

Continued recovery and well-filled order book

We have seen a continued recovery in the market, and during the third quarter, the positive trend in both sales and order intake continued. Sales amounted to SEK 112 million, which is 13 percent more than the same period in the previous year. Compared with the second quarter of 2021 consumables sales increased by 11 percent.

Growth in instrument sales came mainly from Asia and Africa. Consumables sales are increasing or stable, apart from in some countries in Southeast Asia where sales decreased due to extended pandemic restrictions. In India, sales of consumables increased by a full 91 percent compared with the previous year. Our OEM business continues to develop positively and increased by 44 percent.

During the quarter, the shortage of electronic and other components has created significant challenges for our development projects and our production, negatively impacting both sales and costs. A product mix with a higher proportion of basic instruments, mainly for India, is also putting pressure on our gross margins. Some of the order backlog from the third quarter will be carried into the fourth quarter, which we start with a larger than normal order book.

Operating profit was SEK 13 million, corresponding to an operating margin of 11.7 percent. The result is impacted by additional costs for goods and higher transport costs. We are seeing a gradual improvement in profitability as volumes increase. We have delivered this result while conducting improvement projects and incurring costs of adapting the organization and tools to equip Boule for the future. The process of updating our quality systems and certain product documentation to meet the new IVDR Regulation continues. We welcome the European Commission's proposal to change from a full implementation of the IVDR in May 2022 to a phased introduction, which means that our existing instruments can be sold with the current CE marking until 2027.

Operating cash flow was SEK 10 million and SEK 11 million was invested in Boule's new product platform during the quarter.

Market still affected by the pandemic

In many developing countries, the vaccination rate is low with continuing restrictions, resulting in fewer patient visits and fewer diagnostic tests being performed. This continues to affect Boule as we have a large number of active instruments in developing countries. In the slightly longer term, we expect test volumes to return to more normal levels in these countries too, which will contribute to increased sales.

Market volatility is affecting us and there are continuing material supply risks and problems that we will also have to live with in the coming year. This is challenging and creates additional work and higher costs, but Boule has managed these challenges well during the year. We are adapting, working closely with suppliers, providing longer-term forecasts, finding new suppliers, redesigning and changing components when necessary. Increased costs can be partly offset by increased prices. We have already made some price adjustments in selected markets this year. However, this is a measure that will take some time to take full effect.

Pro-active initiatives to strengthen Boule's market positions

Russia is a market with significant potential for Boule. A few years ago, we established a sales company there in order to get closer to the market and distributors. During the quarter, our factory was completed, and the first deliveries of consumables were shipped from the new production facility to customers in Russia. Local production means immediate advantages in public procurement, shorter lead times, lower transport costs and a reduced environmental impact from transport.

During the quarter, we also established a local presence in the Middle East and Africa, with sales managers based in the United Arab Emirates and Kenya. This is a slightly longer-term venture, but we are already seeing new business opportunities in these regions.



The strategy focuses on continuously upgrading and broadening our offering

In an uncertain world, Boule stands on a solid foundation with competent and ambitious employees, several exciting future projects and a business model based on a large and growing number of active instruments generating recurring sales of consumables with good margins.

We are focused on continued expansion in emerging markets where a local presence, combined with our expertise in hematology and robust technology solutions, gives us competitive advantages. Our strategy of selling our solutions through distributors stands firm.

In parallel, we are conducting programs to increase the pace of innovation with new complete solutions that will be connected. During the year, we increased the offering from Boule Academy, our training platform where we share service, clinical and application knowledge that is valuable to both our distributors and end-users.

Our long-term ambition is to continually broaden our offering of new products and related services in order to

deliver our high-quality tests to more people around the world. Through this, we contribute to improved health and well-being, with users receiving rapid test results that improve the efficiency of care, which also benefits patients.

The new platform is the basis for an updated product portfolio

Intensive development work is in progress, creating the conditions for Boule to be a leading future global player in decentralized blood diagnostics with innovative new solutions. The investment in a new product platform will enable our entire product portfolio to be upgraded over the next 3-5 years. In addition to the development of new instruments, a separate cloud service is being developed. Initially, we will offer cloud services that are used for service and maintenance. New functionality will be added over time, and through connected services and training via Boule Academy, Boule will increase customer value and create differentiated solutions. The first of these solutions will be launched towards the end of 2022.

Positive trends

In 2021, we have seen a clear trend of increasing sales for all our products. I am proud of how our employees have solved all the challenges of material supply and logistics we have faced so far. Challenges with incoming deliveries will continue to affect us. At the same time, we have a high level of activity both commercially and in our development projects, and a well-filled order book, so we look forward with confidence to the end of 2021 and the coming year.

