



Stable start to the year

Quarter January–March 2020 in summary

- Net sales amounted to SEK 118.4 million (118.6), down 0.2 percent. Adjusted for the change in exchange rates, this corresponds to a decrease of 3.2 percent.
- Number of instruments sold in the quarter was 912 (1,159), a decrease of 21.3 percent.
- Cash flow from operating activities amounted to SEK 14.5 million (-4.9).
- Operating profit including non-recurring costs was SEK 15.2 million (16.7) which corresponds to an operating margin of 12.9 percent (14.1).
- Net profit amounted to SEK 7.4 million (9.8).
- Earnings per share before and after dilution amounted to SEK 0.38 (0.77)¹.

Significant events during the quarter

CLOSEOUT LETTER RECEIVED FROM THE FDA

On February 28, 2020, Boule received a closeout letter from the US FDA (Food and Drug Administration) which described that the authority had completed their evaluation of the company's corrective actions in response to the Warning Letter dated October 2, 2018. The letter states that based on FDA's evaluation it appeared that Boule had addressed the violations contained in the Warning Letter. With this the warning letter was closed.

ACTING CEO

As of January 19, 2020, the date on which Fredrik Dalborg left the company, until when Jesper Söderqvist assumes his position on May 11, Christina Rubenhag, CFO and SVP, have assumed the position of acting CEO and Group President.

Significant events after the period

PROPOSED DIVIDEND WITHDRAWN

The Board of Boule Diagnostics AB has decided to withdraw the previously communicated dividend proposal of SEK 0.60 per share, a total of SEK 11.6 million. The Board's decision was made in light of the increased uncertainty of the market outlook following the global spread of COVID-19.

Key figures ²	Jan-Mar 2020	Jan-Mar 2019	Apr 19-Mar 20 (R12)	Apr 18-Mar 19 (R12)
Growth in sales, %	-0.2	19.3	12.4	5.4
Net sales, SEK million	118.4	118.6	498.7	443.6
Gross margin, %	46.6	45.6	45.6	44.5
Operating profit/loss, SEK million	15.2	16.7	68.6	52.6
Operating margin, %	12.9	14.1	13.8	11.9
Net debt, SEK million	2.8	16.0	2.8	16.0
Return on equity, %	2.2	3.2	10.5	12.1
Net debt/EBIT (R12), times	0.0	0.3	0.0	0.3
Earnings per share, after dilution, SEK ¹	0.38	0.51	1.81	1.85

1) Per share key ratios for the comparative periods have been recalculated to adjust for the stock split in June 2018.

2) On January 1, 2019, IFRS 16 was implemented, which has affected the Group's financial statements and key figures. The implementation also affects comparisons with earlier periods as they are still reported in accordance with previous accounting principles. For more information on the effects, see the annual report of 2019.



Comments from the CEO

First quarter of 2020

Following a record-breaking end to last year, this year started off with a slightly weaker instrument sales with a decrease of 9.0 percent. Sales from consumables increased by 2 percent. The positive development of the OEM products we saw in 2019 continued during the first quarter of 2020. Growth was good in South America and Eastern Europe, on par with the first quarter 2019 in Asia, Western Europe and the US, but considerably weaker in the Middle East/Africa. The quarter's sales in our Middle Eastern key markets was affected by closed borders and banks, partly due to political instability.

The gross margin improved compared to the corresponding quarter last year thanks to a higher proportion of consumable sales. Some negative impact on the margin arose from the instrument mix, which contained a large proportion of shipments of distributed five-part instruments, and from the geographical mix with a large proportion of shipments to Asia.

Strengthening the organization

At the beginning of the year, a reorganization with new recruitments in production was implemented. Production responsibility was divided between production of instruments and global production of consumables with new managers for these areas of responsibility.

In early March, a new head of instrument development assumed the position and joined the management team. We have also recruited a new quality assurance manager for the Swedish operations.

Warning letter from the FDA has been closed

In 2019, the action plan that followed the warning letter 2018 was completed. In July 2019, the Food and Drug Administration (FDA) conducted a follow-up inspection and the action plan from that inspection was completed in January 2020. At the end of February 2020, Boule received a letter from the FDA who, very gratifyingly to us, described that they had completed their evaluation of the company's corrective actions and that, based on their evaluation, Boule had addressed the violations in the warning letter and that the letter with this was closed.

Impacts of the COVID-19 pandemic

The outbreak and spread of COVID-19 affect people and companies worldwide. To protect our staff and reduce the spread of infection at the production facilities in Spånga and Florida, Boule follows the COVID-19 related regulations given by the authorities in the respective countries. This means, among other things, that we apply a virtual work environment with work from home and digital meetings as often as possible.

The effects on Boule were limited in the first quarter. We have had problems in logistics to customers due to lacking transport capacity and hindrances regarding closed borders. Boule works actively to mitigate the effects through close communication with the company's distributors and by planning and booking deliveries well in advance. We have worked through disruptions in the component supply chain, but if the effects become long-term there is a risk that production could be affected by a possible shortage of raw material components.

We plan for an increased impact on sales in the coming quarters, especially concerning the sales of instruments. We have already seen that the sales process of new instruments has slowed down as customers focus on emergency efforts and restrict access to hospitals and clinics. In the short term, completely shut down markets may have decreased sales of consumables as this results in fewer blood samples taken. The length of which key markets will be closed will therefore be decisive regarding the impact on sales of consumables. Boule has taken several actions to adjust the company's expenses, including short term furloughs in instrument production. We have placed extra focus on securing our liquidity, which includes capital tied up in production and postponement of CAPEX projects. The Board of Directors has decided to withdraw the, to the AGM 2020, proposed dividend and, after the end of the quarter, also decided to not follow through with the investment in our associated company biosurfit.

At present, it is impossible to predict the outcome of the COVID-19 pandemic. We have analyzed several scenarios and feel confident in our preparedness with the measures we have already taken and those we have planned.

Boule holds a steady course even in stormy weather

When I assumed the position of acting CEO in January, the following turbulent and stormy period that has hit the world was not foreseeable. Thanks to a dedicated and hardworking team we have navigated through the challenges that has arisen. I will now hand over the reins to Jesper Söderqvist as he assumes his position and becomes a part of Boule's exciting future.



Christina Rubenhag
Acting CEO and
Group President

Group performance January–March 2020

NET SALES

During the period net sales amounted to SEK 118.4 million (118.6), down 0.2 percent. Net sales decreased by 3.2 percent when adjusted for the change in the USD and EUR exchange rates. Net sales have been positively affected by five-part systems sales, the change in the Russian distribution network and a continued positive development for OEM products.

GROSS PROFIT

Gross profit during the period amounted to SEK 55.2 million (54.1) and the gross margin was 46.6 percent (45.6). The gross margin improved following increased sales of consumables and the change in the distributor network but was negatively affected by a high share of OEM five-part systems.

EXPENSES

Operating expenses during the period amounted to SEK 44.1 million (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 organizations.

Research and development expenditures, including expenses for the quality assurance organization, charged to earnings amounted to SEK 9.9 million (8.3), which represents 8.4 percent (7.0) of net sales. Research and development expenditures of SEK 9.8 million (9.4) were capitalized. In total, research and development expenses corresponded to 16.7 percent (15.0) of net sales.

The capitalization during the period consists mainly of the next generation hematology platform.

The net of other operating revenues and other operating expenses during the period amounted to a total of SEK 1.4 million (0.7) and consists primarily of corresponding positive and negative changes in the exchange rates.

OPERATING PROFIT

Operating profit during the period amounted to SEK 15.2 million (16.7). This corresponds to an operating margin of 12.9 percent (14.1). Excluding the non-recurring restructuring expenses, the operating margin was 14.5 percent (14.1) and excluding the capitalization of research and development, the operating margin was 4.6 percent (6.1).

NET FINANCIAL ITEMS

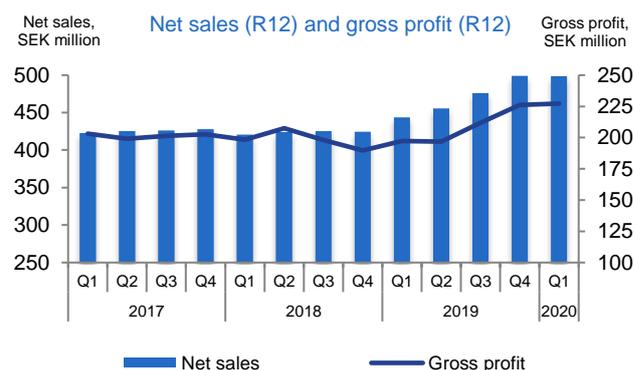
Net financial items excluding the profit/loss from associates amounted to SEK -1.3 million (-1.1). Including the profit/loss from associates the net financial items amounted to SEK -5.0 million (-5.3).

BIOSURFIT

The loss from associates refers to biosurfit, which is in an early commercialization phase and still generates negative results. Considering the company's development and the increased uncertainty following the spread of COVID-19, Boule has, after the end of the quarter, decided to liquidate the company's position in biosurfit and is in discussions with the associate's other owners and new investors regarding a divestment of Boule's position.

PROFIT

Profit before tax was SEK 10.2 million (11.4). Profit for the period was SEK 7.4 million (9.8).



NET SALES BY REGION AND PRODUCT

Net sales by region, SEK million	Jan-Mar 2020	Jan-Mar 2019	Change	Apr 19-Mar 20 (R12)	Apr 18-Mar 19 (R12)	Change (R12)
USA	34.5	34.9	-1%	145.0	131.4	10%
Asia	29.4	30.3	-3%	144.1	130.8	10%
Eastern Europe	18.1	15.1	20%	74.0	61.2	21%
Latin America	12.5	10.2	22%	43.9	35.1	25%
Western Europe	9.5	10.0	-5%	37.0	36.0	3%
Africa/Middle East	14.3	18.1	-21%	54.6	49.1	11%
Total	118.4	118.6	0%	498.7	443.6	12%

Net sales by product, SEK million	Jan-Mar 2020	Jan-Mar 2019	Change	Apr 19-Mar 20 (R12)	Apr 18-Mar 19 (R12)	Change (R12)
Instruments	36.4	39.9	-9%	169.1	156.6	8%
Consumables own instruments	54.5	53.2	2%	216.3	191.0	13%
Consumables OEM and CDS-brand	16.6	14.7	13%	67.3	57.9	16%
Other	10.9	10.7	2%	45.9	38.1	20%
Total	118.4	118.6	0%	498.7	443.6	12%

FINANCING AND CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK 14.5 million (-4.9).

The Swedish National Export Credits Guarantee Board (EKN) guarantees part of Boules accounts receivables to 75–95 percent of the accounts receivable's total amount. Receivables can be pledged, and the liabilities are then recognized as interest-bearing liabilities. The change in accounts receivables guaranteed by EKN is included in the cash flow from operating activities, whilst the change in other interest-bearing liabilities is reported in the cash flow from financing activities.

Cash flow for the period amounted to SEK 3.5 million (-13.8) and cash and cash equivalents at the end of the period were SEK 26.6 million (16.8).

Cash and cash equivalents available to the Group, including unutilized credit facilities and guaranteed but not pledged accounts receivables, amounted to SEK 83.8 million (42.5) at the end of the period.

INVESTMENTS

Total investments amounted to SEK 12.0 million (38.6), of which SEK 10.8 million (10.1) relates to investments in the development of future platforms, and SEK 0.0 million (25.7) relates to acquisition of the Associate biosurfit, see note 3.

EQUITY AND LIABILITIES

Group equity at the end of the period was SEK 353.1 million (314.3) and the equity/asset ratio was 57 percent (57).

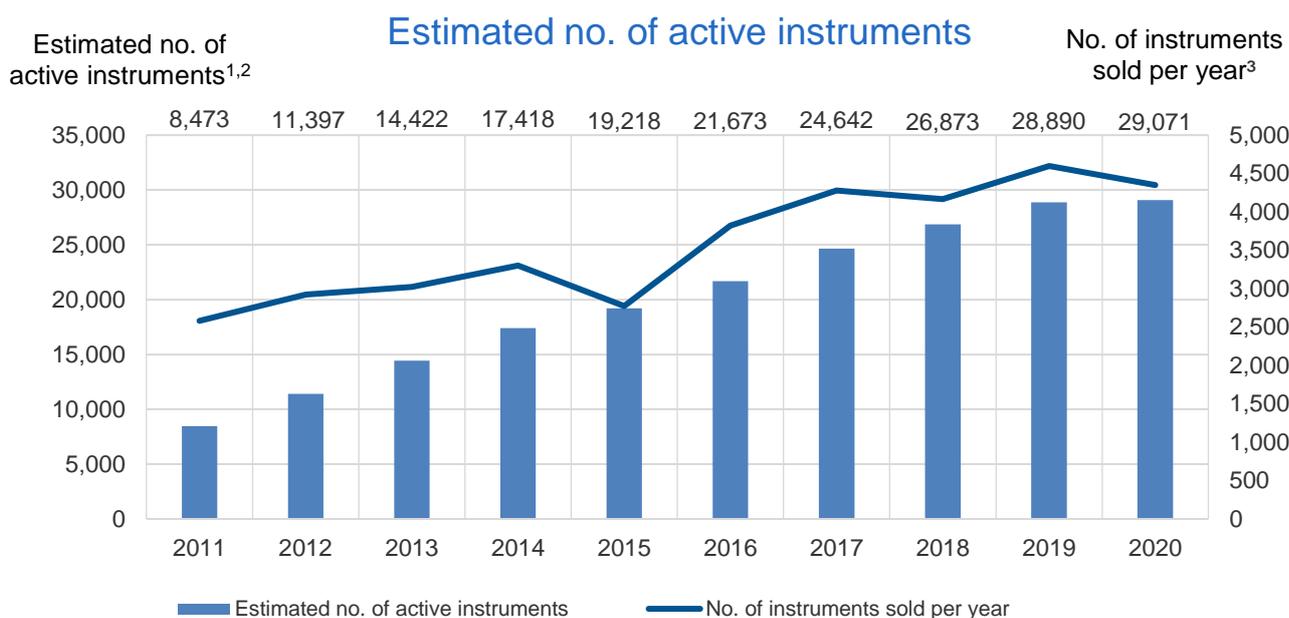
Interest bearing liabilities, primarily pledged accounts receivables guaranteed by EKN, amounted to SEK 109.6 million (105.3) on March 31, 2020. SEK 31.1 million (20.5) of the interest-bearing liabilities were non-current and SEK 78.5 million (84.4) were current. By March 31, 2020, SEK 1.8 million (14.5) of the overdraft credit had been used and other non-interest-bearing current liabilities and accounts payable totaled to SEK 93.4 million (77.7).

As of March 31, 2020, leasing liabilities to the amount of SEK 45.4 million (39.4) are presented in the balance sheet of which SEK 32.7 million (27.5) are non-current and SEK 12.7 million (11.9) are current.

As of March 31, 2020, the net debt amounted to SEK 2.8 million (16.0).

At the end of the period, deferred tax assets and deferred tax liabilities totaled SEK 0.0 million (0.0) and SEK 22.4 million (14.6) respectively.

Long-term provisions are provisions for direct pension of SEK 3.8 million (2.7).



1) Estimated number of instruments installed is based on an estimated lifespan of eight years for the instruments.

2) Accumulated number of instruments sold per March 31, 2020 was 38,275.

3) Number of instruments sold 2020 is presented as rolling twelve months.

MARKET

Boule markets its products to hospitals, clinics, laboratories and companies within blood diagnostics in both the human and veterinary areas. Blood diagnostics means that only blood is analyzed via e.g. clinical chemical analysis or blood cell counting concerning changes in different blood components. Boule's addressed human global market of decentralized hematology diagnostics is valued at around SEK 6 billion, of which Boule has a market share of around 8 percent, and an annual growth rate of approximately 5 percent. Boule has strong positions in important growth markets, such as in Asia, and has for the last few years improved the company's position in the fast growing veterinary market. For more detailed information on Boule's markets please see the annual report of 2019.

SIGNIFICANT RISKS AND UNCERTAINTIES

The Group's operations are subjected to risks and uncertainty factors of a varied nature that may affect the company's ability to achieve set goals. Boule is continuously working to manage existing risks and uncertainties, as well as on risk assessment and detection. The work is systematic and internally coordinated and serves to identify risks and minimize risk exposure and impact. Currently, Boule's identified most material risks and uncertainty factors are found in areas concerning; regulatory issues, the product portfolio, distributor risks, risks concerning production and quality, counterfeit reagents, price pressure, supplier risks, market risks and competition, bribery and corruption, currency risks, IT security and systems, financing risks and future cashflows, health and safety in the workplace, dependency on key personnel and the impact of COVID-19.

Boule is currently exposed to currency exchange risks, primarily USD and EUR. +/- 10 percent change of the exchange rates of USD/SEK and EUR/SEK would have affected last year's net sales by +/- SEK 8 million and +/- SEK 4 million respectively. Boule is continuously working on operationally reducing the company's exchange rate exposure.

In October 2018, Boule received a warning letter from the US Food and Drug Administration (FDA). Boule completed the work on the plans of action presented to the FDA in January 2020 and by late February 2020, the authority announced that Boule, according to their evaluation, appeared to have addressed the violations contained in the warning letter. With this the warning letter was closed. For more information about the warning letter, see the Annual Report 2019.

For a more detailed description of risks and risk management, see the Annual Report 2019. Compared to the Annual Report, the risks are considered to remain unchanged other than for the update on the effects of COVID-19 found below.

COVID-19

Like other companies, Boule is facing new challenges with the spread of COVID-19. The sales process of new instruments is slowed down by the closure of many markets. The length of time for which key markets will be closed will be the decisive factor for the possible impact on consumable sales. Problems can also arise regarding logistics and distribution to the customer due to lack of transport capacity and hindrances due to closed borders. The company has worked through interruptions in component supply chain, but there is a risk that there may be a shortage of raw material components for instruments and reagents.

During the first quarter of 2020, the financial effects were limited, but as of the publication date of this report, it is impossible to predict COVID-19's future financial impact. The company has analyzed several scenarios and the greatest focus on the preventive measures for reduced future sales has been placed on securing the company's liquidity. This has included, among other things, the Board's proposal that no dividend will be paid to the shareholders for 2019, to not further invest in the associated company biosurfit, postponement of CAPEX projects and cost adjustments in the form of, among other things, short term furloughs in instrument manufacturing. Boule will continue to evaluate the situation on an ongoing basis and adjust current and future measures accordingly to maintain a high level of preparedness.

TRANSACTIONS WITH RELATED PARTIES

Other than remuneration to members of the board and management there were no transactions with related parties in this period.

PARENT COMPANY

Boule Diagnostics AB (publ.), Corporate Registration Number 556535-0252 is a Swedish corporation with its registered address in Stockholm. The address of its headquarters is Domnarvsgatan 4, SE-163 53 Spånga, Sweden.

The Parent Company's revenues derive from Group-wide services.

Receivables from and liabilities to Group companies mainly relate to the Swedish subsidiary Boule Medical AB, which are offset in the parent company's balance sheet.

Risks and uncertainties in the Parent Company indirectly match those of the Group.

PERSONNEL

The average number of employees in the Group during the period was 204 (193) including 7 (7) at the Parent Company. By country the average number in Sweden was 120 (114), USA 76 (73), Mexico 2 (2) and Russia 6 (4). The average number of women in the Group was 82 (82) and the average number of men was 122 (111).

FORWARD-LOOKING INFORMATION

Forward-looking information in this report is based on the company's expectations at the point in time of publishing. Though Boule considers these expectations reasonable, there are no guaranties that the expectations are, or will be, correct. Therefore, future results may vary significantly from the presented forward-looking information depending on among other things; demand for the company's services and products, more general market conditions such as changes in the world economy, rules and regulations or fluctuation in exchange rates. Boule does not assume any obligation to update or correct such forward-looking information except as is required by applicable laws.

NUMBER OF SHARES

The total number of shares and votes in Boule Diagnostics AB has remained unchanged during 2020.

Shareholders March 31, 2020 (and thereafter known changes)	Number of shares	Proportion of capital/votes
Svolder AB	2,410,000	12.41%
AB Grenspecialisten	2,073,268	10.68%
Thomas Eklund including companies	1,956,955	10.08%
Swedbank Robur Fonder AB	1,859,992	9.58%
Tredje AP-fonden	1,625,771	8.37%
Nordea	1,099,099	5.66%
Länsförsäkringar Fonder	941,760	4.85%
Société Générale	673,705	3.47%
Core Ny Teknik	650,000	3.35%
RBC Investor	647,857	3.34%
CBNY-Norges Bank	550,000	2.83%
Andra AP-Fonden	392,776	2.02%
Fondita Nordic	375,000	1.93%
Other shareholders (2,341)	4,160,369	21.43%
Total number of shares	19,416,552	100.00%
No. of options outstanding ex. hedging	953,959	
Total number of shares incl. options	20,370,511	

OPTIONS

The company has two options programs outstanding. Following a resolution at the 2019 Annual General Meeting, the company will issue a maximum of 490,500 options. Each option entitles the holder to acquire a share at the price of SEK 67.50 per share no later than December 30, 2022. During the third quarter 2019, 463,435 of the options have been allocated and acquired by employees at market value. Of these, 280,080 were acquired by senior executives and 183,354 by other employees. The market value was calculated using the Black & Scholes model and was at the time of allocation SEK 1.10 per option.

Following a resolution by the 2017 Annual General Meeting, the company has previously determined to issue a maximum of 122,631 options. Each option entitles the holder to subscribe for four shares at a price of SEK 97.50 per share, adjusted for the recalculation following the 4:1 stock split, by 30 December 2020 at the latest. In 2017, 58,631 of these options were awarded and on market terms acquired by employees. Of these, 48,631 was acquired by the previous CEO Fredrik Dalborg and the remaining 10,000 was acquired by other senior executives. No further allocation of the remaining 64,000 options in the 2017 program will occur.

For both programs it applies that if the employee ends their employment at Boule, Boule has the offer of first refusal and may choose to exercise that right. The Board has decided not to exercise that right on the previous CEO's, Fredrik Dalborg, options from the 2017 program. There are no restrictions on transferring the options.

The Board of Directors and the President and CEO certify that this interim report provides a fair and accurate review of the operations, financial position and earnings of the Parent Company and the Group and that it describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, May 7, 2020
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

Christina Rubenhag
Acting President and CEO

AUDIT REVIEW

This interim report has not been reviewed by the company's auditor.

Consolidated statement of comprehensive income and other comprehensive income

SEK million	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net sales	118.4	118.6	498.9
Cost of goods sold	-63.2	-64.5	-272.7
Gross profit	55.2	54.1	226.2
<i>Gross margin</i>	<i>46.6%</i>	<i>45.6%</i>	<i>45.3%</i>
Other operating revenues	7.5	3.9	11.1
Selling and marketing expenses	-22.7	-23.4	-102.6
Administrative expenses	-8.8	-6.4	-25.5
Research and development expenses	-9.9	-8.3	-29.9
Other operating expenses	-6.1	-3.2	-9.2
Operating profit/loss	15.2	16.7	70.0
<i>Operating margin</i>	<i>12.9%</i>	<i>14.1%</i>	<i>14.0%</i>
Financial income	0.1	0.1	1.8
Financial expenses	-1.5	-1.1	-6.1
Profit/Loss Associates	-3.7	-4.2	-15.2
Net financial items	-5.0	-5.3	-19.5
Profit/loss before tax	10.2	11.4	50.6
Income tax	-2.8	-1.6	-13.0
Net profit/loss	7.4	9.8	37.5
Other comprehensive income			
Items that may be allocated to net profit/loss for the period			
Translation differences for the period from the translation of foreign operations	12.8	3.5	4.6
Other comprehensive income/loss for the period	12.8	3.5	4.6
Total comprehensive income/loss for the period	20.2	13.4	42.1
Earnings per share, before dilution, SEK	0.38	0.51	1.93
Earnings per share, after dilution, SEK	0.38	0.51	1.93

As the Group has no non-controlling influences, the entire earnings accrue to the Parent Company.

Consolidated statement of financial position

SEK million	Note	Mar 31 2020	Mar 31 2019	Dec 31 2019
Assets				
Fixed assets				
Intangible assets				
Capitalized development expenses		128.5	89.9	118.6
Goodwill		85.7	80.3	80.5
Total intangible assets		214.2	170.2	199.1
Tangible fixed assets				
Right-of-use assets		44.1	37.2	46.5
Plant and machinery		5.4	5.4	5.1
Equipment, tools, fixtures and fittings		13.0	10.4	13.1
Leasehold improvements		6.1	9.6	5.7
Total tangible fixed assets		68.6	62.6	70.4
Financial fixed assets				
Shares in Associates	3	39.5	49.5	40.0
Other financial fixed assets		3.2	2.2	3.2
Long-term accounts receivables (guaranteed 75–95 % by EKN)		48.3	42.5	47.3
Total financial fixed assets		91.0	94.2	90.6
Total fixed assets		373.9	327.0	360.1
Current assets				
Inventory				
Raw materials and supplies		45.2	38.8	39.1
Intermediate goods		3.9	4.4	4.5
Finished goods and goods for resale		16.1	18.9	14.0
Total inventory		65.2	62.1	57.6
Current receivables				
Tax assets		4.8	13.3	7.0
Accounts receivable		60.2	54.6	50.1
Accounts receivable (guaranteed 75-95 % by EKN)		77.2	69.4	77.3
Other receivables		4.5	3.3	3.1
Prepaid expenses and accrued income		15.2	7.5	10.2
Total current receivables		162.0	148.2	147.6
Cash and cash equivalents		26.6	16.8	21.6
Total current assets		253.8	227.1	226.8
Total assets		627.7	554.0	586.9

Consolidated statement of financial position (cont.)

SEK million	Note	Mar 31 2020	Mar 31 2019	Dec 31 2019
EQUITY				
Share capital		4.9	4.9	4.9
Other contributed capital		201.7	201.2	201.7
Translation reserve		32.3	18.5	19.5
Retained earnings including net profit/loss for the period		114.3	89.8	106.9
Total equity		353.1	314.3	332.9
LIABILITIES				
Long-term liabilities				
Long-term interest-bearing liabilities		2.6	3.0	2.4
Long-term interest-bearing liabilities (of EKN guaranteed receivables)		28.5	17.4	23.0
Long-term lease liabilities		32.7	27.5	35.2
Provisions		3.8	2.7	3.8
Deferred tax liabilities		22.4	14.6	20.4
Total long-term liabilities		90.0	65.3	84.7
Current liabilities				
Current interest-bearing liabilities		2.3	15.2	2.4
Current interest-bearing liabilities (of EKN guaranteed receivables)		76.2	69.6	77.7
Current lease liabilities		12.7	11.9	12.7
Accounts payable		44.8	23.8	30.1
Tax liabilities		2.9	9.8	6.0
Other liabilities		11.0	13.0	7.4
Accrued liabilities and deferred income		33.6	30.1	32.0
Provisions		1.0	1.0	1.0
Total current liabilities		184.6	174.4	169.3
Total liabilities		274.6	239.7	254.0
Total equity and liabilities		627.7	554.0	586.9

Consolidated statement of changes of equity

SEK million	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for period	Total equity capital
Equity, opening balance, January 1, 2019	4.9	201.2	14.9	80.0	300.9
Total comprehensive income/loss for the period					
Net profit/loss for the period				9.8	9.8
Other comprehensive income for the period			3.5		3.5
Total comprehensive income/loss for the period			3.5	9.8	13.4
Transactions with shareholders					
Equity, closing balance, March 31, 2019	4.9	201.2	18.5	89.8	314.3
Equity, opening balance, January 1, 2020	4.9	201.7	19.5	106.8	332.9
Total comprehensive income/loss for the period					
Net profit/loss for the period				7.4	7.4
Other comprehensive income for the period			12.8		12.8
Total comprehensive income/loss for the period			12.8	7.4	20.2
Transactions with shareholders					
Equity, closing balance, March 31, 2020	4.9	201.7	32.3	114.2	353.1

Consolidated cash flow statement

SEK million	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating activities			
Operating profit/loss	15.2	16.7	70.0
Adjustments for non-cash items	5.5	4.6	27.8
Interest received	0.1	0.1	1.8
Interest paid	-1.4	-0.7	-5.9
Income tax paid	-2.1	-12.7	-15.9
Cash flow from operating activities before changes in working capital	17.4	8.0	77.9
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventory	-6.2	-3.4	1.3
Increase (-)/Decrease (+) in operating receivables	-14.6	0.4	1.3
Increase (-)/Decrease (+) in operating receivables (guaranteed by EKN)	-1.0	-8.2	-27.2
Increase (+)/Decrease (-) in operating liabilities	18.9	-1.7	0.8
Cash flow from operating activities	14.5	-4.9	54.0
Investing activities			
Investments in Associates	-	-25.7	-26.5
Acquisition of tangible fixed assets	-1.3	-2.7	-6.1
Investments in capitalized development expenses	-10.8	-10.1	-41.9
Cash flow from investing activities	-12.0	-38.6	-74.5
Finansieringsverksamheten			
Loans raised/Amortization of loans	-	3.0	2.4
Increase (+)/Decrease (-) in current financial liabilities (EKN financing)	4.0	14.6	28.3
Increase (+)/Decrease (-) in current financial liabilities	-0.2	14.8	2.1
Lease amortization	-2.8	-2.8	-10.5
Dividends	-	-	-10.7
Cash flow from financing activities	1.0	29.6	11.6
Cash flow for the period	3.5	-13.8	-8.9
Cash and cash equivalents at the beginning of the period	21.6	30.3	30.3
Exchange rate differences in cash and cash equivalents	1.6	0.4	0.3
Cash and cash equivalents at the end of the period	26.6	16.8	21.6

Parent Company income statement

SEK million	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net sales	8.4	1.5	25.8
Administrative expenses	-7.7	-5.4	-23.1
Other operating expenses	-0.4	-1.5	-5.0
Operating profit/loss	0.4	-5.4	-2.3
Profit/loss from financial items	0.0	0.0	0.0
Profit/loss after financial items	0.4	-5.4	-2.3
Group contribution	0.0	0.0	1.8
Profit/loss before tax	0.4	-5.4	-0.5
Tax	0.0	1.2	0.0
Net profit/loss	0.4	-4.2	-0.5

As no items are recognized in Other comprehensive income the Parent Company's profit and loss correspond to comprehensive income.

Parent Company balance sheet

SEK million	Mar 31 2020	Mar 31 2019	Dec 31 2019
Assets			
Intangible assets			
Capitalized development expenses	0.8	-	0.7
Total intangible assets	0.8	0.0	0.7
Tangible fixed assets			
Inventory	0.2	0.1	0.2
Total tangible fixed assets	0.2	0.1	0.2
Financial fixed assets			
Shares in Group companies	153.5	153.5	153.5
Shares in Associates	54.4	53.7	54.4
Other fixed financial assets	3.0	2.2	3.0
Total financial fixed assets	211.0	209.4	211.0
Total fixed assets	212.0	209.5	211.9
Current assets			
Tax assets	1.4	2.2	1.1
Receivables from Group companies	3.4	17.9	4.9
Other receivables	-	0.7	-
Prepaid expenses and accrued income	1.6	1.5	1.6
Total current receivables	6.3	22.3	7.6
Cash and bank balances	0.2	1.6	-
Total current assets	6.5	23.9	7.6
Total assets	218.5	233.4	219.6
Equity and liabilities			
Total equity	191.2	197.3	190.9
Long-term liabilities			
Other provisions	3.8	2.7	3.8
Total long-term liabilities	3.8	2.7	3.8
Current liabilities			
Accounts payable	3.3	3.0	4.3
Liabilities to Group companies	12.0	23.9	14.9
Other liabilities	0.9	1.1	0.9
Accrued liabilities and deferred income	7.3	5.4	4.8
Total current liabilities	23.5	33.3	24.9
Total liabilities	27.2	36.1	28.7
Total equity and liabilities	218.5	233.4	219.6

NOTE 1 ACCOUNTING POLICIES

Boule Diagnostics AB (publ.) applies IFRS (International Financial Reporting Standards) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, Chapter 9 and RFR 2 Accounting for Legal Entities. The interim report should be read together with the Annual Report for the fiscal year that ended on December 31, 2019. The accounting policies match the policies applied in the preceding fiscal year. For all financial assets and liabilities carrying amount is a good approximation of fair value. The interim information found on page 1–6 is an integrated part of this financial report that comprises page 1–16.

NOTE 2 PLEDGED ASSETS AND CONTINGENT LIABILITIES

March 31, SEK million	Group		Parent company	
	2020	2019	2020	2019
Pledged assets	198.7	182.7	6.3	5.2
Contingent liabilities	0.0	0.0	105.1	87.7

NOTE 3 INVESTMENT IN STRATEGIC NEAR-PATIENT PARTNERSHIP WITH BIOSURFIT

On December 14, 2018, Boule entered a strategic partnership with the Portuguese diagnostic company biosurfit. Biosurfit develops and manufactures spinit®, a system for near-patient diagnostics in hematology, immunology and clinical chemistry. Boule acquired shares in biosurfit corresponding to 24.99% of the total share capital and the number of votes in return for an investment of EUR 5 million, corresponding to SEK 53.6 million, in conjunction with the strategic partnership. EUR 2.5 million of the investment was disbursed in December 2018 and the remaining EUR 2.5 million was disbursed in January 2019. In the period up to the end of 2021, Boule has the option to acquire an additional 24.99% for EUR 5 million plus interest, and in 2022 the possibility to acquire the remaining shares according to a predetermined multiple valuation formula. Boule's holding in biosurfit is reported in the Parent Company's and the Group's balance sheets as Shares in Associates. In the consolidated statement of income, the profit and loss from Associates are presented in the net financial items and the translation differences are presented in other comprehensive income/loss.

NOTE 4 DISAGGREGATION OF REVENUE

Revenues by region, SEK million	Jan-Mar 2020	Jan-Mar 2019	Change	Apr 19-Mar 20 (R12)	Apr 18-Mar 19 (R12)	Change (R12)
USA	34.5	34.9	-1%	145.0	131.4	10%
Asia	29.4	30.3	-3%	144.1	130.8	10%
Eastern Europe	18.1	15.1	20%	74.0	61.2	21%
Latin America	12.5	10.2	22%	43.9	35.1	25%
Western Europe	9.5	10.0	-5%	37.0	36.0	3%
Africa/Middle East	14.3	18.1	-21%	54.6	49.1	11%
Total	118.4	118.6	0%	498.7	443.6	12%

Revenues by product, SEK million	Jan-Mar 2020	Jan-Mar 2019	Change	Apr 19-Mar 20 (R12)	Apr 18-Mar 19 (R12)	Change (R12)
Instruments	36.4	39.9	-9%	169.1	156.6	8%
Consumables own instruments	54.5	53.2	2%	216.3	191.0	13%
Consumables OEM and CDS-brand	16.6	14.7	13%	67.3	57.9	16%
Other	10.9	10.7	2%	45.9	38.1	20%
Total	118.4	118.6	0%	498.7	443.6	12%

Quarterly overview¹

	2020		2019			2018			
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Net sales, SEK million	118.4	129.3	131.2	119.7	118.6	106.2	110.9	107.8	99.5
Gross profit, SEK million	55.2	57.7	62.3	52.0	54.1	43.3	47.3	52.6	46.5
Gross margin, %	46.6	44.6	47.5	43.4	45.6	40.7	42.7	48.8	46.8
EBITDA, SEK million	20.8	20.3	37.8	11.6	21.7	5.7	14.8	22.2	20.5
EBITDA margin, %	17.5	15.7	28.8	9.7	18.3	5.4	13.4	20.6	20.7
Depreciation, tangible assets, SEK million	4.5	4.1	4.5	4.7	4.1	1.4	1.3	1.7	1.0
EBITA, SEK million	16.2	16.2	33.3	6.9	17.7	4.3	13.5	20.6	19.6
EBITA margin, %	13.7	12.5	25.4	5.8	14.9	4.1	12.2	19.1	19.7
Amortization, intangible assets, SEK million	1.0	1.0	1.0	1.0	1.0	0.9	0.7	0.7	0.7
EBIT, SEK million	15.2	15.1	32.3	5.9	16.7	3.4	12.8	19.8	18.8
EBIT margin, %	12.9	11.7	24.6	5.0	14.1	3.2	11.5	18.4	18.9
Profit after tax, SEK million	7.4	7.2	20.3	0.3	9.8	1.4	9.8	14.9	14.9
Earnings per share before dilution, SEK ²	0.38	0.37	1.04	0.01	0.51	0.07	0.50	0.77	0.77
Earnings per share after dilution, SEK ²	0.38	0.37	1.04	0.01	0.51	0.07	0.50	0.77	0.77
Cash flow from operating activities per share, SEK ²	0.75	1.02	1.23	0.80	-0.25	0.34	-0.03	0.50	0.35
Return on equity, %	2.2	2.2	6.4	0.1	3.2	0.5	3.3	5.3	5.5
Net debt/EBIT (R12)	0.0	0.1	0.4	0.7	0.3	-1.1	-1.4	-1.1	-1.9
Equity/assets ratio, %	56	57	56	55	57	60	69	66	66

- 1) On January 1, 2019, IFRS 16 was implemented, which has affected the Group's financial statements and key figures. The implementation also affects comparisons with earlier periods as they are still reported in accordance with previous accounting principles. For more information on the effects, see the annual report 2019.
- 2) Per share key ratios for the comparative periods have been recalculated to adjust for the stock split in June 2018.

Definitions

USE OF KEY PERFORMANCE INDICATORS NOT DEFINED IN IFRS

The Boule Group report is prepared in accordance with IFRS. IFRS only defines a few key performance indicators. Boule applies the ESMA (European Securities and Market Authority) guidelines for alternative key performance indicators (Alternative Performance Measures). In brief, an alternative performance measure is a financial measure of historical or future earnings development, financial position, or cash flow that is not defined or specified in IFRS. In order to support management's and other stakeholders' analysis of the Group's development, Boule reports some key performance indicators that are not defined in IFRS. Management believes that this information will facilitate an analysis of the Group's development. This additional data is acts as a complement to IFRS and does not replace the key performance indicators defined in IFRS. Boule's definitions of metrics not defined in IFRS shown on page 14 may differ from those of other companies. Calculations of all key performance indicators may be reconciled against items in the income statement and balance sheet.

Growth in sales is the net sales of the period divided by the net sales of the comparative period, expressed as a percentage change

Gross profit is net sales less costs for goods sold

Gross margin is gross profit divided by net sales

EBITDA (Earnings before interest, taxes, depreciation and amortization) is profit before net financial items, taxes and depreciation/amortization of tangible and intangible assets

EBITDA margin is EBITDA divided by net sales

EBITA (Earnings before interest, taxes and amortization) is profit before net financial items, taxes and amortization of intangible assets

EBITA margin is EBITA divided by net sales

EBIT (Earnings Before Interest and Taxes) is operating profit before net financial items and taxes

EBIT margin (operating margin) is EBIT divided by net sales

Working capital is inventories, accounts receivable (non-current and current) and cash less accounts payable

Interest coverage ratio is operating profit plus financial income divided by financial expenses

Net debt is interest-bearing liabilities less cash and cash equivalents and interest-bearing assets guaranteed by EKN

Net debt/equity ratio is net debt divided by equity

Equity/assets ratio is equity divided by total assets

EBIT margin excluding non-recurring expenses is EBIT with non-recurring expenses added back divided by net sales

About Boule Diagnostics

Boule Diagnostics AB (publ) is a global diagnostics company specialized on near-patient, decentralized blood diagnostics and is one of the few companies on the global diagnostics market that under its own direction develops, manufactures and markets instruments and consumable products for blood diagnostics. The company primarily serves hospitals, clinics, laboratories and other diagnostics companies to which Boule offer complete systems for blood diagnostics (hematology) in both the human and veterinary areas. The company operates via subsidiary operating companies in Sweden, USA, Mexico and Russia. The group has an annual sale of about SEK 500 million and over 200 employees. Sales are global and primarily made via the company's over 200 distributors in over 100 countries with the support of Boule's own local sales and service personnel. Since 2011 Boule shares have been listed on the Nasdaq Stockholm.

VISION

Improving health for everyone, everywhere.

MISSION

We work closely with our customers and partners to provide user friendly, high quality, near patient diagnostics solutions everywhere in the world.

BUSINESS CONCEPT

We efficiently develop, manufacture and provide complete solutions for the human and veterinary markets.

FINANCIAL TARGETS

Boule should achieve:

- An annual operating margin (EBIT-margin) above 15 percent,
- Average long-term growth in sales above 10 percent per year,
- Net debt (interest bearing debts minus cash and cash equivalents) no greater than three times operating profit (EBIT) on an annualized basis.

STRATEGIES

- **Protect and grow our core business:** Continued efficiency improvements, capacity expansion, quality and regulatory compliance. Developing and launching next generation product platforms.
- **Secure our positions in emerging markets:** Evolving distributor relationships and strengthening local presence.
- **Grow in new customer segments and markets:** Expand in new geographic markets and in new customer segments by improved sales strategies and resources and with together with partners.
- **Evolve OEM and CDS brand business:** Focus on and expand selected profitable product segments (CDS=Clinical Diagnostic Solutions, OEM=Original Equipment Manufacturer).
- **Broaden the customer offer:** Develop new product platforms and broaden the product portfolio through partnerships and acquisitions. Expand the offering of service and customer solutions.

Boule as an investment

BUSINESS MODEL

Boule offers a broad portfolio of high-quality blood diagnostics instruments, consumables and services to small and mid-sized health-care units all over the world.

GROWTH

Over the past five years, Boule has enjoyed average annual growth of around nine percent and the company envisages continued good growth potential at global level. Boule has long experience of both organic growth and growth by acquisition.

DIVIDEND

The general goal of the Boule board is to give shareholders a dividend that reflects both a good direct return and dividend growth. The annual dividend should correspond to 25–50 percent of profit for the period, after taking due consideration to company liquidity.

Our systems



Medonic
Human diagnostics
3-part system



Swelab
Human diagnostics
3-part system



Medonic
Human diagnostics
5-part system



Swelab
Human diagnostics
5-part system



Quintus
Human diagnostics
5-part system



Exigo H400
Veterinary diagnostics
4-part system



Exigo C200
Veterinary clinical
chemistry analyzer

Information to shareholders

CALENDER

Annual General Meeting 2020-05-07
Interim report second quarter 2020-08-17
Interim report third quarter 2020-11-05

PRESENTATION OF THE INTERIM REPORT

Christina Rubenhag, CFO and acting CEO, present and comment on the interim report via a conference call. After the presentation there will be time for audience questions. The presentation will be held in English.

Time: 16.00 CET, May 7, 2020

Phone number: +46(0) 8-744 77 22

Code: 1212

FOR FURTHER INFORMATION, PLEASE CONTACT:



Christina Rubenhag
CFO and
acting CEO and President
+46-70 546 72 22
christina.rubenhag@boule.com



This information is information that Boule Diagnostics AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above at 15:00 CET on May 7, 2020.

HEAD OFFICE

Boule Diagnostics AB
Co no 556535-0252
Address:
Domnarvsgatan 4,
SE-163 53 Spånga,
Sweden
Phone: +46 8 744 77 00
Fax: +46 8 744 77 20

SUBSIDIARY COMPANIES

Boule Medical AB
Co no 556128-6542
Address:
Domnarvsgatan 4,
SE-163 53 Spånga,
Sweden
Phone: +46 8 744 77 00
Fax: +46 8 744 77 20

Clinical Diagnostic
Solutions Inc.
Co no 20-1792965
Address:
1800 NW 65th Avenue,
Plantation, Florida 33313
USA
Phone: +1 (954) 791 1773
Fax: +1 (954) 791 7118

Boule Medical LLC
Co no 1187746528353
Address:
Russia
125047, Moscow
4th Lesnoy pereulok,
House 4 , office 519
Phone: +7 495 225 85 20
Fax: +7 495 225 85 20