



Boule Diagnostics AB

Annual Report 2017



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Boule in one minute

Boule is one of the few companies on the global diagnostics market that develops, manufactures and markets instruments and consumables for blood diagnostics under its own direction.

Boule serves hospitals, clinics, laboratories and companies within blood diagnostics and offers complete systems for blood cell count analysis for both human and veterinary diagnostics. The company operates via subsidiary operating companies in Sweden, USA and Mexico. The group has an annual sale of over SEK 400 million and around 170 employees. Since 2011, Boule's shares have been listed on Nasdaq Stockholm.

Boule as an investment

Boule is a global company specialized on decentralized diagnostics and has an average annual growth of over nine per cent in the last five years.

Value creation

Boule offers a broad portfolio of instruments, consumables and associated services for high quality and safe blood analysis worldwide. Boule has a large installed base of instruments that generate stable sales of consumables.

Competitive advantages

Boule's global brands are associated with quality and user-friendliness. Together with local partners, Boule offers reliability, service and low product life cycle costs. Boule's organization and products are, in contrast to those of many competitors, specialized for decentralized, near patient diagnostics.

Growth markets

Boule's strong positions on growth markets are becoming an increasingly important asset as healthcare continues to be developed in these regions.

Global market, attractive segment

Annual global growth in the decentralized near patient segment where Boule is active, is around seven percent. The company's well-established distribution channels enable Boule to meet local demand quickly and effectively wherever this arises.

Significant events per quarter

Strong development in alignment with Boule's strategies

Q1

New targets with new CEO and Group President

Ernst Westman resigned as CEO and Group President on 31 March after 23 years of service. The board appointed Fredrik Dalborg new CEO and Group President who assumed his position in April. To better reflect the company's ambitions, Boule's financial targets was revised, and the dividend policy amended.

Q2

Actions to increase efficiency and profitability

During the second quarter, Boule completed several actions to increase efficiency and future profitability. These actions, including the shutdown of the Chinese production facility, affects several of Boule's functions and divisions.

Q3

Strategic agreements to strengthen and expand the product portfolio

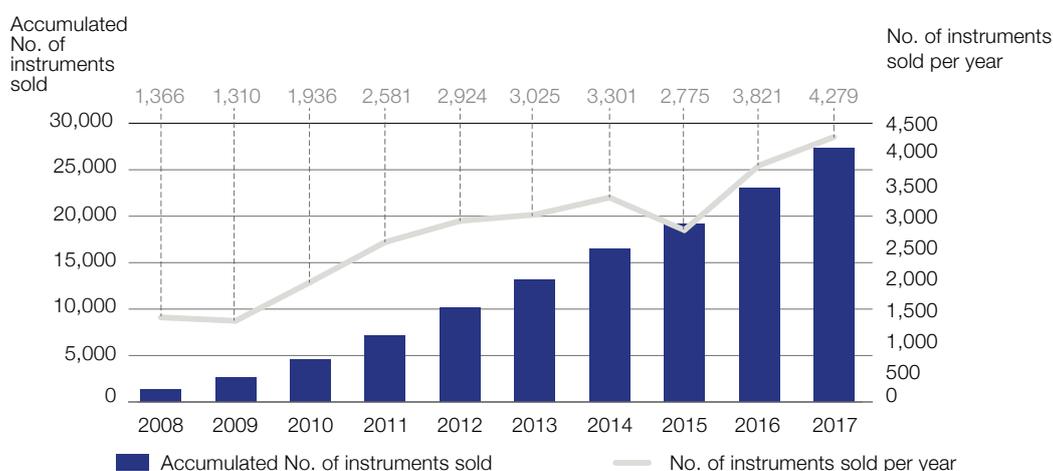
During the third quarter Boule signed several strategically important agreements. The agreements will strengthen Boule's product portfolio on both the human and veterinary markets. Boule also started a project that will lead to the launch of the next generation hematology platform.

Q4

Strengthened distribution network

Boule continued to expand and develop the company's distribution network and has signed a distribution agreement with a new distributor for the Medonic brand in Brazil and eight other Latin American countries. In India, Boule choose to work directly with regional distributors to increase growth and margins and to work closer to the local market.

Number of instruments sold



Net sales, gross profit and EBIT (R12)



Key figures 2017

Net sales increased by 7.9 percent to:

SEK 428 million

Gross margin fell by 0.7 percentage points to:

47%

Operating profit increased by 15 percent to:

SEK 54 million

Comments from the CEO

Looking back at my first year as CEO of Boule, I am pleased with what the team has achieved and the direction we have taken as a company. It has been a challenge to meet and exceed the strong performance of 2016, but through hard work and determination we have managed to increase sales, profitability and cash flow.

Growth and profitability improvements in 2017

After its record growth year in 2016, the company can report an increase in sales of almost 8 percent in 2017. On an occasionally volatile market that is subject to procurement processes and country specific variations, Boule has achieved an annual average increase in sale of over 9 percent for the last five years. Boule's increase in sales can be compared with the growth in the decentralized hematology market of 6–7 percent, and where the larger 3-part segment is growing more slowly and the smaller 5-part segment is growing more rapidly. Gross margin has improved markedly in the second half of 2017 and operating margin for 2017 increased to 12.7 percent from 11.9 percent in 2016. Operating profit for the year was encumbered with non-recurring costs of SEK 9.8 million arising in association with the restructuring and efficiency drive measures Boule implemented during the year. Adjusted for these costs, operating margin reached our target of 15 percent. Cash flow has also been improved and for the full year, cash flow from operating activities was SEK 57.7 million compared to SEK 19.9 million in 2016. This means Boule is closing its 2017 books with a strong balance sheet where our own cash and cash equivalents more than doubled during the year to SEK 99.2 million from SEK 44.6 million in 2016.

Strengthened team

The management group has been enhanced and strengthened over the past year and since year-end, the Boule management group has gained a more diversified and international composition. Sales and Marketing are more strongly represented, as is Research and Development, while Human Resources also now has a seat in the management group. The team has been strengthened via both internal and external recruitments. New processes to recognize and nurture the company's many internal talents have also been introduced.

New strategies

In 2017, the Boule team conducted a comprehensive analysis and review of the company's operations and strategy, which was concluded during the fourth quarter. The purpose of the new strategy is to develop the company to the next level. The main components of the new strategy are:

- Protect and grow our core business: Continued efficiency improvements and capacity expansion, developing and launching next generation product platforms.

- Grow in emerging markets: Evolving distributor relationships and strengthening local presence.
- Grow in new customer segments and markets: Resource, sales approaches and partnerships to enter new customer segments and geographical markets.
- Evolve OEM and CDS brand business: Selective initiatives in profitable growth segments.
- Broaden the product portfolio: Develop new product platforms and broaden the product portfolio through partnerships and acquisitions.

Working groups from the different departments have engaged in the strategy work, while a great deal of time, effort and energy has gone into internal communication concerning analysis and strategy. As a consequence, our strategy is now firmly embedded and our organization can rapidly advance in the chosen direction.

Initiatives for growth and greater efficiency

Boule has engaged in a number of initiatives for growth and greater efficiency in line with the new strategy during the year. In May, the decision was taken to concentrate instrument manufacturing in our Swedish production facility and to close the production unit in China. Concentrating instrument manufacture to one facility, enables Boule to save costs and make internal processes more efficient. Closure of the Chinese unit has now been completed. The company has also implemented organizational changes to increase efficiency and reduce costs.

In the case of reagents production, where logistics costs are a significant component, the company is working to optimize the structure and has taken the decision to establish local production in Russia together with a local partner. In addition to this, work is continuing to make production more efficient via continuous improvements in manufacturing processes, component purchasing, automation and optimal utilization of production capacity. A number of initiatives to boost growth by broadening our product portfolio have been started. On completion of a fundamental concept validation study, a development project has been started that will lead to the launch of the next generation hematology platform.

In November, Boule introduced its new veterinary hematology instrument, that is going to be launched along with a new platform for veterinary clinic chemistry. Sales of these platforms are planned for early 2018. Boule has also signed an agreement with Orion Diagnostica Oy for the distribution of the QuickRead go CRP system in Mexico, which is in addition to the agreement already in place for the sale of the same system on the American market.

A global distribution agreement has also been signed with CellaVision. As part of the agreement Boule will market and sell the new CellaVision platform for digital morphology to



small and medium sized laboratories, Boule's principal customer segment. The sales launch for this system is planned for the second half of 2018. Boule is going to continue efforts to make processes more efficient and drive growth in line with strategies resolved.

Although quarterly sales can vary depending on procurements and other local factors, Boule anticipates continued growth in line

with our established targets. Work on broadening our product portfolio through development, partnerships and potential acquisitions is continuing. Many growth initiatives already communicated are expected to bear fruit towards the end of 2018.

The year 2017 was concluded in a strong way and we are excited as we enter 2018.

Fredrik Dalborg
CEO and Group President

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Strategic overview

Vision

Improving health for everyone, everywhere.

Mission

We work closely with our customers and partners to provide user-friendly, high quality, near patient diagnostics solutions everywhere in the world.

Business concept

We efficiently develop, manufacture and provide complete solutions for the human and veterinary markets.

Core values

Boule's core values are the foundation to a positive working environment and the cornerstone of the company's organization and the ability to achieve our goals. Boule's core values are summarized in the principles below.

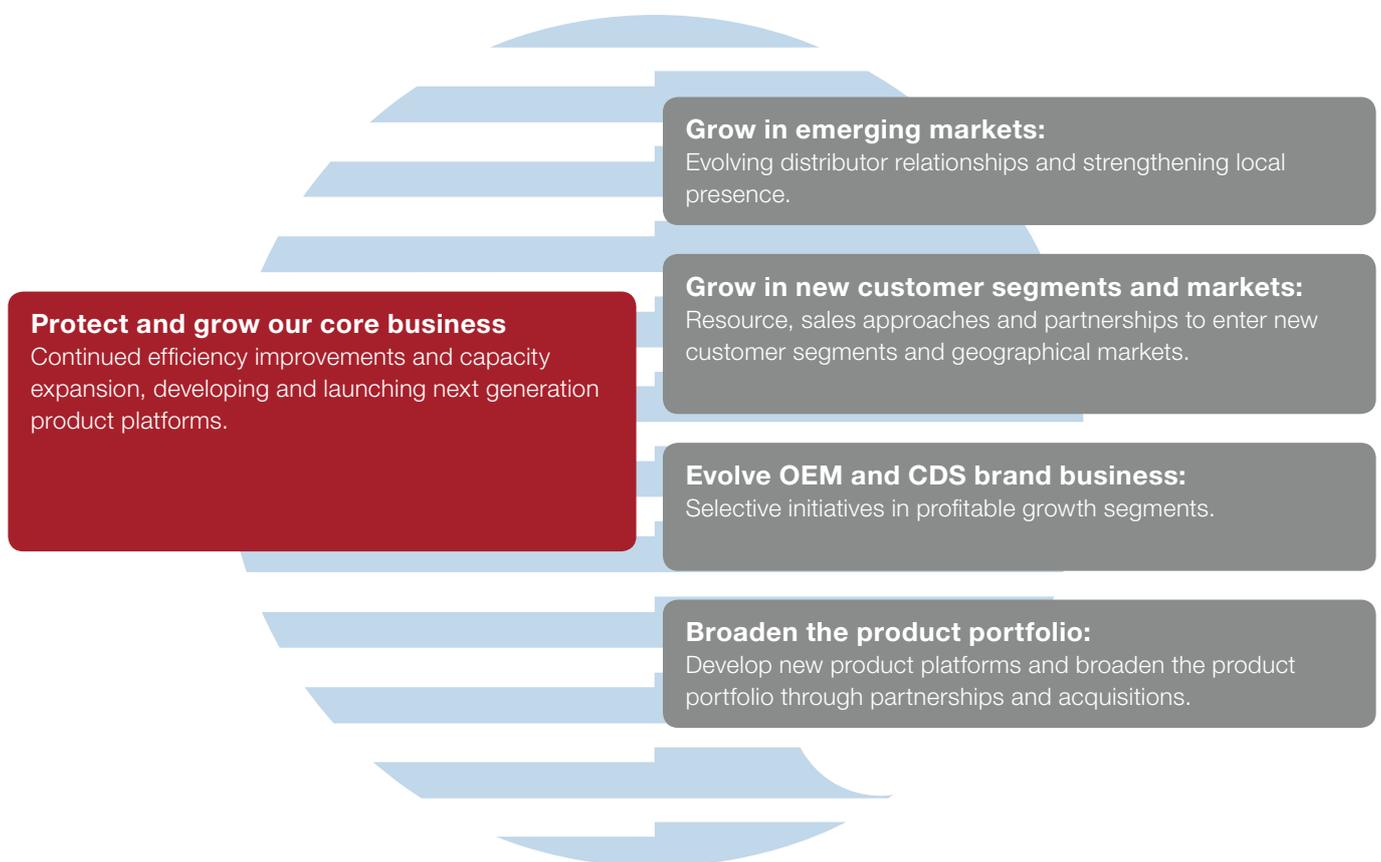
 <p>Courageous</p> <ul style="list-style-type: none"> • We dare to challenge the status quo and try new things • We speak up for what is right especially when it feels difficult • We communicate in an open and direct way 	 <p>Customer oriented</p> <ul style="list-style-type: none"> • We listen carefully to understand our customers' current and future needs • We support our customers in a flexible and efficient way, and take action to create a positive impact • We think globally and act in an ethical and sustainable way 	 <p>Innovative</p> <ul style="list-style-type: none"> • We are curious, have an open mind and see possibilities • We are creative and responsive and seek solutions • We try new approaches and learn from experience 	 <p>Quality</p> <ul style="list-style-type: none"> • We strive for high quality in everything we do • We follow our quality systems and processes and continuously improve them • We take responsibility and follow up on our commitments 	 <p>Result oriented</p> <ul style="list-style-type: none"> • We help others to grow and work in a way that brings out the best in everyone • We are goal oriented, engaged, and cost and resource conscious • We go the extra mile to achieve our goals 	 <p>Teamwork</p> <ul style="list-style-type: none"> • We respect and trust each other and assume the best of intentions • We collaborate and share information, ideas and knowledge • We give and ask for feedback to improve ourselves and others
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Strategies

Boule's strategic work serves to fulfill the company's vision and mission, enable the company's business concept, and to reach the company's financial targets. In 2017 Boule conducted a comprehensive analysis and review of the company's strategies. The work was concluded in the fourth quarter with the determination of five new strategic priorities that reflect the focus on the work implemented to achieve the company's long-term ambitions and growth targets.

The main components of the new strategy are:



Financial targets and dividend

In February 2017, Boule revised the company's financial targets to better reflect the good profitability, return and growth that the company's strategies and business concept enable.

The financial targets and the dividend target are presented below together with the actual performance of 2017 and historical comparison figures.

Boule's targets:

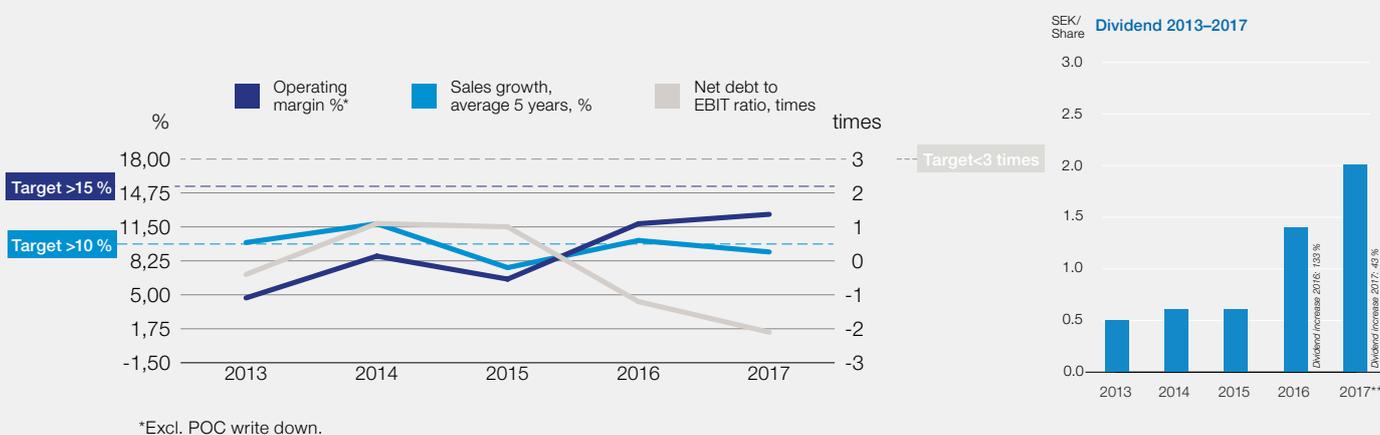
- An annual operating margin (EBIT margin) above 15 percent.
- Long term growth in sales above 10 percent per year
- Net debt no greater than three times operating profit on an annualized basis.
- The annual dividend should correspond to 25-50 percent of profit for the period, after due consideration of company liquidity.

Financial targets	Actual 2017	Comments
Operating margin: >15 %	13 %	Increased growth and continued high profitability resulted in an increased operating margin. Adjusted for non-recurring costs for restructuring and efficiency, the operating margin was 15 percent.
Sales growth: >10 %	8 %*	Continued focus on emerging markets and a steady increase of consumables resulted in increased sales.
Net debt to EBIT ratio: <3 times	-2.1 times	Strongly improved cash flow during the year resulted in a positive net cash.
Dividend**	SEK 2.0**	The dividend is increased to 26 percent of last year's profit.

*Average for 5 years amounts to 9,1 %.

**Proposed dividend for 2017.

Financial targets 2013–2017



*Excl. POC write down.

Boule's products

Hematology systems

Boule's hematology systems are marketed under four brands: Medonic, Swelab and Quintus for the human market and Exigo for the veterinary market. Boule manufactures and markets consumables tied to its proprietary instrument systems, open consumables for use in open systems from other manufacturers and consumables for OEM customers.



Medonic

*Human diagnostics
3-part system*



Swelab

*Human diagnostics
3-part system*



Quintus

*Human diagnostics
5-part system*



Exigo

*Veterinary diagnostics
3- & 4-part systems*



Exigo C200

*Veterinary clinical
chemistry analyzer*



*Tied consumables for
proprietary instruments*



*Consumables for
OEM customers*



*Open consumables for other
manufacturers' open systems*

Our consumables



Reagents



*Blood controls and
calibrators*



Cleaning products



Reagents rotor

This is Boule

Quality and accessibility drives Boule forward

Boule's business model

Boule's core business model is to develop, manufacture and sell advanced instruments and consumables used in blood diagnostics. For every instrument sold, the market for Boule's high-quality consumables is growing. The sales of instruments vary over time and larger orders are dependent on procurements, whereas the consumables account for a steadier revenue stream. In 2017, Boule sold 4,279 instruments (3,821), an increase of 12 percent, and for every instrument sold consumables for around SEK 6,500 are sold, although with geographic variations.

Instrument platforms and consumables

Boule manufactures hematology systems with instrument platforms for both the human and veterinary market. Boule's instruments contain advanced technology for differentiating white blood cells and indicate several different disease scenarios, for example a reduced immune system or bacterial and viral infections. The instruments thus allow physicians to monitor disease progression and provide support for treatment decision-making. Associated consumables in the form of blood controls, calibrators and reagents are sold for all platforms. In addition, Boule sells consumables to other manufacturers' hematology systems as well as consumables to other major suppliers in the industry which then sells the product to the end-customer under their own brand (OEM customers).

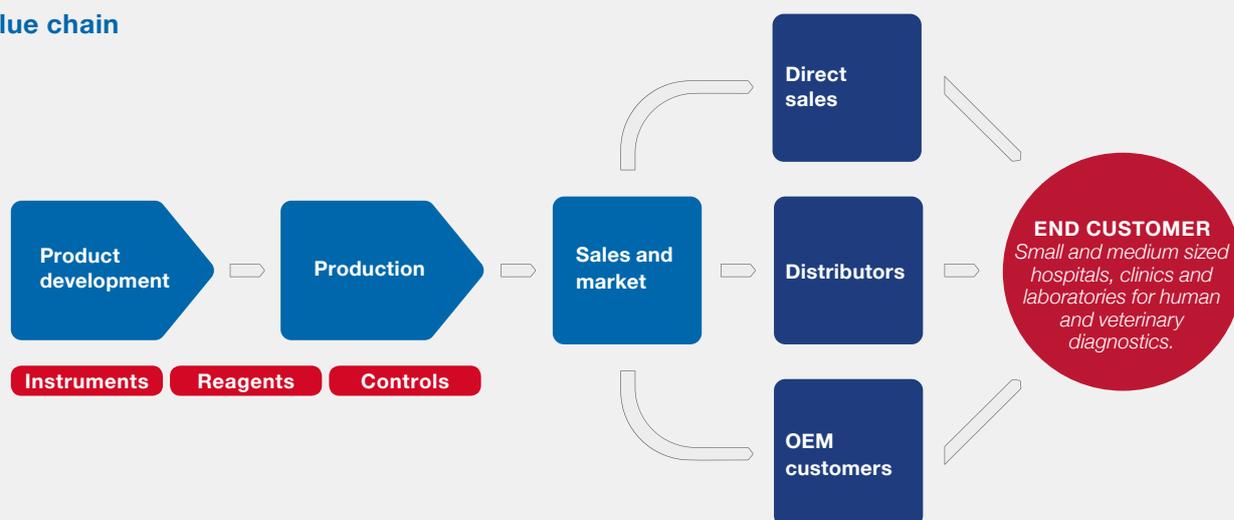
Boules driving force

Boules goal is that the quality of blood diagnostics should be as high at smaller and decentralized hospitals and laboratories as they are at the large and centralized institutions. Boules products are user-friendly and of high quality, and they enable analysis at the patient's location. This means that the risk of mistakes that could occur during delivery and when under external care decreases, while lead times can be shortened to the extent that patients are offered results and opportunities for follow-up treatment during one single visit.

Total Quality Concept

The quality concept that permeates Boule's entire business is ensured by Boule's presence throughout the entire value chain of the products required to guarantee the availability and reliability of the analysis results. Through product service and training in product use, Boule's quality concept covers the entire product life. The driving force behind Boule's Total Quality Concept is to ensure all products maintain the very highest quality for care that is safer, more efficient and more convenient for patients.

The value chain



Market and sales

Through efficient processes and a well-established distribution network, Boule reaches a global market

Sales 2017

2017 was another year of good growth for Boule. In total, sales of instruments, consumables and other services amounted to SEK 427.8 million (396.7), which corresponds to a growth in sales of 7.9 percent. Instruments accounted for 37 percent (39) of total sales, while sales of consumables for proprietary instruments accounted for 40 percent (38). Boule's OEM business, that develops, manufactures and sell reagents and controls to OEM customers, accounted for 10 percent (11) of total sales. Through the CDS brand, Boule sells consumables for competitors' open systems. CDS's revenues in 2017 accounted for 4 percent (5) of Boule's total sales. The remaining 9 percent (7) of sales came from service, spare parts, agent commissions and shipping.

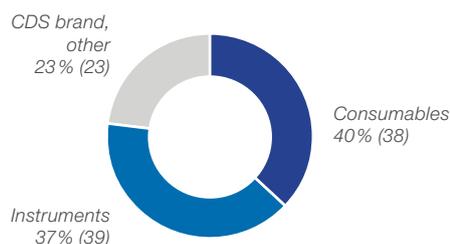
Growth components

Growth components in the fast-growing markets in Asia, Africa, the Middle East and Latin America consists of improving living standards and improving healthcare. The order flow of instruments varies over time depending on when procurements occur. To increase the company's market shares, and ensure good future growth from consumables, Boule adjusts the price of the instruments according to the individual markets conditions when necessary. Boule's main competitive advantage in emerging markets are user-friendliness and relatively low maintenance costs.

In the more mature European and American markets, the main growth components can be seen in an aging population with increasing care needs. Boule's products are competitive by offering the high-quality diagnostic equipment that the mature markets demand.

Instruments and consumables

Proportion of total net sales 2017 (2016)



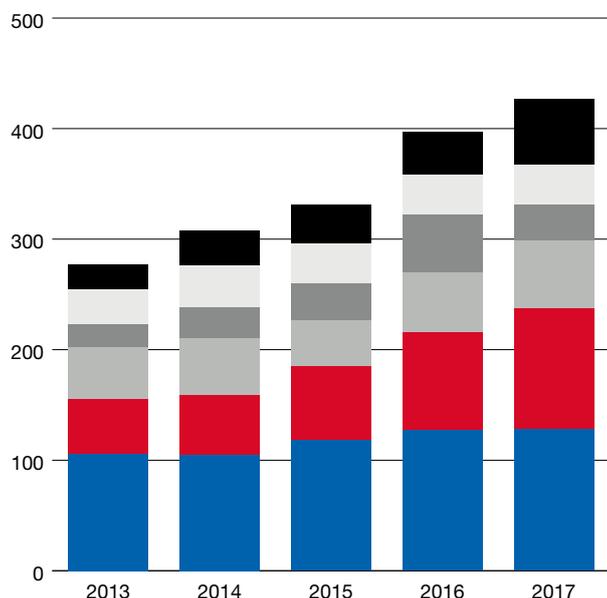
Boule's sales and growth per product area

SEK million	2013	2014	2015	2016	2017	CAGR* %
Instruments	118.2	125.2	119.0	155.7	156.2	7.2
Growth from previous year, %	-6.7	5.9	-4.9	30.8	0.4	
No. instruments sold per year	3,025	3,301	2,775	3,821	4,279	9.1
Growth from previous year, %	3.5	9.1	-15.9	37.7	12.0	
Consumables proprietary systems	85.3	105.2	123.5	153.3	169.8	18.8
Growth from previous year, %	15.1	23.3	17.4	24.1	10.8	
CDS Brand/OEM	48.1	50.6	59.0	61.8	61.2	6.2
Growth from previous year, %	-9.9	5.2	16.6	4.7	-1.0	
Other (service, spare parts & shipping)	25.2	25.7	29.9	26.0	40.6	12.7
Growth from previous year, %	19.4	2.0	16.3	-13.0	56.2	
Total	276.8	306.7	331.4	396.7	427.8	11.5
Growth from previous year, %	0.5	10.8	8.1	20.9	7.9	

*Compound Annual Growth Rate for the last four years.

Net sales per region 2013–2017

SEK million



Compound annual growth rate for the last four years

Africa/Middle East	27%
Western Europe	4%
Latin America	11%
Eastern Europe	7%
Asia	22%
USA	5%

Global presence

Boule's sales strategy is that through a global presence and parallel distribution channels in over 100 countries for the brands Swelab and Medonic, quickly meet local demand where it occurs. With a well-established contact network and around 200 regionally based distributors, Boule has access to the knowledge about local laws and regulations that is required be able to sell the company's products efficiently. Over 98 per cent of Boule's sales are made outside Sweden in cooperation with the regional distributors. In Sweden and, to a limited extent, the USA, Boule has chosen to market its products itself. This is primarily done to streamline dialogue between the end-customer and Boule. The direct contact with customers gives Boule the opportunity to quickly obtain assessments and reviews of the company's various products. The feedback from customers contribute to the company's active product development and helps Boule achieve the high ambitions which are defined in the company's quality concept.

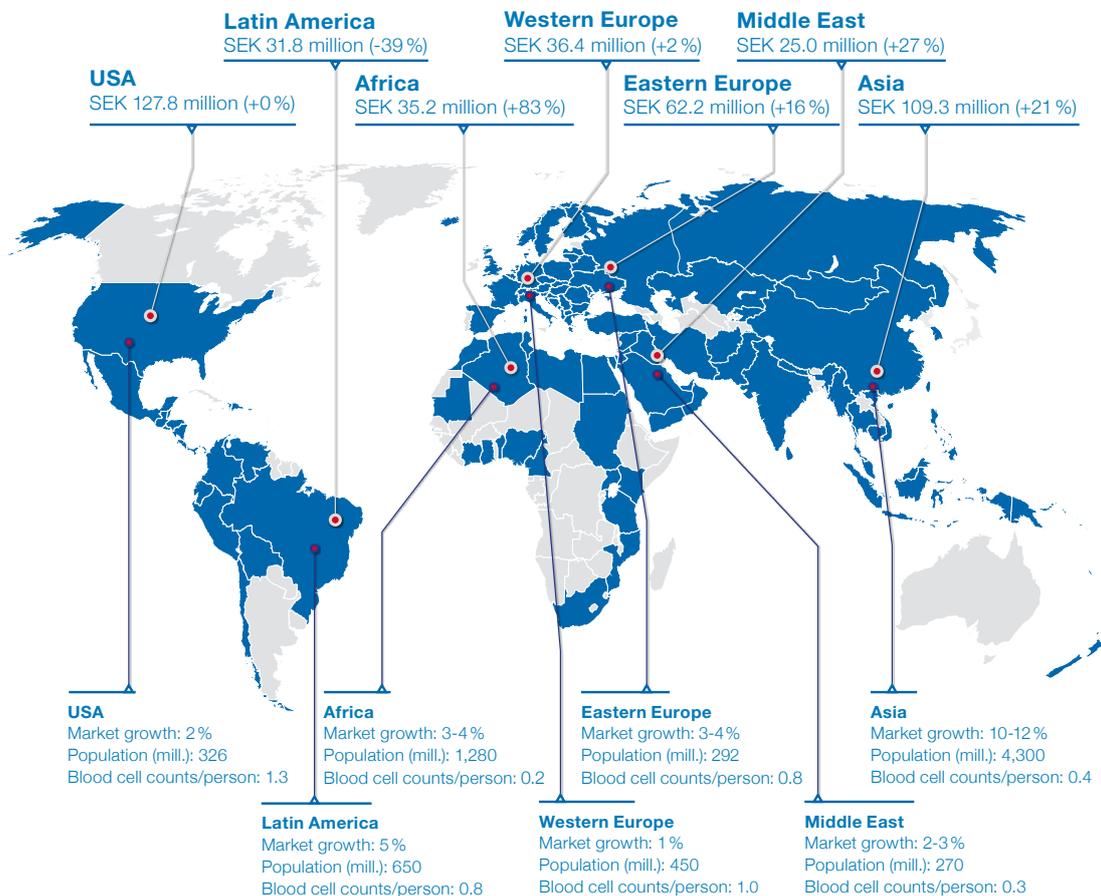
Marketing

Boule's distributors on individual markets have the principal responsibility for the sales and marketing of the company's products. Boule supports the distributors with training and marketing materials, together with the distributors' understanding of local business cultures this combination provides a localized and effective marketing communication.

Boule continuously increases the company's network of distributors, and builds relationships with end-customers, by staying visible and active at various seminars and trade fairs around the world.

Sales channels in over 100 countries

Boule had total sales for 2017 of SEK 427.8 million with total sales by region and changes from the previous year as below:



Laboratory diagnostics market

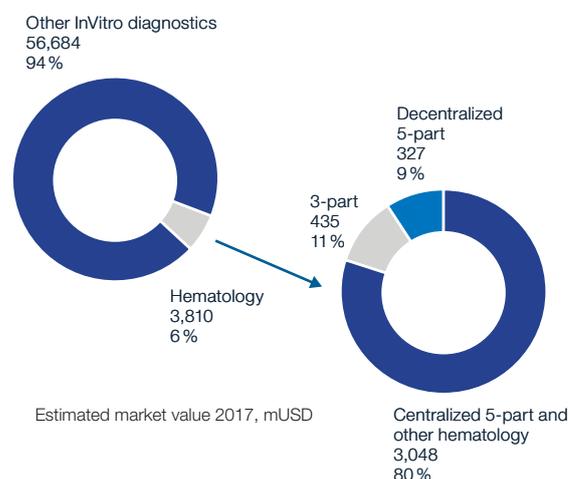
In 2017, the global In Vitro diagnostics market was estimated to approximately SEK 500 billion with a growth rate of 4 per cent. The hematology market is estimated to be about 6 per cent of the total In Vitro diagnostics market and amounted to approximately SEK 30 billion in 2017 with an expected annual growth rate of 2 per cent.

Boule's market

The hematology market can be divided into two main segments; centralized and decentralized. The centralized segment consists of larger hospitals with their own laboratories and independent central laboratories. Boule's main market is found in the decentralized, near patient, segment, which consists of smaller hospitals, clinics, laboratories, healthcare centers and veterinary clinics. Boule's main market amounts to approximately SEK 6 billion and is currently expected to grow globally by around 7 percent a year. Boule's market share of the decentralized hematology market is around 8 percent.

The decentralized hematology market

The decentralized, near patient, hematology market can in turn be divided into two segments, 3-part and 5-part. In a 3-part analysis three subgroups of white blood cells are analyzed, in 5-part analysis five subgroups. In numbers of analyzes made, 3-part represent about 80 percent and 5-part about 20 percent of the market. Due to the higher price levels of instruments and higher cost per test in the 5-part market, it represents about 40 percent of the value of the market while 3-party represents about 60 percent. The market for 5-part grows faster than the market for 3-part.



Risks and opportunities

Effective internal processes and action plans turn challenges into opportunities

Boule's challenges

Boule's greatest challenges are related to the fragmented and highly competitive market in which the company operates, the determination to continuously develop and broaden the product portfolio and the strict regulatory requirements that apply to advanced medical device equipment. These challenges vary, depending on the product and region, and Boule needs to meet all market challenges effectively in order to sell its products profitably and assure operating cash flow. Boule's competitors include both smaller and larger well-resourced companies that can exert price pressure, leverage regulatory advantages or exclusive agreements to win procurements and market shares.

Boule's primary risks and uncertainty factors

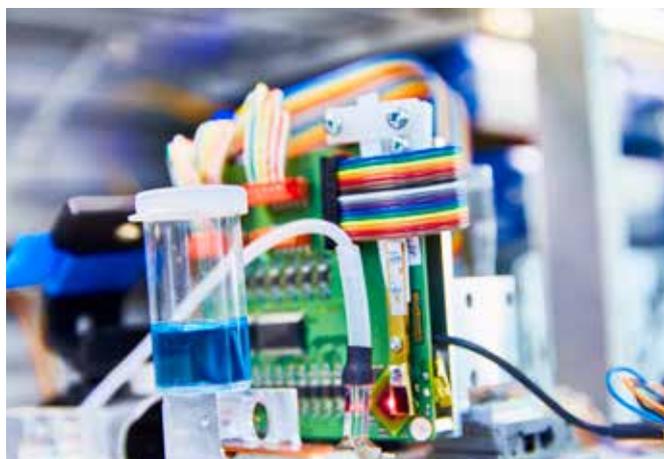
Boule's challenges derive from the risks and uncertainty factors the company's activities are naturally exposed to. At present, the most significant risks assessed as being related to Boule achieving its targets are; sales and market risks, development risks, foreign exchange risks, financing risks, legislative and regulatory risks, dependence on key persons and brand-related risks, which are summarized below*.

Sales risks	Future success for the company depends on partnerships with existing and new customers. If customer agreements cannot be signed and maintained or if they are terminated, this can adversely affect the company's continuing development, growth and financial situation. Negative development could also arise if competitors offer better and more efficient products at lower prices. Sales can vary between quarters due to procurements and purchasing patterns etc.
Development risks	There is always a risk that current and future development projects are delayed, suffer cost overruns or are not successful.
Foreign exchange risks	The group is exposed to foreign exchange risks in the form of transaction exposure and currency conversion exposure. Transaction exposure is relatively limited as the respective companies have revenues and costs in their respective local currencies. Revenues and costs for the Swedish subsidiary company are mainly denoted in SEK, while the US subsidiary company CDS has revenues and costs denoted primarily in USD. Conversion exposure is relatively significant. Consolidation of income statement and balance sheet in the group entails exposure to exchange rate changes in USD for activities in the American subsidiary. The group currently does not use derivatives to hedge exposure to currency risks. Exchange rate fluctuations can come to adversely affect the company's continued development, growth and financial position.
Financing risk	Boule can finance its operating activities with the cash flow the company generates today. However, the group needs to keep a continuous close eye on cash flow to assure operations and a future need for additional capital to meet Boule's internal liquidity requirements cannot be ruled out.
Legislative and regulatory risks	The manufacture, marketing and distribution of medical device products and equipment is done on a regulated market. Were Boule not to gain future market approval and certification or be able to maintain existing approvals, this would have a negative effect on its business.
Dependence on key persons	Boule has a distinct high technology orientation and is therefore dependent on being able to retain and recruit personnel. If the company were to lose key employees, or not successfully recruit suitably qualified new employees, this can affect Boule negatively.
Brand risks	Boule markets its products in over 100 countries. As a company on the global market for blood diagnostics, Boule has a responsibility to act in a socially, financially and environmentally sustainable way. Were Boule, via its employees, customers or suppliers, to fail to live up to this responsibility, this could have negative consequences for the company and the company's brands.
Market risks	Historically, sales to certain countries have been subject to various temporary or permanent forms of protectionism and trading restrictions. That this could happen again, and also affect regions that are important and profitable for Boule, cannot be ruled out.

*For further information about Boule's sustainability related risks, please read the sustainability report on pages 14–18.

Boule's opportunities

Thanks to its strong and well-established instrument platforms and distributor channels, plus trust inspiring brands, Boule has fertile soil for future growth potential. Currently, the list of assessed opportunities include the fast growing markets in Asia, Latin America, Africa and the Middle East where Boule already has good market positions that offer solid platforms for continued growth. Another example is the veterinary market, where Boule introduced an upgraded version of the Exigo platform in November 2017. Boule is continuously improving its growth opportunities by broadening its product portfolio via further development of the company's instrument platforms and new products, as well as through partnerships, distribution agreements and possible acquisitions.



Challenge	Opportunity	Action plan
<p>Competition and price pressure – Boule operates on a fragmented market with powerful and multifaceted competition. The competitors Boule faces vary between regions and products.</p>	<p>Boule's quality concept and value creating process covers the entire life cycle of its products which enables prices to be maintained at levels customers consider reasonable. Boule's holistic approach assures product reliability and maintenance while enabling the company to preserve good margins over the long term.</p>	<p>To maintain the high quality of company products while preventing costs from rising, Boule will continue to make its production processes more efficient and improve its manufacturing structure.</p>
<p>New competition – Well-resourced companies active in other segments can diversify and leverage their resources in an attempt to penetrate Boule's main segment.</p>	<p>By focusing on strengthening the company's positions in its main market segments and working closely with well-established local partners, Boule will be able to meet any such challenge effectively and grow on existing markets.</p>	<p>Boule is continuing to expand its distribution network while at the same time strengthening the support structure in place for existing distributors.</p>
<p>Competitors and product portfolio – Boule's competitors regularly develop new products that Boule must counter by offering a relevant, comprehensive and high quality product portfolio in order to be able to win procurement processes and increase market shares.</p>	<p>Boule has an advantage in the reputation capital the company's brands have amassed. This trust streamlines launch periods for new products, which enables the company to develop the differentiated and broad product portfolio the company needs in order to continue to increase its market share on different markets.</p>	<p>Boule invests in the development of new and existing products. The product portfolio is also broadened via new distribution agreements and when attractive opportunities appear, Boule can expand its portfolio through acquisitions.</p>
<p>Regulatory challenges – Within the human products market, medical device companies face strict regulatory requirements on all sub markets, irrespective of region or product category. Quality assurance and clinical trials can take several years and if such trials prove unsuccessful, Boule cannot then market these products.</p>	<p>These strict requirements are a barrier to entry on Boule's markets. Low price competitors and other companies that lack regulatory and quality assurance resources are restricted by this. With efficient and professional partnerships, regulatory know-how and knowledge of its markets, Boule ensures its products can be marketed effectively and profitably.</p>	<p>Boule's resources within regulatory issues and quality will be retained and strengthened to enable Boule products to be launched and marketed effectively on each respective market.</p>
<p>Fluctuations in revenues – Boule's sales growth of instruments is dependent on the size and time point of larger procurement processes. Quarterly variations in revenues and cash flow can therefore arise.</p>	<p>These variations are becoming less pronounced as sales increase. Boule can utilise its well-established distribution networks for profitable agreements with other producers. There is also growth potential within CDS and OEM agreements that are not dependent on Boule's own instrument sales.</p>	<p>In addition to the continued refinement of its fundamental business model, Boule also seeks to increase the proportion of revenues from CDS, OEM customers and distribution agreements, to reduce fluctuations in the longer term.</p>

Boule's sustainability report 2017

Boule is a leading supplier of instruments, consumables and associated services for high quality and safe blood analysis. The company has factories in Sweden and the USA and distributes its products via a global network of partners. Boule aims to contribute to sustainable development across the entire value chain. Special emphasis is placed on product safety.

Business activities and business model

The orientation of Boule's sustainability work should be viewed in terms of what the company does and its business model. Boule develops, manufactures and markets medical device products for professional users. The value chain includes sourcing of input materials, product development and manufacturing/assembly, marketing and distribution. Boule buys input materials in Europe and Asia, manufactures and assembles products at three factories in the USA and Sweden and markets instruments and reagents via a global network of distributors. Each and every one of these links in the chain includes both general risks and risks specific to Boule's business activities.

Risk and risk management

Boule regularly assesses risks and how these should be managed. For presentation purposes, Boule's sustainability related risks are reported in this section about Boule's sustainability work.

Materiality Analysis

It lies in the nature of the business, that Boule's sustainability risks are of a sharply shifting nature and of differing importance. Boule purchases input materials for substantial sums from a large number of suppliers. In addition, the company has three production facilities, which entails, for example, employee health and safety risks and risks of environmental impact. Distribution via some two hundred business partners entails risks related to business ethics, for example. Following a combined assessment, however, Boule has identified risks directly linked to product performance and safety as the most important.

Product safety

Boule's capacity to produce reliable and high quality instruments for blood diagnostics is of tremendous importance for the customers' operations and of vital importance for their patients. Incorrect or inadequate diagnoses can cause significant harm to patients, lead to financial losses for the hospital or healthcare establishment and by extension, threaten Boule's business activities.

Boule systems

For this very reason, product safety is a sustainability issue accorded one of the utmost priorities by Boule. One differentiating and important characteristic is that consumables (reagents) are tied to proprietary Boule instruments. Boule's closed systems enable blood analyses to be done more quickly, simply and safely. As the sealed test tubes do not need to be opened by laboratory personnel the blood is never exposed to external contaminants. This is an important safety aspect for both patients and personnel.

Boule and regulatory compliance

Boule has strengthened its procedures for regulatory compliance and quality assurance by increasing the resources for this and will continue to strengthen these in the future. The group wide quality assurance and regulatory compliance manager is a member of the group management team.

As part of quality assurance procedures, Boule makes continuous evaluations of how products are performing at end users.

Goals and future orientation

In 2018, Boule will continue to address the sustainability issues that are most relevant for the business, based on the Global Compact principles for corporate sustainability. The aim is to develop the group's general long-term sustainability goals and to increase the number of results indicators in the group.

¹ Visit www.globalcompact.org for further information about the principles and Global Compact.



Regulations and policies

Internal governance instruments

Boule shares the Global Compact values

Boule shares the values that are manifested in the Ten Principles of the UN Global Compact Initiative on the protection of human rights, decent working conditions, good environment and sound business ethics. These common values have very largely governed the content and formulation of Boule's policies. They embody the group's approach to sustainability issues and set out specific guidelines for minimizing risks of breaches within both Boule's business activities and partners over whom the company has influence.

Code of Conduct

Boule's Code of Conduct sets out the company's requirements and stances on issues such as anti-corruption, human rights and the environment. Boule's Code of Conduct provides a guide for employees in their daily work and imposes business ethics demands on suppliers and distributors. All employees within Boule are expected to have read and understand the code of conduct and each manager in the respective business areas is to ensure the code is adhered to on a daily basis.

Environment policy

Boule seeks to pursue its business activities in the most environment friendly and sustainable way possible. Employees are to observe international and national guidelines and choose more environment friendly options wherever possible.

Quality policy

Boule shall meet all legal and regulatory requirements that apply to product quality, standards, safety and efficiency, and work systematically to preserve and improve the quality of the company's products and services.

Diversity and equality policy

Boule strives for diversity amongst both its employees and customers. The climate of cooperation is to be informed by a positive view of people plus mutual respect and consideration. Harassment of any kind will not be tolerated. The terms and conditions, rights and opportunities for personal development for male and female employees, are to be equal throughout the company.

Supplier Code of Conduct

Boule's Supplier Code of Conduct stipulates that suppliers are to adhere to international conventions concerning human rights and working conditions. The code further clarifies that supplier requirements concerning business ethics and the environment must correspond to those laid down by Boule.

External governing instruments

As a medical device products company, Boule is governed to a large extent by laws and rules concerning standards, safety and product quality. Equipment for blood diagnosis is subject to detailed rules and regulations worldwide. In addition to laws and regulations, Boule also works in line with quality management systems and all manufacturing and sales companies within the group are certified to ISO 13485.

Sourcing of input materials

Suppliers

Boule has over 100 suppliers, mainly in Europe and Asia. Some of these suppliers are located in countries where the risks of breaches of environment standards, good business ethics, human rights and decent working conditions cannot be ignored. By directly and indirectly using suppliers with operations in such countries, Boule runs the risk of being party to possible breaches.

Supplier Code of Conduct

Suppliers are required to sign the Boule Supplier Code of Conduct. In cases where suppliers have their own code of conduct, the Boule purchasing department is liable for inspecting the content of such codes of conduct. The requirements must correspond to or exceed the requirements in Boule's Code of Conduct. To date, around half of the sub suppliers have signed Boule's Code of Conduct. Boule's component suppliers are primarily based in Sweden and China. All of Boule's suppliers in China have signed the code of conduct. The largest of these is a sub supplier to a large number of major global companies. Boule aims to reduce the number of suppliers to reduce costs and risks, and that all sub suppliers sign Boule's Supplier Code of Conduct.

Product development, manufacture and assembly

Processes and procedures in manufacturing are, where laws and rules do not differ, harmonized between businesses. The three factories (two in Spånga outside Stockholm and one in Plantation, Florida, USA) also meet the US FDA (Food and Drug Administration) regulatory requirements on quality systems.

Chemicals and components

Boule complies with the regulations that apply for the manufacture of electronics and use of chemicals. Only components that are approved within the parameters of the EU regulations on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and the Restriction of Hazardous Substances Directive (RoHS) plus the Directive on Waste from Electrical and Electronic Equipment (WEEE) are used in product development and production.

Health and safety at work

Boule pursues active health and safety work to prevent physical injuries at work. Each year, Boule performs both planned and unannounced health and safety inspections to audit the work environment. In 2017, 11 (6) near accidents of a minor nature occurred, of which 3 (2) resulted in absence from work. All incidents have been reported to the Health and Safety Committee for action and monitoring. The biggest health and safety risks at work are in production and logistics. Total sick leave fell in 2017 to 3.1 percent (3.4).



Marketing, sales and distribution

Satisfied customers and distributors are crucial for profitability and growth. We commission an annual survey of our distributors where any shortcomings in hematology systems, support and service are identified and then rectified. The 2017 survey results were approximately in line with those of 2016 achieving a score of 5.3 (5.4) out of a maximum 6.0. The survey showed high scores for quality, reliability and user-friendliness.

Global network of distributors

Boule markets its products to countries all round the world. The biggest single market is the USA. Developing countries comprise the fastest growing market for the company. Boule has around 200 distributors around the world. Boule's risk of becoming involved in corruption is primarily indirect as Boule does business in countries where there is a high risk of being exposed to corruption via its comprehensive network of distributors around the world. All distributors are required to sign Boule's Code of Conduct that expressly states that all forms of corruption are unacceptable.

Training of distributors

Boule imposes high demands on its distributors when it comes to knowledge about its products. To ensure a high

level of knowledge, Boule organizes regular product training courses for all distributors. This training is a mix of theory and practice and covers areas such as basic hematology and the technical maintenance and service of instruments.

Shipping

A key part of Boule's business is to be able to offer fast and efficient deliveries to its customers. At the same time, Boule aims to reduce its environment impact by optimizing logistics flows.

Transport forms a high proportion of Boule's carbon footprint. Inward warehouse deliveries mostly come by road and outward shipments from are sent by road, sea and air. When procuring transport services, Boule specifies environment requirements on transport companies commissioned. In 2017, all transport companies had their own environment policy and/or recognized systems for systematic environment work. Increasing load capacity utilization and using scheduled transport, offers opportunities to make both cost savings and reduce environment impact. In 2017, approximately 35 per cent of all inward shipments were via scheduled deliveries. Boule is also cutting the number of inward shipments by using a bag-in-box solution, that makes for more efficient use of truck space compared to using hard plastic packaging.

Sustainability in the value chain				
	Sourcing of input materials	Product development, manufacture and assembly	Marketing, sales and distribution	Shipping
Risks	Deficiencies in the supply chain regarding: <ul style="list-style-type: none"> • Environment • Working conditions • Human rights • Anti-corruption 	Risks in development and manufacturing that result in insufficient product safety. Risks in production regarding: <ul style="list-style-type: none"> • Pollution of air, land and water • Waste • Health and safety in the workplace 	Deficiencies in the distribution network regarding: <ul style="list-style-type: none"> • Knowledge about products, maintenance and aftermarket (product safety) • Knowledge about anti-corruption 	Emissions from vehicles. Deficiencies in the working environment of carriers.
Policies	Code of Conduct, Supplier Code of Conduct, Environment policy, Quality policy, Diversity and equality policy.			
General activities	Total Quality Concept			
Actions/activities	Collaboration with suppliers who apply good business ethics and take responsibility for human rights, work environment and the environment.	Develop user-friendly products of the highest quality. Ensure a good working environment.	Strive for increased customer satisfaction through distributors. Act ethically and engage distributors with good business ethics.	Optimize logistics to reduce climate impact and reduce costs.



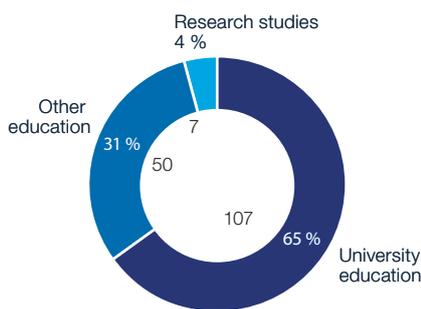
Personnel

Boule is an international group with employees in many parts of the world. A crucial success factor for Boule is the knowledge, experience and commitment of its employees. Accordingly, Boule aims to provide a workplace where the knowledge, experience and skills of all employees are utilized in the best way. All employees are to be treated with respect and offered the same opportunities regardless of gender, ethnicity, nationality, religious belief, sexual orientation, disabilities, age, experience or family situation. In 2017, the average number of

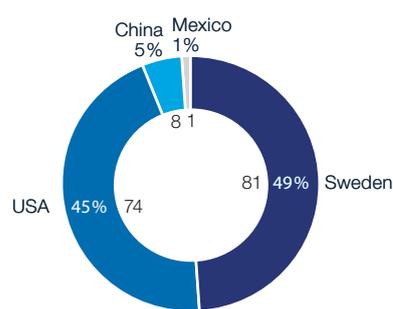
employees was 164 (174) including 10 (9) in the parent company. The average number of women in the group was 52 (66) and the average number of men was 112 (108).

Employee satisfaction

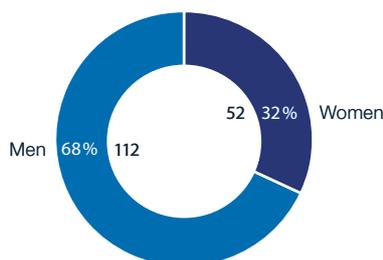
The annual employee survey, that provides a summarized assessment of Boule as an employer, showed an Employee Satisfaction Index score of 4.1 (3.8) out of 5.0. In 2017, 80 per cent of Boule personnel in Sweden completed the employee survey.



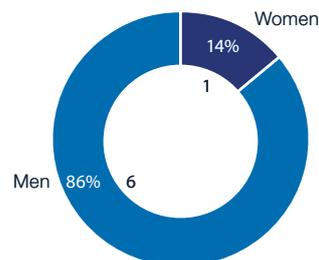
Level of education 2017



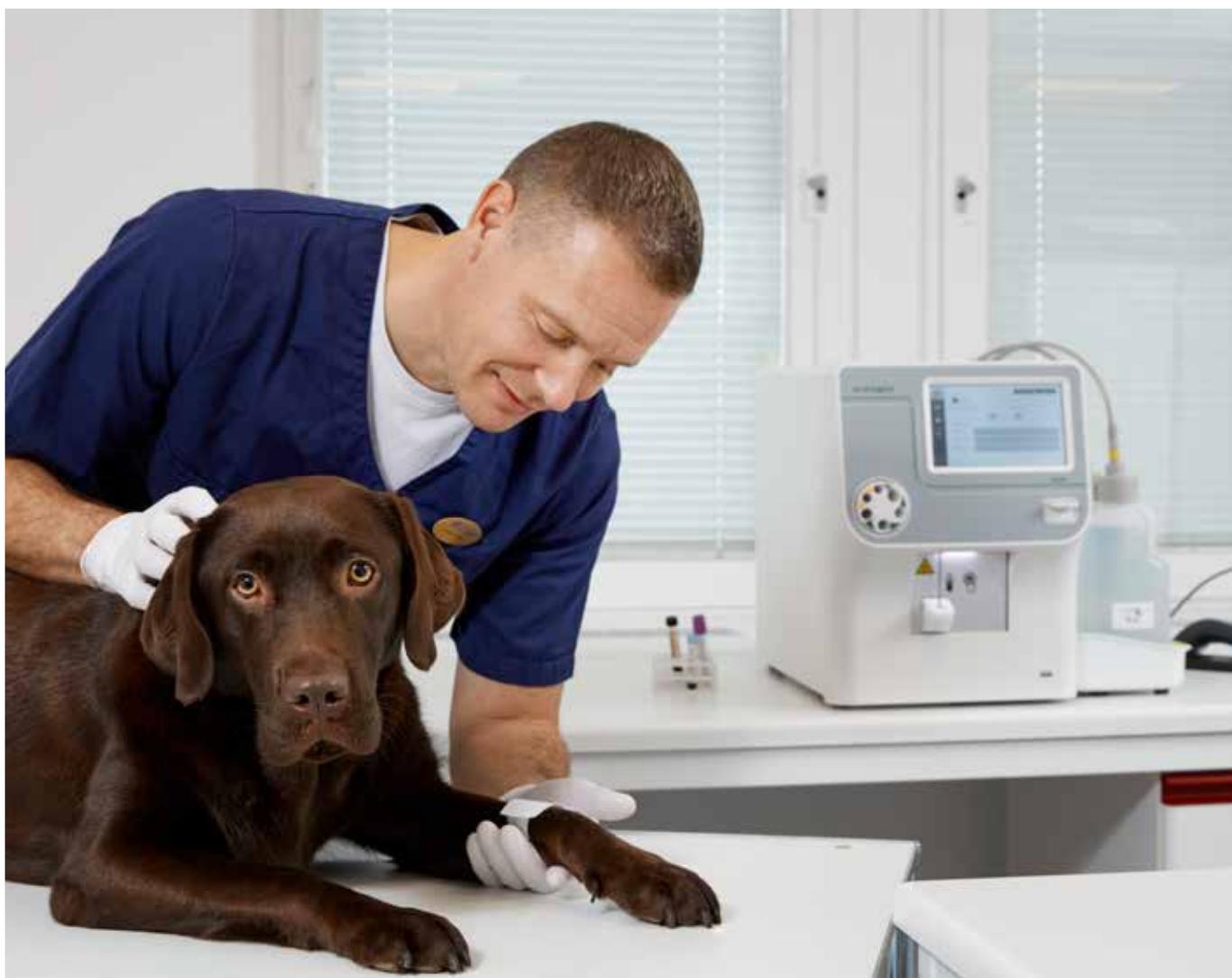
Average number of employees per country



Gender balance 2017



Gender balance Group management 2017



Boule continues to invest in a growing veterinary market

The diagnostics market for animals continues to show strong growth, driven by people's strong bonds with animals. People are investing more and more time and resources in ensuring the health of their pets, while improving social economies in developing countries bodes well for new growing markets.

The veterinary market is dominated by smaller clinics, where hematological diagnostics is the second most common analysis after clinical chemistry. In 2007, Boule launched Exigo, the company's first hematology system specially

developed for the veterinary market. This user-friendly system has now become an important part of Boule's business and since its launch, it has become a well-established and popular instrument with sales worldwide.

In recent years, there has been increased demand for common chemistry and hematology systems that can offer combined analysis reports that benefit both patients and clinic. In line with this development, Boule launched both its Exigo C200, a rotor based dry chemistry system and an updated version of its Exigo H400 hematology system in late 2017. These new and competitive products will enable Boule to meet new demands from the growing veterinary market. The global veterinary hematology market is estimated to be worth around SEK one billion and veterinary clinic chemistry around SEK four billion with a growth rate of six to nine percent.

"Our Exigo instrument is used in our daily clinical activities in the Wildlife Park and we are very satisfied. Exigo is stable and easy to use. It's an instrument we always rely on."

Bim Boijesen

Veterinary Surgeon, Destination Kolmården



Boule's shares

Boule shares have been listed on the NASDAQ Stockholm Exchange since 2011 and per 31 December 2017, Boule had 1,289 shareholders.

Market capitalization and net sales

The last price trade per 31 December 2017 was SEK 261.50 (280.00) which gave Boule a market capitalization of SEK 1,269.4 million (1,318.0). As per 31 March 2018 the last price trade was SEK 269.00 (250.00) giving a market capitalization of SEK 1,305.8 million (1,177.0). In the 2017 financial year, the average daily net sales of shares were 13,793, a total of 3.5 million Boule shares were traded in 2017 at a value of SEK 539.3 million. The share price declined by 6.6 percent in 2017, the OMXSPI rose by 5.8 percent.

Share capital

The share capital of Boule on 31 December 2017 was SEK 4,854,138 divided into 4,854,138 shares with a quotient value of SEK 1.00 per share. During 2017, the number of votes and shares rose by 147,000 following the new shares issued through the exercise of options. Boule only has one class of shares and all shares have equal rights to shares in the company's assets and profits. A trading post is one (1) share.

Options

Following a resolution by the 2017 Annual General Meeting, the company has determined to issue a maximum of 122,631 options. Each option entitles the holder to buy one share at a price of SEK 390 per share by 30 December 2020 at the latest. The CEO has been awarded, and has acquired on market terms, 48,631 of these options. An additional 10,000 options have been awarded or been acquired at market value.

Dividend

The general goal of the Boule board is to give shareholders a dividend that reflects both a good direct return and dividend growth. In February 2017, the Board adopted a policy in which the annual dividend should correspond to 25-50 percent of profit for the year, after taking due consideration to company liquidity. The Board proposes a dividend of SEK 2.00 (1.40) per share for 2017, corresponding to 26.1 (18.3) percent of the year's profit.

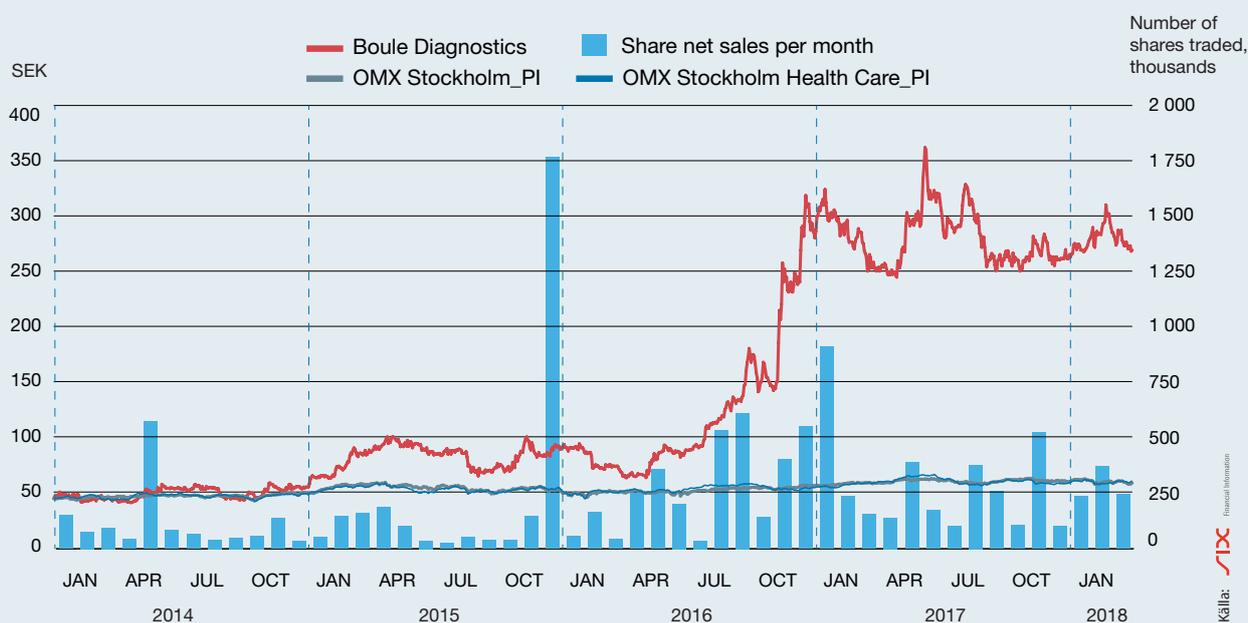
Stock split

To facilitate trade with the company's listed shares the Board proposes to the Annual General Meeting to increase the number of Boule shares by dividing every current share in four (4:1 stock split). The proposed split would increase the number of shares from 4,854,138 to 19,416,552 and decrease the quotient value per share from SEK 1 to SEK 0.25.

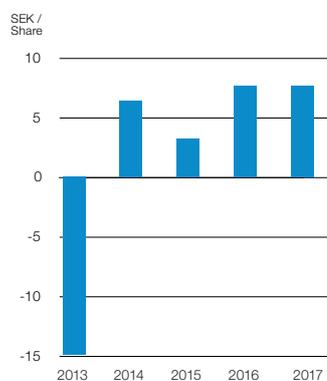
Shareholder agreement

The board of Boule is not aware of any shareholder agreements between company shareholders.

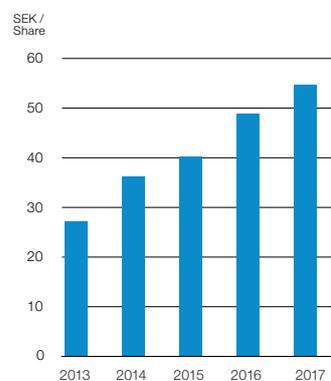
Share price history Jan 2014–April 2018



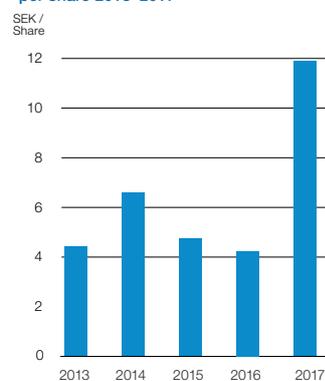
Earnings per share 2013–2017



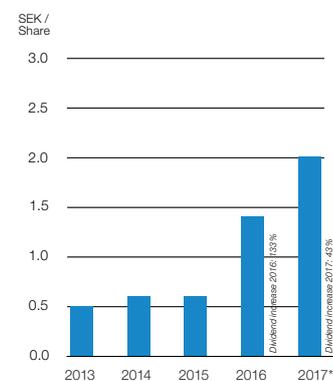
Shareholders' equity per share 2013–2017



Cash flow from operating activities per share 2013–2017



Dividend 2013–2017



*Proposed dividend for 2017.

Share capital increase

Year	Month	Transaction	Increase in share capital, SEK	Total share capital, SEK	No. of new shares	Total number of shares	Quotient value, SEK
1996	October	Company formed	100,000	100,000	100,000	100,000	1.00
1996	December	Directed share issue	129,600	229,600	129,600	229,600	1.00
1997	January	Directed share issue	287,950	517,550	287,950	517,550	1.00
1997	January	Directed share issue	728,500	1,246,050	728,500	1,246,050	1.00
1997	October	Directed share issue	290,000	1,536,050	290,000	1,536,050	1.00
1998	February	Directed share issue	22,786	1,558,836	22,786	1,558,836	1.00
1998	April	Directed share issue	103,922	1,662,758	103,922	1,662,758	1.00
1998	June	Directed share issue	10,000	1,672,758	10,000	1,672,758	1.00
1998	August	Directed share issue	5,634	1,678,392	5,634	1,678,392	1.00
2001	September	Directed share issue	460,350	2,138,742	460,350	2,138,742	1.00
2004	October	Directed share issue	380,347	2,519,089	380,347	2,519,089	1.00
2007	June	Preferential rights issue	944,658	3,463,747	944,658	3,463,747	1.00
2011	June	Directed share issue	1,243,391	4,707,138	1,243,391	4,707,138	1.00
2017	July-December	Exercise of options	147,000	4,854,138	147,000	4,854,138	1.00

Five year summary and definitions

'000s SEK	2017	2016	2015	2014	2013
INCOME STATEMENT					
Net sales	427,793	396,712	331,407	306,687	276,804
Cost of goods sold	-225,107	-206,064	-181,580	-170,242	-155,340
Gross profit	202,686	190,647	149,828	136,445	121,464
Other operating revenues	5,205	6,935	4,799	5,947	802
Selling and marketing expenses	-88,093	-69,188	-66,228	-62,572	-59,021
Administrative expenses	-27,443	-30,360	-22,837	-24,989	-25,132
Research and development expenses	-31,703	-37,480	-40,071	-23,631	-119,592
Other operating expenses	-6,300	-13,464	-3,886	-4,641	-913
Operating (EBIT) profit/loss	54,352	47,091	21,604	26,560	-82,392
Net financial items	-1,009	-2	-1,203	-1,629	-1,831
Profit/loss before tax	53,343	47,088	20,400	24,931	-84,223
Tax	-16,104	-11,055	-5,049	5,335	14,098
Profit/loss for the year	37,239	36,033	15,351	30,266	-70,125
BALANCE SHEET					
Fixed assets					
Intangible assets	103,831	103,686	101,682	98,664	73,661
Tangible assets	16,650	20,481	20,329	17,587	15,776
Financial fixed assets	31,483	28,137	18,632	107	205
Deferred tax assets	256	455	9,223	13,093	10,025
Total fixed assets	152,221	152,759	149,867	129,451	99,667
Current assets					
Inventory	50,759	59,186	54,761	46,195	47,854
Current receivables	114,348	107,800	60,460	81,647	62,146
Cash and cash equivalents	99,163	44,588	50,395	22,656	11,051
Total current assets	264,270	211,574	165,616	150,498	121,051
Total assets	416,491	364,333	315,483	279,949	220,718
Equity and liabilities					
Equity	261,766	229,765	188,514	169,992	127,492
Long-term interest-bearing liabilities	751	4,651	7,371	8,951	8,455
Other long-term liabilities (invoice factoring loans)	25,982	22,275	4,525	-	-
Deferred tax liabilities	9,367	3,458	3,651	1,428	5,627
Current interest-bearing liabilities	38,678	30,364	59,285	41,825	37,944
Current non interest-bearing liabilities	79,947	73,820	52,138	57,753	41,200
Total shareholders' equity and liabilities	416,491	364,333	315,483	279,949	220,718
CASH FLOW					
Cash flow from operating activities before changes in working capital	62,034	56,034	27,880	27,874	25,197
Changes in working capital	-4,318	-36,159	-5,556	3,111	-4,487
Cash flow from investment activities	-14,076	-5,659	-8,377	-22,761	-38,146
Cash flow from financing activities	12,247	-21,090	13,172	1,941	12,887
Cash flow for the year	55,886	-6,874	27,119	10,165	-4,549

Five year summary	2017	2016	2015	2014	2013
KEY RATIOS					
Growth in net sales, %	7.8	19.7	8.1	10.8	0.5
Gross margin, %	47.4	48.1	45.2	44.5	43.9
EBITDA, SEK million	65.2	56.6	28.5	30.9	16.9
EBITDA margin, %	15.3	14.3	8.6	10.1	6.1
EBIT, SEK million	54.4	47.1	21.6	26.6	-82.4
EBIT margin, %	12.7	11.9	6.5	8.7	-29.8
Return on total capital, %	13.9	13.9	7.3	10.6	-33.2
Return on shareholders' equity, %	15.2	17.2	8.6	20.3	-42.9
Return on capital employed, %	15.4	16.9	9.2	13.3	-42.1
CAPITAL STRUCTURE					
Shareholders' equity, SEK million	261.8	229.8	188.5	170.0	127.5
Capital employed, SEK million	327.2	287.1	237.2	199.8	159.2
Working capital, SEK million	261.5	176.2	139.8	116.7	96.7
Liabilities to credit institutes, SEK million	64.7	57.3	71.2	50.8	46.4
Interest coverage ratio	23.8	67.0	15.1	16.2	-73.0
Net debt, SEK million	-113.1	-55.9	20.9	28.1	35.0
Net debt coverage ratio, %	-43.2	-24.3	11.0	16.5	27.5
Equity ratio, %	63	63	60	61	58
DATA PER SHARE					
Average number of shares	4,793,138	4,707,138	4,707,138	4,707,138	4,707,138
No. of shares at end of period	4,854,138	4,707,138	4,707,138	4,707,138	4,707,138
Earnings per share, SEK	7.67	7.65	3.26	6.43	-14.90
Shareholders' equity per share, SEK	54.6	48.8	40.0	36.1	27.1
Cash flow from operating activities per share, SEK	11.89	4.22	4.74	6.58	4.40
Dividend, SEK	2.00*	1.40	0.60	0.60	0.50
EMPLOYEES					
Average number of employees	164	174	168	179	175

*Proposed dividend for 2017.

Definitioner

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). Management believes that this information will facilitate an analysis of the Group's development. The Alternative Performance Measures act as a complement to IFRS and does not replace the key performance indicators defined in IFRS. Calculations of all key performance indicators may be reconciled against items in the income statement and balance sheet.

Gross profit is net sales less cost of 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 is EBIT divided by net sales

Capital employed is the balance sheet total minus deferred tax liabilities and non-interest-bearing liabilities

Working capital is inventories, accounts receivable (current and non-current), and cash and cash equivalents less accounts payable

Net investments are investments in tangible and intangible assets adjusted for divestments

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

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

Net debt/equity ratio is net debt divided by equity

Equity/assets ratio is equity divided by total assets

Return on equity is profit/loss for the period after tax divided by average equity

Return on capital employed is net operating profit adjusted for financial items divided by average capital employed

Return on total capital is operating profit plus financial income divided by average total capital

Consolidated statement of comprehensive income

1 January -31 December, '000 SEK	Note	2017	2016
Net sales	2	427,793	396,712
Cost of goods sold	3, 4	-225,107	-206,064
Gross profit		202,686	190,647
Other operating revenues	6	5,205	6,935
Selling and marketing expenses	3, 4	-88,093	-69,188
Administrative expenses	3, 4, 8	-27,443	-30,360
Research and development expenses	3, 4	-31,703	-37,480
Other operating expenses	7	-6,300	-13,464
Operating profit/loss		54,352	47,091
Financial income	10	2,568	2,722
Financial expenses	10	-3,577	-2,724
Net financial items	10	-1,009	-2
Profit/loss before tax		53,343	47,088
Income tax	11	-16,104	-11,056
Profit/loss for the year¹⁾		37,239	36,033

¹⁾Profits in their entirety are attributable to parent company shareholders.

Other comprehensive income

'000s SEK	Note	2017	2016
Items that may be reclassified to net profit/loss for the period			
Translation differences for the period from the translation of foreign operations		-9,350	7,844
Other comprehensive income for the year		-9,350	7,844
Total comprehensive income for the year		27,889	43,877
Earnings per share, before dilution, SEK	20	7.67	7.65
Earnings per share, after dilution, SEK	20	7.67	7.45

Consolidated statement of financial position

31 December, '000s SEK	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenses	12	30,630	24,632
Goodwill	12	73,201	79,054
Total intangible assets		103,831	103,686
Tangible fixed assets			
Plant and machinery	13	2,610	4,202
Equipment, tools, fixtures and fittings	13	9,176	11,961
Leasehold improvements	13	4,864	4,318
Total tangible fixed assets		16,650	20,481
Financial fixed assets			
Long-term accounts receivables (guaranteed 75-95 % by EKN)	16, 26	31,467	28,121
Long-term non interest bearing receivables		16	16
Deferred tax assets	11	256	455
Total fixed assets		152,221	152,759
Current assets			
Inventory			
Raw materials and supplies		26,997	36,050
Intermediate goods		3,946	5,549
Finished goods and goods for resale		19,816	17,587
Total inventory	15	50,759	59,186
Current receivables			
Tax assets		2,097	1,862
Accounts receivable	16, 26	56,648	53,851
Accounts receivable (guaranteed 75-95 % by EKN)	16, 26	47,902	40,484
Other receivables	17	4,252	5,044
Prepaid expenses and accrued income	18	3,449	6,559
Total current receivables		114,348	107,800
Cash and cash equivalents	19	99,163	44,588
Total current assets		264,270	211,574
TOTAL ASSETS		416,491	364,333
EQUITY			
Share capital		4,854	4,707
Other contributed capital		201,152	190,584
Translation reserve		8,535	17,844
Retained earnings including net profit/loss for the period		47,225	16,630
TOTAL EQUITY	20	261,766	229,765
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities	22	751	4,651
Long-term interest bearing liabilities (for receivables guaranteed by EKN)	22	25,982	22,275
Deferred tax liabilities	11	9,367	3,458
Total long-term liabilities		36,099	30,384
Current liabilities			
Current interest-bearing liabilities	22	1,326	2,076
Current interest bearing liabilities (for receivables guaranteed by EKN)	22	37,352	28,288
Accounts payable		24,475	21,936
Tax liabilities		9,364	3,801
Other liabilities	23	7,437	8,625
Accrued liabilities and deferred income	24	37,671	38,458
Provisions	21	1,000	1,000
Total current liabilities		118,626	104,184
TOTAL LIABILITIES		154,725	134,568
TOTAL EQUITY AND LIABILITIES		416,491	364,333

Consolidated statement of changes in equity

'000s SEK	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/loss for the period	Total equity
Equity, opening balance, Jan. 1, 2016	4,707	190,584	10,000	-16,777	188,514
Total comprehensive income/loss for the period					
Net profit/loss for the period	-	-	-	36,033	36,033
Other comprehensive income for the period	-	-	7,844	-	7,844
Total comprehensive income/loss for the period	-	-	7,844	36,033	43,877
Transactions with shareholders					
Option programs	-	-	-	199	199
Dividends	-	-	-	-2,825	-2,825
Equity, closing balance, Dec. 31, 2016	4,707	190,584	17,844	16,630	229,765
Equity, opening balance, Jan. 1, 2017	4,707	190,584	17,844	16,630	229,765
Total comprehensive income/loss for the period					
Net profit/loss for the period	-	-	-	37,239	37,239
Other comprehensive income for the period	-	-	-9,309	-	-9,309
Total comprehensive income/loss for the period	-	-	-9,309	37,239	27,930
Transactions with shareholders					
Shares issued	147	10,399	-	-	10,546
Option programs	-	169	-	-54	115
Dividends	-	-	-	-6,590	-6,590
Equity, closing balance, Dec. 31, 2017	4,854	201,152	8,535	47,225	261,766

Consolidated cash flow statement

1 January–31 December, '000 SEK	Note	2017	2016
Operating activities			
Operating profit/loss		54,352	47,091
Adjustments for non-cash items	28	11,227	8,626
Interest received	28	2,568	36
Interest paid	28	-2,344	-713
Income tax paid		-3,770	995
Cash flow from operating activities before changes in working capital		62,034	56,034
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		6,227	-2,659
Increase (-)/Decrease (+) operating receivables		-1,718	-21,021
Increase (-)/Decrease (+) in operating receivables (guaranteed by EKN)		-12,867	-33,788
Increase (+)/Decrease (-) operating liabilities		4,040	21,309
Cash flow from operating activities		57,715	19,875
Investing activities			
Acquisition of property, plant and equipment	13	-4,624	-5,745
Divestment of property, plant and equipment	13	-	86
Investment in capitalized development costs	12	-9,452	-
Cash flow from investing activities		-14,076	-5,659
Financing activities			
New share issue		10,716	-
Loans raised		-	1,879
Amortization of loans		-3,901	-4,599
Increase (+)/Decrease (-) in current financial liabilities (EKN financing)		12,772	37,254
Increase (+)/Decrease (-) in current financial liabilities		-750	-52,800
Dividends		-6,590	-2,824
Cash flow from financing activities	28	12,247	-21,090
Cash flow for the year		55,886	-6,874
Cash and cash equivalents at the beginning of the period		44,588	50,395
Exchange rate differences cash and cash equivalents		-1,312	1,067
Cash and cash equivalents at the end of the period	19	99,163	44,588

Parent Company income statement

1 January–31 December, '000 SEK	Note	2017	2016
Net sales	2	20,573	22,968
Administration expenses	3, 5, 8, 9	-28,647	-26,768
Other operating expenses		-3,770	-3,889
Operating profit/loss		-11,844	-7,689
Profit/loss financial items			
Other interest income and similar profit/loss items	10	-	1
Interest costs and similar profit/loss items	10	-3	-52
Profit/loss after net financial items		-11,847	-7,739
Group contributions		29,407	24,975
Profit/loss before tax		17,560	17,235
Tax	11	-4,735	4,735
Net profit/loss for the year		12,825	21,970

Statement of comprehensive income, parent company

'000s SEK	Note	2017	2016
Profit/loss for the year		12,825	21,970
Other comprehensive income for the year		-	-
Comprehensive income for the year		12,825	21,970

Parent Company balance sheet

31 December, '000s SEK	Note	2017	2016
ASSETS			
Financial fixed assets			
Shares in Group companies	14	153,521	157,291
Deferred tax assets		-	4,735
Total financial fixed assets		153,521	162,026
Total fixed assets		153,521	162,026
Current assets			
Receivables from Group companies		69,847	51,983
Tax claims		1,015	811
Other receivables	17	415	350
Prepaid costs and accrued income	18	1,086	837
Total current receivables		72,363	53,981
Cash and bank	19	2,652	372
Total current assets		75,015	54,353
TOTAL ASSETS		228,536	216,379
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (4,854,138 shares)	20	4,854	4,707
Contingency fund		141,859	141,859
Unrestricted equity			
Share premium reserve		59,293	48,725
Profit brought forward		-5,069	-20,540
Profit/loss for the period		12,825	21,970
TOTAL EQUITY		213,762	196,721
LIABILITIES			
Current liabilities			
Accounts payable		2,840	2,585
Liabilities to Group companies		683	558
Other liabilities	23	1,060	1,792
Accrued costs and pre paid income	24	10,190	14,723
Total current liabilities		14,774	19,658
TOTAL LIABILITIES		14,774	19,658
TOTAL EQUITY AND LIABILITIES		228,536	216,379

Statement of changes in shareholders' equity, Parent Company

'000s SEK	Unrestricted shareholders' equity					Total shareholders' equity
	Share capital	Other contributed capital	Share premium reserve	Retained earnings	Profit/loss for the year	
Equity, opening balance, Jan.1, 2016	4,707	141,859	48,725	-17,735	-126	177,430
Total comprehensive income for the year						
Appropriation of profits	-	-	-	-126	126	0
Net profit/loss for the year	-	-	-	-	21,970	21,970
Option programs	-	-	-	146	-	146
Transactions with shareholders						
Dividends	-	-	-	-2,825	-	-2,825
Equity, closing balance, Dec. 31, 2016	4,707	141,859	48,725	-20,540	21,970	196,721
Equity, opening balance, Jan.1, 2017	4,707	141,859	48,725	-20,540	21,970	196,721
Total comprehensive income for the year						
Appropriation of profit	-	-	-	21,970	-21,970	0
Net profit/loss for the year	-	-	-	-	12,825	12,825
Option programs	-	-	169	91	-	260
Transactions with shareholders						
Shares issued	147	-	10,399	-	-	10,546
Dividends	-	-	-	-6,590	-	-6,590
Equity, closing balance, Dec. 31, 2017	4,854	141,859	59,293	-5,069	12,825	213,762

Parent company cash flow analysis

1 January-31 December, '000 SEK	Note	2017	2016
Operating activities			
Operating profit/loss		-11,844	-7,689
Adjustments for non-cash items	28	33,267	25,119
Interest received	28	0	1
Interest credited	28	-2	-52
Income tax paid		-204	-157
Cash flow from operating activities before changes in working capital		21,218	17,223
Cash flow from changes in working capital			
Increase (-)/Decrease (+) operating receivables		-18,178	-48,859
Increase (+)/Decrease (-) operating liabilities		-4,884	9,682
Cash flow from operating activities		-1,845	-21,954
Financing activities			
Shares issued through the exercise of options		10,716	-
Repayment of loans		-	-2,500
Dividends		-6,590	-2,824
Cash flow from financing activities		4,126	-5,324
Cash flow for the year		2,281	-27,278
Cash and cash equivalents at the beginning of the period		372	27,650
Cash and cash equivalents at the end of the period	19	2,652	372

Board of Directors



Peter Ehrenheim

Born 1955. Board member since 2015. Chairman of the board since 2016.

Other assignments: Chairman of the Board of Sophion Biosciences A/S. Board member of Nanologica AB and Biotage AB.

Current employment: Entrepreneur.

Education: Master of Science from the Royal Institute of Technology.

Shareholding in Boule: 16,000.



Karin Dahllöf

Born 1959. Board member since 2015.

Other assignments: –.

Current employment: Interim CEO Monivent AB.

Education: Medical Laboratory Scientist, Gothenburg University.

Shareholding in Boule: 1,000.



Thomas Eklund

Born 1967. Board member since 2014.

Other assignments: Chairman of the Boards of Itrim AB, Sedana Medical AB, Moberg Pharma AB. Board member of Memira AB, Biotage AB och Rodebjer Form AB.

Current employment: Independent director, advisor and consultant.

Education: Master of Science from Stockholm School of Economics.

Shareholding in Boule: 444,638.



Jon Risfelt

Born 1961. Board member since 2016.

Other assignments: Chairman of the Boards of Bisnode AB, Bisnode Business Information Group AB, Cabonline Holding AB och Smartfish AS. Board member of Billia AB, Elos Medtech AB, Excanto AB och Knowit AB.

Current employment: Independent director, advisor and consultant.

Education: Master of Science from the Royal Institute of Technology.

Shareholding in Boule: 1,800.

Group management



Fredrik Dalborg

Fredrik Dalborg joined Boule on his appointment as CEO on 1 April 2017.

Education: Master of Science from Stockholm School of Economics and reserve officer in the Swedish Navy.

Shareholding in Boule: 3,500.

Options in Boule: 48,631.



Christina Rubenhag

Christina Rubenhag is the Senior Vice President and CFO and started her employment at Boule on 9 October 2017.

Education: Bachelor of Science from the Umeå School of Business and Economics.

Shareholding in Boule: -.

Options in Boule: 9,000.



Debbie Herrera

Debbie Herrera is the Senior Vice President of Quality & Regulatory and has been employed since early 2017.

Education: Master of Science Organization and Management, Capella University, Bachelor of Science, Microbiology, Florida Atlantic University, Bachelor of Arts, Chemistry, Florida Atlantic University.

Shareholding in Boule: -.

Options in Boule: -.



Michael Elliott

Michael Elliott is the Senior Vice President R&D OEM at CDS, and has been employed in the subsidiary CDS since 2000.

Education: Master of Science from Queens University in Belfast and Executive MBA from Florida Atlantic University.

Shareholding in Boule: 21,000.

Options in Boule: -.



Hans Johansson

Hans Johansson is the Senior Vice President of Production and has been employed at Boule since 2001.

Education: Master of Science in Applied Physics and Electrical Engineering and Licentiate of Engineering in Material Physics, both from the Institute of Technology of Linköping University.

Shareholding in Boule: 3,164.

Options in Boule: -.



Fredrik Ekdahl

Fredrik Ekdahl is the Senior Vice President R&D and has been employed since 2012.

Education: Bachelor of Science in Mechanical Engineering from the Institute of Technology of Linköping University.

Shareholding in Boule: 3,000.

Options in Boule: 11,000.

Group management members who joined in 2018

Kiarash Farr

Kiarash Farr is the SVP of Commercial Operations and he started his employment at Boule Medical AB on 1 March, 2018.

Education: Master of Science in Engineering Physics from Royal Institute of Technology Stockholm Sweden and Management from INSEAD, Fontainebleau France.

Shareholding in Boule: -.

Options in Boule: -.

Bob Ariano

Bob Ariano is the VP Sales & Marketing for the US.

Education: Northern Illinois University, USA.

Shareholding in Boule: -.

Options in Boule: -.

Eva Ekermann

Eva Ekermann is the Human Resources Manager and has been employed at Boule since 1 January, 2013.

Education: Diploma Human Resource Management, FEI Institute of Business Administration, Stockholm.

Shareholding in Boule: 130.

Options in Boule: -.

Information to the shareholders

Future reporting dates

- Interim report for the first quarter 2018 14 May 2018
- Interim report for the second quarter 2018 15 August 2018
- Interim report for the third quarter 2018 6 November 2018

Annual General Meeting

The AGM of Boule Diagnostics AB will be held at 18.00 on 14 May 2018, at the company offices on Domnarvsgatan 4, Spånga. Entrance from 17.30.

Contact persons for investor relations



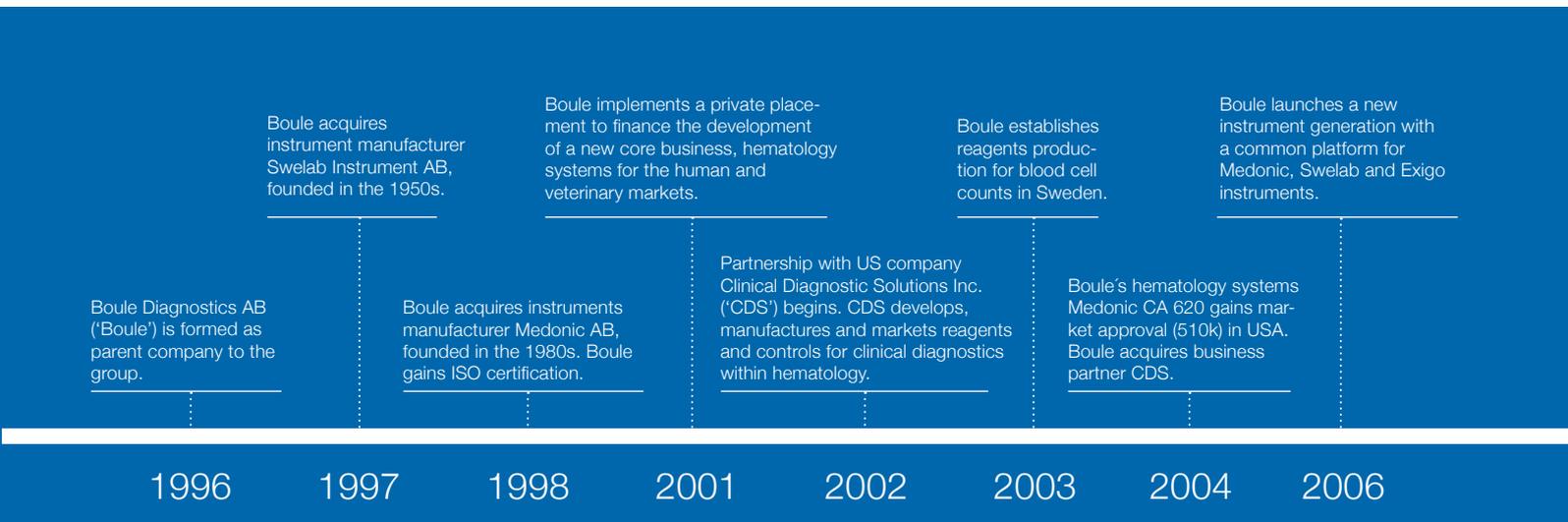
Fredrik Dalborg
CEO and Group President

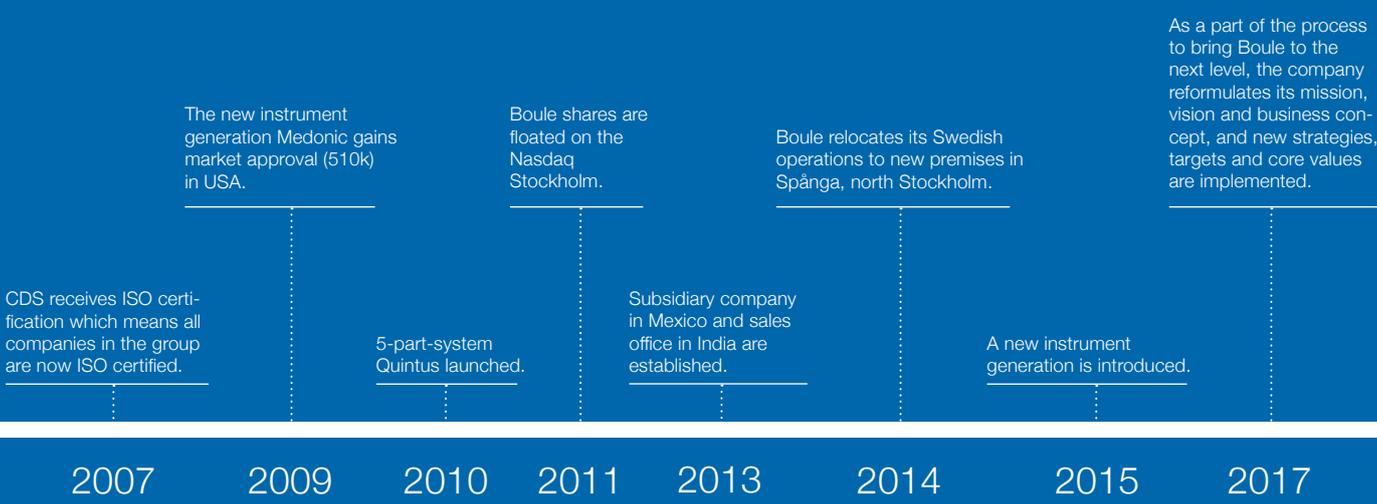
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