

Hematology
is in our blood



Boule Diagnostics AB

Company overview and Q1 presentation

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Boule Diagnostics – a growth company specializing in near patient diagnostics

- Develops, manufactures, and markets complete blood count (CBC) analyzers for both human and veterinary markets, keeping quality in focus.
- Focus on the fast growing, near patient diagnostics segment.
- Strong heritage in hematology diagnostics, with the development of the very first automated European blood cell counter in 1956.
- Products are manufactured and distributed from our production facilities in Sweden and in the USA and are currently available in more than 100 countries.
- One provider of instruments, reagents, blood controls, and calibrators, ensuring reliability and quality as well as a recurring revenue stream from consumables.



Courageous



Customer oriented



Innovative



Quality



Result oriented



Teamwork

Boule Diagnostics – global presence

Improving health for everyone, everywhere



Through our distribution network, Boule products are available in more than 100 countries.



Boule Diagnostics – product portfolio

Significant additions in the past 20 months

Human diagnostics



Medonic

CBC 3-part differential



Swelab

CBC 3-part differential

Human diagnostics



Medonic

CBC 5-part differential



Swelab

CBC 5-part differential



Quintus

CBC 5-part differential

Veterinary diagnostics



exigo C200

Clinical chemistry



exigo H400

CBC 4-part differential

POC Multi test



spinit®
Reliability through innovation

Digital cell imaging



CELLAVISION

★ Product added in the past 20 months

Q1 2020 in summary

Stable start to the year

HIGHLIGHTS Q1

NET SALES

SEK 118.4 million

YoY GROWTH

-0.2%

GROSS MARGIN

46.6%

EBIT-MARGIN

12.9%

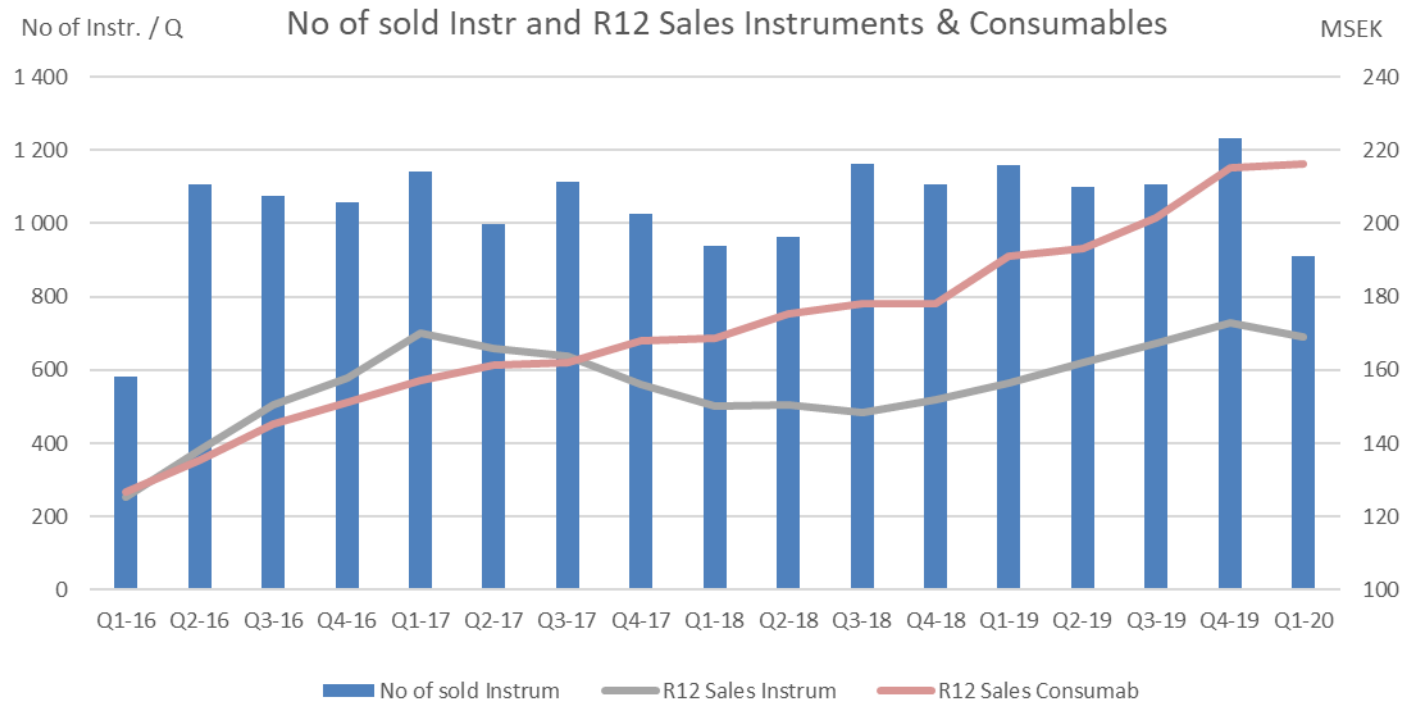
CASH FLOW Q1

SEK 14.5 million

Stable quarter affected by non-recurring costs

- Following a record-breaking end to last year net sales was SEK 118.4 million. This corresponds to flat growth compared to the first quarter of 2019. Adjusted for exchange rates the growth was -3.2%.
- Instrument unit sales decreased by 21.3% to 912 (1,159) and instrument revenues decreased by 9%, ASP impacted by high sales of five-part systems sales.
- Consumable sales for own instruments increased by 2%, driven by sales to East Europe. Growth R12 was 13%.
- Gross margin was 46.6% (45.6%), as a result of increased sales of consumables and the change in the distributor network but was negatively affected by high sales of distributed five-part instruments.
- Operating expenses amounted to SEK 44.1 million, an increase compared to the previous year (38.1). Administrative expenses include non-recurring expenses of SEK 2.0 million for restructuring the production organization. The expenses also reflect the continued investments to strengthen the development and quality assurance organization.
- EBIT margin was 12.9% (14.1%) and excluding non-recurring expenses the operating margin was 14.5%.
- Cash flow from operating activities was SEK 14.5 million (-4.9).

Instruments slow, but consumables in a positive trend

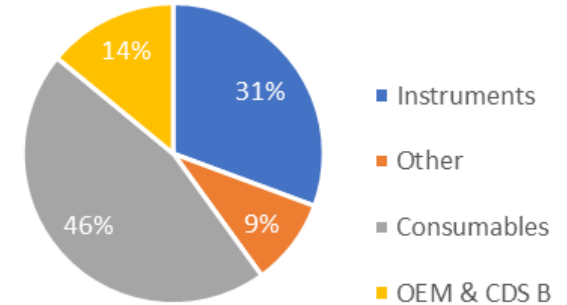
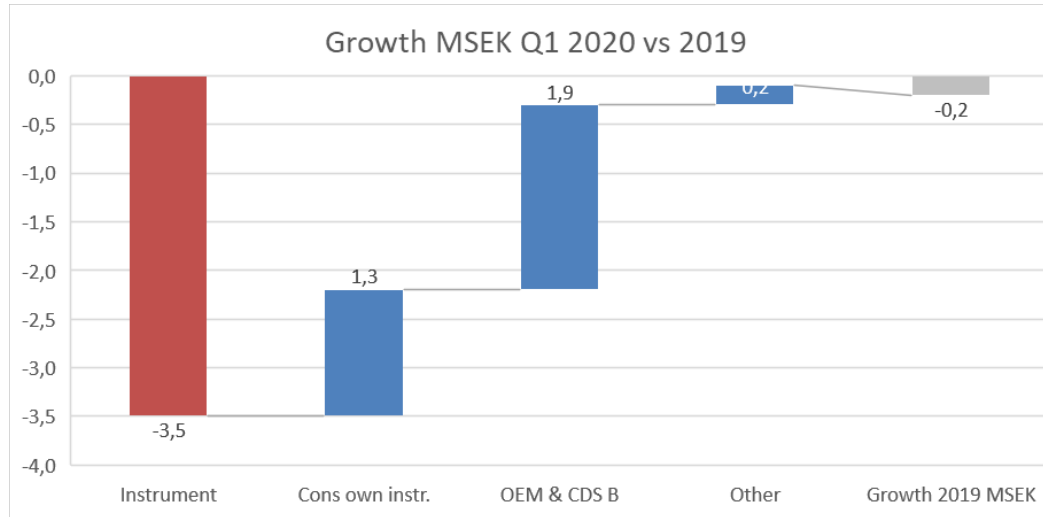


- Individual quarters can be affected by one-time events like major tenders for instruments
- Following an all-time high quarter in delivered instruments, deliveries in the first quarter 2020 slowed down

Note: R12 = Rolling 12 months

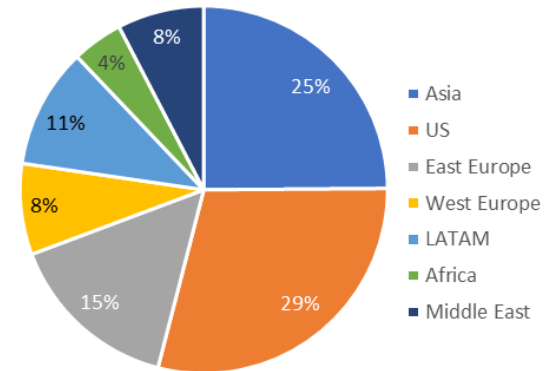
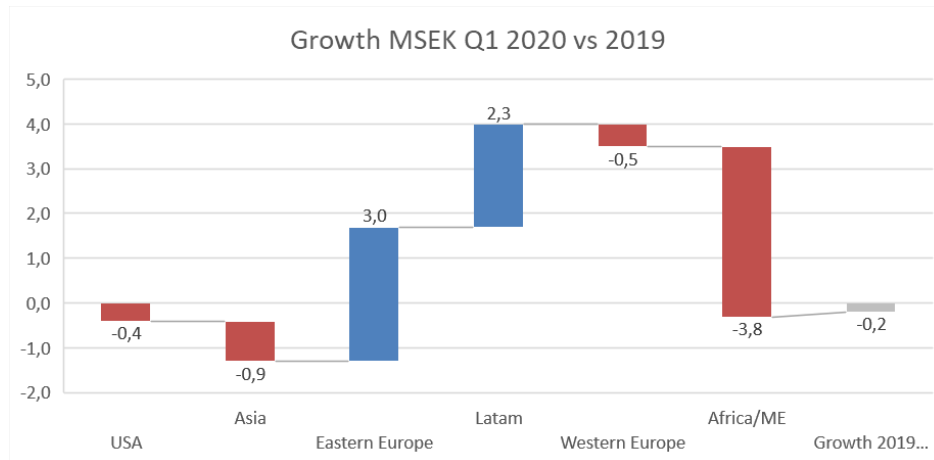


Growth in consumables for own instruments and OEM



- Growth in consumables for own instruments was 2%, driven by sales to Russia
- The positive development for OEM products (reagents and controls for OEM customers) from 2019 continued in the first quarter 2020
- Slow sales of instruments, including a large share of 5-part systems sales to Latam

Growth in consumables for own instruments and OEM



- Growth in US was -1% in Q1, impacted positively by currency and OEM. Sales of Boule systems (own instruments and own consumables) was -9% in fixed currencies due to low instrument sales at the end of the quarter
- East Europe positively impacted by instrument and consumable sales to Russia as well as increased focus on the Veterinary market in some countries
- Sales to Latam driven by 5-part instruments to Mexico
- Key markets in Middle East was affected by closed borders and banks, partly due to political instability

Progressing with quality system improvements

Boule's view of Quality

- Boule Diagnostics takes compliance with regulations very seriously, and this matter has the highest priority within the company.
- Boule products are known for high quality, and the high quality of current and future products is ensured through rigorous quality assurance processes.
- The work to diligently follow and develop the quality assurance processes involves the entire organization as well as external parties.
- Boule has increased investments in quality resources, competencies and processes since 2017.











Warning letter from the FDA has been closed

- During the third quarter of 2019, Boule completed the warning letter action plan addressing the seven observations from the May 2018 audit in accordance with the timeline commitments to the FDA.
- In July 2019, the FDA conducted an on-site audit at the instrument manufacturing site in Sweden, to follow up on the action plan improvements. The two observations from the audit was addressed according to committed plans and finalized in mid-January 2020.
- In February 2020 Boule received a letter from FDA describing that they had completed their evaluation of the corrective actions and, based on their evaluation, Boule had addressed the observations why the letter was closed.

Impacts of the COVID-19 pandemic

- Boule complies with the COVID-19 related regulations and recommendations prescribed by the authorities in the respective countries with local sites.
- We have worked through disruptions in the component supply chain.
- We have had problems in customer logistics due to lack of transport capacity and hindrances in connection with closed borders.
- The effects on Boule were limited during the first quarter, but we prepare for an increased impact on sales in the coming quarters
 - The sales process of new instruments has slowed down.
 - In the short term, there might also be a decrease in sales of consumables in shut down markets as this results in fewer number of blood samples.
 - The length of key markets shut down will therefore be decisive regarding the impact on sales of consumables.
- Boule has taken a number of measures;
 - Adjusted the company's expenses, including short term lay-offs in instrument production.
 - Focused on securing our liquidity which include capital tied up in production and postponement of CAPEX projects.
 - The Board of Directors has also decided to not invest further in our associated company biosurfit and to withdraw the proposed dividend.

Key revenue and margin drivers in 2020

Driver	Revenue growth impact	Gross margin % impact	Comment
Veterinary market			<ul style="list-style-type: none"> • Strong growth due to product launches and strengthened distributor network • Good margins
Distributed products			<ul style="list-style-type: none"> • Strengthening portfolio and distributor network • Distributed products also contribute to core product growth (combined tenders, etc.)
Developing distributor network, strengthening local presence			<ul style="list-style-type: none"> • Increased value selling • Better support for distributors and end customers • Reduced overall cost
Increased importance of emerging markets			<ul style="list-style-type: none"> • Lower instrument prices in some markets (India) • Lower reagent consumption at early stage in some markets
Cost reduction efforts, including regional manufacturing			<ul style="list-style-type: none"> • Process efficiency improvements • Redesign for cost reduction • Strengthening competitive position, reducing logistics cost

Thank you!