

Interim report Q1 2023

Improved gross margin

Quarter January-March 2023

- ▶ Net sales amounted to SEK 143.1 (132.5) million, an increase of 8.1 percent. Adjusted for currency effects, a decrease of 2.7 percent.
- ▶ Gross profit was SEK 66.1 (56.8) million, corresponding to a gross margin of 46.2 (42.9) percent.
- ▶ Operating profit was SEK 12.1 (10.3) million, corresponding to an operating margin of 8.5 (7.8) percent.
- ▶ Profit for the period amounted to SEK 7.9 (4.6) million.
- ▶ Basic earnings per share amounted to SEK 0.20 (0.17) and diluted earnings per share amounted to SEK 0.20 (0.17).*

Key figures	Jan-Mar 2023	Jan-Mar 2022	Apr 22 - Mar 23	Apr 21 - Mar 22
Sales growth, %	8.1	31.7	12.8	29.4
Net sales, SEK million	143.1	132.5	558.8	495.2
Gross margin, %	46.2	42.9	42.4	42.6
Operating profit (EBIT), SEK million	12.1	10.3	30.8	39.5
Operating margin (EBIT), %	8.5	7.8	5.5	8.0
Profit after tax, SEK million	7.9	4.6	16.0	27.5
Net cash (+) net debt (-), SEK million	6.2	-20.0	6.2	-20.0
Return on equity, %	2.0	1.6	4.1	9.5
Net cash (+) net debt (-)/EBIT (R12), times	0.5	-0.5	0.2	-0.5
Diluted earnings per share, SEK*	0.20	0.17	0.12	0.25
Cash flow from operating activities, SEK million	-9.0	-1.3	-20.1	29.2

* A bonus issue element from the new share issue in Q4 2022 has been taken into account in the calculation of earnings per share before and after dilutive effects, which means that the comparative figure has been recalculated.

Net sales and operating profit, rolling 12 months



CEO comments

Continued improvement in performance

Sales and order intake increased in March and we delivered continued improvement in performance. I am particularly pleased that the gross margin for the Group continues to improve and that the efficiency improvements initiated at the beginning of the year are resulting in an improved gross profit.

Our extended cooperation agreement with FujiFilm in Europe is promising and boosts our potential in the

veterinary segment. In the second quarter, we will launch a new veterinary product.

The quarter in brief

Sales increased by 8.1 percent compared to the previous year, totaling SEK 143 million. At unchanged exchange rates, sales decreased by 2.7 percent.

We delivered over 1,000 instruments, an increase of 31 percent compared to the last quarter of 2022. Revenue per instrument increases as a result of price increases and favorable currency effects.

Sales of consumables increased by 15 percent in comparison with the same period last year and is the product segment showing the strongest growth.

Cash flow for the period was negative. This was chiefly due to changes in operating receivables, where mainly customers in some countries have had restrictions on payments in foreign currency. Cash flow is also affected by the fact that a large part of the deliveries and invoicing took place at the end of the quarter, which is the same pattern as in previous years.

The ongoing efficiency improvements in production have started to show results. The gross margin improved further and reached 46.2 percent, an improvement of 1.5 percentage points compared to the fourth quarter of 2022 and 3.3 percentage points compared to the corresponding period last year. The supply of electronic components and other inputs has significantly improved during the quarter, and the additional costs incurred in 2022 when we had to rely on the spot market have gone down.

Operating profit totaled SEK 12.1 million, and the operating margin, 8.5 percent. The result includes non-recurring costs of SEK 2 million for staff reductions carried out in January.

The market situation

The underlying demand for blood diagnostics remains. The volatility and uncertainty of the global macroeconomic environment has affected business. In certain markets prices are increased significantly due to local currencies which impacts the customers ability to invest.

Sales of instruments in the US had a weak start, but this was largely compensated by increased sales of consumables to OEM customers. OEM customers signal continued growth in the coming years.

The demand for 5-part instruments continue to grow especially in mature markets, but also in public tenders in Asia.

The new product platform is our most important growth area and the human market is prioritized. The first instrument will be an advanced 5-part instrument. During the quarter, we invested SEK 15 million in development. Our goal remains to start sales by the end of 2024 and to start the regulatory application process to the FDA and IVDR by the end of 2023.

New veterinary product

There is also growing demand for 5-part diagnostics in veterinary medicine. In the second quarter, we will therefore launch a new 5-part veterinary instrument on the European market. As one of our key decision criteria was time-to-market, we chose to work with an external partner to develop the new product. The solution is an excellent complement to our existing offer in the veterinary market.

Enhanced partnership

FujiFilm began selling Boules veterinary products in three European countries in mid-2022. The first installations have produced very positive feedback, and during the quarter FujiFilm chose to expand the cooperation and sell Boules veterinary solutions in five additional countries in Europe. FujiFilm has an extensive and uniquely broad portfolio of both IVD products and imaging equipment for veterinary clinics. With Boule's hematology products, FujiFilm has a comprehensive competitive offering for veterinary laboratories.

With an expanded veterinary portfolio and a new strong international distributor in Europe, we expect increased sales in the veterinary segment as soon as this year.



Jesper Söderqvist
CEO and Group President

Group performance January-March 2023

Net sales

Net sales for the quarter amounted to SEK 143.1 (132.5) million, an increase of 8.1 percent. After adjustment for currency effects, net sales decreased by 2.7 percent. Instrument sales decreased by 0.3 percent, sales of consumables increased by 14.5 percent. The trend for consumables is still strong and continuous growth is expected. OEM and CDS brand sales increased by 6.8 percent compared with the same period the previous year. Also in these areas the expectation is continuous growth especially in the US market.

Underlying markets for decentralized hematology in relation to 3-parts and 5-parts instruments are both experiencing growth. Nevertheless, there is still a risk that the macroeconomic situation will impact sales negative. Clients with weaker currencies have difficulties with payments leading to a negative impact on business. Central-banks in these countries have imposed temporary restrictions on payments in USD and EURO.

Net sales by region, SEK million	Jan-Mar 2023	Jan-Mar 2022	change	Apr 22 - Mar 23	Apr 21 - Mar 22	change
USA	48.6	44.4	10%	215.4	164.0	31%
Asia	44.9	43.4	3%	151.2	144.4	5%
Eastern Europe	8.8	16.7	-47%	54.0	64.4	-16%
Latin America	13.8	10.3	35%	47.0	34.7	35%
Western Europe	9.2	8.2	11%	42.9	33.0	30%
Africa/Middle East	17.8	9.5	87%	71.8	54.8	31%
Total	143.1	132.5	8%	582.4	495.2	18%

Net sales by product, SEK million	Jan-Mar 2023	Jan-Mar 2022	change	Apr 22 - Mar 23	Apr 21 - Mar 22	change
Instruments	41.3	41.4	-0%	159.6	155.6	3%
Consumables, own instruments	61.7	53.9	15%	248.9	205.6	21%
Consumables, OEM and CDS brand	29.5	27.6	7%	134.4	98.4	37%
Other	10.7	9.6	11%	39.4	35.7	11%
Total	143.1	132.5	8%	582.4	495.2	18%

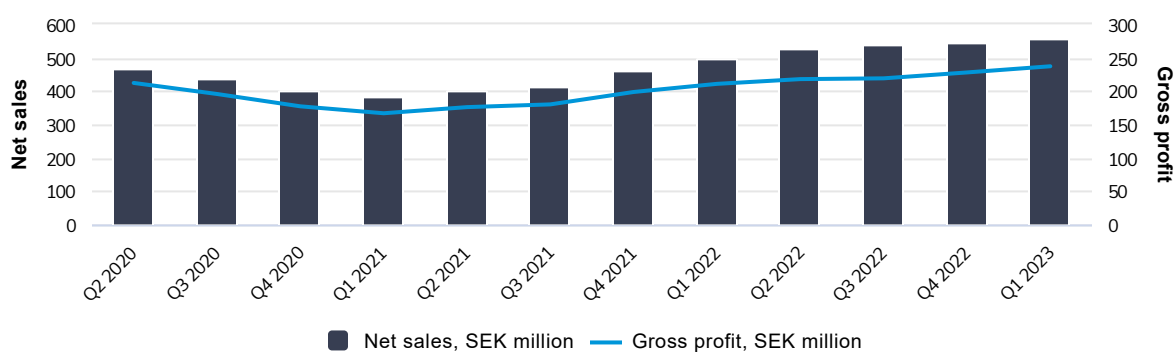
Gross profit

Gross profit for the period was SEK 66.1 (56.8) million, an increase of SEK 9.3 million. Gross margin increased by 3.3 percentage points during the period and amounted to 46,2 percent (42,9).

The difficulties in the supply-chain that caused great problems during last year are now more or less back to normal. During the quarter no new purchases have been made on the expensive spot-market with the implication that variances vs. standard prices are few.

The price of components is still increasing as a result of the inflation but this has on many occasions being pushed out on the customer during the quarter.

Net sales and gross profit



Expenses

Operating expenses amounted to SEK 49.5 (45.1) million excluding other operating costs and income an increase by SEK 4.4. The increase is explained by SEK 2 million in relation to layoffs.

Selling expenses amounted to SEK 27.1 (26.3) million. The increase is mainly due to a stronger USD in comparison with the same period last year.

Administrative expenses amounted to SEK 8.7 (7.1) million. The increase is mainly related to an increase of temporary consultants. The dependence on consultants is expected to be reduced going forward.

Research and development expenses, including costs related to the quality assurance organization, amounted to SEK 13.6 (11.7) million, corresponding to 9.5 (8.8) percent of net sales. Development expenses of SEK 15.2 (17.9) million were capitalized. Total research and development expenses correspond to 20.1 (22.4) percent of net sales.

The development expenses have increased by SEK 1.9 million as a result of increased expenses for consultants working with regulatory compliance and as a result of layoffs.

The net of other operating income and other operating expenses for the period amounted to SEK -4.5 (-1.3) million and consists mainly of exchange differences.

Operating profit

Operating profit amounted to SEK 12.1 (10.3) million, corresponding to an operating margin of 8.5 (7.8) percent.

Net financial items

Net financial items amounted to SEK -1.5 (-3.4) million, and consists mainly of interest expenses SEK -2,0 (-1,3) million.

Earnings

Profit before tax was SEK 10.6 (6.9) million. Profit for the period was SEK 7.9 (4.6) million. Tax was SEK -3.3 (-2.3) million.

Financing and cash flow

Cash flow from operating activities for the quarter was SEK -9.0 (-1.3) million. The change is mainly due to a worse working capital. Operating receivables increased by SEK 25.8 million and inventory increased by SEK 6.8 million. The main part of the increase in operating receivables is related to account receivables. Cash flow is also impacted by a large portion of deliveries and invoicing is performed late in the quarter which is similar to prior year's.

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 -33.4 (-1.8) million and cash and cash equivalents on March 31 amounted to SEK 62.6 (36.2) million.

The Group's available cash and cash equivalents, including non-utilized credit facilities, was SEK 121,5 (67.1) million on March 31.

Investments

Total investments amounted to SEK 16.4 (19.2) million, with investments in future product platforms accounting for SEK 15.2 (17.9) million of the figure.

Equity and liabilities

The Group's equity on March 31 was SEK 467.3 (303,6) million and the equity/assets ratio was 61.2 (49.8) percent.

Interest-bearing liabilities excluding leases are related to pledged trade receivables guaranteed by EKN and external bank loans and amounted to SEK 149.5 (149.6) million on March 31, of which SEK 57.8 (39.3) million of these liabilities were non-current and SEK 91.7 (110.3) million were current. The external bank loans as of March 31 amounted to SEK 41.3 (48.7) million, of which SEK 28.5 (13.5) were non-current and SEK 12.7 (35.2) were current. On March 31, SEK 0 (34.4) million of the credit facility had been utilized and other current non-interest-bearing liabilities and trade payables amounted to SEK 96.8 (117.6) million.

Lease liabilities on March 31 amounted to SEK 32.4 (24.4) million, of which SEK 19.2 (13.0) million liabilities were non-current liabilities and SEK 13.2 (11.4) million were current liabilities.

Net cash on March 31 amounted to SEK 6.2 million compared to last year's net debt of SEK 20.0 million.

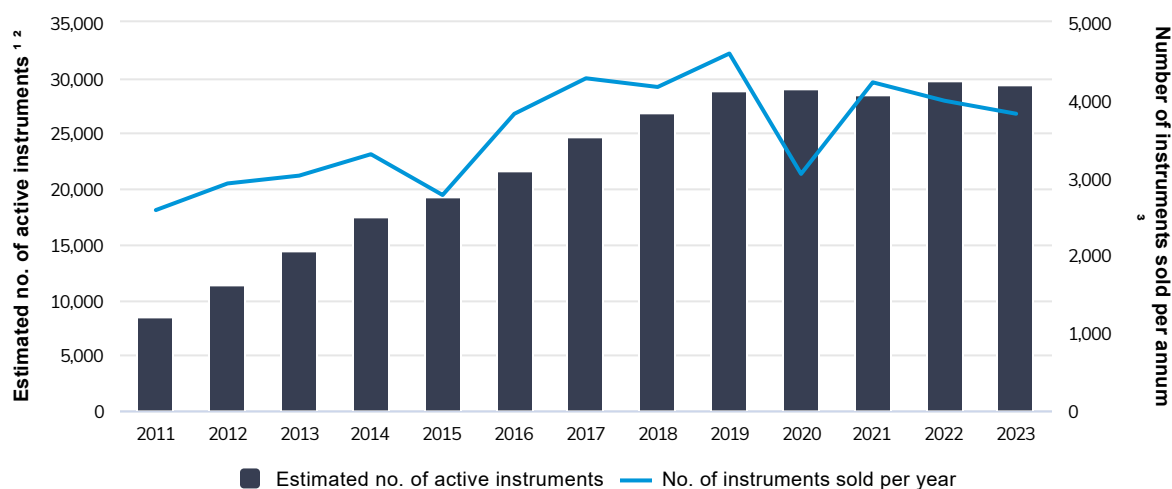
Deferred tax liabilities were SEK 8.8 (10.0) million on March 31.

Non-current provisions consist of direct pension provisions of SEK 3.1 (3.9) million.

Inventory of installed base

During the quarter 1039 instruments were sold. The estimated life of instruments is 7.5 years from 2021. At the end of the quarter, active installed base is estimated at 30,000 instruments.

Estimated number of active instruments



¹ Estimated number of active instruments is based on an expected lifespan of 7.5 years.

² Accumulated number of instruments sold since 2006 was 49 666 on March 31, 2023.

³ Number of instruments sold in 2023 refers to sales on a rolling 12-month basis.

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 and dependence on key personnel. 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.

A more detailed description of risks, risk management and related opportunities can be found on page 40 in the 2022 Annual Report.

Uncertainties due to the war in Ukraine

Boule continues to operate in Russia. Immediately after Russia's attack on Ukraine in the spring of 2022, Boule put in place processes to ensure that all sales and transactions comply with all sanctions. Boule has taken advantage of legal expertise to ensure knowledge of sanctions and their interpretation. Healthcare products are not subject to sanctions. Boule is making no new investments but maintaining current business.

However, purchases, transportation and financial transactions are limited by various practical problems, which is why Boule uses third country partners to carry out its activities. All such transactions are signed off in advance by our legal experts to ensure that Boule is in no way in breach of sanctions. Sanctions are constantly changing, so this is a work in progress.

For the full year 2022, Boule's sales in Eastern Europe totaled 11% (13) of net sales, with the majority coming from Russia. In the first quarter of 2023, the corresponding share was 6% of net sales. The Group has employees in Russia and a production facility for consumables distributed to the Russian market.

The market in Eastern Europe is very uncertain, given the war in Ukraine and the current sanctions against Russia. A discontinuation or confiscation of the operations in Russia could have a significant negative impact on the Group's future earning capacity and profitability and entail a negative effect on earnings if the value of assets attributable to the Russian operations have to be written down in whole or in part. The consolidated net assets totaled approximately SEK 20 million, of which just under SEK 7 million was cash and cash equivalents at March 31, 2023. It is estimated that any discontinuation would result in additional costs being incurred.

Related-party transactions

Other than remuneration of the Board and senior executives, no related-party transactions have taken place during 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 is available on Boule's webpage.

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 237 (225), including 11 (6) employees at the Parent Company. The average number of employees by country was as follows: Sweden 132 (122), United States 90 (90), Mexico 2 (2) and Russia 13 (11). The average number of women in the Group was 101 (101) and the average number of men was 135 (124). 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 . After full dilution, the number of shares amounts to 39,013,104.

Shareholders, Mar 31, 2023 (accord. to Euroclear)	Number of shares, Mar 31	Share of capital/votes
AB Grenspecialisten	4,887,268	12.6%
Svolder AB	4,628,388	11.9%
Thomas Eklund inkl bolag	4,044,700	10.4%
Swedbank Robur Fonder AB	3,599,292	9.3%
Nordea Investment Funds	3,483,684	9.0%
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	749,745	1.9%
Avanza Pension	625,470	1.6%
JP Morgan Chase Bank NA	577,968	1.5%
Other shareholders (2 964)	9,185,033	23.7%
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 shares. A personal, long-term shareholder commitment would be expected to contribute to increased interest in the 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	Other	Total				
2020/2023	130,000	50,000	180,000	180,000	0.5%	86.70	1 June 2023-30 Dec 2023

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, May 3, 2023

Boule Diagnostics AB

Yvonne Mårtensson

Chairman of the Board

Thomas Eklund

Karin Dahllöf

Jon Risfelt

Torben Jørgensen

Emil Hjalmarsson

Jesper Söderqvist

CEO

Auditor's review

This interim report has not been subject to review of the group's auditor.