

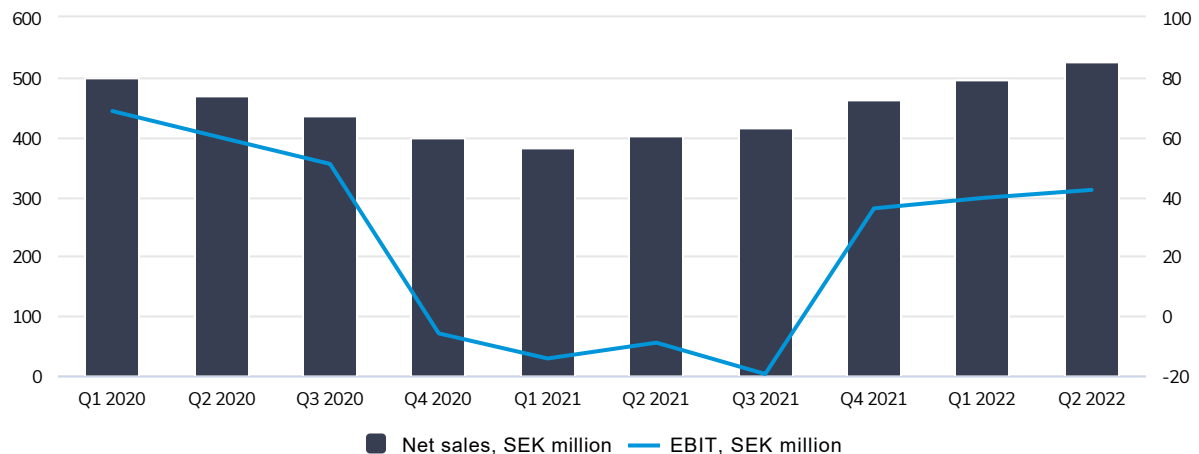
# Interim report January-June 2022

## Continued growth for all products

### Quarter April-June 2022

- ▶ Net sales amounted to SEK 140.8 (110.7) million, an increase of 27.2 percent. Adjusted for currency effects, the increase was 14.0 percent.
- ▶ The number of instruments sold amounted to 1,186 (974), an increase by 21.8 percent.
- ▶ Operating profit was SEK 5.0 (2.3) million, corresponding to an operating margin of 3.6 (2.1) percent.
- ▶ Profit for the period amounted to SEK 2.9 (-1.4) million.
- ▶ Basic earnings per share amounted to SEK 0.15 (-0.07) and diluted earnings per share amounted to SEK 0.14 (-0.07).
- ▶ Cash flow from operating activities amounted to SEK -8.7 (8.2) million.

Key figures	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jul 21-Jun 22 (R12)	Jul 20-Jun 21 (R12)
Sales growth, %	27.2	22.1	29.4	1.1	30.5	-14.2
Net sales, SEK million	140.8	110.7	273.3	211.3	525.4	402.7
Gross margin, %	37.8	41.7	40.3	43.0	41.5	43.7
Operating profit (EBIT), SEK million	5.0	2.3	15.3	9.2	42.2	-9.0
Operating margin (EBIT), %	3.6	2.1	5.6	4.3	8.0	-2.2
Profit after tax, SEK million	2.9	-1.4	7.5	-1.1	30.4	-13.5
Net debt, SEK million	43.8	12.8	43.8	12.8	43.8	12.8
Return on equity, %	0.9	-0.5	2.4	-0.4	10.7	-4.8
Net debt/EBIT (R12), times	1.0	-1.4	1.0	-1.4	1.0	-1.4
Diluted earnings per share, SEK	0.14	-0.07	0.37	-0.06	1.52	-0.70



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

# Record sales despite production disruptions

We delivered our highest sales for a quarter so far, despite production disruptions. This is thanks to fantastic partnerships with distributors globally and positive currency effects. Sales increased by 27 percent to SEK 141 million. Organic growth, adjusted for currency changes, was 14 percent compared with the previous year. The growth was mainly driven by demand for consumables and instruments, both increased by 29 percent.

The gross margin was negatively affected by the region and product mix, with instruments in particular being affected by increased costs. Purchases of electronic components on the spot market corresponded to increased expenses just over SEK 8 million. We experienced Covid-related delivery delays from Shanghai and temporary disruptions in the production of consumables in Sweden due to the introduction of the new European regulation, IVDR. Repeated production stops caused additional cost in production and delayed customer deliveries towards the end of the quarter. The gross margin decreased to 38 percent.

Operating profit amounted to SEK 5 million, corresponding to an operating margin of 4 percent. In addition to the lower gross margin, we have incurred higher overhead costs for redesigning electronics and updating product documentation for IVDR. Price increases in the quarter will have an impact later in the year and we expect the gross margin to recover as the supply chain stabilizes, although we don't anticipate this happening completely during this year.

Cash flow from operating activities amounted to SEK -8.7 million. The increase in working capital is due to an increase in trade receivables, with high sales late in the quarter as a result of delivery problems, and lower trade payables. Inventories declined during the quarter.

Investments in Boule's new product platform amounted to SEK 20 million during the quarter.

## Key milestones in the quarter

The new regulatory framework in Europe, IVDR, was introduced in May. Boule is now ready to conform to the new rules, which are more demanding for suppliers wanting to sell in the European market. We have noted that CE certification in conformity with IVDR will be required in future procurement processes in other parts of the world.

Development of the new instrument platform has progressed, despite the need for re-prioritization due to recurring challenges in current production. A milestone is our initiation of external clinical data collection, enabling optimization of the algorithms that classify blood cells. This is an important step before the clinical studies to be used for regulatory applications can begin.

Boule has appointed David Metrena as new SVP Commercial Operations for USA, taking over from Bob Ariano who is retiring. David, with extensive experience in the diagnostics industry, will continue to develop the business and to prepare the organization and the US market for future product launches.

We have signed a distribution agreement with Fujifilm Europe, a leading supplier of medical devices in the veterinary market. They will initially sell our Exigo H400 veterinary hematology analyzer, a 4-part instrument, to customers in three European countries and we are already having a dialogue about expanding distribution and include more countries in Europe. This agreement demonstrates the strength of Boule's current offering. Our ability to attract market-leading distributors, such as Fujifilm, reflects Boule's high product quality, dedicated employees and fit-for-purpose product portfolio.

## Headwinds in the world

Sales in Eastern Europe fell by 5 percent. The terrible war in Ukraine is now in the fifth month and we are not yet seeing any progress towards peace. Although we are trying to keep operations going throughout the region within the limits set by the sanctions, a further decrease in sales is expected. We have significant amounts in our Russian company that cannot get paid to Sweden.

Although the pandemic has subsided, waiting times and processing of regulatory applications for new products at both the FDA and notified bodies in Europe is expected to take between 6-14 months. All in all, this will result in



market launches being delayed. This means we cannot expect significant revenues from the new platform until late 2024 in some geographies and not fully until 2025.

Despite strong growth, several external factors have had adverse impact on both profitability and growth. We fear that risk of component shortages and high purchase prices will continue to negatively impact our profitability and growth.

#### **Looking ahead**

We have now delivered three consecutive strong quarters in terms of sales, despite a highly challenging market and problematic supply situation, with Boule's fantastic employees and partners having done their utmost to adjust and adapt the business to new conditions.

The new product platform and the pace at which it is being developed is an important cornerstone of Boule's future business. Given changed and significantly more volatile market conditions, we are reviewing business plans and financing of new products.

It has been challenging times and we are not at all satisfied with the gross margin and the result for the quarter. However, in recent quarters we have strengthened our market position in many markets, established and expanded valuable distributor partnerships as well as achieved milestones in product development. In doing so, we have laid the foundation for meeting the need for near-patient healthcare and for delivering on our ambition to provide high-quality blood diagnostics for everyone, everywhere in the world.

Have a good summer!



Jesper Söderkvist  
CEO and Group President

## **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.

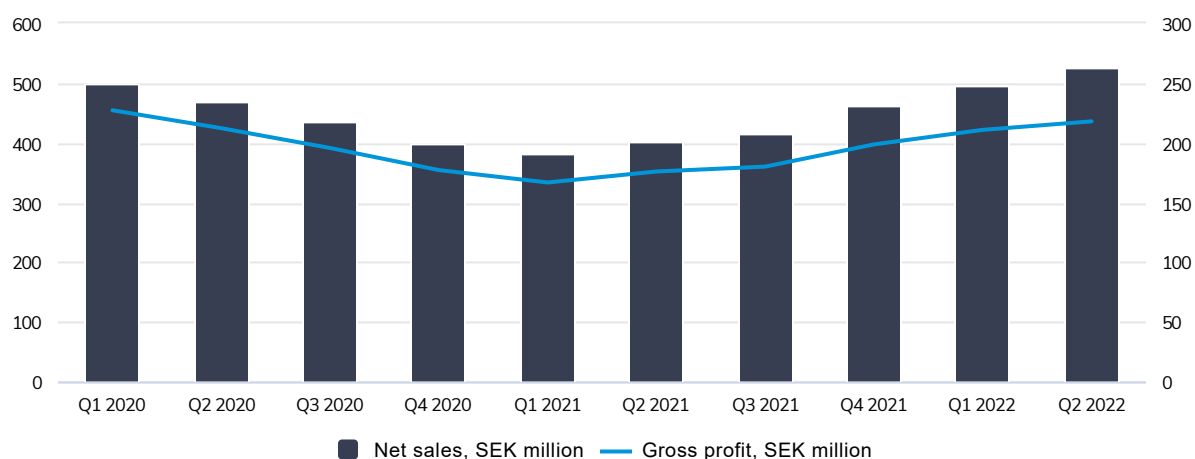
Increased growth is a result of increased vaccination rates and less restrictions and growth in all regions. Growth in Africa/Middle East is driven by strong sales of both instruments and consumables and in Latin America mostly instruments. USA is driven by OEM-business and consumables.

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%
<b>Total</b>	<b>140.8</b>	<b>110.7</b>	<b>27%</b>	<b>273.3</b>	<b>211.3</b>	<b>29%</b>	<b>525.4</b>	<b>402.7</b>	<b>30%</b>

Net sales by product, 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)
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%
<b>Total</b>	<b>140.8</b>	<b>110.7</b>	<b>27%</b>	<b>273.3</b>	<b>211.3</b>	<b>29%</b>	<b>525.4</b>	<b>402.7</b>	<b>30%</b>

## 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.



## 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.

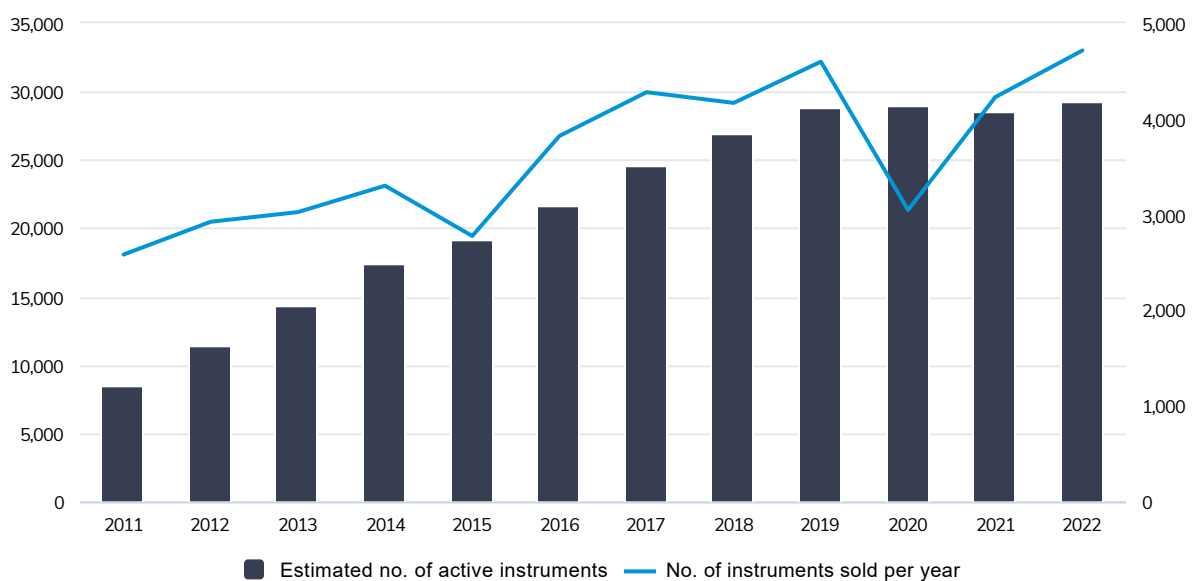
## Operating profit

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.



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

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

<sup>3</sup> 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 Investment 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%
Sijoitusrahasto 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%
<b>Total number of shares</b>	<b>19,416,552</b>	<b>100.0%</b>

## 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	<b>352,797</b>	352,797	1.8%	67.50	1 Juni 2022-30 Dec 2022
2020/2023	130,000	50,000	<b>180,000</b>	180,000	0.9%	86.70	1 juni 2023-30 dec 2023
	130,000	402,797	<b>532,797</b>				



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.