

# Group performance October-December 2023

## Net sales

The net sales for the period amounted to SEK 148.1 million (149.2), representing a decrease of 0.7 percent. The organic growth of 4.3 percent is mainly attributed to increased sales of instruments in India and within the veterinary segment. The number of instruments sold increased by 43 percent, and the net sales of instruments increased by 27 percent.

Net sales by region, SEK million	Oct-Dec 2023	Oct-Dec 2022	change	Jan-Dec 2023	Jan-Dec 2022	change
USA	54.3	60.4	-10%	199.2	189.8	5%
Asia	45.7	37.3	22%	169.3	150.7	12%
Eastern Europe	10.4	15.8	-34%	38.6	62.3	-38%
Latin America	7.9	7.8	2%	51.5	45.0	15%
Western Europe	16.8	12.1	39%	50.8	39.6	28%
Africa / Middle East	13.0	15.8	-18%	62.0	60.7	2%
Total	148.1	149.2	-1%	571.3	548.1	4%

Net sales by product, SEK million	Oct-Dec 2023	Oct-Dec 2022	change	Jan-Dec 2023	Jan-Dec 2022	change
Instruments	46.0	36.1	27%	183.5	158.5	16%
Consumables, own instruments	59.8	65.5	-9%	233.3	233.0	0%
Consumables, OEM and CDS Brand	31.8	38.8	-18%	114.0	112.5	1%
Other	10.5	8.8	18%	40.5	44.1	-8%
Total	148.1	149.2	-1%	571.3	548.1	4%

## Gross profit

Gross profit during the period amounted to SEK 65.9 million (66.7), a decrease of SEK 0.8 million. The gross margin decreased by 0.2 percentage points and during the period amounted to 44.5 percent (44.7).

The gross margin was negatively affected by a larger delivery to India with a lower margin and currency effects, but was positively affected by increased efficiency in production.

Dynamisk graf: Net sales and gross profit, rolling 12 months

**Expenses**

Operating expenses for the period, excluding other operating income/expenses, amounted to SEK 56.1 million (50.9), an increase of SEK 5.2 million. Of this, SEK 4.6 million pertains to non-recurring costs in the form of equipment write-downs that do not affect cash flow.

Distribution costs amounted to SEK 32.8 million (29.1). The increase is mainly attributable to the write-down of demo instrument equipment by SEK 2.4 million.

Administrative expenses amounted to SEK 8.4 million (8.3).

Research and development expenses, including costs for the quality organization, amounted to SEK 14.9 million (13.5), representing 10.1 percent (9.0) of net sales. Total development costs increased by SEK 1.4 million due to the write-down of equipment and prototype materials amounting to SEK 2.2 million. Expenditures for product development have been capitalized with SEK 21.1 million (15.4). Total research and development expenses represent 26.9 percent (19.4) of net sales.

Net of other operating income and other operating expenses amounted to SEK 0.7 million (-5.8) and primarily consist of operational currency exchange effects.

**Operating profit**

The operating profit amounted to SEK 10.5 million (10.0), corresponding to an operating margin of 7.1 percent (6.7), of which the non-recurring write-down of equipment affected the operating margin by SEK 4.6 million or 3.1 percentage points.

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

**Net financial items**

Net financial items amounted to SEK -1.5 million (-2.1), primarily consisting of interest costs of SEK -2.7 million (-2.6).

**Earnings**

Profit before tax amounted to SEK 8.9 million (8.0). The period's profit was SEK 8.4 million (2.9). The tax amounted to SEK -0.5 million (-5.1).

**Financing and cash flow**

The cash flow from operating activities during the quarter was SEK 29.2 million (13.3). The change is mainly attributed to the positive development of working capital, primarily the reduction of inventory. Operating receivables, including EKN, increased by SEK 1.1 million, and inventory decreased by SEK 10.5 million.

The Swedish Export Credit Agency (EKN) guarantees a portion of Boule's accounts receivable at 75–95 percent of the total amount. Receivables can be pledged, and the debts are then reported as interest-bearing liabilities.

Changes in receivables guaranteed by EKN are included in the cash flow from operating activities, while changes in other interest-bearing liabilities are reported under financing activities.

The cash flow from financing activities during the quarter amounted to SEK -22.0 million (65.2). This is mainly due to the decrease in financial liabilities (EKN financing) by SEK 12.2 million. Amortization and interest payments for the third quarter were made in October, negatively impacting the cash flow by SEK 3 million in the fourth quarter.

The quarter's cash flow amounted to SEK -14.3 million (61.2), and cash and cash equivalents as of December 31 were SEK 37.3 million (96.9). The Group's available cash and cash equivalents, including unused overdraft facilities, amounted to SEK 95.7 million (155.9) as of December 31.

### Investments

Total investments in the quarter amounted to SEK 21.4 million (17.3), of which the capitalized development of new technology and product platforms accounted for SEK 21.1 million (15.4). The capitalized development costs for the quarter are higher compared to the previous year.

### Equity and liabilities

As of December 31, equity amounted to SEK 475.1 million (462.5), and the equity/asset ratio was 62.9 percent (60.9).

The interest-bearing debts, excluding leasing, relate to pledged trade receivables guaranteed by EKN, as well as external bank loans. As of December 31, these debts totaled SEK 142.3 million (153.8). Among them, SEK 54.7 million (62.1) were non-current, and SEK 87.5 million (91.7) were current. External bank loans amounted to SEK 32.1 million (45.2), of which SEK 20.0 million were non-current and SEK 12.1 million were current. The bank overdraft facility was utilized with SEK 0 million (0) as of December 31, and other current non-interest-bearing liabilities and trade liabilities amounted to SEK 105.5 million (96.0).

Lease liabilities as of December 31 were SEK 23.9 million (36.2), with SEK 10.9 million (22.8) classified as non-current liabilities, and SEK 13.0 million (13.4) as current liabilities.

The net cash position as of December 31 was SEK 12.9 million (32.1).

Deferred tax liabilities as of December 31 were SEK 4.9 million (8.4). Non-current provisions relate to direct pension provisions, amounting to SEK 3.4 million (3.1).

### Installed base of instruments

During the quarter, 1,133 instruments were sold. The estimated life of instruments is 7.5 years for instruments produced starting in 2021. At the end of the quarter, the active installed base is estimated at 31,700 instruments.

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

<sup>1</sup> Estimated active installed base is based on an expected lifespan of 7.5 years.

<sup>2</sup> Accumulated number of instruments sold since 2006 amount to 52,749 as of December 31, 2023.

<sup>3</sup> Number of instruments sold in 2023 refers to sales per rolling 12 month.

## Significant risks and uncertainties

Boules operations are subject to risks and uncertainties that may, to a varying extent, affect the ability to achieve defined goals. Boule works continuously with managing the risks and uncertainty factors that exist, as well as with the risk inventory that is the basis for discovering new risks and uncertainty factors. The systematic work is aimed at identifying risks, limiting risk exposure and minimizing any impact should a risk materialize.

In certain markets the central banks have introduced temporary restrictions on payment in foreign currencies, resulting in reduced purchases, delayed payments and postponed deliveries.

The unrest in the Middle East entails increased political and economic risk in these countries, which can negatively impact sales. Furthermore, a changed perception of Sweden in the region could lead to boycotts of Swedish products and services, potentially resulting in adverse effects on Boule's sales, market share, and business opportunities.

Currently, the significant risks and uncertainties are assessed to be 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 IT systems, financing risks and future cash flows, health and safety in the workplace and dependence on key personnel. A more detailed description of risks and 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 are regularly taking advantage of legal expertise to ensure knowledge of sanctions and their interpretation. Healthcare products are normally 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 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 2023, Boule's sales in Eastern Europe amounted to 7 percent (11) of net sales, with the majority coming from Russia. In the forth quarter of 2023, the corresponding share was 7 percent 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 22 million, of which approximately SEK 7 million were cash and cash equivalents at December 31, 2023. It is estimated that any discontinuation would result in additional costs being incurred.

## Tax audit

On October 6th 2022 the Swedish tax authorities have decided to impose increased social security contributions and tax penalties on Boule amounting to approximately SEK 1.6 million, in relation to what they see as incorrectly valued warrants issued to senior executives in the Group. Boule has appealed the decision to the Swedish administrative court ("Förvaltningsrätten").

Boule has received approval of delayed payment and no provision has been recorded.

For further information refer to the Annual report 2022 page 40.

## Related-party transactions

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

## Nomination committee

At the Annual General Meeting 2023, it was resolved that a nomination committee based on the ownership as of September 30, 2023, should be elected. At that time, Boule's largest shareholders were AB Grenspecialisten, Svolder AB and Thomas Eklund, representing just under 35 percent of the share capital and voting rights. These shareholders, in turn, have nominated Tomas Risbecker (Svolder AB), Erik Ivarsson (AB Grenspecialisten), and Thomas Eklund. The Nomination committee has subsequently constituted itself and elected Erik Ivarsson as its chairman, with Torben Jørgensen, the chairman of the board, serving as an adjunct.

## Events during the interim period

There are no significant events to report during reporting period.

## Events after the end of the interim period

There are no significant events to report after the end of the reporting period.

## Annual General Meeting

Boule Diagnostic AB's Annual General Meeting will be held on May 8, 2024. Further information about the Annual General Meeting will be made available on Boule's website.

## Dividend

The Board proposes that no dividend be distributed for the fiscal year 2023.

## 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.

## Employees

The average number of employees in the group during the quarter has been 226 (236), of which 9 (6) were in the Parent Company. Distributed by country, the average number in Sweden was 124 (134), the USA 92 (87), Mexico 2 (2), and Russia 9 (13). The average number of women in the group was 101 (104), and the average number of men was 125 (132). Employees in countries where Boule does not have a legal entity are not included in the number of employees, as they are employed through external companies and are instead included as consultant expenses.

## Number of shares

The total number of shares and votes in Boule Diagnostics AB is 38,833,104.

Shareholders, Dec 31, 2023 (accord. to Euroclear)	Number of shares, Dec 31	Share of capital/votes
AB Grenspecialisten	4,887,268	12.6%
Svolder AB	4,289,159	11.0%
Thomas Eklund incl. company	4,038,728	10.4%
Nordea Investment Funds	3,701,791	9.5%
Swedbank Robur Fonder AB	3,592,292	9.3%
Tredje AP-fonden	3,251,542	8.4%
Skandinaviska Enskilda Banken AB	1,447,208	3.7%
Andra AP-Fonden	1,369,948	3.5%
Sijaitusrahasto Aktia Nordic	992,540	2.6%
Tomas Wedel	907,000	2.3%
Avanza Pension	762,678	2.0%
JP Morgan Chase Bank NA	588,361	1.5%
Other shareholders (2,641)	9,004,589	23.2%
<b>Total number of shares</b>	<b>38,833,104</b>	<b>100.0%</b>

### Warrant programs

The board considers that it is urgent and in the interest of all shareholders that the CEO and key employees, who are deemed to be important for the Company's further development, have a long-term interest in a good value development for the share. A personal long-term ownership commitment can be expected to contribute to an increased interest in the operations and profit development, as well as increase the CEO's and key employees's 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.

In the event that the warrant holder’s employment ends, Boule has the right of first refusal and may choose to exercise that right.

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, February 6, 2024**  
 Boule Diagnostics AB

**Torben Jørgensen**  
 Chairman of the Board

**Thomas Eklund**

**Karin Dahllöf**

**Yvonne Mårtensson**

**Emil Hjalmarsson**

**Jesper Söderqvist**  
 CEO

**Auditor review**

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

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