

Boule Diagnostics AB (publ) Interim report January–September 2016

Earnings more than doubled and continued sales success

Quarter July–September 2016

- Net sales amounted to SEK 108.5 million (88.8), up 22.2 percent.
- Cash flow from operating activities amounted to SEK 12.7 million (10.6).
- Operating profit was SEK 24.8 million (8.9).
- Net profit amounted to SEK 19.3 million (5.1).
- Earnings per share before dilution amounted to SEK 4.11 (1.07), and after dilution to SEK 4.02 (1.07).

Significant events during the quarter

CONTRACT IN USA

Boule has signed an agreement with Novant Health Systems ("NHS") to be the main supplier of three-part hematology systems. NHS is a renowned not-for-profit network of doctors' offices, outpatient clinics and hospitals. The network comprises a total of 15 hospitals and more than 530 doctors' offices. The agreement includes the provision of a total of more than 40 hematology systems, including equipment, consumables, servicing and support. The instruments will start to be delivered at the end of the year.

Interim period January–September 2016

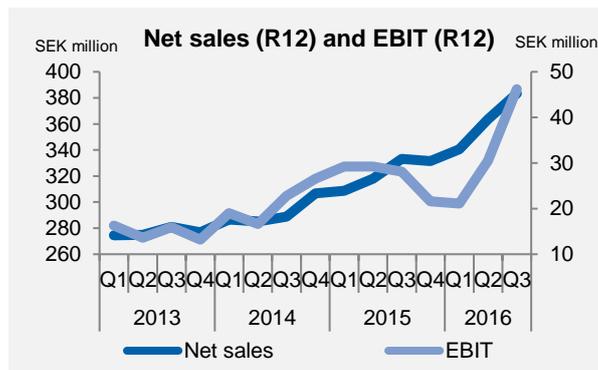
- Net sales amounted to SEK 294.9 million (243.0), up 21.4 percent.
- Cash flow from operating activities amounted to SEK 8.0 million (9.9).
- Operating profit was SEK 45.8 million (21.0).
- Net profit amounted to SEK 34.6 million (14.1).
- Earnings per share before dilution amounted to SEK 7.34 (2.99), and after dilution to SEK 7.19 (2.98).

Significant events after the quarter

TENDER WON IN KENYA

Boule won a tender in Kenya for the provision of a total of 70 hematology systems. They are being purchased by the Red Cross, and will be installed in 35 public hospitals throughout the country. The instruments are to be delivered during the fourth quarter of 2016.

Key figures	Jul-Sep 2016	Jul-Sep 2015	Oct 15-Sep 16 (R12)	Oct 14-Sep 15 (R12)
Net sales, SEK million	108.5	88.8	383.3	333.1
Operating profit/loss, SEK million	24.8	8.9	46.4	28.1
Operating margin, %	22.9	10.0	12.1	8.4
Profit after tax, SEK million	19.3	5.1	35.9	28.9
Net debt, SEK million	18.9	29.3	18.9	29.3
Return on equity, %	9.1	2.7	17.5	17.2
EBIT (R12)/ Net debt	2.5	1.0	2.5	1.0
Earnings per share, before dilution, SEK	4.11	1.07	7.62	6.14
Earnings per share, after dilution, SEK	4.02	1.07	7.45	6.14



Comments from CEO Ernst Westman

EARNINGS AND SALES

During the quarter, and since the beginning of the year, we have experienced good earnings and sales development. During the period January - September, sales increased by 21.4%, and by 22.2% during the third quarter.

Operating profit during the period January - September more than doubled compared with the same period last year, from SEK 21.0 million to SEK 45.8 million. Operating profit for the third quarter was SEK 24.8 million (8.9). This corresponds to an operating margin of 22.9% (10.0).

Work to improve profitability through our streamlining program, which consists of targeted projects in production, quality, and sales, is starting to show the promised results. This has been a strong contributing factor in gross profit increasing by 28%, from SEK 113 million to SEK 145 million.

GROWTH AND MARKET DEVELOPMENT

Thanks to the winning of a number of major tenders, instrument sales increased significantly during the period. This has allowed the company to grow at a stable rate. For each instrument sold, sales of consumables increase in accordance with our business model as our instruments are locked to our own brand of consumables.

We are seeing demand within our market segment, decentralized patient care, continuing to increase throughout the world. More specifically, and pleasing for us is that the demand for high-quality hematology systems is increasing. During the period, we have won a number of contracts in which quality, rather than price, was the decisive factor.

LOOKING FORWARDS

Sales of the new system for clinical chemistry, EasyRA, which we have launched in the USA, have not yet taken off. EasyRA is a great complement to our other products. We believe that sales of this product constitute a first step to building a new business area that, in the long run, shall form an integral part of our total sales.

Our own products sold very well during the period and our sales strategy, using parallel distribution channels and a global presence to quickly meet demand, is working well. This, coupled with the increased demand for quality, makes us optimistic for future procurements.

”Thanks to the winning of a number of major tenders, instrument sales increased significantly during the period.”



Ernst Westman
CEO and President



Group performance

January-June 2016

NET SALES

During the first nine months net sales amounted to 294.9 million (243.0), up 21.4 percent.

Instrument sales increased during the period. Instrument sales accounted for 38 percent (34), consumables for 54 percent (57) and other sales (primarily service, spare parts and freight) for 8 percent (9).

GROSS MARGIN

During the first nine months the gross margin was 49.0 percent (46.5). The increase compared to the previous year is partly due to increased prices and partly to reduced manufacturing costs brought about by the effects of our ongoing streamlining program.

EXPENSES

Operating expenses during the first nine months amounted to SEK 101.7 million (94.7). The increase is primarily the result of increased marketing initiatives and the fact that no research and development costs have been activated in 2016.

Research and development expenditures charged to earnings amounted to SEK 26.5 million (27.0), which represents 9 percent (11) of net sales.

Research and development expenditures of SEK 0.0 million (4.4) were capitalized. Capitalization in 2015 relates to the development of an updated generation of instruments, which was launched at the start of the second quarter of 2015.

The net of other operating revenues and other operating expenses amounted to a total of SEK 2.9 million (2.7). This item primarily comprised realized and unrealized exchange rate losses from operations and rental income.

NET SALES BY REGION AND PRODUCT

Net sales by region SEK million	Jan- Sep 2016	Jan- Sep 2015	Change	Oct 15- Sep 16 (R12)	Oct 14- Sep 15 (R12)	Change (R12)
USA	93.9	89.1	5%	122.7	120.7	2%
Asia	64.6	46.9	38%	85.1	65.2	30%
Eastern Europe	41.6	30.1	38%	52.6	46.5	13%
Latin America	43.3	24.9	74%	52.9	31.5	68%
Western Europe	25.6	26.0	-1%	35.5	34.7	2%
Africa/ Middle East	25.7	26.0	-1%	34.6	34.5	0%
Total	294.9	243.0	21%	383.3	333.1	15%

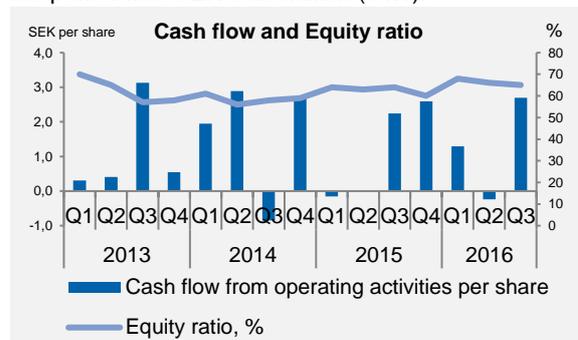
Net sales by product SEK million	Jan- Sep 2016	Jan- Sep 2015	Change	Oct 15- Sep 16 (R12)	Oct 14- Sep 15 (R12)	Change (R12)
Instruments	111.6	83.2	34%	147.4	121.3	22%
Consumables own instruments	113.2	91.4	24%	145.3	121.6	19%
Consumables OEM and CDS-brand	45.8	46.7	-2%	58.1	60.7	-4%
Other	24.3	21.7	12%	32.5	29.5	10%
Total	294.9	243.0	21%	383.3	333.1	15%

PROFIT

Gross profit during the first nine months rose SEK 31.5 million, from SEK 113.0 million to SEK 144.5 million. The reason is increased sales of instruments and consumables plus improved gross margin.

Operating profit was SEK 45.8 million (21.0).

Net financial items amounted to SEK -0.3 million (-1.3). Profit before tax was SEK 45.5 million (19.7). Profit for the period was SEK 34.6 million (14.1).



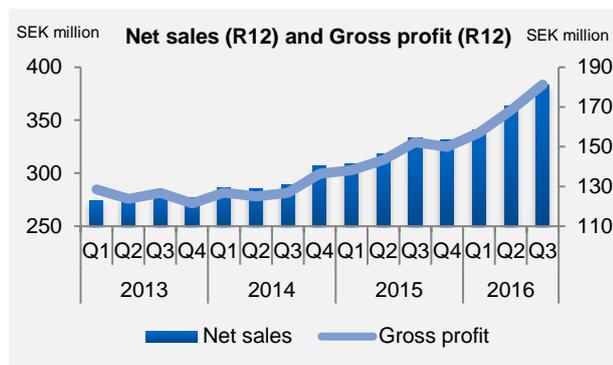
INVESTMENTS AND CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK 8.0 million (9.9). The company has reported accounts receivable for which guarantees have been obtained from the Swedish National Export Credits Guarantee Board (EKN). EKN guarantees 75-95 % of the total amount of accounts receivable. Receivables can be pledged and liabilities are recognized as interest-bearing liabilities. The change in accounts receivable guaranteed by EKN is included in the cash flow from operating activities, whilst the change in all interest-bearing liabilities is reported in the cash flow under financing activities. Adjusted for the above, cash flow from operating activities for the period was SEK 38.9 million instead of SEK 8.0 million.

Total net investments amounted to SEK 3.5 million (7.1). This reduction is primarily due to no development costs being activated during 2016.

Cash flow for the period amounted to SEK -13.7 million (-4.2) and cash and cash equivalents at the end of the period were MSEK 37.0 (19.1). The decrease of cash flow of the period is due to a reduction of SEK 11.1 million in interest bearing liabilities.

Cash and cash equivalents available to the Group, including unutilized credit facilities, amounted to SEK 77.9 million (54.2) at the end of the period.



EQUITY AND LIABILITIES

Group equity on 30 September 2016 totaled SEK 223.3 million (187.6) and the equity/asset ratio was 66 percent (64).

The interest bearing liabilities, that were primarily the utilization of overdraft facilities, financing of accounts receivables and a parent company loan, amounted to SEK 55.9 million (48.4) on 30 September 2016. SEK 22.8 million (9.6) of the interest-bearing liabilities were non-current and SEK 33.1 (38.8) million were current. At 30 September 2016 other non-interest-bearing current liabilities and accounts payable totaled SEK 59.1 million (53.1).

The net debt 30 September 2016 amounted to SEK 18.9 million (29.3).

At the end of the period deferred tax assets and deferred tax liabilities totaled SEK 0.5 million (7.9) and SEK 3.4 million (2.2) respectively.

MARKET

Boule markets its products to hospitals, clinics, laboratories and companies within blood diagnostics in

both the human and veterinary areas. Blood diagnostics means that only blood is analyzed via e.g. clinical chemical analysis or blood cell counting concerning changes in different blood components. The global market of decentralized hematology diagnostics is valued at around SEK 5 bn of which Boule has a market share of around six-seven percent.

SIGNIFICANT RISKS AND UNCERTAINTIES

The Group's operations are subject to a number of risks and uncertainties.

There is always a risk of competitors offering more efficient and better products than Boule and that the customer base will shrink as a result. Faulty and delayed deliveries or non-deliveries from the company's suppliers could in turn result in delayed, defective or faulty deliveries by the company. The company is also always exposed to exchange rate fluctuations.

There is no guarantee that the company's operations will not be subjected to restrictions by government agencies or that they will obtain the regulatory approval they need in the future.

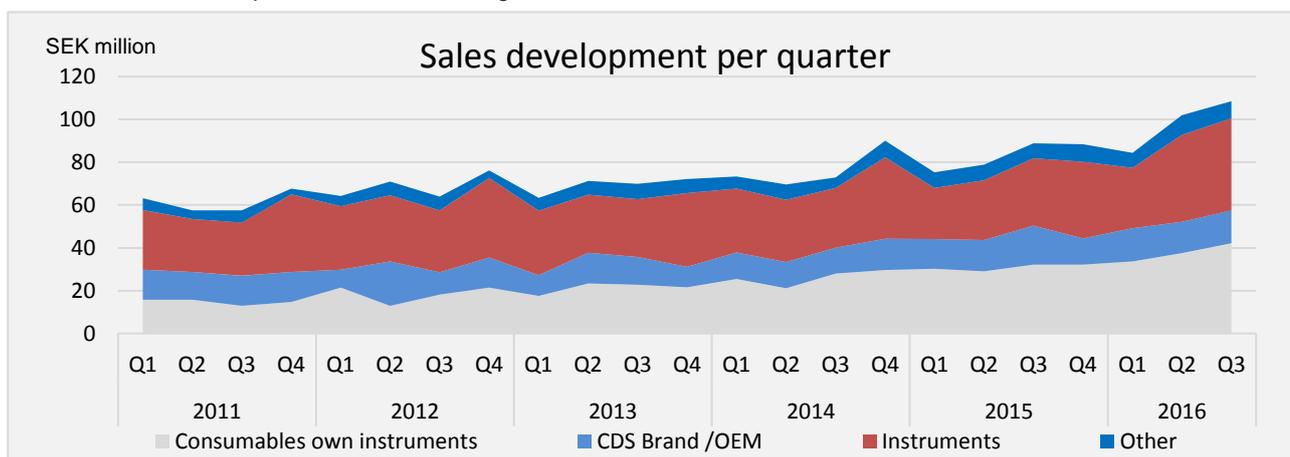
There is also the risk that the company could lose its ability to develop products, or that its products cannot be launched on schedule or that market reception is poorer than expected. These risks could result in lower sales, which would then have a negative impact on the company's earnings. The company is also exposed to customers who are unable to pay and the possibility of the company being unable to finance its operations. For a more detailed description of the risks, see the Annual Report for 2015. Compared with the Annual Report, the risks are deemed to remain unchanged.

TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties in this period.

PARENT COMPANY

Boule Diagnostics AB (publ.), Corporate Registration Number 556535-0252 is a Swedish corporation with its registered address in Stockholm. The address of its headquarters is Domnarvsgatan 4, SE-163 53 Spånga, Sweden



The Parent Company's revenues derive from Group-wide services.

Receivables from Group companies mainly relate to receivables from the Swedish subsidiary Boule Medical AB. Risks and uncertainties in the Parent Company indirectly match those of the Group.

NUMBER OF SHARES

The number of shares and voting rights in Boule Diagnostics AB amount to 4,707,138. The company has also issued 30,000 warrants and 178,750 employee options (see the section on Options below).

Shareholders 30 September 2016 and thereafter known changes	Number of shares	Proportion of capital/vote
AB Grenspecialisten	493,317	10.48 %
Svolder AB	480,000	10.20 %
Zimbrine Holding BV	478,703	10.17 %
Linc Invest AB	470,715	10.00 %
Thomas Eklund incl. company	444,638	9.45 %
SEB Investment Management	439,086	9.33 %
Humle Kapitalförvaltning	290,000	6.16 %
Société Générale	135,544	2.88 %
Ernst Westman incl. family and company	128,250	2.72 %
Avanza Pension	102,880	2.19 %
Handelsbanken Småbolagsfond	100,000	2.12 %
Other shareholders (722)	1,144,005	24.30 %
Total	4,707,138	100.00 %

OPTIONS

The Annual General Meeting in May 2014 resolved on a new employee share option program. A total of 178,750 options (including hedging) were issued to management and key individuals in the Group. The President received 32,000 options, other senior executives, a total of five, received 11,000 options each and other key employees received 6,000 options each. There were no changes in outstanding options in this quarter.

When fully exercised, the options generate dilution of 3.8 percent (including hedging). Each option entitles the holder to subscribe for new shares in the company during the second half of 2017 at a rate of SEK 68.18 per share, provided that the employee is still employed in the Group.

As a result of the employee share option program, Boule Diagnostics AB has, through a subsidiary, a holding of 43,750 warrants for hedging purposes. The underlying warrants have conditions that, in all material respects, match the employee options relating to the respective hedge. These warrants will ensure share delivery should all the employee options be fully exercised, and, if fully exercised, the surplus number of warrants is also expected to cover the potential charge against the company's equity and liquidity resulting from the employer's contributions caused by the tax imposed on fringe benefits. The recognized impact on earnings if the employee share options are fully exercised, will not, as such, be eliminated by this hedge.

30,000 warrants have already been issued to three key individuals in the Group. These options were issued on market-based conditions. When fully exercised the options result in dilution of 0.6 percent. Each option entitles the holder to subscribe for new shares in the company during the second half of 2017 at a rate of SEK 54.46 per share.

PERSONNEL

The average number of employees in the Group during the period was 172 (172) including 9 (9) at the Parent Company. By country the average number in Sweden was 71 (71), USA 85 (85), China 15 (14), Switzerland 0 (1), Mexico 1 (1). The average number of women in the Group was 69 (70) and the average number of men was 103 (102).

The Board of Directors and the President certify that this interim report provides a fair and accurate review of the operations, financial position and earnings of the Parent Company and the Group and that it describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 8 November, 2016
Boule Diagnostics AB

Peter Ehrenheim
Chairman of the board

Thomas Eklund
Board member

Ernst Westman
President and CEO

Karin Dahllöf
Board member

Jon Risfelt
Board member

AUDIT REVIEW

This report was reviewed by the company's auditors

Consolidated statement of comprehensive income and other comprehensive income

SEK million	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
Net sales	108.5	88.8	294.9	243.0
Cost of goods sold	-54.0	-47.4	-150.4	-129.9
Gross profit	54.5	41.4	144.5	113.0
Other operating revenues	2.5	1.1	4.4	3.6
Selling and marketing expenses	-16.6	-14.8	-53.8	-49.6
Administrative expenses	-6.8	-7.6	-21.4	-18.1
Research and development expenses	-8.2	-10.8	-26.5	-27.0
Other operating expenses	-0.5	-0.3	-1.5	-0.9
Operating profit/loss	24.8	8.9	45.8	21.0
Financial income	0.0	0.0	0.0	0.0
Financial expenses	-0.1	-0.5	-0.6	-1.3
Exchange rate differences	-0.1	0.0	0.2	0.0
Net financial items	-0.2	-0.4	-0.3	-1.3
Profit/loss before tax	24.6	8.5	45.5	19.7
Income tax	-5.3	-3.4	-10.9	-5.6
Net profit/loss	19.3	5.1	34.6	14.1
Other comprehensive income				
Items that may be allocated to net profit/loss for the period				
Translation differences for the period from the translation of foreign operations	1.6	-3.1	2.9	6.5
Other comprehensive income/loss for the period	1.6	-3.1	2.9	6.5
Total comprehensive income/loss for the period	20.9	2.0	37.5	20.6
Earnings per share, before dilution, SEK	4.11	1.07	7.35	2.99
Earnings per share, after dilution, SEK	4.02	1.07	7.19	2.98
Average number of shares outstanding before dilution	4,707,138	4,707,138	4,707,138	4,707,138
Average number of shares outstanding after dilution	4,809,850	4,722,647	4,809,850	4,722,647

Since the Group has no controlling influence, the entire earnings accrue to the Parent Company.

Consolidated statement of financial position

SEK million	Sep 30 2016	Sep 30 2015	Dec 31 2015
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenses	25.6	28.5	27.7
Goodwill	75.8	74.3	74.0
Total intangible assets	101.4	102.8	101.7
Tangible fixed assets			
Plant and machinery	6.5	3.5	4.4
Equipment, tools, fixtures and fittings	10.8	11.8	13.2
Leasehold improvements	3.9	2.6	2.8
Total tangible fixed assets	21.2	17.9	20.3
Financial fixed assets			
Long-term non-interest-bearing receivables (guaranteed 75-95 % by EKN)	22.6	20.2	18.6
Deferred tax assets	0.5	7.9	9.2
Total financial fixed assets	23.1	28.1	27.8
Total fixed assets	145.7	148.7	149.9
Current assets			
Inventory			
Raw materials and supplies	35.6	42.6	37.6
Intermediate goods	5.9	3.4	3.7
Finished goods and goods for resale	12.1	12.5	13.5
Total inventory	53.6	58.5	54.8
Current receivables			
Tax assets	2.6	2.8	2.0
Accounts receivable	56.5	28.3	36.5
Accounts receivable (guaranteed 75-95 % by EKN)	35.9	22.0	16.2
Other receivables	2.0	4.8	2.3
Prepaid expenses and accrued income	8.3	7.1	3.4
Total current receivables	105.3	65.0	60.5
Cash and cash equivalents	37.0	19.1	50.4
Total current assets	195.9	142.6	165.6
Total assets	341.6	291.3	315.5

Consolidated statement of financial position (cont.)

SEK million	Sep 30 2016	Sep 30 2015	Dec 31 2015
EQUITY			
Share capital	4.7	4.7	4.7
Other contributed capital	183.4	185.4	186.1
Translation reserve	12.9	11.0	10.0
Retained earnings including net profit/loss for the period	22.2	-13.5	-12.3
TOTAL EQUITY	223.3	187.6	188.5
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities	7.6	7.9	7.4
Long-term interest-bearing liabilities (invoice discounting of EKN guaranteed receivables)	15.3	1.7	4.5
Deferred tax liabilities	3.4	2.2	3.7
Total long-term liabilities	26.2	11.8	15.6
Current liabilities			
Current interest-bearing liabilities	8.5	37.8	54.9
Current interest-bearing liabilities (invoice discounting of EKN guaranteed receivables)	24.6	1.0	4.4
Accounts payable	17.5	21.9	18.1
Tax liabilities	2.2	0.1	0.0
Other liabilities	10.0	4.0	6.4
Accrued liabilities and deferred income	28.8	26.5	27.1
Provisions	0.5	0.5	0.5
Total current liabilities	92.1	91.9	111.4
TOTAL LIABILITIES	118.3	103.7	127.0
TOTAL EQUITY AND LIABILITIES	341.6	291.3	315.5
Pledged assets and contingent liabilities			
Pledged assets	119.8	99.1	91.7
Contingent liabilities	1.8	1.8	1.8

Consolidated statement of changes of equity

SEK million	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for period	Total equity capital
Equity, opening balance, Jan. 1, 2015	4.7	188.3	4.5	-27.7	169.9
Total comprehensive income/loss for the period					
Net profit/loss for the period				14.1	14.1
Other comprehensive income for the period			6.5		6.5
Total comprehensive income/loss for the period			6.5	14.1	20.5
Transactions with shareholders					
Share-based payments		0.1			0.1
Dividends		-2.8			-2.8
Equity, closing balance, Sep. 30, 2015	4.7	185.6	11.0	-13.6	187.6
Equity, opening balance, Jan. 1, 2016	4.7	186.1	10.0	-12.3	188.5
Total comprehensive income/loss for the period					
Net profit/loss for the period			-	34.6	34.6
Other comprehensive income for the period			2.9		2.9
Total comprehensive income/loss for the period		0.0	2.9	34.6	37.5
Transactions with shareholders					
Share-based payments		0.1			0.1
Dividends		-2.8			-2.8
Equity, closing balance, Sep. 30, 2016	4.7	183.4	12.9	22.2	223.3

Consolidated cash flow statement

SEK million	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
Operating activities				
Operating profit/loss	24.8	8.9	45.8	21.0
Adjustments for non-cash items ¹⁾	0.6	4.5	5.0	7.3
Interest received	0.0	0.0	0.0	0.0
Interest paid	-0.1	-0.5	-0.6	-1.3
Income tax paid	-0.4	-0.8	-0.9	-2.0
Cash flow from operating activities before changes in working capital	24.9	12.2	49.4	25.1
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventory	-1.0	-3.7	1.7	-11.0
Increase (-)/Decrease (+) in operating receivables	-3.2	-4.8	-19.7	-1.5
Increase (-)/Decrease (+) in operating receivables (guaranteed by EKN)	-11.3	-1.4	-27.6	-1.4
Increase (+)/Decrease (-) in operating liabilities	3.4	8.2	4.2	-1.2
Cash flow from operating activities	12.7	10.6	8.0	9.9
Investing activities				
Acquisition of tangible fixed assets	-0.3	-1.3	-3.5	-2.9
Investments in other financial fixed assets	0.0	0.0	0.0	0.1
Disposal of tangible fixed assets	0.0	0.2	0.0	0.2
Capitalized development expenses	0.0	0.0	0.0	-4.4
Cash flow from investing activities	-0.3	-1.1	-3.5	-7.1
Financing activities				
Loans raised	3.1	1.1	3.1	1.7
Amortization of loans	-0.3	-0.6	-2.9	-1.6
Increase (+)/Decrease (-) in current financial liabilities (EKN financing)	10.1	1.7	30.9	1.7
Increase (+)/Decrease (-) in current financial liabilities	-5.1	-10.3	-46.4	-6.1
Dividends	0.0	0.0	-2.8	-2.8
Cash flow from financing activities	7.8	-8.1	-18.1	-7.1
Cash flow for the period	20.2	1.4	-13.7	-4.2
Cash and cash equivalents at the beginning of the period	16.6	17.6	50.4	22.7
Exchange rate differences in cash and cash equivalents	0.2	0.1	0.3	0.7
Cash and cash equivalents at the end of the period	37.0	19.1	37.0	19.1
¹⁾ Of which, depreciation and amortization	0.6	1.6	3.5	4.4

Parent Company income statement

SEK million	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015
Net sales	5.7	13.5	17.3	17.8
Administrative expenses	-6.6	-5.5	-17.7	-17.7
Other operating revenues	0.0	0.0	0.0	0.0
Other operating expenses	0.0	0.0	0.0	0.0
Operating profit/loss	-0.9	7.9	-0.4	0.1
Profit/loss from financial items	0.0	0.0	0.0	0.0
Loss after financial items	-0.9	7.9	-0.4	0.0
Group contribution	0.0	0.0	0.0	0.0
Profit/loss before tax	-0.9	7.9	-0.4	0.0
Tax	0.0	0.0	0.0	0.0
Net profit/loss	-0.9	7.9	-0.4	0.0

Since no items are recognized in Other comprehensive income, the Parent Company's results correspond to comprehensive income.

Parent Company balance sheet

SEK million	Sep 30 2016	Sep 30 2015	Dec 31 2015
Assets			
Financial fixed assets			
Shares in Group companies	157.3	157.3	157.3
Total financial fixed assets	157.3	157.3	157.3
Total fixed assets	157.3	157.3	157.3
Current assets			
Receivables from Group companies	26.2	30.5	3.4
Other receivables	1.5	1.7	1.6
Total current receivables	27.8	32.2	5.0
Cash and bank balances	0.8	0.5	27.7
Total current assets	28.6	32.7	32.6
TOTAL ASSETS	185.8	189.9	189.9
Equity and liabilities			
Total equity	174.3	177.5	177.4
Long-term liabilities			
Long-term interest-bearing liabilities	0.0	1.3	1.3
Current liabilities			
Current interest-bearing liabilities	1.3	1.3	1.3
Liabilities to Group companies	0.6	0.5	0.5
Other liabilities	9.7	9.4	9.4
Total current liabilities	11.5	11.1	11.2
Total liabilities	11.5	12.4	12.5
TOTAL EQUITY AND LIABILITIES	185.8	189.9	189.9
Pledged assets and contingent liabilities for the Parent Company			
Pledged assets	83.3	83.3	83.3
Contingent liabilities	46.4	37.5	55.8

ACCOUNTING POLICIES

Boule Diagnostics AB (publ.) applies IFRS (International Financial Reporting Standards) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, Chapter 9 and RFR 2 Accounting for Legal Entities. The interim report should be read together with the Annual Report for the fiscal year that ended on December 31, 2015. The accounting policies match the policies applied in the preceding fiscal year. Liabilities arising from invoice discounting of EKN guaranteed receivables are reported as interest bearing liabilities. For all financial assets and liabilities, carrying amount is a good approximation of fair value. The interim information found on page 1-13 is an integrated part of this financial report.

USE OF KEY PERFORMANCE INDICATORS NOT DEFINED IN IFRS

The Boule Group report is prepared in accordance with IFRS. IFRS only defines a few key performance indicators. Boule applies the ESMA (European Securities and Market Authority) guidelines for alternative key performance indicators (Alternative Performance Measures). In brief, an alternative performance measure is a financial measure of historical or future earnings development, financial position, or cash flow that is not defined or specified in IFRS. In order to support management's and other stakeholders' analysis of the Group's development, Boule reports some key performance indicators that are not defined in IFRS. Management believes that this information will facilitate an analysis of the Group's development. This additional data acts as a complement to IFRS and does not replace the key performance indicators defined in IFRS. Boule's definitions of metrics not defined in IFRS shown on page 13 may differ from those of other companies. Calculations of all key performance indicators may be reconciled against items in the income statement and balance sheet.

Intro

Boule Diagnostics AB (publ) is one of the few companies on the global diagnostics market that develops, manufactures and markets instruments and consumable products for blood diagnostics under its own direction. The company serves hospitals, clinics, laboratories and companies within blood diagnostics in both the human and veterinary areas. The group has an annual sales of SEK 331 billion and around 170 employees. Sales are made via distributors in over 100 countries and directly in Sweden and the USA. The company operates via subsidiary operating companies in Sweden, USA and China. Since 2011, Boule shares have been listed on the Nasdaq Stockholm

VISION

Boule is to establish a global position as one of the three leading companies within decentralized blood diagnostics.

MISSION

Boule is to help its customers obtain better blood test results to enable more effective treatment of patients.

BUSINESS CONCEPT

Boule develops, manufactures and markets high quality, user friendly systems for automated blood cell counting on the global human and veterinarian markets.

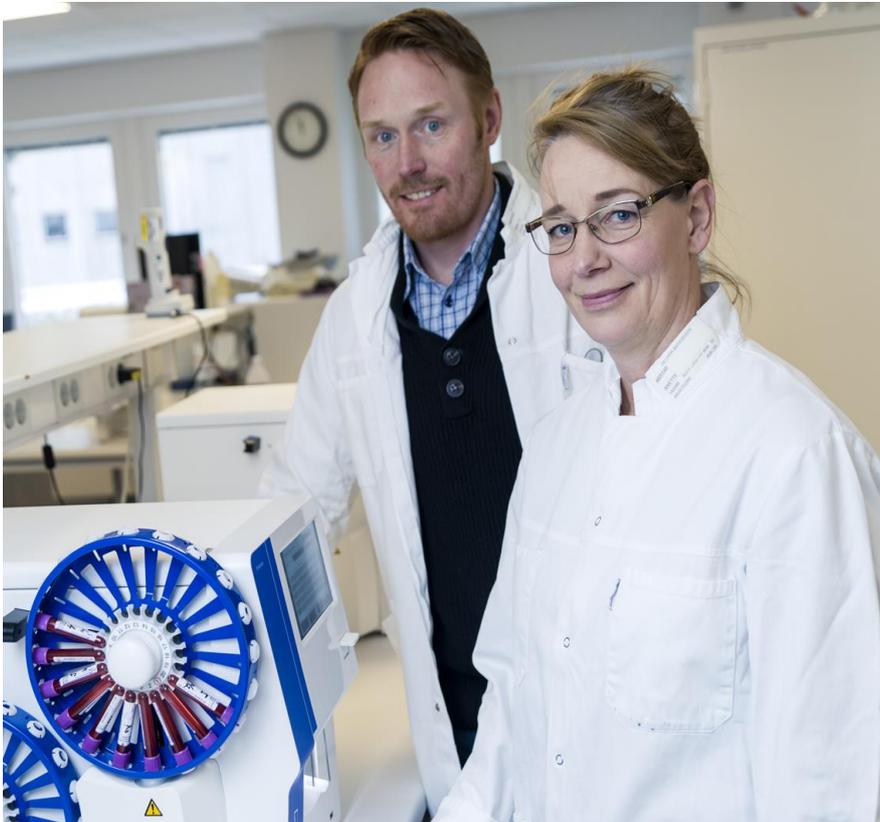
FINANCIAL TARGETS

Boule should achieve:

- An annual operating margin (EBIT margin) above 13 percent.
- Average growth in sales above 10 percent per year over five years.
- Net debt (interest bearing debt minus cash and cash equivalents) no greater than three times operating profit on an annualized basis.

STRATEGIES

- To commercialize high quality systems for the decentralized market for blood diagnostics.
- Global sales via parallel distribution channels to quickly meet local demand.
- Tie instruments to our proprietary consumable products to ensure quality and added sales.
- Active acquisition and cooperation strategy to broaden our product offer.



BOULE AS AN INVESTMENT

Business model

The model entails selling consumable goods tied to Boule's own instruments, to a continuously increasing installed base of instruments.

Growth

Over the past five years, Boule has enjoyed average annual growth of 8 percent and the company envisages continued good growth potential at global level. Boule has long experience of both organic growth and growth by acquisitions.

Dividend

The general goal of the Boule board is to give shareholders a dividend that reflects both a good direct return and dividend growth. Over the long term, the annual dividend should correspond to 25-50 percent of profits.

Quarterly overview

	2016				2015			2014
	Jul-Sep	Apr-Jun	Jan-Mar	Okt-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Okt-Dec
Net sales, SEK million	108.5	102.0	84.4	88.4	88.8	78.9	75.3	90.1
Gross profit, SEK million	54.5	47.7	42.3	36.8	41.3	35.5	35.2	39.2
Gross margin, %	50.2	46.8	50.1	41.6	46.6	46.2	46.8	43.6
EBITDA, SEK million	25.5	13.3	10.4	2.7	10.5	5.1	9.8	9.3
EBITDA margin, %	23.5	13.0	12.3	3.1	11.9	6.5	13.0	10.3
EBIT, SEK million	24.8	12.6	8.4	0.6	8.9	3.2	8.9	7.1
EBIT margin, %	22.9	12.4	9.9	0.7	10.0	4.1	11.8	7.9
Profit after tax, SEK million	19.3	9.0	6.3	1.3	5.1	2.4	6.6	14.8
Earnings per share, before dilution, SEK	4.11	1.91	1.33	0.28	1.07	0.51	1.40	3.14
Earnings per share, after dilution, SEK	4.02	1.89	1.33	0.27	1.07	0.51	1.39	3.14
Cash flow from operating activities per share, SEK	2.70	-0.24	1.30	2.59	2.25	0.02	-0.15	2.72
Return on equity, %	9.1	4.5	3.3	0.7	2.7	1.3	3.7	9.2
EBIT (R12)/ Net debt	2.5	18.0	14.5	1.8	1.1	1.3	0.9	0.9
Equity/assets ratio, %	65	66	68	60	64	63	64	59

Definitions

Gross profit is net sales less costs for goods sold

Gross margin is gross profit divided by net sales

EBITDA (Earnings before interest, taxes, depreciation and amortization) is profit before net financial items, taxes and depreciation/amortization of tangible and intangible assets

EBITDA margin is EBITDA divided by net sales

EBIT (Earnings Before Interest and Taxes) is operating profit before net financial items and taxes

EBIT margin (operating margin) is EBIT divided by net sales

Working capital is inventories, accounts receivable and cash less accounts payable

Interest coverage ratio is operating profit plus financial income divided by financial expenses

Net debt is interest-bearing assets less interest-bearing liabilities

Net debt/equity ratio is net debt divided by equity

Equity/assets ratio is equity divided by total assets

Return on equity is profit for the year after tax divided by average equity

FOR FURTHER INFORMATION, PLEASE CONTACT:



Ernst Westman
CEO
+46-8-744 77 00
ernst.westman@boule.se



Fredrik Alpsten
CFO
+46-8-744 77 00
fredrik.alpsten@boule.se

CALENDAR

Interim report third quarter	November 9, 2016
Year-end report	February 16, 2017
Annual General meeting	May 11, 2017
Interim report first quarter	May 11, 2017
Interim report second quarter	August 31, 2017
Interim report third quarter	November 8, 2017

This information is information that Boule Diagnostics AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:30 am CET on November 9, 2016.



Auditor's report of the review of the summary of the financial information (interim report) in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act

Introduction

We have reviewed the summary of the financial information (interim report) of Boule Diagnostics AB (publ), as of September 30, 2016 and for the nine-month period then ended on that date. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Scope and focus of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden (ISA) and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain such assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, a conclusion expressed on the basis of a review does not provide the same level of assurance as an opinion expressed on the basis of an audit.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not been prepared, in all material respects, in accordance with IAS 34 for the Group and in accordance with the Swedish Annual Accounts Act for the Parent Company.

Stockholm, November 8, 2016

Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant