

# Strong sales growth

We are finally starting to see clear signs of recovery in the market. Reduced spread of virus and increasing vaccination rates have eased restrictions in several markets and communities are starting to open up. The US is our market that has come the furthest, with stable sales at a normal level. Increased instrument sales in individual countries in Asia and good growth in the OEM business resulted in a sales increase of 22 percent, corresponding to an increase of 34 percent in constant currencies.

Strong instrument sales in Asia confirm our market position while sending a very positive signal that the market expects a return to more normal patient and testing flows. Demand for instruments has exceeded our supply capacity during the quarter, which has been reduced due to supply chain disruptions, forcing us to delay some customer deliveries.

However, many markets remain affected by COVID-19 with restrictions keeping patient visits and testing at a continued low level. This affects sales of consumables for the quarter, which remain low, although 6 percent higher than in the previous year.

Continued low sales of consumables and the resulting unfavorable product mix affected the gross margin, which was 41.7 percent in the quarter. The gross margin was also impacted by increased supply chain costs related to logistics, higher prices of components and negative production variances because of disturbances.

Operating profit was SEK 2.3 million, corresponding to an operating margin of 2.1 percent.

Cash flow from operating activities amounted to SEK 8.2 million and the Group’s available cash and available liquidity were SEK 67 million.

## Well-filled order book for instruments and strong OEM sales

We experienced a good order intake during the spring and are entering the third quarter with a larger than normal order book at a start of a quarter. To increase our delivery capacity in the fall, we have increased the number of operators in instrument production. However, production capacity continues to be constrained by a shortage of components, which not only slows our production rate but also temporarily drives costs. We believe that the situation with component shortages and logistics will gradually improve during the fall. Our team has done a fantastic job during the spring to solve the challenges we have had to secure continuous production. We are acting on external factors to optimize the supply of goods and are working to improve the gross margin.



OEM sales continue to perform very well. The product line “OEM and CDS brands” increased by 41 percent compared with the previous year. The supply agreement for consumables signed with one of our major customers in August 2020 is now fully implemented and contributed significant revenue in the second quarter. The order book looks strong for the third quarter. There are also several promising projects in progress with the potential to increase revenue in 2022.

## Increase in marketing activities

All major conferences and trade fairs have been cancelled since the start of the pandemic, so it was with great satisfaction we were able to attend a major trade fair in June for the first time in over a year. The trade fair raises hopes for a more normalized world and markets. The fair, which was held in Dubai, mainly attracts distributors and other industry players with a focus on the Middle East and Africa – regions with great potential for Boule. We were there to develop existing distributors and make contacts with new ones.

Sales of veterinary products showed good growth in the quarter, partly due to a new distributor in Malaysia. Together with this distributor we held a joint online product training session aimed at the distributor’s end customers, which had an immediate positive impact.



**Good progress in key projects**

The platform project has developed according to plan. It is encouraging to note that we have been able to deliver on the key milestones, considering the long lead times, particularly for electronics. The milestone for the quarter was completion of the system integration of the planned final hardware design. During the quarter SEK 13 million was invested in the new platform and the release of an initial advanced 5-part instrument is scheduled for the end of 2022.

Our factory in Russia for local production of consumables is nearing completion. The last parts of the production equipment were delivered in mid-June and installation, testing and validation of the production process is now in progress. We are planning for the first commercial delivery towards the end of the summer.

Preparation of Boule’s quality systems and products for the new European IVDR Regulation, which comes into force in May 2022, is proceeding according to plan.

**Strengthening the organization and Executive Team**

The process of developing and strengthening the organization continues. We are preparing the organization to manage new regulatory requirements and drive global commercialization of products based on the new platform. During the quarter, we have recruited a number of key employees, including two new members of the Executive Team. Ann-Helen Engman is the new Global Quality Manager and Mattias Isaksson is the Global Marketing Manager, a new role in the Executive Team. I look forward to drawing on Ann-Helen’s and Mattias’s in-depth expertise and extensive experience as we continue developing Boule.

During what has been an intense spring and summer for Boule, we have both strengthened the organization and passed important milestones. The market is still negatively affected by the pandemic, but we are seeing a positive development in demand, which has resulted in a strong order intake. We continue to work with our loyal distributors and suppliers to address existing market needs while investing in new products and projects with the aim to ensuring our long-term profitability and growth.

I look forward to an exciting, productive autumn and in the meantime I wish you a good summer!



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