



## Continued strong profitability improvements and good growth

### Quarter April-June 2018

- Net sales amounted to SEK 107.8 million (104.3), up 3.4 percent. Adjusted for the change in exchange rates, this corresponds to an increase of 3.0 percent.
- Number of instruments sold in the quarter was 962 (998), a decrease of 4 percent.
- Cash flow from operating activities amounted to SEK 10.0 million (5.0).
- Operating profit was SEK 19.8 million (-0.7) which corresponds to an operating margin of 18.4 percent (-0.7).
- Net profit amounted to SEK 14.9 million (-1.1).
- Earnings per share before dilution amounted to SEK 0.77 (-0.06) and after dilution to SEK 0.77 (-0.06).<sup>1</sup>

### Significant events during the quarter

#### BOULE ACQUIRES TECHNOLOGIES FOR THE NEXT GENERATION PRODUCT PLATFORM

In April, Boule acquired new technologies in the field of laser optics that will be adapted to Boule's requirements and be used in combination with internally developed technologies for the next generation product platform. The acquisition will reduce time to market for the next product launch in the fast growing 5-part segment, and simultaneously reduce development cost and risk.

#### NEW PRODUCTS RELEASED FOR SALE IN THE VETERINARY MARKET

Exigo H400, a hematology system with twelve pre-installed animal profiles, was launched in April. The Exigo C200, a fully automated chemistry analyzer for veterinary diagnostics, was launched in June. The increased product portfolio strengthens Boule's competitiveness in the veterinary market.

### Interim period January-June 2018

- Net sales amounted to SEK 207.3 million (210.9), a decrease of 1.7 percent. Adjusted for the change in exchange rates, this corresponds to an increase of 0.3 percent.
- Number of instruments sold in the quarter was 1,902 (2,141), a decrease of 11 percent.
- Cash flow from operating activities amounted to SEK 16.7 million (23.5).
- Operating profit was SEK 38.7 million (11.2) which corresponds to an operating margin of 18.7 percent (5.3).
- Net profit amounted to SEK 29.9 million (7.5).
- Earnings per share before dilution amounted to SEK 1.54 (0.40) and after dilution to SEK 1.54 (0.39).<sup>1</sup>

### Significant events after the period

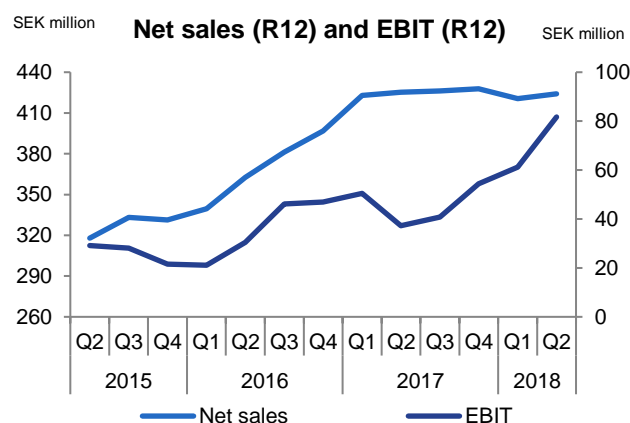
#### BOULE SECURED MAJOR TENDER IN INDIA

A major tender has been secured in India, including a large number of instruments, associated reagents and controls. This complex tender process has been ongoing for an extended period of time and has been brought to a successful conclusion for Boule by the local country manager in close collaboration with one of the company's key distributors. Deliveries of 650 instruments are expected to take place during the third and fourth quarter of 2018.

Winning this tender further strengthens Boule's position in the Indian market and can lead to further sales of instruments in addition to the ongoing reagent and control sales supporting the installed instruments.

Key figures	Apr-Jun 2018	Apr-Jun 2017	Jul 17-Jun 18 (R12)	Jul 16-Jun 17 (R12)
Growth in sales, %	3.4	2.3	0.3	24.4
Net sales, SEK million	107.8	104.3	424.2	423.0
Gross margin, %	48.8	41.8	48.9	46.8
Operating profit/loss, SEK million	19.8	-0.7	81.8	37.3
Operating margin, %	18.4	-0.7	19.3	8.8
Net debt, SEK million	-93.8	-71.4	-93.8	-71.4
Return on equity, %	5.3	-0.5	23.2	13.3
Net debt/EBIT (R12), times	-1.1	-1.9	-1.1	-1.9
Earnings per share, after dilution, SEK <sup>1</sup>	0.77	-0.06	3.07	1.47

1) Per share key ratios for the comparative periods have been recalculated to adjust for the stock split in June 2018, see page 5.



## Comments from CEO Fredrik Dalborg

### *Continued strong profitability improvements and good growth*

Sales started off a bit slow in the beginning of the year and even though performance improved in March, the revenue development for the first quarter was negative. In the second quarter Boule showed good growth globally. Instrument revenues are increasing again, and reagent revenues are growing strongly at 16%. The sales of consumables for open systems (CDS-brand) declined in line with market trends, and OEM sales were lower than expected due to an uneven order pattern that is expected to balance out over time. Adjusted for the sales of CDS-brand and OEM, the sales of Boule's own systems increased by 10% globally during the quarter compared to the previous year and adjusted for changes in currency exchange rates, sales in the US increased by 13%. The second quarter was another quarter without any major tenders, resulting in a decrease in the number of instruments shipped, but with higher average selling prices for the delivered instruments. The sales from instruments increased by 48% in the US market.

After the quarter a major tender was secured in India. The deliveries of 650 instruments will occur in the third and fourth quarter of 2018 and will therefore claim a significant share of the current production capacity. Due to the size of the tender the instruments' selling price is relatively low, while reagent sales per instrument are expected to be above average in the Indian market. During the third quarter increased production capacity is being prepared. In addition to the future deliveries of consumables, this tender may also lead to sales of additional instruments.

The gross margin was 48.8% in the second quarter 2018, compared to 46.8% last quarter and 41.8% for the second quarter 2017. The operating margin also increased to 18.4% compared to -0.7% the second quarter 2017 when non-recurring costs affected profitability. Adjusted for capitalized research and development expenditures the operating profit was SEK 14.8 million (-2.6) and the operating margin was 13.7% (-2.5).

### *Product launches in the veterinary market*

In April, the new veterinary hematology system H400 reached the market and customer responses have been positive. In June, the sales of Exigo C200, a fully automated chemistry analyzer for the veterinary market, started. The two systems have integrated software and customers will use them in combination. These two systems together will strengthen Boule's product portfolio in the veterinary market and offers opportunities to develop the distribution network.

### *Continued growth and efficiency initiatives*

The development of the next generation system platform is continuing with high priority. Research and development resources in both Sweden and the US have been strengthened to secure a rapid and efficient development process.

To support both a continued strong growth in different geographic markets as well as an efficient commercialization of a broader product portfolio, the commercial organization is being strengthened.

In addition, the team will be working on additional growth initiatives in line with the established strategy:

- 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.



Fredrik Dalborg  
CEO and Group President

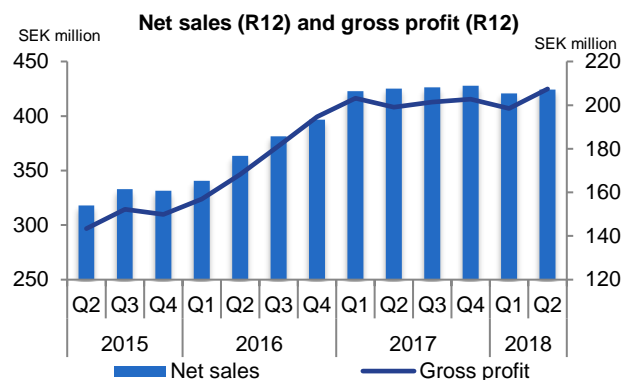
## Group performance January–June 2018

### NET SALES

During the period net sales amounted to SEK 207.3 million (210.9), down 1.7 percent. Net sales decreased by 0.3 percent when adjusted for the change in the USD and EUR exchange rates.

### GROSS PROFIT

Gross profit during the period amounted to SEK 99.1 million (94.4) and the gross margin was 47.8 percent (44.7). The gross margin has been positively affected by both region and product mix, with a lower share of sales to low-cost countries and a higher proportion of sales from consumables.



### EXPENSES

Operating expenses during the period amounted to SEK 64.5 million (75.7). The operating expenses of 2017 included expenses related to efficiency improvements and non-recurring costs of SEK 7.9 million.

Research and development expenditures charged to earnings amounted to SEK 11.7 million (18.9), which represents 6 percent (9) of net sales. Research and development expenditures of SEK 10.6 million (2.5) were capitalized. In total, research and development expenses correspond to 11 percent (10) of net sales. The capitalization of 2018 consists of the final phase of the new veterinary version released in April and the next generation hematology platform.

The net of other operating revenues and other operating expenses during the period amounted to a total of SEK 4.1 million (-7.5) and consists primarily of corresponding positive and negative changes in the exchange rates. Other operating expenses for 2017 included expenses of SEK 3.2 million related to efficiency improvements and social fees of SEK 3.0 million from Boule's options programs.

### OPERATING PROFIT

Operating profit during the period amounted to SEK 38.7 million (11.2). This corresponds to an operating margin of 18.7 percent (5.3). Excluding the capitalization of research and development, the operating margin was 13.6 percent (4.2).

### NET FINANCIAL ITEMS

Net financial items amounted to SEK 0.3 million (-0.0). Profit before tax was SEK 39.0 million (11.2). Profit for the period was SEK 29.9 million (7.5).

### FINANCING AND CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK 16.7 million (23.5). Most prominently, current accounts payable have decreased following payments earlier in the year and accounts receivables guaranteed by the Swedish National Export Credits Guarantee Board (EKN) have increased. EKN guarantees 75-95 percent of the accounts receivable's total amount. Receivables can be pledged, and the liabilities are then 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 other interest-bearing liabilities is reported in the cash flow under financing activities. At the turn of the year, the process of how receivables are pledged was changed, and the company can now more easily choose when and how much of the guaranteed receivables should be pledged. The amount of unpledged accounts receivable for the period amounted to SEK 23.0 million. As all accounts receivable were pledged in 2017, this affects comparison between the years.

Cash flow for the period amounted to SEK -38.8 million (22.9) and cash and cash equivalents at the end of the period were SEK 61.9 million (66.6). Cash and cash equivalents available to the Group, including unutilized credit facilities and guaranteed but not pledged accounts receivables, amounted to SEK 123.8 million (105.1) at the end of the period.

### NET SALES BY REGION AND PRODUCT

Net sales by region, SEK million	Apr-Jun 2018	Apr-Jun 2017	Change	Jul 17- Jun 18 (R12)	Jul 16- Jun 17 (R12)	Change (R12)
USA	29.1	32.5	-11%	123.5	132.1	-7%
Asia	31.3	30.5	3%	109.0	106.2	3%
Eastern Europe	16.1	17.1	-6%	61.1	63.0	-3%
Latin America	6.6	5.6	20%	32.5	35.7	-9%
Western Europe	9.1	8.7	5%	35.6	35.8	0%
Africa/Middle East	15.7	10.0	56%	62.5	50.2	24%
<b>Total</b>	<b>107.8</b>	<b>104.3</b>	<b>3%</b>	<b>424.2</b>	<b>423.0</b>	<b>0%</b>

Net sales by product, SEK million	Apr-Jun 2018	Apr-Jun 2017	Change	Jul 17- Jun 18 (R12)	Jul 16- Jun 17 (R12)	Change (R12)
Instruments	37.4	37.0	1%	149.9	164.4	-9%
Consumables own instruments	49.0	42.4	16%	175.2	159.3	10%
Consumables OEM and CDS-brand	11.8	16.7	-29%	56.7	67.7	-16%
Other	9.7	8.2	18%	42.5	31.6	34%
<b>Total</b>	<b>107.8</b>	<b>104.3</b>	<b>3%</b>	<b>424.2</b>	<b>423.0</b>	<b>0%</b>

## INVESTMENTS

Total investments amounted to SEK 36.7 million (3.8), of which SEK 11.4 million (2.5) relates to investments in the development of future platforms and SEK 22.7 million (0.0) relates to the acquisition of new technology.

## EQUITY AND LIABILITIES

Group equity on June 30, 2018, totaled SEK 290.1 million (223.9) and equity/asset ratio was 66 percent (59).

Interest bearing liabilities, primarily accounts receivable financing through EKN, amounted to SEK 56.3 million (67.1) on June 30, 2018. SEK 26.5 million (29.1) of the interest-bearing liabilities were non-current and SEK 29.8 million (37.9) were current. At June 30, 2018, other non-interest-bearing current liabilities and accounts payable totaled to SEK 79.0 million (78.9).

The net debt, that when negative shows that interest-bearing assets exceeds interest-bearing liabilities, amounted to SEK -93.8 million (-71.4) on June 30, 2018.

At the end of the period, deferred tax assets and deferred tax liabilities totaled SEK 0.0 million (0.2) and SEK 11.5 million (6.7) 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 6 billion of which Boule has a market share of around 8 percent.

## SIGNIFICANT RISKS AND UNCERTAINTIES

The Group's operations are subjected 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.

There is no guarantee that the company's operations will not be subjected to restrictions by government agencies or that 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.

Boule is currently exposed to currency exchange risks. +/- 10 percent of the exchange rate USD/SEK affects the net sales by +/- SEK 20 million and net profit by +/- SEK 4 million. We are continuously working on operationally reducing our exchange rate exposure.

For a more detailed description of the risks, see the Annual Report for 2017. Compared with the Annual Report, the risks are deemed to remain unchanged.

## TRANSACTIONS WITH RELATED PARTIES

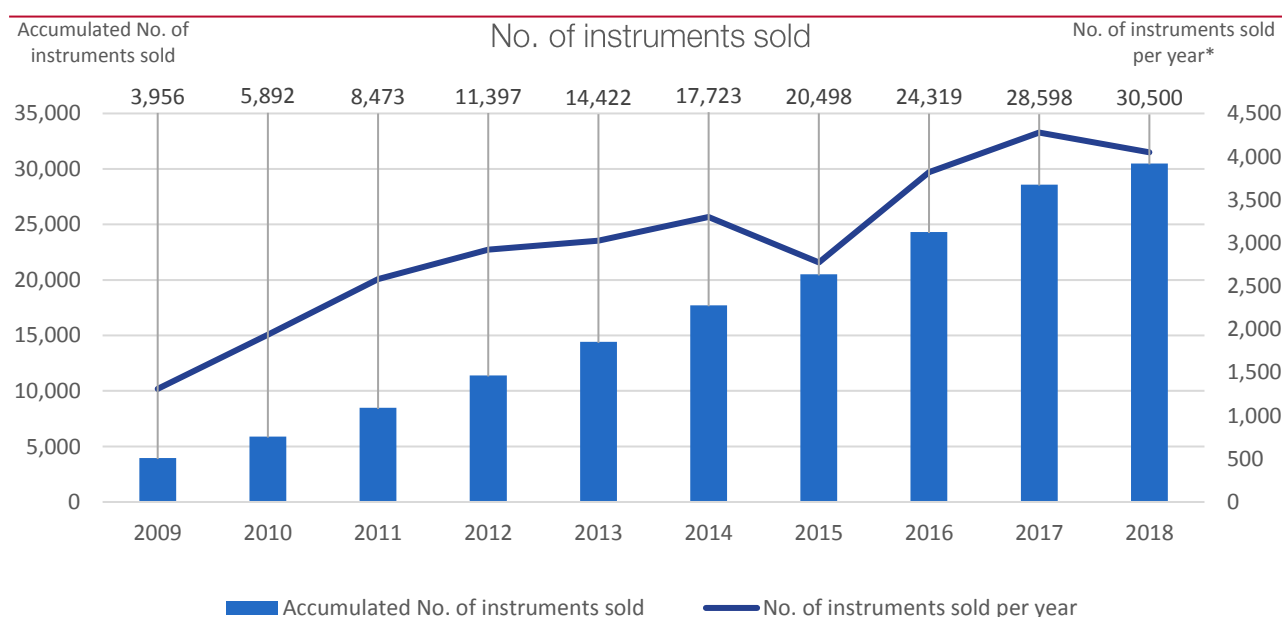
There were no transactions with related parties in this period.

## 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.



\* No. of instruments sold 2018 is presented as rolling 12 months.



## NUMBER OF SHARES

In accordance with the decision of the Annual General Meeting on May 14, 2018, a division of Boule's shares has been implemented, whereby each existing share was divided into four shares (stock split 4:1) with no change in Boule's share capital. The quotient value has changed from SEK 1 per share to SEK 0.25 per share. After the division of shares, the total number of shares and votes in Boule has increased from 4,854,138 to 19,416,552 and as of June 30, this remain the number of shares and votes. Following the division of shares, the comparative earnings per share, before and after dilution, of previous periods have been retroactively recalculated. The alternative performance measures in this interim report that include the number of shares have also been retroactively recalculated to facilitate comparison between the periods.

Shareholders June 30, 2018 (and thereafter known changes)	Number of shares	Proportion of capital/votes
AB Grens specialisten	2,073,268	10.68%
Svolder AB	1,944,000	10.01%
SEB Asset Management	1,890,776	9.74%
Thomas Eklund incl. companies	1,798,552	9.26%
Swedbank Robur Fonder AB	1,785,760	9.20%
Tredje AP-fonden	1,320,000	6.80%
Handelsbanken Fonder	1,202,570	6.19%
Länsförsäkringar Fonder	967,072	4.98%
Société Générale	622,204	3.20%
State Street Bank & Trust	462,752	2.38%
CBNY-Norges Bank	421,995	2.17%
Lannebo	398,068	2.05%
Other shareholders (982)	4,529,535	23.33%
<b>Total number of shares</b>	<b>19,416,552</b>	<b>100.00%</b>
No. of options outstanding ex. hedging	490,524	
<b>Total number of shares incl. options</b>	<b>19,907,076</b>	

## 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 subscribe for four shares at a price of SEK 97.50 per share, taking into account the recalculation following the 4:1 stock split, by 30 December 2020 at the latest. The options can be acquired by employees at the market value.

There are no restrictions on transferring the options. 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. The remaining 64,000 options are available for future allocation. As described above, each option entitles the holder to subscribe for four shares.

## PERSONNEL

The average number of employees in the Group during the period was 168 (177) including 9 (9) at the Parent Company. By country the average number in Sweden was 88 (82), USA 78 (81), China 0 (13), Mexico 2 (1). The average number of women in the Group was 74 (68) the average number of men was 94 (109).

## FORWARD-LOOKING INFORMATION

Forward-looking information in this report is based on the company's expectations at the publication date. Though Boule considers these expectations reasonable, there are no guarantees that the expectations are, or will be, correct. Therefore, future results may vary significantly from the presented forward-looking information depending on among other things; demand for the company's services and products, more general market conditions such as changes in the world economy, rules and regulations or fluctuation in exchange rates. Boule does not assume any obligation to update or correct such forward-looking information except as is required by applicable laws.

This interim report has not been reviewed by the company's auditor.

The Board of Directors and the President and CEO 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 August 15, 2018

Boule Diagnostics AB

Peter Ehrenheim  
Chairman of the Board

Thomas Eklund  
Board member

Karin Dahllöf  
Board member

Jon Risfelt  
Board member

Charlotta Falvin  
Board member

Fredrik Dalborg  
President and CEO

## Consolidated statement of comprehensive income and other comprehensive income

SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
Net sales	107.8	104.3	207.3	210.9
Cost of goods sold	-55.2	-60.7	-108.1	-116.5
<b>Gross profit</b>	<b>52.6</b>	<b>43.6</b>	<b>99.1</b>	<b>94.4</b>
<i>Gross margin</i>	<i>48.8%</i>	<i>41.8%</i>	<i>47.8%</i>	<i>44.7%</i>
Other operating revenues	4.0	1.0	7.9	1.3
Selling and marketing expenses	-22.6	-20.3	-41.6	-42.7
Administrative expenses	-5.9	-7.4	-11.3	-14.0
Research and development expenses	-7.1	-9.5	-11.7	-18.9
Other operating expenses	-1.2	-8.1	-3.8	-8.8
<b>Operating profit/loss</b>	<b>19.8</b>	<b>-0.7</b>	<b>38.7</b>	<b>11.2</b>
<i>Operating margin</i>	<i>18.4%</i>	<i>-0.7%</i>	<i>18.7%</i>	<i>5.3%</i>
Financial income	0.2	0.9	0.6	0.7
Financial expenses	-0.2	-0.5	-0.4	-0.7
<b>Net financial items</b>	<b>0.0</b>	<b>0.4</b>	<b>0.3</b>	<b>0.0</b>
<b>Profit/loss before tax</b>	<b>19.8</b>	<b>-0.3</b>	<b>39.0</b>	<b>11.2</b>
Income tax	-4.9	-0.8	-9.1	-3.7
<b>Net profit/loss</b>	<b>14.9</b>	<b>-1.1</b>	<b>29.9</b>	<b>7.5</b>
<b>Other comprehensive income</b>				
<b>Items that may be allocated to net profit/loss for the period</b>				
Translation differences for the period from the translation of foreign operations	6.7	-5.1	6.4	-7.1
<b>Other comprehensive income/loss for the period</b>	<b>6.7</b>	<b>-5.1</b>	<b>6.4</b>	<b>-7.1</b>
<b>Total comprehensive income/loss for the period</b>	<b>21.6</b>	<b>-6.2</b>	<b>36.3</b>	<b>0.4</b>
Earnings per share, before dilution, SEK	0.77	-0.06	1.54	0.40
Earnings per share, after dilution, SEK	0.77	-0.06	1.54	0.39

Since the Group has no non-controlling influences, the entire earnings accrue to the Parent Company.

## Consolidated statement of financial position

SEK million	Jun 30 2018	Jun 30 2017	Dec 31 2017
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Capitalized development expenses	63.5	25.3	30.6
Goodwill	78.1	74.8	73.2
<b>Total intangible assets</b>	<b>141.6</b>	<b>100.1</b>	<b>103.8</b>
<b>Tangible fixed assets</b>			
Plant and machinery	2.5	3.3	2.6
Equipment, tools, fixtures and fittings	9.8	10.6	9.2
Leasehold improvements	4.9	4.9	4.9
<b>Total tangible fixed assets</b>	<b>17.2</b>	<b>18.8</b>	<b>16.6</b>
<b>Financial fixed assets</b>			
Long-term accounts receivables (guaranteed 75-95 % by EKN)	45.0	28.5	31.5
Deferred tax assets	0.0	0.2	0.3
<b>Total financial fixed assets</b>	<b>45.0</b>	<b>28.7</b>	<b>31.8</b>
<b>Total fixed assets</b>	<b>203.8</b>	<b>147.6</b>	<b>152.2</b>
<b>Current assets</b>			
<b>Inventory</b>			
Raw materials and supplies	30.1	33.1	27.0
Intermediate goods	4.5	3.8	3.9
Finished goods and goods for resale	19.4	18.3	19.8
<b>Total inventory</b>	<b>53.9</b>	<b>55.2</b>	<b>50.8</b>
<b>Current receivables</b>			
Tax assets	3.8	2.3	2.1
Accounts receivable	54.2	45.8	56.6
Accounts receivable (guaranteed 75-95 % by EKN)	43.1	43.4	47.9
Other receivables	11.0	3.7	4.3
Prepaid expenses and accrued income	5.1	12.0	3.4
<b>Total current receivables</b>	<b>117.2</b>	<b>107.2</b>	<b>114.3</b>
<b>Cash and cash equivalents</b>	<b>61.9</b>	<b>66.6</b>	<b>99.2</b>
<b>Total current assets</b>	<b>233.1</b>	<b>228.9</b>	<b>264.3</b>
<b>Total assets</b>	<b>436.9</b>	<b>376.5</b>	<b>416.5</b>

## Consolidated statement of financial position (cont.)

SEK million	Jun 30 2018	Jun 30 2017	Dec 31 2017
<b>EQUITY</b>			
Share capital	4.9	4.7	4.9
Other contributed capital	201.2	190.6	201.2
Translation reserve	14.9	10.7	8.5
Retained earnings including net profit/loss for the period	69.2	17.8	47.2
<b>Total equity</b>	<b>290.1</b>	<b>223.9</b>	<b>261.8</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities	1.3	1.6	0.8
Long-term interest-bearing liabilities (of EKN guaranteed receivables)	25.2	27.5	26.0
Deferred tax liabilities	11.5	6.7	9.4
<b>Total long-term liabilities</b>	<b>38.1</b>	<b>35.8</b>	<b>36.1</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	0.7	1.0	1.3
Current interest-bearing liabilities (of EKN guaranteed receivables)	29.1	36.9	37.4
Accounts payable	25.0	21.8	24.5
Tax liabilities	13.1	0.0	9.4
Other liabilities	10.6	11.6	7.4
Accrued liabilities and deferred income	29.3	44.6	37.7
Provisions	1.0	1.0	1.0
<b>Total current liabilities</b>	<b>108.7</b>	<b>116.9</b>	<b>118.6</b>
<b>Total liabilities</b>	<b>146.8</b>	<b>152.7</b>	<b>154.7</b>
<b>Total equity and liabilities</b>	<b>436.9</b>	<b>376.5</b>	<b>416.5</b>

## 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
<b>Equity, opening balance, Jan. 1, 2017</b>	<b>4.7</b>	<b>190.6</b>	<b>17.8</b>	<b>16.6</b>	<b>229.8</b>
<b>Total comprehensive income/loss for the period</b>					
Net profit/loss for the period				7.5	7.5
Other comprehensive income for the period			-7.1		-7.1
<b>Total comprehensive income/loss for the period</b>			<b>-7.1</b>	<b>7.5</b>	<b>0.4</b>
<b>Transactions with shareholders</b>					
Option programs				0.3	0.3
Dividends				-6.6	-6.6
<b>Equity, closing balance, Jun. 30, 2017</b>	<b>4.7</b>	<b>190.6</b>	<b>10.7</b>	<b>17.8</b>	<b>223.9</b>
<b>Equity, opening balance, Jan. 1, 2018</b>	<b>4.9</b>	<b>201.2</b>	<b>8.5</b>	<b>47.2</b>	<b>261.8</b>
<b>Total comprehensive income/loss for the period</b>					
Net profit/loss for the period				29.9	29.9
Other comprehensive income for the period			6.4	1.8	8.2
<b>Total comprehensive income/loss for the period</b>			<b>6.4</b>	<b>31.7</b>	<b>38.1</b>
<b>Transactions with shareholders</b>					
Option programs					0.0
Dividends				-9.7	-9.7
<b>Equity, closing balance, Jun. 30, 2018</b>	<b>4.9</b>	<b>201.2</b>	<b>14.9</b>	<b>69.2</b>	<b>290.1</b>



## Consolidated cash flow statement

SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
<b>Operating activities</b>				
Operating profit/loss	19.8	-0.7	38.7	11.2
Adjustments for non-cash items	1.0	2.6	3.2	4.7
Interest received	0.1	0.4	0.2	1.1
Interest paid	-0.2	0.0	-0.4	-0.7
Income tax paid	-1.8	-3.3	-4.8	-3.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>18.9</b>	<b>-1.0</b>	<b>36.9</b>	<b>12.5</b>
<b>Cash flow from changes in working capital</b>				
Increase (-)/Decrease (+) in inventory	-5.5	7.6	-1.6	2.6
Increase (-)/Decrease (+) in operating receivables	-10.0	-15.1	-4.3	1.8
Increase (-)/Decrease (+) in operating receivables (guaranteed by EKN)	-5.3	2.9	-8.8	-5.0
Increase (+)/Decrease (-) in operating liabilities	11.9	10.6	-5.5	11.5
<b>Cash flow from operating activities</b>	<b>10.0</b>	<b>5.0</b>	<b>16.7</b>	<b>23.5</b>
<b>Investing activities</b>				
Acquisition of tangible fixed assets	-1.8	-1.2	-2.6	-1.4
Investments in capitalized development expenses	-28.6	-1.9	-34.1	-2.5
<b>Cash flow from investing activities</b>	<b>-30.4</b>	<b>-3.0</b>	<b>-36.7</b>	<b>-3.8</b>
<b>Financing activities</b>				
Loans raised/Amortization of loans	0.3	-0.3	0.5	-3.0
Increase (+)/Decrease (-) in current financial liabilities (EKN financing)	-14.2	6.3	-9.6	13.9
Increase (+)/Decrease (-) in current financial liabilities	0.0	-0.1	0.0	-1.1
Dividends	-9.7	-6.6	-9.7	-6.6
<b>Cash flow from financing activities</b>	<b>-23.6</b>	<b>-0.7</b>	<b>-18.8</b>	<b>3.2</b>
<b>Cash flow for the period</b>	<b>-44.0</b>	<b>1.3</b>	<b>-38.8</b>	<b>22.9</b>
Cash and cash equivalents at the beginning of the period	104.7	65.9	99.2	44.6
Exchange rate differences in cash and cash equivalents	1.4	-0.6	1.6	-0.9
<b>Cash and cash equivalents at the end of the period</b>	<b>61.9</b>	<b>66.6</b>	<b>61.9</b>	<b>66.6</b>

## Parent Company income statement

SEK million	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
Net sales	3.6	5.7	7.8	11.5
Administrative expenses	-5.8	-4.4	-10.7	-12.7
Other operating expenses	-1.6	-1.4	-3.0	-5.5
<b>Operating profit/loss</b>	<b>-3.8</b>	<b>-0.1</b>	<b>-6.0</b>	<b>-6.7</b>
Profit/loss from financial items	0.0	0.0	0.0	0.0
<b>Profit/loss after financial items</b>	<b>-3.8</b>	<b>-0.1</b>	<b>-6.0</b>	<b>-6.7</b>
Group contribution	0.0	0.0	0.0	0.0
<b>Profit/loss before tax</b>	<b>-3.8</b>	<b>-0.1</b>	<b>-6.0</b>	<b>-6.7</b>
Tax	1.3	0.0	1.3	4.7
<b>Net profit/loss</b>	<b>-2.5</b>	<b>-0.1</b>	<b>-4.7</b>	<b>-2.0</b>

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

## Parent Company balance sheet

SEK million	Jun 30 2018	Jun 30 2017	Dec 31 2017
<b>Assets</b>			
<b>Tangible fixed assets</b>			
Inventory	0.1	0.0	0.0
<b>Total tangible fixed assets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Financial fixed assets</b>			
Shares in Group companies	153.5	157.3	153.5
Deferred tax asset	0.0	4.7	0.0
<b>Total financial fixed assets</b>	<b>153.5</b>	<b>162.0</b>	<b>153.5</b>
<b>Total fixed assets</b>	<b>153.6</b>	<b>162.0</b>	<b>153.5</b>
<b>Current assets</b>			
Receivables from Group companies	49.9	39.6	69.8
Other receivables	4.1	2.1	2.5
<b>Total current receivables</b>	<b>54.0</b>	<b>41.7</b>	<b>72.4</b>
Cash and bank balances	3.8	3.8	2.7
<b>Total current assets</b>	<b>57.9</b>	<b>45.6</b>	<b>75.0</b>
<b>Total assets</b>	<b>211.5</b>	<b>207.6</b>	<b>228.5</b>
<b>Equity and liabilities</b>			
<b>Total equity</b>	<b>199.4</b>	<b>183.5</b>	<b>213.8</b>
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities	0.0	0.0	0.0
<b>Current liabilities</b>			
Current interest-bearing liabilities	0.0	0.0	0.0
Liabilities to Group companies	0.7	0.6	0.7
Other liabilities	11.4	23.5	14.1
<b>Total current liabilities</b>	<b>12.1</b>	<b>24.1</b>	<b>14.8</b>
<b>Total liabilities</b>	<b>12.1</b>	<b>24.1</b>	<b>14.8</b>
<b>Total equity and liabilities</b>	<b>211.5</b>	<b>207.6</b>	<b>228.5</b>

## NOTE 1 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, 2017. The accounting policies match the policies applied in the preceding fiscal year with the exceptions of IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers. For all financial assets and liabilities carrying amount is a good approximation of fair value. The interim information found on page 1-16 is an integrated part of this financial report that comprises page 1-16.

### New accounting standards

The new accounting standard IFRS 9, Financial instruments, was published in its entirety in July 2014 and replaces IAS 39 Financial instruments: Recognition and measurement. The standard was approved by the EU in November 2016. The standard brings together all aspects of the reporting of financial instruments (except for macro-hedging); classification, valuation, impairment and hedge accounting. The categories of classification of financial assets contained in IAS 39 are replaced by two categories, where valuation is carried at fair value or amortized cost. The impairment model, that in IAS 39 was based on incurred losses, is in IFRS 9 based on expected losses, which requires an earlier recognition of impairment losses on receivables and loans. Hedge accounting has been improved in IFRS 9 so that the effect of how a company manages financial instrument risks is more clearly reflected in the financial statements. The Group applies IFRS 9 retrospectively from January 1, 2018, using the practical relief rules specified in the Standard, that Boule deems applicable. The comparative figures for 2017 have not been restated. The transition to IFRS 9 has not affected the valuation of the Group's financial instruments as the Group already classified financial assets in accordance with IFRS 9 and has no liabilities recognized at fair value through profit or loss. Boule lacks hedging conditions. With the new impairment model in IFRS 9, provision for credit losses on primarily accounts receivable is brought forward. IFRS 9 did not affect Boule's credit loss reserves. The Parent Company was not affected by IFRS 9. Further information will be provided in the Annual Report for 2018.

### Financial assets

Starting on January 1, 2018, Boule's financial assets are classified in the following categories:

- Financial assets at fair value (either through profit or loss or through other comprehensive income), and
- financial assets measured at amortized cost.

Currently, Boule only has financial assets of the latter category. The classification depends on the business model for managing financial assets and the contractual terms of the assets' cash flows.

### Impairment

At the end of each reporting period, Boule assess if objective proof exists for the need for impairment of debt instruments recognized at amortized cost.

In accordance with the rules in IFRS 9, the Group applies a simplified method of impairment testing of accounts receivable which means that expected customer losses should be reported when the underlying receivables are included in the balance sheet. The Group currently has no receivables other than accounts receivable and cash and cash equivalents which are valued at amortized cost.

IFRS 15 Revenue from contracts with customers is a comprehensive principle-based standard for all revenue recognition, regardless of type of transaction or industry, which replaces all previously published standards and interpretations that deal with revenue recognition. Revenue according to IFRS 15 is reported when the customer receives control of the item or service sold rather than when significant risks and benefits have passed to the customer. The Group applies a prospective retroactive approach which means that the cumulative effect of the transition is recognized in the balance sheet as of January 1, 2018 and that the comparative figures are not restated. The implementation of IFRS 15 has not affected Boule's revenue streams, and consequently neither the consolidated financial statements. The financial impact is SEK 0. IFRS 15 has resulted in increased disclosure requirements regarding the disaggregation of revenues, Boule's revenues are presented disaggregated by product category and by region, see Note 3. The Parent Company was not affected by IFRS 15. Further information will be provided in the Annual Report for 2018.

### Revenues

- Sales of goods**  
Sales of goods consist of the company's manufactured goods; instruments, consumables and spare parts. Revenues from the sales of goods are recognized in the income statement when the control of the goods has been transferred to the buyer. The majority of all invoices are sent at the time of shipping. Boule uses the terms of delivery EXW, CPT CIP as they are defined in Incoterms.
- Sales of services**  
Boule sells services related to the previously sold instruments. Revenues from the performance of services are recognized based on the fulfillment of the performance obligation on the end of the reporting period. If there are significant uncertainties regarding payments, associated costs or product returns, no revenue is recognized. Revenue is reported at the fair value of what the company has received or expects to receive, less discounts.

### New standards not yet applied

IFRS 16 Leases were published by the IASB in January 2016 and were approved by the EU in October 2017. IFRS 16 replaces IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities referring to all leasing agreements, with some exceptions, are recognized in the balance sheet. This accounting is based on the view that the lessee has the right to use an asset during a specific period of time and at the same time an obligation to pay for this right. The accounting for the lessor will remain unchanged in all material respects. When applying IFRS 16, companies can choose full retroactive application or a variation with relief rules. The standard is mandatory to apply for fiscal years beginning January 1, 2019 or later. However, earlier application is permitted for companies applying IFRS 15. Boule will apply the standard from the fiscal year starting on January 1, 2019. Boule estimates that IFRS 16 will affect the Group's financial statements and intend to evaluate the effects more closely during the second half of 2018.

### NOTE 2 PLEDGED ASSETS AND CONTINGENT LIABILITIES

June 30, SEK million	Group		Parent company	
	2018	2017	2018	2017
Pledged assets	118.7	128.1	85.8	85.8
Contingent liabilities	0.0	1.8	55.1	66.3

### NOTE 3 DISAGGREGATION OF REVENUE

Revenue by region SEK million	Apr-Jun 2018	Apr-Jun 2017	Change	Jul 17- Jun 18 (R12)	Jul 16- Jun 17 (R12)	Change (R12)
USA	29.1	32.5	-11%	123.5	132.1	-7%
Asia	31.3	30.5	3%	109.0	106.2	3%
Eastern Europe	16.1	17.1	-6%	61.1	63.0	-3%
Latin America	6.6	5.6	20%	32.5	35.7	-9%
Western Europe	9.1	8.7	5%	35.6	35.8	0%
Africa/Middle East	15.7	10.0	56%	62.5	50.2	24%
<b>Total</b>	<b>107.8</b>	<b>104.3</b>	<b>3%</b>	<b>424.2</b>	<b>423.0</b>	<b>0%</b>

Revenue by product SEK million	Apr-Jun 2018	Apr-Jun 2017	Change	Jul 17- Jun 18 (R12)	Jul 16- Jun 17 (R12)	Change (R12)
Instruments	37.4	37.0	1%	149.9	164.4	-9%
Consumables own instruments	49.0	42.4	16%	175.2	159.3	10%
Consumables OEM and CDS-brand	11.8	16.7	-29%	56.7	67.7	-16%
Other	9.7	8.2	18%	42.5	31.6	34%
<b>Total</b>	<b>107.8</b>	<b>104.3</b>	<b>3%</b>	<b>424.2</b>	<b>423.0</b>	<b>0%</b>



## Quarterly overview

	2018		2017				2016		
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
Net sales, SEK million	107.8	99.5	107.2	109.7	104.3	106.6	104.6	107.5	101.0
Gross profit, SEK million	52.6	46.5	51.5	56.8	43.6	50.8	48.9	54.5	47.7
Gross margin, %	48.8	46.8	48.0	51.8	41.8	47.6	46.8	50.2	46.8
EBITDA, SEK million	22.2	20.5	18.8	30.2	1.4	14.1	5.7	25.5	13.3
EBITDA margin, %	20.6	20.7	17.5	27.5	1.3	13.2	5.4	23.7	13.2
EBIT, SEK million	19.8	18.8	14.9	28.2	-0.7	12.0	1.3	24.8	12.6
EBIT margin, %	18.4	18.9	13.9	25.7	-0.7	11.2	1.2	23.1	12.5
Profit after tax, SEK million	14.9	14.9	8.1	21.6	-1.1	8.7	1.5	19.3	9.0
Earnings per share before dilution, SEK <sup>1</sup>	0.77	0.77	0.42	1.13	-0.06	0.46	0.08	1.03	0.48
Earnings per share after dilution, SEK <sup>1</sup>	0.77	0.77	0.42	1.12	-0.06	0.45	0.08	1.01	0.47
Cash flow from operating activities per share, SEK <sup>1</sup>	0.50	0.33	1.25	0.53	1.24	0.98	0.63	0.67	-0.06
Return on equity, %	5.3	5.5	3.2	9.2	-0.5	3.7	0.6	9.1	4.5
Net debt/EBIT (R12)	-1.1	-1.9	-2.1	-2.2	-1.9	-1.6	-1.2	-0.9	-0.8
Equity/assets ratio, %	66	66	63	65	59	63	63	65	66

1) Per share key ratios for the comparative periods have been recalculated to adjust for the stock split in June 2018, see page 5.

## Definitions (boule.com)

### 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 14 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.

Growth in sales is the net sales of the period divided by the net sales of the comparative period, expressed as a percentage change

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 (non-current and current) and cash less accounts payable

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

Net debt is interest-bearing liabilities less 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 for the period after tax divided by average equity

## About Boule Diagnostics

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 sale of over SEK 400 million 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 Mexico. Since 2011, Boule shares have been listed on the Nasdaq Stockholm.

### 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.

### FINANCIAL TARGETS

Boule should achieve:

- An annual operating margin (EBIT-margin) above 15 percent.
- Average long-term growth in sales above 10 percent per year.
- Net debt (interest bearing debts minus cash and cash equivalents) no greater than three times operating profit (EBIT) on an annualized basis.

### STRATEGIES

- 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.

## Boule as an investment

### BUSINESS MODEL

Boule offers a broad portfolio of high quality blood diagnostics instruments, consumables and services to small and mid-sized health-care units all over the world.

### GROWTH

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

### DIVIDEND

The general goal of the Boule board is to give shareholders a dividend that reflects both a good direct return and dividend growth. The annual dividend should correspond to 25-50 percent of profit for the period, after taking due consideration to company liquidity.

## Our systems



Medonic



Swelab



Quintus



Exigo H400



Exigo C200

## Information to shareholders

### CALENDER

Interim report third quarter	2018-11-06
Year-end report	2019-02-07
Annual report 2018	2019-04-15
Interim report first quarter	2019-05-06
Annual General Meeting 2019	2019-05-06

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