



Good sales of instruments, product and geographic mix resulted in low margins

Quarter October–December 2018

- Net sales amounted to SEK 106.2 million (107.2), down 0.9 percent. Adjusted for the change in exchange rates, this corresponds to a decrease of 6.4 percent.
- Number of instruments sold in the quarter was 1,104 (1,024), an increase of 8 percent.
- Cash flow from operating activities amounted to SEK 6.6 million (24.1).
- Operating profit was SEK 3.4 million (14.9) which corresponds to an operating margin of 3.2 percent (13.9).
- Net profit amounted to SEK 1.4 million (8.1).
- Earnings per share before dilution amounted to SEK 0.07 (0.42) and after dilution to SEK 0.07 (0.42).¹

Significant events during the quarter

WARNING LETTER RECEIVED FROM THE FDA

Following a routine inspection of Boule's Swedish instrument manufacturing site in May 2018, Boule received inspectional observations from the US Food and Drug Administration (FDA) on October 5. Boule has dedicated significant resources to address these observations and has responded to the FDA with an action plan according to the timelines and implemented procedure improvements accordingly.

Boule takes compliance with regulations very seriously, and this matter has the highest priority in the company. The warning letter does not cause limitations on production or sales of products.

SWELAB AND MEDONIC REACH THE 5-PART MARKET

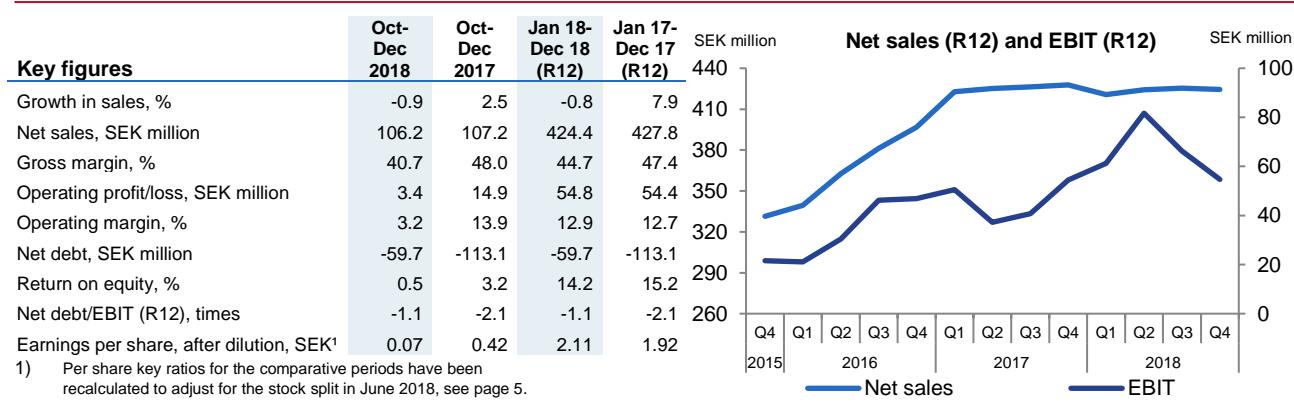
In November, a new five-part system was launched for the Swelab and Medonic brands. The system focuses on customers with relatively low test volumes and serves as a good complement to Boule's current and future product range.

Interim period January–December 2018

- Net sales amounted to SEK 424.4 million (427.8), down 0.8 percent. Adjusted for the change in exchange rates, this corresponds to a decrease of 2.7 percent.
- Number of instruments sold in the period was 4,167 (4,279), a decrease of 3 percent.
- Cash flow from operating activities amounted to SEK 22.7 million (57.7).
- Operating profit was SEK 54.8 million (54.4) which corresponds to an operating margin of 12.9 percent (12.7).
- Net profit amounted to SEK 41.0 million (37.2).
- Earnings per share before dilution amounted to SEK 2.11 (1.92) and after dilution to SEK 2.11 (1.92).¹
- The Board of Directors proposes a dividend of SEK 0.55 per share for 2018 (0.50).

INVESTMENT IN STRATEGIC NEAR-PATIENT DIAGNOSTICS PARTNERSHIP

In December, a strategic partnership was entered with the Portuguese diagnostic company biosurfit. Biosurfit develops and manufactures spinit®, a system for near-patient diagnostics in hematology, immunology and clinical chemistry. Boule initially acquired shares in biosurfit corresponding to 24.99% of the total share capital and votes in return for an investment of EUR 5 million. During the period until the end of 2021, Boule has the option to acquire an additional 24.99% for EUR 5 million plus interest, and in 2022, the option of acquiring the remaining shares according to a pre-determined multiple valuation formula.



Comments from CEO Fredrik Dalborg

Fourth quarter 2018

Sales in the fourth quarter were weaker than expected. Despite good growth in several regions, the total sales of consumables remained at the same level compared to the same quarter in the previous year. This is to a large extent explained by a tender in Africa in 2017 which included an annual consumption of consumables. Instrument sales increased by 11% and included 250 instruments for the Indian tender. Sales of OEM and CDS-brand consumables decreased. Total US sales increased by 3% and sales of proprietary instruments and consumables increased by 11% in the US. Asia and Eastern Europe had a strong growth of 37% and 29% respectively. Sales in Latin America decreased compared to the previous year. The veterinary sales, that normally represents about 10% of sales, had a very strong development during the quarter and contributed with an increase in sales of about SEK 2 million.

The product mix, with strong sales of instruments and unchanged sales of consumables, had a negative effect on the gross margin. The strong growth in Asia, that was to a large extent driven by the sales of instruments, also affected the average gross margin negatively. A number of non-recurring costs was reported in the quarter and had a negative impact of approximately SEK 4 million on the gross margin. During the quarter, the costs of research and development increased in line with the initiative to develop the next generation hematology system. The quarter was also burdened by costs related to the management of the FDA warning letter which is reported as R&D expenditures.

Full year 2018

Boule's 2018 was a year characterized by significant activity. After having established the strategies in 2017, a series of actions were taken in 2018 to develop the business in accordance with these.

The quality work has top priority, and during the year the work has intensified and the resources within the quality assurance organization have been strengthened and the processes improved.

The research and development organization has been significantly strengthened to drive the development of the next generation hematology platform, which is an important step in strengthening and broadening Boule's product portfolio and long-term competitiveness. In line with this, an acquisition of laser module technology was also carried out to increase the pace of the development and to reduce development risk.

Investments have been made in production capacity and process improvements for the manufacturing of controls in Florida, and in new automation solutions for more efficient production of instruments in Sweden.

In November, two new 5-part systems were launched, the Medonic M51 and Swelab Lumi. These systems have been developed in collaboration with an external supplier. The new products are expected to increase sales, both in their own right and in combination with current products, and provide access to new customer segments. However, with lower margins than for proprietary systems.

In December, the strategic partnership with biosurfit was announced, which gives Boule access to a highly innovative platform for hematology, clinical chemistry and immunology in the segment for near-patient diagnostics. The partnership also entails access to new sensor technologies, including image analysis, which creates new future product development opportunities.

These actions are all important steps that significantly strengthens Boule's market position and competitiveness in the short and long-term. I am proud of Boule's global organization that has managed all this in a short time span.

Boule also faced challenges during the year. In October, Boule received a warning letter from the FDA. Since 2017, Boule has invested in and improved the quality processes, but the warning letter showed that further efforts are required. Boule is determined to meet the FDA's requirements, and for the organization this has the highest priority. The team has handled this challenge in a very professional manner, with energy and solution-oriented teamwork. The quality processes have been further developed, which was confirmed by the good results from external audits during the year.

In October, Boule submitted an action plan to the FDA that described the work Boule intends to do to improve quality systems and to meet the FDA's requirements. The work is proceeding according to plan, most of the process improvements have been implemented, and Boule submits data and reports to the FDA monthly. In January, a comprehensive report was submitted, which among other things included a retrospective analysis requested by the FDA. Boule has also established a dialogue with the FDA regarding the reporting process. The reporting in accordance with Boule's action plan is expected to be completed during the third quarter of 2019.

Boule's market segment, the decentralized hematology market, is expected to grow by about 7% per year. In this market, the 5-part segment is growing faster than the 3-part segment. Boule has a stronger position within the 3-part segment than within the 5-part segment where the company had a weaker development in 2018 due to the limited product portfolio. The CDS-brand, which is the sales of consumables to other distributors' open systems, decreases as older instruments are replaced with newer ones that have tied consumables. The growth in the US and Asia was very strong in 2018 while the development in Eastern Europe and Africa, where a tender in 2017 wasn't repeated in 2018, was weak. Total growth was hence slightly negative during the year. The launch of the new 5-part instruments in November as well as the development of the next generation 5-part system, new products through partnerships, an enhanced commercial organization, and the development of new OEM-projects are expected to create new and stronger growth in the short and long-term.

In summary, 2018 was a year with significant activity to develop the business, but also a year with setbacks in the form of the warning letter from the FDA. The organization has developed and strengthened, and the product portfolio has broadened significantly. Boule enters 2019 a stronger company.



Fredrik Dalborg
CEO and Group President



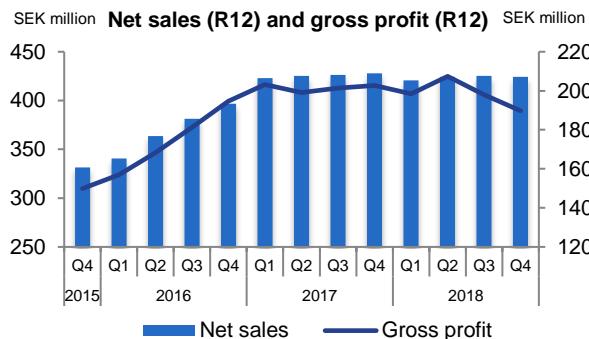
Group performance January–December 2018

NET SALES

During the period net sales amounted to SEK 424.4 million (427.8), down 0.8 percent. Net sales decreased by 2.7 percent when adjusted for the change in the USD and EUR exchange rates.

GROSS PROFIT

Gross profit during the period amounted to SEK 189.7 million (202.7) and the gross margin was 44.7 percent (47.4). The fourth quarter gross margin was negatively affected by the product and geographic mix and by non-recurring production costs of about SEK 4 million.



EXPENSES

Operating expenses during the period decreased to SEK 138.5 million (147.2). The operating expenses of 2017 included expenses related to efficiency improvements and non-recurring costs of SEK 6.3 million.

Research and development expenditures charged to earnings amounted to SEK 28.8 million (31.7), which represents 6.8 percent (7.4) of net sales. Research and development expenditures of SEK 23.9 million (9.5) were capitalized. In total, research and development expenses corresponded to 12.4 percent (9.6) of net sales. In the fourth quarter, research and development increased due to the increased resources allocated to the development of the next generation hematology platform and expenses related to the FDA warning letter.

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 3.6 million (-1.1) and consists primarily of corresponding positive and negative changes in the exchange rates. Other operating expenses for 2017 included expenses of SEK 2.4 million related to efficiency improvements and social fees of SEK 1.1 million from Boule's options programs.

OPERATING PROFIT

Operating profit during the period amounted to SEK 54.8 million (54.4). This corresponds to an operating margin of 12.9 percent (12.7). Excluding the capitalization of research and development, the operating margin was 7.3 percent (10.5).

NET FINANCIAL ITEMS

Net financial items amounted to SEK -0.1 million (-1.0). Profit before tax was SEK 54.7 million (53.3). Profit for the period was SEK 41.0 million (37.2).

FINANCING AND CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK 22.7 million (57.7). Short-term liabilities include the EUR 2.5 million, SEK 25.7 million, part of biosurfit's purchase sum that was paid in January 2019. 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 receivables 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 from financing activities. At the turn of 2017/2018, the process for 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. In the fourth quarter, the amount of pledged accounts receivables guaranteed by EKN increased and at the end of the year the amount of unpledged accounts receivable amounted to SEK 10.5 million. As all accounts receivables were pledged in 2017, this affects comparison between the years.

Cash flow for the period amounted to SEK -69.9 million (55.9) and cash and cash equivalents at the end of the period were SEK 30.3 million (99.2). Cash and cash equivalents available to the Group, including unutilized credit facilities and guaranteed but not pledged accounts receivables, amounted to SEK 79.7 million (137.3) at the end of the period.

NET SALES BY REGION AND PRODUCT

Net sales by region, MSEK	Oct-Dec 2018	Oct-Dec 2017	Change	Jan 18-Dec 18 (R12)	Jan 17-Dec 17 (R12)	Change (R12)
USA	33.5	32.7	3%	129.6	127.8	1%
Asia	33.7	24.6	37%	125.7	109.3	15%
Eastern Europe	16.1	12.5	29%	59.1	62.2	-5%
Latin America	8.3	11.2	-26%	31.3	31.8	-2%
Western Europe	10.0	10.0	0%	34.2	36.4	-6%
Africa/Middle East	4.6	16.3	-72%	44.3	60.4	-27%
Total	106.2	107.2	-1%	424.2	427.8	-1%
Net sales by product, MSEK	Oct-Dec 2018	Oct-Dec 2017	Change	Jan 18-Dec 18 (R12)	Jan 17-Dec 17 (R12)	Change (R12)
Instruments	39.4	35.6	11%	151.7	156.3	-3%
Consumables own instruments	43.6	43.6	0%	178.2	167.9	6%
Consumables OEM and CDS-brand	13.7	14.9	-8%	57.5	61.2	-6%
Other	9.5	13.1	-27%	36.8	42.4	-13%
Total	106.2	107.2	-1%	424.2	427.8	-1%

INVESTMENTS

Total investments amounted to SEK 92.1 million (14.1), of which SEK 23.7 million (9.5) relates to investments in the development of future platforms, SEK 26.1 million (0.0) relates to the acquisition of new technology, see note 3, SEK 27.9 million (0.0) relates to acquisition of Associates and SEK 6.4 million (0.0) is related to investments in production capacity and automation solutions.

EQUITY AND LIABILITIES

Group equity on December 31, 2018, totaled SEK 300.9 million (261.8) and equity/asset ratio was 60 percent (63).

Interest bearing liabilities, primarily pledged accounts receivables guaranteed by EKN, amounted to SEK 74.3 million (65.5) on December 31, 2018. SEK 11.8 million (26.8) of the interest-bearing liabilities were non-current and SEK 62.6 million (38.7) were current. By December 31, 2018, other non-interest-bearing current liabilities and accounts payable totaled to SEK 82.5 million (80.0).

The net debt, that when negative shows that interest-bearing assets exceeds interest-bearing liabilities, amounted to SEK -59.7 million (-113.1) on December 31, 2018.

At the end of the period, deferred tax assets and deferred tax liabilities totaled SEK 0.0 million (0.3) and SEK 14.6 million (9.4) respectively.

Long-term provisions are provisions for direct pension of SEK 2.7 million (0.0).

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 they will obtain the regulatory approval they need in the future. This risk was actualized by the warning letter that Boule received from the FDA. Boule takes regulatory compliance very seriously and this issue has the highest priority. For the past 21 months, Boule has strengthened the organization with resources focused on quality assurance and compliance. Boule will continue to dedicate the necessary resources to this process to address the problems and to comply with all relevant governmental rules. The warning letter does not limit the production or sales of products.

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 that customers may be 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. Boule is continuously working on operationally reducing the company's exchange rate exposure.

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

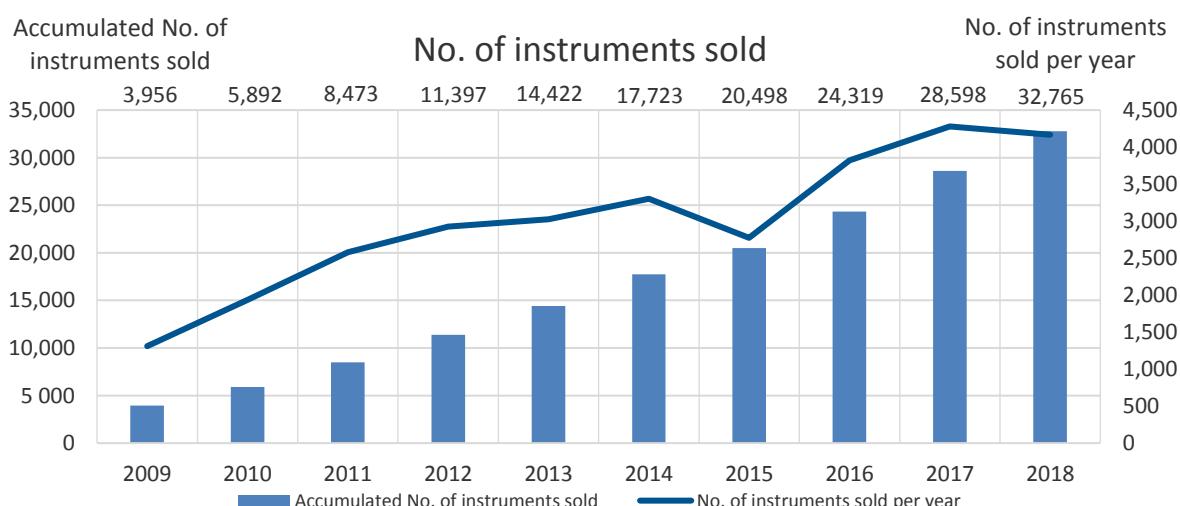
TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties in this period.

PARENT COMPANY

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

The Parent Company's revenues derive from Group-wide services. Receivables from Group companies mainly relate to receivables from the Swedish subsidiary Boule Medical AB. Risks and uncertainties in the Parent Company indirectly match those of the Group.



NUMBER OF SHARES

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 December 31, 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 year-end report that include the number of shares have also been retroactively recalculated to facilitate comparison between the periods.

Shareholders December 31, 2018 (and thereafter known changes)	Number of shares	Proportion of capital/votes
AB Grenspecialisten	2,073,268	10.68%
Svolder AB	1,951,000	10.05%
SEB Asset Management	1,902,544	9.80%
Thomas Eklund incl. companies	1,798,552	9.26%
Swedbank Robur Fonder AB	1,785,760	9.20%
Tredje AP-fonden	1,202,719	6.19%
Handelsbanken Fonder	1,172,636	6.04%
RBS Investor	876,545	4.51%
Länsförsäkringar Fonder	859,417	4.43%
State Street Bank & Trust	729,758	3.76%
Société Générale	597,911	3.08%
CBNY-Norges Bank	550,000	2.83%
Andra AP-Fonden	392,776	2.02%
Lannebo Fonder	175,033	0.90%
Other shareholders (1,157)	3,348,633	17.25%
Total number of shares	19,416,552	100.00%
No. of options outstanding ex. hedging	490,524	
Total number of shares incl. options	19,907,076	

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, adjusted for 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. In 2017, the CEO was awarded, and acquired on market terms, 48,631 of these options. An additional 10,000 options were awarded or acquired at market value in 2017. During the reporting period there has been no change in the number of outstanding options and 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 181 (168) including 9 (10) at the Parent Company. By country the average number in Sweden was 91 (86), USA 88 (73), China 0 (8), Mexico 2 (1). The average number of women in the Group was 76 (68) and the average number of men was 105 (100).

DIVIDEND

The Board proposes a dividend of SEK 0.55 (0.50) per share for 2018, corresponding to 26.0 (26.1) percent of the year's profit. The company's policy is that dividend in the long-term shall equal to 25 – 50 percent of the profit for the period, after taking due consideration to company liquidity.

FORWARD-LOOKING INFORMATION

Forward-looking information in this report is based on the company's expectations at the point in time of publishing. 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 year-end report has not been reviewed by the company's auditor.

The Board of Directors and the President and CEO certify that this year-end 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 February 7, 2019
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	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	106.2	107.2	424.4	427.8
Cost of goods sold	-63.0	-55.8	-234.7	-225.1
Gross profit	43.3	51.5	189.7	202.7
<i>Gross margin</i>	<i>40.7%</i>	<i>48.0%</i>	<i>44.7%</i>	<i>47.4%</i>
Other operating revenues	1.5	0.5	10.5	5.2
Selling and marketing expenses	-23.6	-25.8	-86.2	-88.1
Administrative expenses	-6.4	-6.2	-23.5	-27.4
Research and development expenses	-10.3	-4.9	-28.8	-31.7
Other operating expenses	-1.1	-0.2	-6.9	-6.3
Operating profit/loss	3.4	14.9	54.8	54.4
<i>Operating margin</i>	<i>3.2%</i>	<i>13.9%</i>	<i>12.9%</i>	<i>12.7%</i>
Financial income	0.4	0.4	1.6	1.3
Financial expenses	-0.7	-0.9	-1.7	-2.3
Net financial items	-0.3	-0.5	-0.1	-1.0
Profit/loss before tax	3.1	14.3	54.7	53.3
Income tax	-1.7	-6.3	-13.7	-16.1
Net profit/loss	1.4	8.1	41.0	37.2
Other comprehensive income				
Items that may be allocated to net profit/loss for the period				
Translation differences for the period from the translation of foreign operations	-1.2	1.8	6.4	-9.4
Other comprehensive income/loss for the period	-1.2	1.8	6.4	-9.4
Total comprehensive income/loss for the period	0.2	9.8	47.4	27.9
Earnings per share, before dilution, SEK	0.07	0.42	2.11	1.92
Earnings per share, after dilution, SEK	0.07	0.42	2.11	1.92

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

Consolidated statement of financial position

SEK million	Note	Dec 31 2018	Dec 31 2017
Assets			
Fixed assets			
Intangible assets			
Capitalized development expenses	3	80.7	30.6
Goodwill		78.2	73.2
Total intangible assets		158.9	103.8
Tangible fixed assets			
Plant and machinery		4.5	2.6
Equipment, tools, fixtures and fittings		10.3	9.2
Leasehold improvements		8.4	4.9
Total tangible fixed assets		23.1	16.6
Financial fixed assets			
Shares in Associates	5	53.6	0.0
Other financial fixed assets		2.2	0.0
Long-term accounts receivables (guaranteed 75-95 % by EKN)		41.1	31.5
Deferred tax assets		0.0	0.3
Total financial fixed assets		97.0	31.7
Total fixed assets		278.9	152.2
Current assets			
Inventory			
Raw materials and supplies		37.4	27.0
Intermediate goods		2.1	3.9
Finished goods and goods for resale		18.5	19.8
Total inventory		58.0	50.8
Current receivables			
Tax assets		6.0	2.1
Accounts receivable		48.3	56.6
Accounts receivable (guaranteed 75-95 % by EKN)		62.6	47.9
Other receivables		7.3	4.3
Prepaid expenses and accrued income		9.4	3.4
Total current receivables		133.6	114.3
Cash and cash equivalents		30.3	99.2
Total current assets		221.9	264.3
Total assets		500.8	416.5

Consolidated statement of financial position (cont.)

SEK million	Dec 31 2018	Dec 31 2017
EQUITY		
Share capital	4.9	4.9
Other contributed capital	201.2	201.2
Translation reserve	14.9	8.5
Retained earnings including net profit/loss for the period	80.0	47.2
Total equity	300.9	261.8
LIABILITIES		
Long-term liabilities		
Long-term interest-bearing liabilities	1.0	0.8
Long-term interest-bearing liabilities (of EKN guaranteed receivables)	10.7	26.0
Provisions	2.7	0.0
Deferred tax liabilities	14.7	9.4
Total long-term liabilities	29.2	36.1
Current liabilities		
Current interest-bearing liabilities	0.9	1.3
Current interest-bearing liabilities (of EKN guaranteed receivables)	61.7	37.4
Liabilities to Associates	25.7	0.0
Accounts payable	35.3	24.5
Tax liabilities	13.3	9.4
Other liabilities	5.6	7.4
Accrued liabilities and deferred income	27.4	37.7
Provisions	1.0	1.0
Total current liabilities	170.8	118.6
Total liabilities	200.0	154.7
Total equity and liabilities	500.8	416.5

Consolidated statement of changes of equity

SEK million	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for period	Total equity capital
Equity, opening balance, Jan. 1, 2017	4.7	190.6	17.8	16.6	229.7
Total comprehensive income/loss for the period					
Net profit/loss for the period				37.2	37.2
Other comprehensive income for the period			-9.4		-9.4
Total comprehensive income/loss for the period			-9.4	37.2	27.8
Transactions with shareholders					
Shares issued through the exercise of options	0.1	10.6			10.7
Option programs				0.1	0.1
Dividends				-6.6	-6.6
Equity, closing balance, Dec. 31, 2017	4.9	201.2	8.5	47.2	261.8
Equity, opening balance, Jan. 1, 2018	4.9	201.2	8.5	47.2	261.8
Total comprehensive income/loss for the period					
Net profit/loss for the period				41.0	41.0
Other comprehensive income for the period			6.4	1.4	7.8
Total comprehensive income/loss for the period			6.4	42.4	48.8
Transactions with shareholders					
Dividends				-9.7	-9.7
Equity, closing balance, Dec. 31, 2018	4.9	201.2	14.9	80.0	300.9

Consolidated cash flow statement

SEK million	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Operating activities				
Operating profit/loss	3.4	14.9	54.8	54.4
Adjustments for non-cash items	1.8	4.3	7.9	11.2
Interest received	0.5	0.9	1.3	2.6
Interest paid	-0.7	-0.9	-1.7	-2.3
Income tax paid	-2.5	0.4	-9.0	-3.8
Cash flow from operating activities before changes in working capital	2.5	19.4	53.3	62.0
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventory	-5.1	-0.7	-5.7	6.2
Increase (-)/Decrease (+) in operating receivables	11.4	10.3	1.4	-1.7
Increase (-)/Decrease (+) in operating receivables (guaranteed by EKN)	-6.0	-2.8	-24.4	-12.9
Increase (+)/Decrease (-) in operating liabilities	3.8	-2.1	-2.0	4.0
Cash flow from operating activities	6.6	24.1	22.7	57.7
Investing activities				
Investments in Associates	-27.9	0.0	-27.9	0.0
Acquisition of tangible fixed assets	-5.3	-2.5	-11.5	-4.6
Investments in capitalized development expenses	-13.0	-4.8	-52.7	-9.5
Cash flow from investing activities	-46.2	-7.4	-92.1	-14.1
Financing activities				
New share issue	0.0	5.2	0.0	10.7
Loans raised/Amortization of loans	-0.1	0.0	0.6	-3.9
Increase (+)/Decrease (-) in current financial liabilities (EKN financing)	30.9	-0.8	8.7	12.8
Increase (+)/Decrease (-) in current financial liabilities	0.0	3.0	0.0	-0.8
Dividends	0.0	0.5	-9.7	-6.6
Cash flow from financing activities	30.8	8.0	-0.4	12.2
Cash flow for the period	-8.9	24.7	-69.9	55.9
Cash and cash equivalents at the beginning of the period	39.1	74.6	99.2	44.6
Exchange rate differences in cash and cash equivalents	0.0	-0.1	1.0	-1.3
Cash and cash equivalents at the end of the period	30.3	99.2	30.3	99.2

Parent Company income statement

SEK million	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Net sales	5.2	3.5	17.7	20.6
Administrative expenses	-6.6	-7.6	-23.0	-28.6
Other operating expenses	-1.1	-3.8	-5.5	-3.8
Operating profit/loss	-2.5	-7.9	-10.7	-11.8
Profit/loss from financial items	0.0	-0.1	0.0	0.0
Profit/loss after financial items	-2.5	-7.9	-10.7	-11.8
Group contribution	8.2	29.4	8.2	29.4
Profit/loss before tax	5.7	21.5	-2.5	17.5
Tax	-1.8	-4.7	0.0	-4.7
Net profit/loss	3.9	16.8	-2.5	12.8

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

Parent Company balance sheet

SEK million	Dec 31 2018	Dec 31 2017
Assets		
Tangible fixed assets		
Inventory	0.1	0.0
Total tangible fixed assets	0.1	0.0
Financial fixed assets		
Shares in Group companies	153.5	153.5
Shares in Associates	53.6	0.0
Other fixed financial assets	2.2	0.0
Total financial fixed assets	209.3	153.5
Total fixed assets	209.4	153.5
Current assets		
Receivables from Group companies	30.9	69.8
Other receivables	2.7	2.5
Total current receivables	33.6	72.4
Cash and bank balances	0.7	2.7
Total current assets	34.3	75.0
Total assets	243.7	228.5
Equity and liabilities		
Total equity	201.5	213.8
Long-term liabilities		
Other provisions	2.7	0.0
Total long-term liabilities	2.7	0.0
Current liabilities		
Liabilities to Group companies	1.2	0.7
Liabilities to Associates	25.7	0.0
Other liabilities	12.5	14.1
Total current liabilities	39.5	14.8
Total liabilities	42.2	14.8
Total equity and liabilities	243.7	228.5

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 1-5 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 three 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 through profit or loss,
- financial assets at fair value 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 4. The Parent Company was not affected by IFRS 15. Further information will be provided in the Annual Report for 2018.

Revenues

(i) *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.

(ii) *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 was 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 retrospective 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 applies the standard from the fiscal year starting on January 1, 2019 through the simplified transition method. IFRS 16 will affect the Group's financial statements solely through the Group's building leases, with the effect of increases in the balance sheet total, operating profit and financial expenses as well as moving the corresponding cash flows from operating activities to financing activities. The opening effect on the consolidated statement of financial position as of January 1, 2019 is that a lease asset and a corresponding lease liability to the amount of SEK 38,2 million will be presented. Equity was not affected.

NOTE 4 DISAGGREGATION OF REVENUE

Revenue by region SEK million	Oct-Dec 2018	Oct-Dec 2017	Change	Jan 18- Dec 18 (R12)	Jan 17- Dec 17 (R12)	Change (R12)
USA	33.5	32.7	3%	129.6	127.8	1%
Asia	33.7	24.6	37%	125.7	109.3	15%
Eastern Europe	16.1	12.5	29%	59.1	62.2	-5%
Latin America	8.3	11.2	-26%	31.3	31.8	-2%
Western Europe	10.0	10.0	0%	34.2	36.4	-6%
Africa/Middle East	4.6	16.3	-72%	44.3	60.4	-27%
Total	106.2	107.2	-1%	424.2	427.8	-1%
Revenue by product SEK million	Oct-Dec 2018	Oct-Dec 2017	Change	Jan 18- Dec 18 (R12)	Jan 17- Dec 17 (R12)	Change (R12)
Instruments	39.4	35.6	11%	151.7	156.3	-3%
Consumables own instruments	43.6	43.6	0%	178.2	167.9	6%
Consumables OEM and CDS-brand	13.7	14.9	-8%	57.5	61.2	-6%
Other	9.5	13.1	-27%	36.8	42.4	-13%
Total	106.2	107.2	-1%	424.2	427.8	-1%

NOTE 5 INVESTMENT IN STRATEGIC NEAR-PATIENT PARTNERSHIP WITH BIOSURFIT

On December 14, 2018, Boule entered a strategic partnership with the Portuguese diagnostic company biosurfit. Biosurfit develops and manufactures spinit®, a system for near-patient diagnostics in hematology, immunology and clinical chemistry. Boule acquired shares in biosurfit corresponding to 24.99% of the total share capital and the number of votes in return for an investment of EUR 5 million, corresponding to SEK 53.6 million, in conjunction with the strategic partnership. EUR 2.5 million of the investment was disbursed in December 2018 and the remaining EUR 2.5 million was disbursed in January 2019. In the period up to the end of 2021, Boule has the option to acquire an additional 24.99% for EUR 5 million plus interest,

NOTE 2 PLEDGED ASSETS AND CONTINGENT LIABILITIES

December 31, SEK million	Group		Parent company	
	2018	2017	2018	2017
Pledged assets	173.8	144.7	85.8	85.8
Contingent liabilities	0.0	0.0	73.7	65.4

NOTE 3 ACQUIRED TECHNOLOGIES FOR THE DEVELOPMENT OF THE NEXT GENERATION 5-PART PLATFORM

In April 2018, 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 acquired technology will reduce the time to market for the next product launch in the fast growing 5-part segment, and simultaneously reduce development cost and risk. The technology was acquired from Drew Scientific Inc for USD 2.6 million, corresponding to SEK 22.6 million, in total. The final payment, which occurred as the transfer of the technology was completed, was reduced to USD 375,000, corresponding to SEK 3.2 million, as not all parts of the transfer were in accordance with the agreement. The investment is reported as capitalized development costs in the consolidated statement of financial position and cash flow statement.

and in 2022 the possibility to acquire the remaining shares according to a predetermined multiple valuation formula. Boule's holding in biosurfit is reported in the Parent Company's and the Group's balance sheets as Shares in Associates as a result of Boule's significant influence over biosurfit. The payment of EUR 2.5 million, which took place in January 2019, is reported in the year-end report as a current liability to Associates in the respective balance sheets for the Parent Company and the Group.

NOTE 6 SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events have occurred in the time between the end of the reporting period and the publishing of the year-end report.

Quarterly overview

	2018				2017				2016
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Net sales, SEK million	106.2	110.9	107.8	99.5	107.2	109.7	104.3	106.6	104.6
Gross profit, SEK million	43.3	47.3	52.6	46.5	51.5	56.8	43.6	50.8	48.9
Gross margin, %	40.7	42.7	48.8	46.8	48.0	51.8	41.8	47.6	46.8
EBITDA, SEK million	5.7	14.8	22.2	20.5	18.8	30.2	1.4	14.1	5.7
EBITDA margin, %	5.4	13.4	20.6	20.7	17.5	27.5	1.3	13.2	5.4
EBIT, SEK million	3.4	12.8	19.8	18.8	14.9	28.2	-0.7	12.0	1.3
EBIT margin, %	3.2	11.5	18.4	18.9	13.9	25.7	-0.7	11.2	1.2
Profit after tax, SEK million	1.4	9.8	14.9	14.9	8.1	21.6	-1.1	8.7	1.5
Earnings per share before dilution, SEK ¹	0.07	0.50	0.77	0.77	0.42	1.13	-0.06	0.46	0.08
Earnings per share after dilution, SEK ¹	0.07	0.50	0.77	0.77	0.42	1.12	-0.06	0.45	0.08
Cash flow from operating activities per share, SEK ¹	0.34	-0.03	0.50	0.35	1.25	0.53	1.24	0.98	0.63
Return on equity, %	0.5	3.3	5.3	5.5	3.2	9.2	-0.5	3.7	0.6
Net debt/EBIT (R12)	-1.1	-1.4	-1.1	-1.9	-2.1	-2.2	-1.9	-1.6	-1.2
Equity/assets ratio, %	60	69	66	66	63	65	59	63	63

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

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 is 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 180 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, Mexico and Russia. 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, quality and regulatory compliance. 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 healthcare units all over the world.

GROWTH

Over the past five years, Boule has enjoyed average annual growth of around 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

CALENDAR

Annual report 2018	2019-04-15
Interim report first quarter	2019-05-06
Annual General Meeting 2019	2019-05-06
Interim report second quarter	2019-08-14
Interim report third quarter	2019-10-30

PRESENTATION OF YEAR-END REPORT

Fredrik Dalborg, CEO, and Christina Rubenhag, CFO, present and comment on the year-end report. After the presentation there will be time for audience questions. The presentation will be held in English.

Time: 16.00 CET, February 7, 2019
Phone number: +46(0) 8-744 77 22
Code: 1212

FOR FURTHER INFORMATION, PLEASE CONTACT:



Fredrik Dalborg
CEO and President
+46-70 558 51 05
fredrik.dalborg@boule.com



Christina Rubenhag
CFO
+46-70 546 72 22
christina.rubenhag@boule.com

This information is information that Boule Diagnostics AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above at 15:00 CET on February 7, 2019.