

Strong growth in sales and improved operating profit

Boule started the year with strong growth in sales. We recorded our highest net sales for a first quarter, just below the record net sales in fourth quarter 2021. OEM business with consumables for other manufacturers is continuing to develop positively and reached a new level. Although some markets, particularly in South East Asia, are continuing to be impacted by the pandemic, net sales in Asia doubled in comparison with the previous year.

Net sales increased by 32 percent in comparison with the previous year, to SEK 133 million. Sales of consumables increased by 29 percent, to SEK 54 million. Instrument sales increased by 20 per cent to SEK 41 million. OEM business increased by 6 percent compared to previous quarter and nearly doubled in compared to the first quarter 2021.

The supply of electronic and other components remains very difficult, and the disruptions worsened towards the end of the quarter. This has restricted production and sales. Gross profit for the quarter was SEK 57 million, corresponding to a gross margin of 43 percent, 1.5 percentage points lower than previous year. The quarter was impacted by higher cost for input material of approximately SEK 5 million, uneven utilisation of production capacity and higher transport costs. This lowered gross margin by about 5 percentage points. In addition, the gross margin was affected by an unfavourable product/region mix with a higher share of instruments to India in particular and an increased share of OEM sales. Adjustment of prices charged to customers compensated the effects to some extent.

Operating profit was SEK 10 million, corresponding to an operating margin of 7.8 percent, which is 1.0 percentage point better than previous year.

Cash flow from operating activities was SEK -1.3 million, which is substantially worse than normal. This is mainly due to build-up of stocks and increased trade receivables. A large proportion of deliveries and invoicing took place at the end of the quarter due to production disruptions.

Investments in Boule's' new product platform during the quarter amounted to SEK 18 million.

Loyal partners, end-users and a strong commercial organisation deliver growth

External factors such as major global disruption of material supply and logistics, geopolitical instability and some recurring pandemic restrictions are creating headwinds for many companies. We and our partners have also faced significant challenges in maintaining a good level of service and maintain deliveries. Our entire organisation, in partnership with our distributors, has done an excellent job in overcoming the challenges and delivering record first-quarter sales.

Boule is continuing to grow thanks to our business model with revenue from a large installed base, very good cooperation with loyal distributors and customers, as well as a proactive and dynamic commercial organisation that always spots opportunities. We are expanding in the Middle East and Africa and have a number of new distributors in these regions who have started to market our products.

The number of customer activities is continuing to increase for Boule Academy. We have started travelling again, and our staff have been able to meet distributors and end-customers again after the pandemic. In January, we attended the Medlab Middle East exhibition in Dubai. We have also attended several local congresses and exhibitions. The face-to-face meetings and exchange of ideas that take place at these gatherings generate energy throughout the whole organisation.

We have taken initiative for new price increases and are adjusting delivery terms to reduce our exposure to volatile transport costs. Price adjustments to offset increased costs for input material are made on an ongoing basis under the agreements we have with our distributors.



The war in Ukraine

We are all shocked by the Russian invasion and the developments in Ukraine. Our thoughts are with all those affected by this terrible tragedy. We are monitoring developments and are ready to act. As our products are used to help doctors to make diagnoses, they are not subject to sanctions, but the sanctions will affect our Russian operations indirectly when banking systems and transport fail to work properly. Because of the war, the market outlook for Russia and Ukraine is very uncertain.

Shaping the future

We are in the final stage of implementation to comply with the first phase of the new regulatory framework in Europe, IVDR, which will be introduced on 26 May. This work will entail higher costs in 2022.

Boule's new product platform is the beginning of a digital transformation for our solutions. The core of the new platform is a cloud-based infrastructure and associated services. The development of cloud-based services is progressing according to plan, with a first launch with service functionality scheduled for the end of 2022. To ensure that we can maintain a high rate of investment in the new product platform, we raised a loan of SEK 35 million at the end of April.

The first instrument on the new haematology platform is an advanced 5-part system for the global human market. Development is progressing well, and we will soon be ready for initial clinical testing. The supply of electronic components is also limited for the smaller prototype series now being built, and lead times are very long, which unfortunately is extending timelines. We expect formal release to take place in the first half of 2023 and then we can submit an application for regulatory approvals. Lead times for obtaining these approvals determine when we can receive revenue from new products.

We have now delivered sales record two quarters in a row and order intake remains higher than normal. In the short term there are challenges, mainly linked to geopolitical instability and the impact of this. The outlook for 2022 is difficult to assess.

Boule has capable employees and loyal distributors and customers who are motivated to continue delivering blood diagnostics to everyone, in all parts of the world. This is reassuring in a rapidly changing world.



Jesper Söderkvist
CEO and Group President

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