

Record sales despite production disruptions

We delivered our highest sales for a quarter so far, despite production disruptions. This is thanks to fantastic partnerships with distributors globally and positive currency effects. Sales increased by 27 percent to SEK 141 million. Organic growth, adjusted for currency changes, was 14 percent compared with the previous year. The growth was mainly driven by demand for consumables and instruments, both increased by 29 percent.

The gross margin was negatively affected by the region and product mix, with instruments in particular being affected by increased costs. Purchases of electronic components on the spot market corresponded to increased expenses just over SEK 8 million. We experienced Covid-related delivery delays from Shanghai and temporary disruptions in the production of consumables in Sweden due to the introduction of the new European regulation, IVDR. Repeated production stops caused additional cost in production and delayed customer deliveries towards the end of the quarter. The gross margin decreased to 38 percent.

Operating profit amounted to SEK 5 million, corresponding to an operating margin of 4 percent. In addition to the lower gross margin, we have incurred higher overhead costs for redesigning electronics and updating product documentation for IVDR. Price increases in the quarter will have an impact later in the year and we expect the gross margin to recover as the supply chain stabilizes, although we don't anticipate this happening completely during this year.

Cash flow from operating activities amounted to SEK -8.7 million. The increase in working capital is due to an increase in trade receivables, with high sales late in the quarter as a result of delivery problems, and lower trade payables. Inventories declined during the quarter.

Investments in Boule's new product platform amounted to SEK 20 million during the quarter.

Key milestones in the quarter

The new regulatory framework in Europe, IVDR, was introduced in May. Boule is now ready to conform to the new rules, which are more demanding for suppliers wanting to sell in the European market. We have noted that CE certification in conformity with IVDR will be required in future procurement processes in other parts of the world.

Development of the new instrument platform has progressed, despite the need for re-prioritization due to recurring challenges in current production. A milestone is our initiation of external clinical data collection, enabling optimization of the algorithms that classify blood cells. This is an important step before the clinical studies to be used for regulatory applications can begin.

Boule has appointed David Metrena as new SVP Commercial Operations for USA, taking over from Bob Ariano who is retiring. David, with extensive experience in the diagnostics industry, will continue to develop the business and to prepare the organization and the US market for future product launches.

We have signed a distribution agreement with Fujifilm Europe, a leading supplier of medical devices in the veterinary market. They will initially sell our Exigo H400 veterinary hematology analyzer, a 4-part instrument, to customers in three European countries and we are already having a dialogue about expanding distribution and include more countries in Europe. This agreement demonstrates the strength of Boule's current offering. Our ability to attract market-leading distributors, such as Fujifilm, reflects Boule's high product quality, dedicated employees and fit-for-purpose product portfolio.

Headwinds in the world

Sales in Eastern Europe fell by 5 percent. The terrible war in Ukraine is now in the fifth month and we are not yet seeing any progress towards peace. Although we are trying to keep operations going throughout the region within the limits set by the sanctions, a further decrease in sales is expected. We have significant amounts in our Russian company that cannot get paid to Sweden.



Although the pandemic has subsided, waiting times and processing of regulatory applications for new products at both the FDA and notified bodies in Europe is expected to take between 6-14 months. All in all, this will result in market launches being delayed. This means we cannot expect significant revenues from the new platform until late 2024 in some geographies and not fully until 2025.

Despite strong growth, several external factors have had adverse impact on both profitability and growth. We fear that risk of component shortages and high purchase prices will continue to negatively impact our profitability and growth.

Looking ahead

We have now delivered three consecutive strong quarters in terms of sales, despite a highly challenging market and problematic supply situation, with Boule’s fantastic employees and partners having done their utmost to adjust and adapt the business to new conditions.

The new product platform and the pace at which it is being developed is an important cornerstone of Boule’s future business. Given changed and significantly more volatile market conditions, we are reviewing business plans and financing of new products.

It has been challenging times and we are not at all satisfied with the gross margin and the result for the quarter. However, in recent quarters we have strengthened our market position in many markets, established and expanded valuable distributor partnerships as well as achieved milestones in product development. In doing so, we have laid the foundation for meeting the need for near-patient healthcare and for delivering on our ambition to provide high-quality blood diagnostics for everyone, everywhere in the world.

Have a good summer!



Jesper Söderkvist
CEO and Group President

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