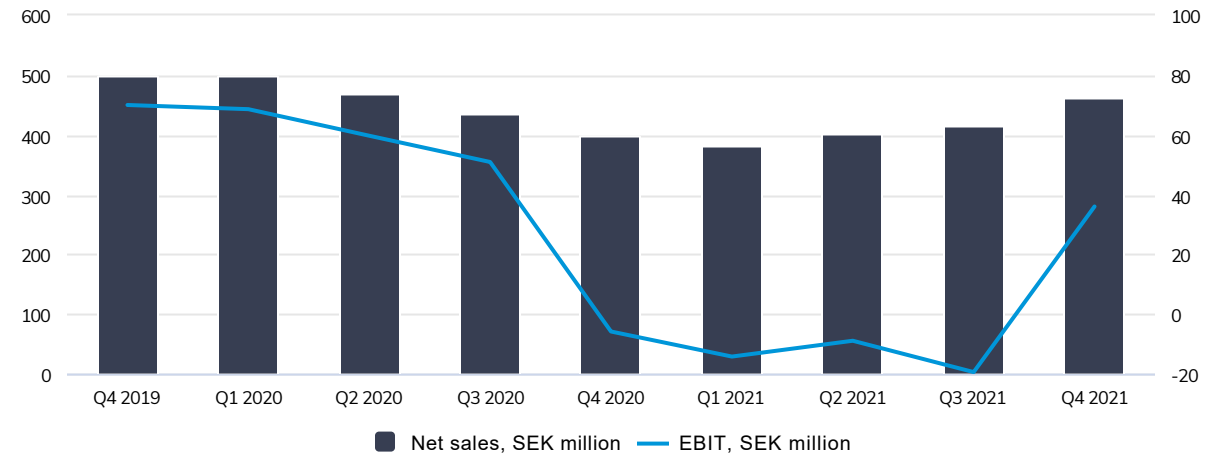
Quarter October-December 2021

- Net sales amounted to SEK 140.3 (92.7) million, an increase of 51.4 percent. After adjustment for currency effects, the increase is 50.3 percent.
- The number of instruments sold amounted to 1326 (834), an increase of 59 percent.
- Cash flow from operating activities amounted to SEK 11.8 (25.3) million.
- Operating profit was SEK 13.8 (-41.6) million, corresponding to an operating margin of 9.9 (-44.9) percent. Operating profit for 2020 included a write-off of intangible assets (-40.0 million).
- Profit after tax amounted to SEK 17.3 (-32.6) million.
- Earnings per share before dilution amounted to SEK 0.89 (-1.68) and after dilution amounted to SEK 0.87 (-1.63).

Full year 2021

- Net sales amounted to SEK 463.3 (400.5) million, an increase of 15.7 percent. After adjustment for currency effects, the increase is 20.8 percent.
- The number of instruments sold amounted to 4,227 (3,047), an increase of 39 percent.
- Cash flow from operating activities amounted to SEK 43.2 (75.2) million.
- Operating profit/loss was SEK 36.0 (-5.9) million which corresponds to an operating margin of 7.8 (-1.5) percent.
- Net profit/loss amounted to SEK 23.3 (-48.0) million.
- Earnings per share before dilution amounted to SEK 1.20 (-2.47) and after dilution amounted to SEK 1.17 (-2.40).
- The Board of Directors proposes a dividend of SEK 0.55 per share for 2021 (0.55).

Key figures	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Sales growth, %	51.4	-28.3	15.7	-19.7
Net sales, SEK million	140.3	92.7	463.3	400.5
Gross margin, %	41.2	42.3	42.9	44.2
Operating profit (EBIT), SEK million	13.8	-41.6	36.0	-5.9
Operating margin (EBIT), %	9.9	-44.9	7.8	-1.5
Profit after tax, SEK million	17.3	-32.6	23.3	-48.0
Net debt, SEK million	0.7	-4.7	0.7	-4.7
Return on equity, %	6.2	-11.2	8.2	-15.9
Net debt/EBIT (R12), times	0.0	0.8	0.0	0.8
Diluted earnings per share, SEK	0.87	-1.63	1.17	-2.40



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

CEO comments

Record sales for the quarter and good profit growth

Net sales for Q4 2021 were SEK 140 million, corresponding to growth of 51 percent compared with the same period the previous year. This is also SEK 9 million better than the previous record quarter, Q3 2019. Although all markets are still affected by the pandemic, Boule sees a positive trend in both sales and order intake. Sales of consumables increased by 47 percent compared with the previous year and by 23 percent compared with Q3 2021, and are now above the pre-pandemic level. This was also a record quarter in terms of the number of instruments delivered and OEM sales, with revenue increase of 45 percent and 110 percent respectively compared with the previous year. This growth is due to a recovery after the pandemic, continued growth in our OEM business and the fact that our market efforts in the Middle East and Africa are starting to generate results.

The shortage of electronic and other components continued to present significant challenges for our production. Thanks to hard work, we have managed to deliver, but this has also led to increased costs, affecting both the gross margin and other operating expenses. The gross margin for the quarter was 41.2 percent, and was also affected by a product mix with a higher proportion of instruments to India and increased OEM sales.

Operating profit was SEK 13.8 million, corresponding to an operating margin of 9.9 percent. The result has been adversely affected by additional costs for components, overtime, redesigns and higher transport costs corresponding to approximately SEK 6 million.

Operating cash flow was SEK 12 million. During the quarter, SEK 15 million was invested in Boule's new product platform.

Fantastic result from the entire organization and our partners during 2021

Being able to deliver our best-ever quarterly sales during an ongoing pandemic is possible thanks to the hard work of all my colleagues and solid cooperation with all our partners. I want to thank everyone for their fantastic efforts during a challenging year. We have seen gradual improvements every quarter in 2021. However, the real increase did not come until the fourth quarter, even though the challenges in the supply chain remained. For the full year, sales increased by 16% to SEK 463 million and operating profit was SEK 36 million, corresponding to an operating margin of 7,8 percent. I am very proud of the way we handled all the challenges during the last year.

Highly positive development of the OEM business



Boule is one of the few manufacturers that develops and manufactures instruments, reagents, blood tests and calibrators. This makes us a sought-after partner for other manufacturers too, which is a competence that we are working strategically to leverage. The OEM business, in which we sell consumables to other manufacturers, has grown by 43 percent for the full year 2021, largely due to the contract signed in 2020. Our OEM customers are announcing increasing sales forecasts for 2022.

A milestone in our transition to the new IVDR European regulatory framework

The new regulatory framework in Europe, the IVDR, will be introduced in May 2022. The introduction of the IVDR passed an important milestone in November, when a second and final audit of Boule's quality system was completed with zero non-conformances. It was extremely encouraging to receive recognition of the work the organization has put in over a long period to adapt the quality system.

The proposed deferral of the phased introduction of the IVDR for certain risk classes of products has now been adopted by the EU. Boule will update the product documentation for certain products with a lower risk classification, referred to as self-certification, during 2022. For older products with a higher risk classification, the IVDR transition deadline is May 2027.

Good momentum with new product platform and innovation

Our new hematology platform is approaching the final design for the first instrument, an advanced 5-part system for the global human market. Here too, the availability of materials and components to build the instruments for clinical validation is a challenge. The timeline for the start of the clinical validation of instruments and consumables has been pushed forward slightly, and with it also the launch, which will now be in early 2023.

The new platform also includes a cloud-based infrastructure and services based on it. This is on track for a planned launch in late 2022, when some of the existing active instruments will be able to take advantage of the new service offering.

The portfolio will be continuously upgraded based on the new platform, with new product and service offerings over the next 2-5 years.

Annette Colin new CFO

In April, Annette Colin takes over as CFO from Christina Rubenhag, who is moving on to become CFO of Addlife. I would like to thank Christina for her excellent cooperation and for her contribution to Boule's development and I wish her all the best for the future. At the same time, I am delighted to welcome Annette to Boule. Annette has broad experience in leading finance organizations in global companies and in strategic change management and will be a key person in Boule's further development.

We start 2022 with a well-filled order book

It is difficult to predict the market development for 2022. However, most signs point to a continued recovery, even if challenges with disturbances with components and logistics persist. Boule has a large number of active instruments in developing countries that have low vaccination rates. In the slightly longer term, we expect test volumes to return to more normal levels in these countries too, which will contribute to increased sales of consumables and improved profitability.

As a company, we continue to adapt to ever-changing conditions. In early 2022, we are increasing our prices to our distributors in order to reduce the margin impact of higher prices of materials and additional costs in the logistics chain. In 2021, we have worked purposefully to strengthen Boule's market presence and manage the impact of the pandemic in parallel with our strategic development projects. Our commercial team and distributors have been successful in generating and securing business over the last year, significantly increasing the order intake. Some of the order backlog from the fourth quarter will be carried into the new year, which we start with a much larger than normal order book. We see profitability continuing its gradual improvement, with increasing volumes and a world that is returning to normality. We leave 2021 a stronger company and look forward to what appears to be a promising 2022.



Performance in the quarter

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.

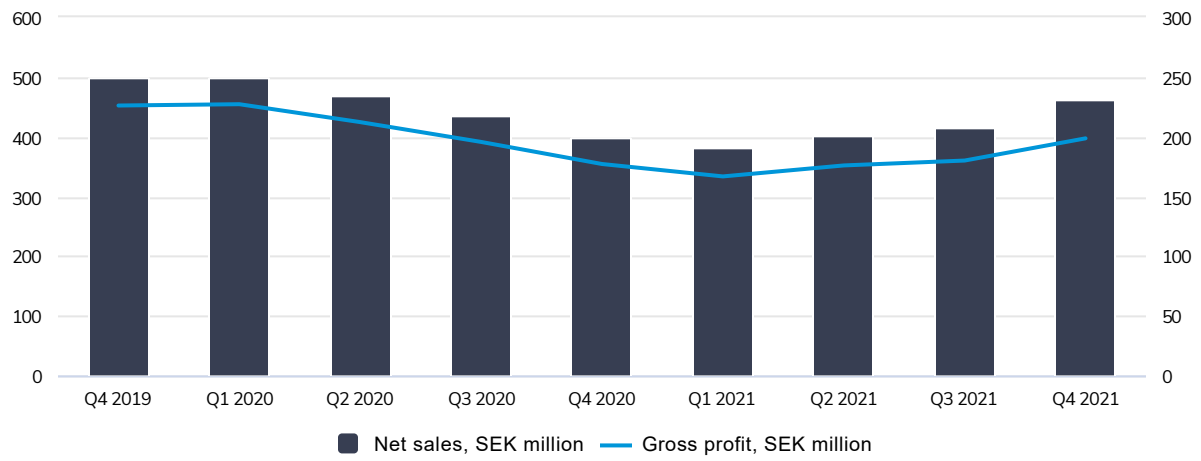
Accumulated net sales for the period January to December amounted to SEK 463.3 (400.5) million, representing an increase of 15.7 percent and 20.8 percent adjusted for currency effects.

Net sales by region, SEK million	Oct-Dec 2021	Oct-Dec 2020	change	Jan-Dec 2021	Jan-Dec 2020	change
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.



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.

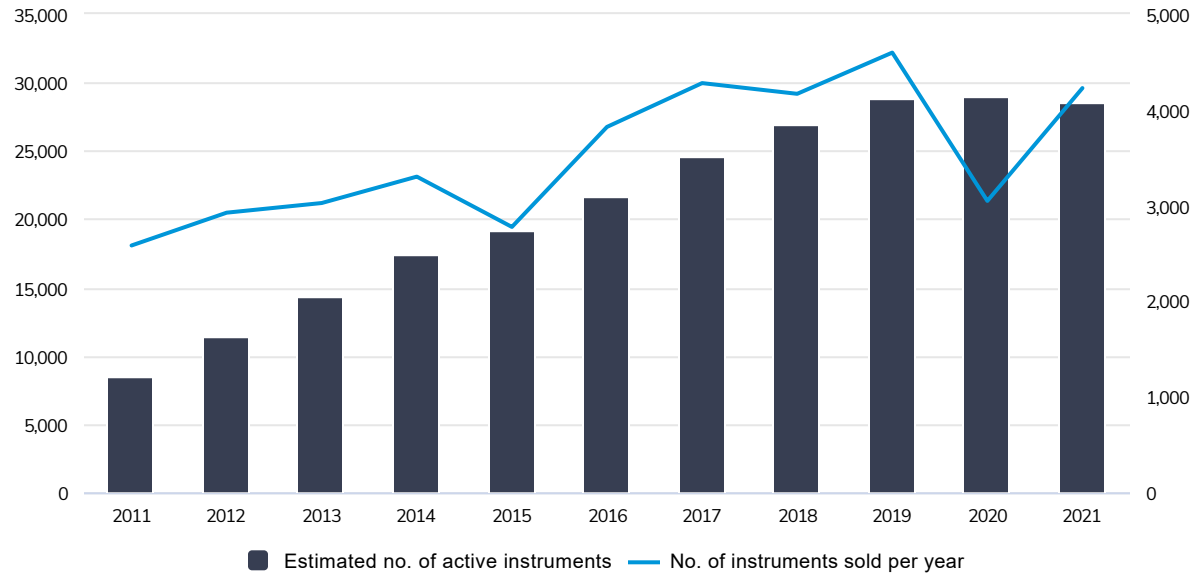
Operating profit

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.



[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%
Sijoitusrahasto 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 options						
Outstanding programs	CEO	Key employees	Total	Corresponding shares	Proportion of total no. of shares	Exercise price	Exercise period
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.