

## Gradual recovery and increasing instrument sales

Sales growth points to increasing optimism as vaccination programs continue, with net sales adjusted for currency effect increasing by 12 percent from the previous quarter. However, net sales compared with Q1 2020 fell by 15 percent to SEK 101 million. Adjusted for currency effects, the decline was 6 percent.

The recovery has been strongest in the United States, where net sales in local currency grew by 6 percent. Several of our markets in Asia, notably India, have been affected by new virus outbreaks and restrictions that have slowed their recovery. Our sales of both reagents and instruments in Asia are significantly below normal volumes.

The gross margin was 44.4 percent, which is 2.1 percentage points higher than for the previous quarter but 2.2 percentage points down on the corresponding quarter in the previous year. The margin was affected by a change in the product mix, with an increase in sales of instruments relative to sales of reagents, which have a higher margin. In addition, continuing low-capacity utilization and increased supply chain costs resulted in negative production variances.

Operating profit was SEK 6.8 million, corresponding to an operating margin of 6.8 percent. Cash flow from operating activities amounted to SEK 12.6 million and the Group's available cash and cash equivalents were unchanged from the end of 2020.

## Increased order intake and supply chain challenges

We have seen an increased order intake during the quarter, which means that we now have a larger than normal order backlog for instruments. The trend is positive in all markets, but consumables are lagging behind as a large proportion of our installed base is in Asia, where the pandemic worsened in the first quarter. This also applies to India, which is a large market for Boule.

Demand for instruments currently exceeds our production capacity, which is being hampered by reduced supply of materials. Transport has been a problem for both incoming deliveries of materials and customer deliveries throughout 2020. The situation has worsened over the last month and we are experiencing disruptions and extended lead times for components and raw materials. The disruptions have created additional work, higher freight costs and a risk of increased purchase prices.

Local production of consumables in Russia is progressing, but has been delayed as one of our production equipment suppliers has had to switch production to provide COVID-19 related medical equipment. The planned start of production in Russia has therefore been postponed and is now expected to take place during summer.



## Continuing to improve our digital communication

We are working intensively to improve our internal processes and create even better conditions for growth, including continuing the focus on building stronger relationships with our distributors. An important part of this work involves an increased digital presence with both distributors and customers. By offering marketing and sales support and attractive digital product training, we can provide added value that simplifies procedures for distributors and deepens customer relationships. As part of the Boule Academy, we hold webinars in a number of areas and we are planning to expand our training program during the year. We have also launched a new website with a new partner portal that gives our distributors 24/7 access to information. As part of the launch of the new website, we have also updated Boule's visual identity. Our digital offering is essential in order to operate our business, which is conducted in more than 100 countries.

## Decisive growth initiatives

Despite the global COVID-19 challenges, we are pursuing several parallel growth initiatives. Among other things, we have signed agreements with six new distributors in EMEA during the first quarter.

We have also continued to establish and develop clinical, manufacturing and technical collaborations and partnerships. Through cooperation, we maximize the benefits of our own expertise and enlist the help of others in order to reach the market, laboratory users and patients in an effective way.

Development of our new product platform and industrialization of the first release, scheduled for launch in late 2022, are progressing according to plan. Activities to establish suppliers and production equipment are in progress. During the first quarter, we have invested SEK 13.0 million in development of the new platform, which is on track and is an increase compared with the previous year.

## Strong confidence in the future

The increased order intake is encouraging and we continue to plan for a return to normal demand in the second half of 2021. With close to 30,000 instruments, Boule has a very strong market position and we are confident that the decentralized near-patient hematology market will return to stable growth in the long term. There are obviously challenges along the way. With a methodical approach and close cooperation with our superb distributors and suppliers, we can create an even stronger offering with the right conditions for long-term growth.



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