

# Boule Diagnostics AB Annual Report 2015





# Boule in 60 seconds

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Boule Diagnostics AB (publ) is one of a few companies on the global diagnostics market that develops, manufactures and markets instruments and consumable products for blood diagnostics under its own direction.

The company serves hospitals, clinics, laboratories and companies within blood diagnostics in both the human and veterinary areas. The group has an annual sales of SEK 331 billion and around 170 employees. Sales are made via distributors in over 100 countries and directly in Sweden and the USA. The company operates via subsidiary operating companies in Sweden, USA and China. Since 2011, Boule shares have been listed on the Nasdaq Stockholm (Small Cap).

## Boule as an investment

### **BUSINESS MODEL**

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

### **GROWTH**

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

### **DIVIDEND**

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

# 2015 in brief

## KEY FIGURES 2015

Net sales increased by 8 percent (MSEK 307) to:

# MSEK 331

Operating profit fell by 19 percent (MSEK 27) to:

# MSEK 22

Gross margin rose by one percentage point (44%) to:

# 45%

Earnings per share fell by 49 percent (SEK 6.44) to:

# SEK 3.26

Equity ratio fell by 1 percent (61%) to:

# 60%

The average number of employees totaled (179) to:

# 168

## SIGNIFICANT EVENTS PER QUARTER 2015

### First quarter

Won Swedish procurement



■ Boule won a public procurement in Region Östergötland for its new instrument platform Swelab Alfa Plus. The procurement was for 35 instruments.

### Second quarter

New instruments approved



■ Registration approvals and installation of the new generations of Medonic and Swelab Alfa instruments are in progress in several countries.

### Third quarter

Efficiency improvements in the USA



■ A new head of production was appointed in the USA tasked with improving production efficiency of blood tests and reagents at our American facility.

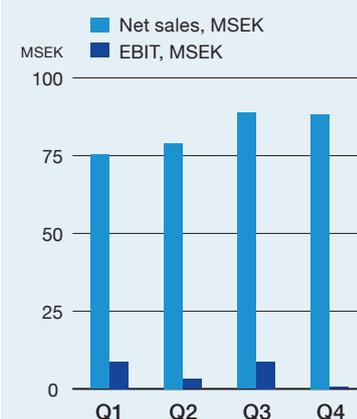
### Fourth quarter

Won Mexican procurement



■ Boule won a procurement for a total of 65 instruments in Mexico.  
■ Boule's principal shareholder for 23 years, Siem Capital AB, sold its holding to Svolder AB, Nordea Fonder and Grenspecialisten AB.

Net sales and EBIT per quarter 2015



EBIT margin per quarter 2015



# A word from the CEO Ernst Westman

## Despite weaker market growth in 2015, we are managing to deliver profits.

In 2015, we saw several of our most important markets struggling in the face of macroeconomic turbulence. In this situation, our market strategy and business model proved to continue to be robust, to perform well and successful.

Weakening markets in Brazil, Russia and Turkey were major contributory factors that prevented Boule from reaching the financial targets for operating margin and sales growth. We achieved our third goal of having net debt of no more than three times our operating profit with a broad margin thanks to strong cashflow.

Altogether, sales increased by 8 percent in 2015. Sales of consumables rose by 17 percent while sales of instruments fell by 5 percent.

### **BUSINESS MODEL AND MARKET STRATEGY**

Our business model, to sell consumable products of good quality with good profitability that are tied to our own instruments, has proved a winner in an incredibly competitive market. This has been demonstrated by the fact that our sales of consumable products even rose on markets where instrument sales decreased. We sell consumable products even if we do not sell instruments. In 2015, consumable products accounted for 55 percent of our total net sales compared with 51 percent in 2014. This trend contributed to more stable sales and higher gross margins.

Our market strategy is based on our global presence. With well-established distribution channels in over 100 countries, we can quickly and efficiently meet any increased demand arising locally. The strategy has proved itself during a period

when sales have faltered in certain key countries with limited impact on our total sales.

### **MARKET DEVELOPMENT**

USA, the world's largest market for hematology products, is also our biggest single market. It is of major strategic significance as it is a well-developed market with very demanding customers.

In late 2015 and early 2016, we signed two distribution agreements for the sale of products in the USA. The agreements were reached with American company Medica Corporations Inc. to distribute their systems for clinical chemistry and with Finnish company Orion Diagnostica Oy to launch their CRP product in the USA. The new products will be sold by our existing sales force in parallel with our hematology products, which will enable us to offer our American customers a more comprehensive and complete concept for blood analysis and diagnostics. The additional of these new products to our portfolio will further strengthen our market offer and position on the American market.

Sales of our own systems in the USA rose somewhat in 2015, and we anticipate positive growth moving forward, both for our own systems and the new products from Medica Corporations Inc. and Orion Diagnostica Oy.

We enjoyed our greatest sales successes in Asia in 2015. We significantly increased our market shares in several countries and future prospects look rosy. India is one of the countries that show great potential and where we expect continued growth in sales. Growth in Asia has contributed to offsetting disappointing instrument sales in East Europe, where sales in Russia

in particular, weakened during the year.

The Latin American markets were also weaker, particularly in Brazil. As with Russia, economic growth and various trade obstacles contributed to this weakening. On a positive note, both countries showed continued strong growth in sales of consumable products. Mexico was an exception in Latin America with strong sales growth.

On the West European markets we are seeing natural sales cycles in a mature market where the majority of new sales are to replace or upgrade instruments.

### **VETERINARY MARKET**

The veterinary market demonstrates continued growth and we are working hard to establish a strong position. Several western countries have shown good growth for quite some time. Other markets have now started to expand and we have enjoyed substantial sales increases in several countries in Asia in particular.

### **EFFICIENCY IMPROVEMENTS**

One focus area has been improved cashflow. This has been intensified in 2015 which has enabled us to continue to attain our financial target of net debt of no greater than three times operating profit. At the beginning of 2015, we held inventory of two instrument generations, which increased tied up stock. Over the second half of the year, efficiency improvement measures delivered results and the financial strength cashflow shows will endure in 2016.

Some of this positive cashflow is attributable to our cooperation with Exportkreditnämnden, EKN (Swedish National Export Credits Guarantee Board). The partnership enables our customers to have extended credit of up to three years. And for us, we can



finance the accounts receivable directly at our bank using the EKN guarantee as security. The customer is liable for interest costs and bank charges. At year end, MSEK 34 of receivables were guaranteed by EKN.

In 2016 we will continue our efficiency drive, primarily via interdisciplinary efficiency improvement projects within production and sales.

#### **ACQUISITIONS AND PARTNERSHIPS**

Financial strength creates freedom of action for acquisitions and partnerships. We are always actively exploring potential new partnerships and possible acquisitions. The most recent partnership agreements that have been entered into are the above named agreements with Medica Corporations Inc. and Orion Diagnostica Oy. In our assessment, the partnerships will increase both our sales and profits.

#### **SUCCESSFUL PROCUREMENTS**

During the course of the year, we won two important public procurements, ISSSTE in Mexico and Region Östergötland. This shows the quality and competitiveness of our instruments while providing us with good customer references at the same time. We view these successes as proof that our focus on quality instruments is correct.

#### **LOOKING FORWARDS**

Expectations ahead of 2016 are subdued but hopeful. Several important markets will continue to have lower growth due to macroeconomic challenges and trade obstacles. Sales of the new generations of Swelab and Medonic instruments on several of our larger markets will probably not take off until early 2017. This is due to the fact that the necessary registration approval process that must be

completed before sales can start, can be somewhat prolonged.

On a final note, I would like to thank all our employees for all their excellent work during the year. Thank you also to all our customers, partners and investors for showing confidence in us and we look forward to a continued rewarding relationship.

Ernst Westman  
CEO and President



# Strategic summary – vision, mission, business concept and strategies

## VISION

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

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## MISSION

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

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## BUSINESS CONCEPT

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

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## STRATEGIES

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

## BOULE'S BUSINESS ACTIVITIES

Boule is a fast growing diagnostics company that develops, manufactures and distributes instruments and consumable products (reagents, calibrators and controls) for blood cell counts. Our core business consists of product development and the production of instruments and consumable products for blood diagnostics that are marketed in over one hundred countries. Boule's instrument

platforms on the the human market are Medonic, Swelab and Quintus plus Exigo for the veterinary market. We have associated consumable products tied to all these platforms.

Boule's instrument platforms make life easier for the primary care sector as care personnel can do a blood cell count and analysis, which simplifies quick and effective diagnosis and efficient monitoring and

treatment of the patient.

The company is primarily oriented to small and medium sized hospitals, clinics and laboratories and to diagnostics companies within both human and veterinary diagnostics. Boule is an international group with subsidiary operating companies in Sweden, USA and China.

# Financial targets and dividend

Consistent implementation of the Boule business concept and strategies should lead to good profitability, favourable growth in value of Boule shares and a good dividend.

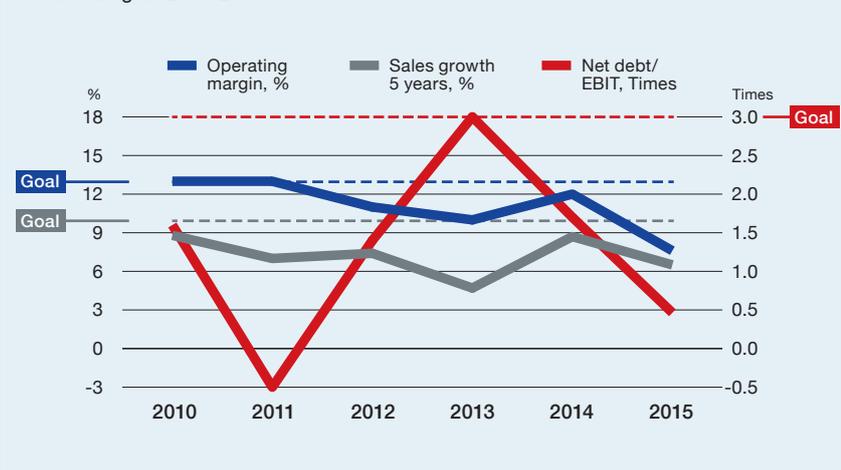
Boule aims to pay a good annual dividend on funds invested in the company. Over the long term, the annual dividend should correspond to 25-50 percent of profit for the period.

Two new financial targets were implemented in 2015: The EBIT margin should be greater than 13 percent and the net debt should be no more than three times the operating profit.

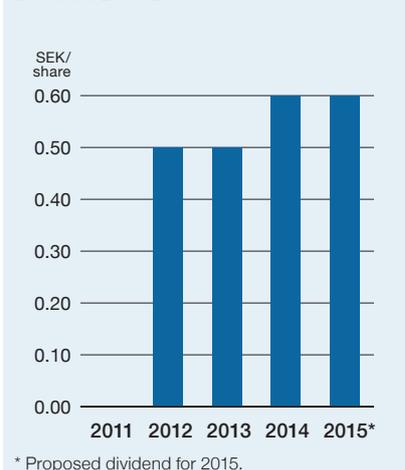
## FINANCIAL TARGETS

	Boule should achieve:	Actual 2015	Comments:
Operating margin: <b>&gt;13%</b>	An annual operating margin (EBIT margin) above 13 percent.	<b>6.5%</b>	The actual figures have been affected by R&D costs not being activated and by falling sales on important markets. Significant market investments have been implemented that are expected to deliver results in 2016/2017.
Sales growth: <b>&gt;10%</b>	Average growth in sales above 10 percent per year over five years.	<b>7.6%</b>	Sales were subdued as a consequence of macro-economic challenges on several important markets, but this was compensated somewhat by increased sales on other markets.
Net debt/EBIT: <b>&lt;3X</b>	Net debt (interest bearing debt minus cash and cash equivalents) no greater than three times operating profit on an annualized basis.	<b>0.5X</b>	Our continuously strengthening cashflow is continuing to reduce net debt and provide a strong financial base.

Financial targets 2010-2015



Dividend 2011-2015



# The floating cells of life

**B**lood is a bodily fluid that plays many important roles in humans and animals. It is through blood that the body can absorb, transport and deliver different substances: such as oxygen, carbon dioxide, nutrients, metabolic substances, hormones and neurotransmitters. In addition to being the body's transport system, blood also helps to regular body temperature.

Other vital functions regulated by blood include pH levels and the content of salts and fluids in the body. Blood is also a very important factor in our immune defence system, i.e. the body's defence system against bacteria, viruses and other foreign particles that can cause infections and other diseases.

## BLOOD – FLOATING CELLS OF LIFE

The blood circulates in the vascular system. This contains free cells and are floating cells. Together with the blood vessels, blood can account for coagulation, i.e. where the blood clots to prevent loss of

blood from damaged vessels.

Blood makes up almost one tenth of human bodyweight, or around five to six litres of blood. Around half of blood by volume consists of blood cells that move freely in a fluid called blood plasma, which makes up the other half of the blood by volume.

## THREE DIFFERENT BLOOD CELLS

There are three different types of blood cells, which all play different roles: red blood cells, white blood cells and platelets. The different blood cells are formed in red bone marrow, initially as stem cells. These then mature and develop into the different kinds of blood cells.

White blood cells are of particular interest for the immune defence system and Boule instruments can differentiate between the number of different white blood cells and in so doing, diagnose a large number of different diseases, such as various infections, deficiency illnesses and leukaemia.

The different types of white blood cells are granulocytes, monocytes and lymphocytes.

Granulocytes defend the body against bacteria by eating them, increasing their presence by multiplying in the event of an allergic reaction or launching histamines that trigger an allergic reaction if you were to be over sensitive to something.

Lymphocytes are in the body to destroy and disarm foreign particles and cells. These are the blood cells that survive the longest. They also have a memory of what has previously triggered defence reactions in the body which means that can quickly mobilize a defence.

The final type of white blood cells are monocytes that are the biggest in size. Monocytes also eat foreign cells and particles but also act as a form of cleaning patrol in the body where they remove dying or dead cells and cellular debris.

A healthcare blood cell count looks at the concentration of cells. This concentration can then indicate various different suspected diseases.

### ERYTHROCYTES



Red blood cells (erythrocytes) transport oxygen and carbon dioxide. To assess the cause of anaemia for example, the number, size and appearance of red blood cells are studied. A blood test can show things like anaemia, pregnancy, metabolic disorders and leukaemia.

### LEUCOCYTES

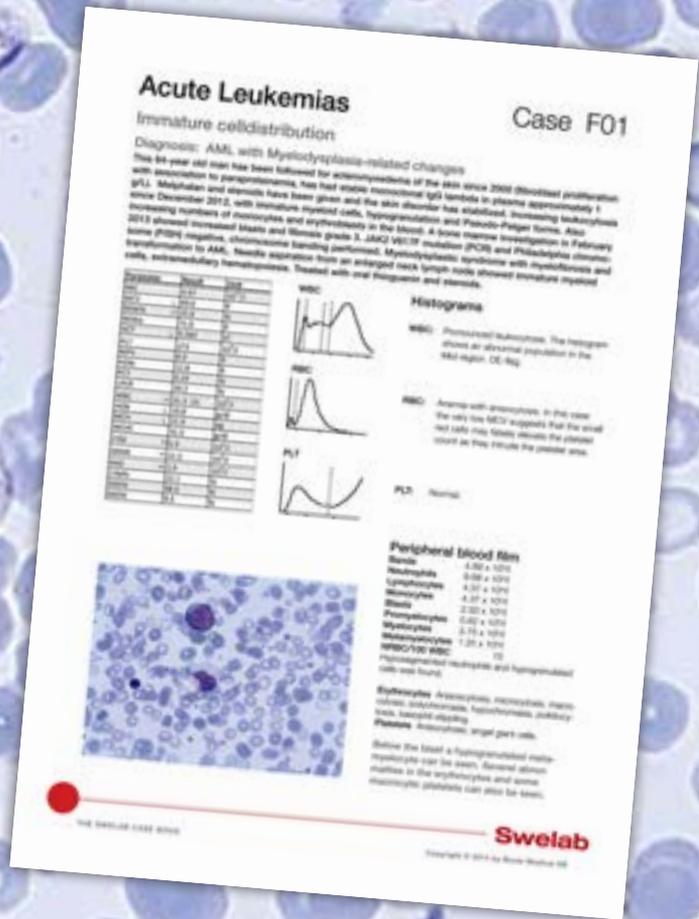
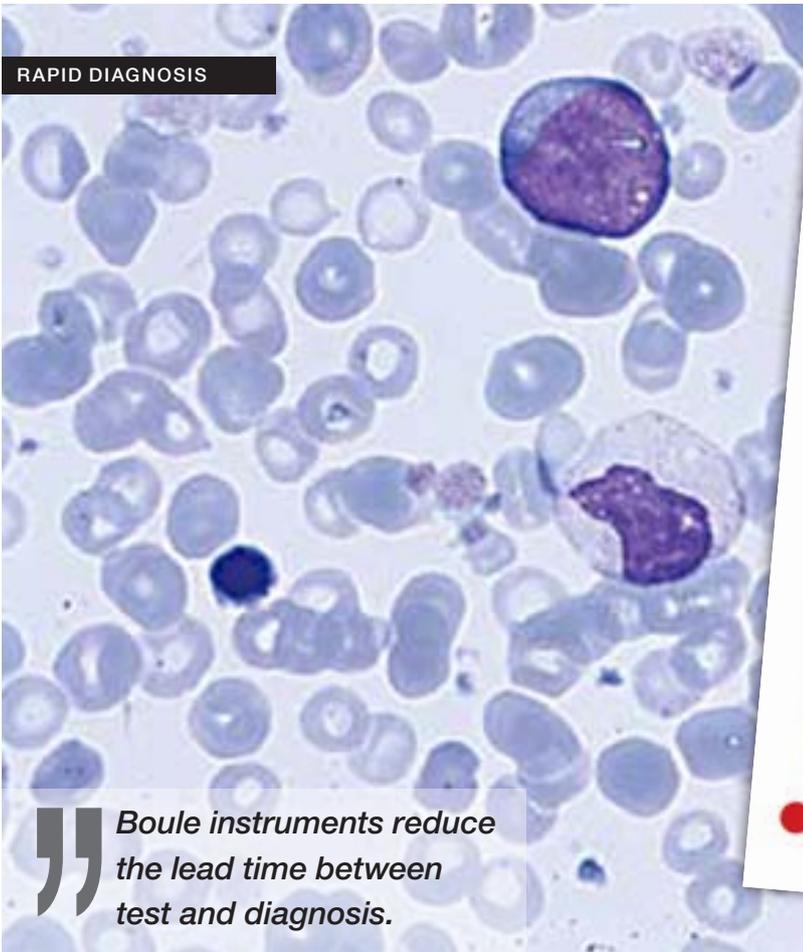


White blood cells (leucocytes) defend the body against infections and consist of various sub groups (granulocytes, monocytes, lymphocytes). Studying the division between the sub groups, can provide guidance as to whether it is a viral or bacterial infection, for example. A blood test can reveals things like bacterial infections, viral infections, parasitic infections, leukaemia and allergies.

### THROMBOCYTES



Platelets (thrombocytes) cause blood to clot (coagulate) in the event of damage. A blood test can show things like coagulation disorders, haemophilia and infections.



” **Boule instruments reduce the lead time between test and diagnosis.**



**Sigward Söderström**  
Biomedical analyst,  
Västansjö Cytogramutveckling

## Acute leukaemia – rapid diagnosis is imperative

There are different types of leukaemia. These are normally divided into two main groups, acute leukaemia and chronic leukaemia. Acute leukaemia is the most serious form of the disease as the chain of events from initial symptoms to full blown disease can be very short, from a couple of days to a few weeks. It is therefore of decisive importance that the disease is detected as early as possible to enable adequate treatment to be started quickly.

The chances of early detection of acute leukaemia rise substantially if resources are available for this in the first link in the care chain, i.e. in primary care. With the aid of Boule instruments for blood cell counts, primary care can simply and rapidly gain an initial indication of whether a patient is suffering from a serious disease in a reliable and cost effective way.

If the Boule instrument indicates abnormal blood counts, such as

suspicion of the presence of immature white blood cells (blasts) in the test, the next step is to perform a smear test. This means examining a blood sample under the microscope which will reveal with high probability whether or not the patient is suffering from leukaemia.

”The biggest advantage of using Boule instruments for blood counts in primary care is that the lead times from blood sample to diagnosis are significantly shortened. Being able to make a correct diagnosis as quickly as possible and start the right treatment significantly increases the chance of the patient recovering from their disease. The opportunity to be able to catch the patient as early as in primary care also contributes to significantly greater patient safety and quality of care,” says Sigward Söderström, Biomedical analyst, Västansjö Cytogramutveckling.

# This is Boule

Boule's "Total Quality Concept" is an essential part of the company business.

## TOTAL QUALITY CONCEPT

Boule develops, manufactures and markets complete system solutions for blood analysis and blood cell counting. It is very important to obtain reliable results, high operating safety and high quality in the user chain. Total Quality Concept is the name Boule has given to its quality concept, which encapsulates the know-how and quality that span the entire value chain. The aim of assuring high quality throughout the entire lifespan of an instrument, from the instrument itself

and its associated consumables (reagents, calibrators and controls) to training and service.

## DRIVING FORCES FOR DECENTRALIZED ANALYSIS

As a company, Boule is primarily oriented to small and medium sized hospitals, veterinary clinics and animal hospitals and to diagnostics companies within both human and veterinary diagnostics. Boule also aims to enable smaller, decentralized laboratories to have the same

opportunities to offer the same high quality as large, centralized laboratories. By transferring analysis of blood samples from a central laboratory at a larger hospital to a location closer to the patient, clinics, healthcare centres and hospital departments, results and suitable follow up treatment can be attained on the same, single occasion. With its Total Quality Concept, Boule strives to maintain the highest quality for safer and more effective care, closer to patients.

## The laboratory diagnostics market

Boule works with point-of-care blood diagnostics i.e. smaller hospitals, clinics, healthcare centres and GP and veterinary surgeries (decentralized blood diagnostics)

### In Vitro diagnostics

Means that a wide variety of samples from an individual such as fluids and tissues, are investigated and analysed outside the body to diagnose different diseases.

### Blood diagnostics

Means that only blood is analysed via e.g. clinical chemical analysis or blood cell counting concerning changes in different blood components.

### Blood cell counting

Means that analysis and subsequent diagnosis are restricted to the cells in the blood, which form a key part of what is also known as hematological diagnostics.

Correspond to 75% of approx. SEK 20 bn

Boule has 25% of the total market of around SEK 20 billion

Larger hospitals with own laboratories and independent central laboratories (centralized blood diagnostics)

**ROBUST AND SCALABLE BUSINESS MODEL**

Boule has a robust and profitable business model around which the company’s strategy revolves. The strength of this business model lies in marketing consumable products that are tied to proprietary instruments, with good profitability to a steadily growing installed base of sold instruments. Every sold instrument increases total sales of consumable products.

**SALES AND MARKETING**

Boule has a large global distributor network with some 200 independent regionally based distributors in over 100 countries that market and distribute Boule instruments and consumables. This enables Boule to reach out with its offer in a cost efficient way even with a relatively small in-house sales organisation. Certain sales in Sweden and the USA also go through the in-house sales organisation. This is of strategic significance in facilitating direct contact with end customers.

Marketing is effected via distributors with regional knowledge of their local market that can tailor marketing approaches to specific local conditions.

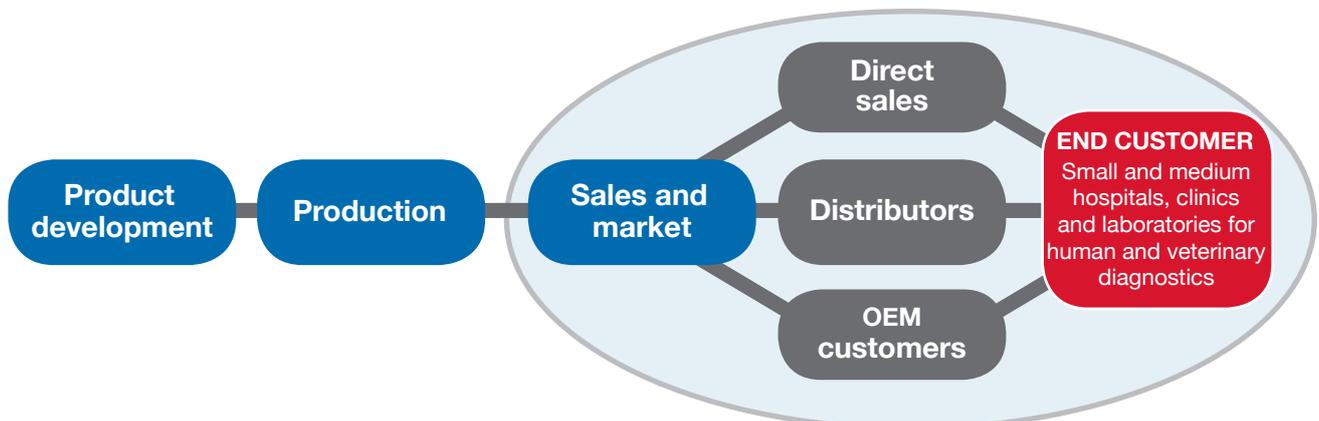


**PRODUCT DEVELOPMENT AND PRODUCTION**

Product development plays an important role in Boule’s continued success on a competitive market. Boule can draw on the combined experience stretching over several decades in the development of instruments and consumables. Our development

departments in Sweden and the USA are strategically located close to our production facilities to support interdisciplinary cooperation. All areas within Boule, from product development to distributors, contribute know-how and experience in driving development forward. Our production facilities are based in Sweden, USA and China.

The value chain



### THE BOULE OFFER

As part of its Total Quality Concept, Boule offers total solutions in the form of complete systems, from instruments and consumables to training and service. All instruments are tied to proprietary Boule consumables. The fact that the products are tied to each other improves the quality and precision of analysis and the results as they are designed and optimized especially for the instruments and Boule systems.

### DIFFERENTIATION

Boule instruments contain advanced technology for blood differentiation. Our instrument systems have various grades of differentiation, 3, 4 or 5-part differentiation. These different grades divide white blood cells into different groups. 3-part differentiation into monocytes, lymphocytes and granulocytes and 4 and 5-part differentiation that further

divides granulocytes into neutrophils, eosinophils and basophils.

White blood cells defend the body against infections. A reduction in the number of white cells can indicate a viral infection or that the body's immune defence system is under attack. An increase in the number of white blood cells can indicate a bacterial infection, bleeding or a burn. You can also monitor the development of the disease when measuring white blood cells, in order to adapt treatment accordingly.

### EDUCATION AND TRAINING

In line with our Total Quality Concept, Boule, in consultation with University Hospital Örebro, has produced training materials in the form of case books that are enclosed with Medonic and Swelab instrument platforms. These case books are designed to train and support Boule end customers in using the equipment on an

everyday basis.

The books can be used for both teaching and reference purposes for users of Boule systems. They are also support tools for our sales personnel. Typical examples included in case books include how the blood picture changes in the event of different illnesses, such as infections, anaemia and leukaemia. New and updated training cases are regularly produced. The aim is to publish around one hundred patient cases.

### SERVICE

Service and maintenance are an important part of our Total Quality Concept as we continuously strive to ensure Boule products remain of the highest quality. As part of this, Boule provides regular training and further training courses in service and maintenance for distributors.

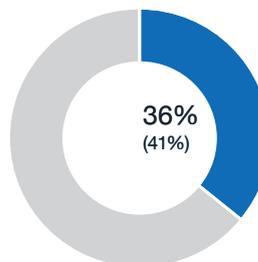


# Instruments

Boule's instrument platforms are represented by four brands: Medonic, Swelab, Quintus and Exigo. The instruments contain advanced technology for differentiating blood samples in the form of three, four and five part systems.

## INSTRUMENTS

Proportion of total sales 2015 (2014)



**Medonic**  
Human diagnostics  
3-part system



**Swelab**  
Human diagnostics  
3-part system



**Quintus**  
Human diagnostics  
5-part system



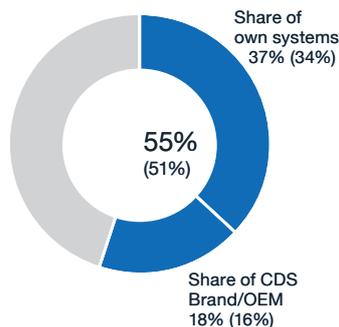
**Exigo**  
Veterinary diagnostics  
3- & 4-part systems

# Consumables

Boule manufactures and markets consumable products tied to its proprietary instruments, open consumable products for use in open systems from other manufacturers and consumables for OEM customers (who brand the products under their own label).

## CONSUMABLES

Proportion of total sales 2015 (2014)



Reagents



Blood controls and calibrators



Cleaning products

# Product development and production

Product development is a key part of Boule's business and all departments within the company contribute know-how and experience – from product developers to distributors.

## DEVELOPMENT

Continuous development to ensure all Boule products are updated is an important part of Boule's Total Quality Concept. As such, Boule invests resources in feedback from distributors and end customers to ensure that the data required to pursue ongoing optimisation work.

Boule has development departments in Sweden and the USA that adjoin our production facilities for ease of knowledge and experience exchange, and to ensure new products can be phased in smoothly.

We have 22 employees in total engaged in the development of instruments, reagents, controls and calibrators. These include 14 people at Boule's development department in Spånga, Stockholm, who work with instruments and systems development. Many of whom are highly experienced in these areas. Product development of consumables (reagents, calibrators and controls) is managed by Boule subsidiary company Clinical Diagnostic Solution (CDS), based in Florida. Eight employees are engaged in the development of consumables there.

Employees at CDS have extensive knowledge of blood diagnostics.

## PRODUCTION

Our production facilities are in Sweden, USA and China. Our factories in Sweden and China produce instruments, while consumables are made in Sweden and the USA.

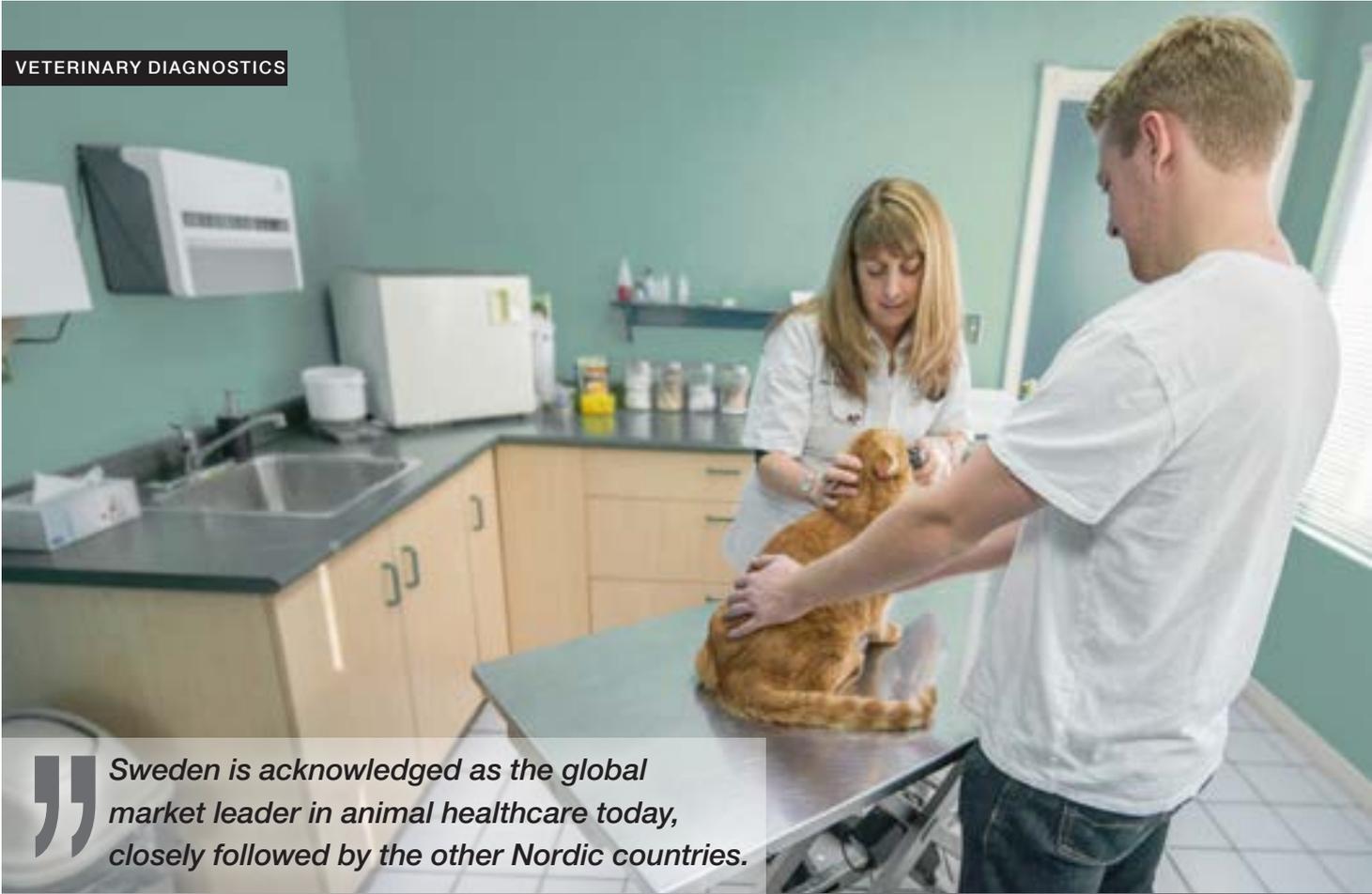
Improving internal procedures is a regular part of Boule's activities, not least when it comes to cooperation between the production and other departments, all with the aim of making both our products and production processes more efficient. We launched an efficiency programme in 2014 called P20, with the principal aim of increasing the efficiency of production, administration and sales. The programme was concluded in the third quarter of 2015, as the goals of implementing better cost control and cost awareness in everyday operations the company had been achieved. Moving forward, Boule is going to work in a more process oriented and interdisciplinary ways with certain targeted actions where such are required, within production, administration and sales to deliver additional efficiency gains.

In particular, Boule sees opportunities to improve production efficiency in the USA that should be able to reduce manufacturing costs.

## INVESTING FOR THE FUTURE

Total costs for research and development in 2015 were 44 (40) MSEK. A total of 4 (17) MSEK was activated. Research and development costs recognized in the income statement amounted to 31 (21) percent of total operating costs.





*Sweden is acknowledged as the global market leader in animal healthcare today, closely followed by the other Nordic countries.*



Exigo is the Boule instrument for veterinary diagnostics. It is used to analyse different species of animal in order to determine diseases.

## Animal healthcare – a fast growing market

*According to the Swedish animal healthcare organisation Svensk Djursjukvård, attitudes to pets and animals in sport have fundamentally changed over the past twenty years. Demand for animal healthcare is steadily rising in line with the status of pets. Animal owners today are far more likely to seek veterinary care for their animals than previous generations.*

*They now seek help for problems and afflictions that would have been left to heal themselves at one time. This is reflected in the money spent on animal healthcare.*

*Total sales for veterinary care for pets and animals in sport in Sweden was SEK 2.86 billion in 2014 (2013: 2.53 bn), of which around half was paid for by animal owners directly and the other half was*

*covered by veterinary care insurance. The strong growth in animal healthcare is largely driven by the increasing number of people who take out pet insurance cover. This greater degree of insurance cover has created financial scope for even more advanced treatments and forms of care plus improved diagnostics with the aid of advanced instrument technology.*

*Sweden is currently the market leader in animal healthcare, closely followed by the other Nordic countries. This sector is also making strong progress in other parts of Europe and the USA and as such, the growth potential must be seen as significant.*

Source: Svensk Djursjukvård Sector Report 2015

# Boule's market and sales

Boule operates on the global market for decentralized blood diagnostics within both the human and veterinary areas.

## MARKET SIZE AND GROWTH

The global In Vitro diagnostics market (IVD market) was SEK 280 billion in 2015 and is expected to have grown by around three percent a year by the end of 2018. The global hematology market is estimated to account for around seven percent of the total IVD market and in 2015 accounted for around SEK 20 billion.

### Definitions within laboratory diagnostics

#### In Vitro diagnostics

Means that samples from an individual in the form of bodily fluids or tissue are investigated and analysed outside the body to diagnose different diseases.

#### Blood diagnostics

Means that only blood is analysed via e.g. clinical chemical analysis or blood cell counting concerning changes in different blood components.

#### Blood cell counting

Means that analysis and subsequent diagnosis are restricted to the cells in the blood, which form a key part of what is also known as hematological diagnostics.

The hematology market (market for blood cell counting) can be divided into two main segments. The first consists of larger hospitals with their own laboratories and independent central laboratories (centralized blood cell diagnostics). The second segment, to which Boule is oriented, consists of smaller hospitals, clinics, care centres and GP and veterinary surgeries (decentralized blood cell counting). The market for this segment amounts to SEK 5 billion, of which Boule has around a six percent market share.

## SUB MARKETS

The markets in diagnostics in Europe and the USA are characterized by a high degree of maturity. Even so, there are growth components in the form of an ageing population and the fact that new methods of treatment are regularly being discovered, which need more analysis in terms of both quality and quantity, a context where Boule products are competitive. The US market is the single largest in the world and in the case of Boule, comprises a third of sales.

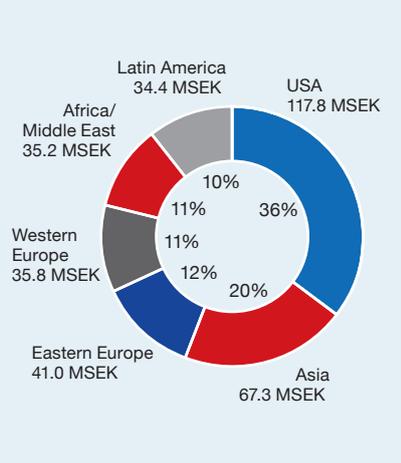
On more fast growing markets such as Asia, Africa, the Middle East and Latin America, growth components consist of generally improving health-care and gradually improving living standards among the population. Here too, user friendliness and relatively low maintenance costs ensure Boule products are competitive. Asia, including a slightly weaker China, remains a strong market and account for 20 percent of Boule's sales. In recent years, Boule has focused on growth markets where there have been greater opportunities to establish new systems.

In the case of Brazil, Russia and China, growth has been tapering off and this is also reflected in sales of Boule instruments over the past year. Sales of consumables remain stable, however.

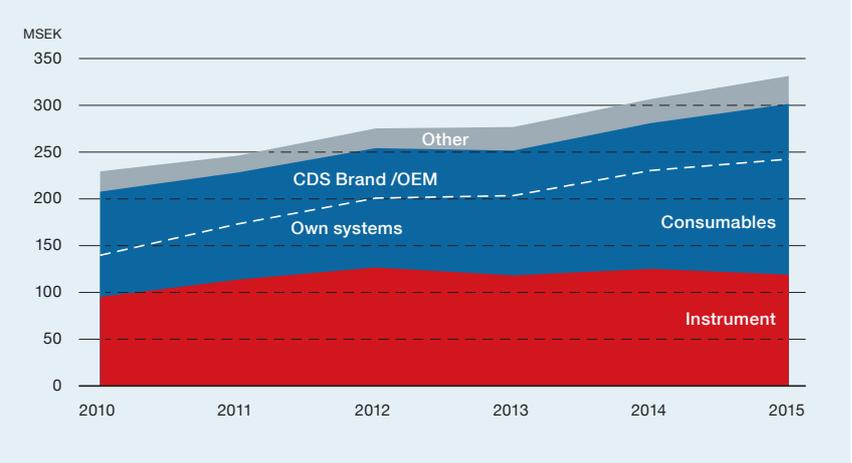
## VETERINARY MARKET

For a long time, there has been a limited market for veterinary diagnostics as investments in high quality automated blood analysis systems suitable for animals have not been a

Sales geographically 2015

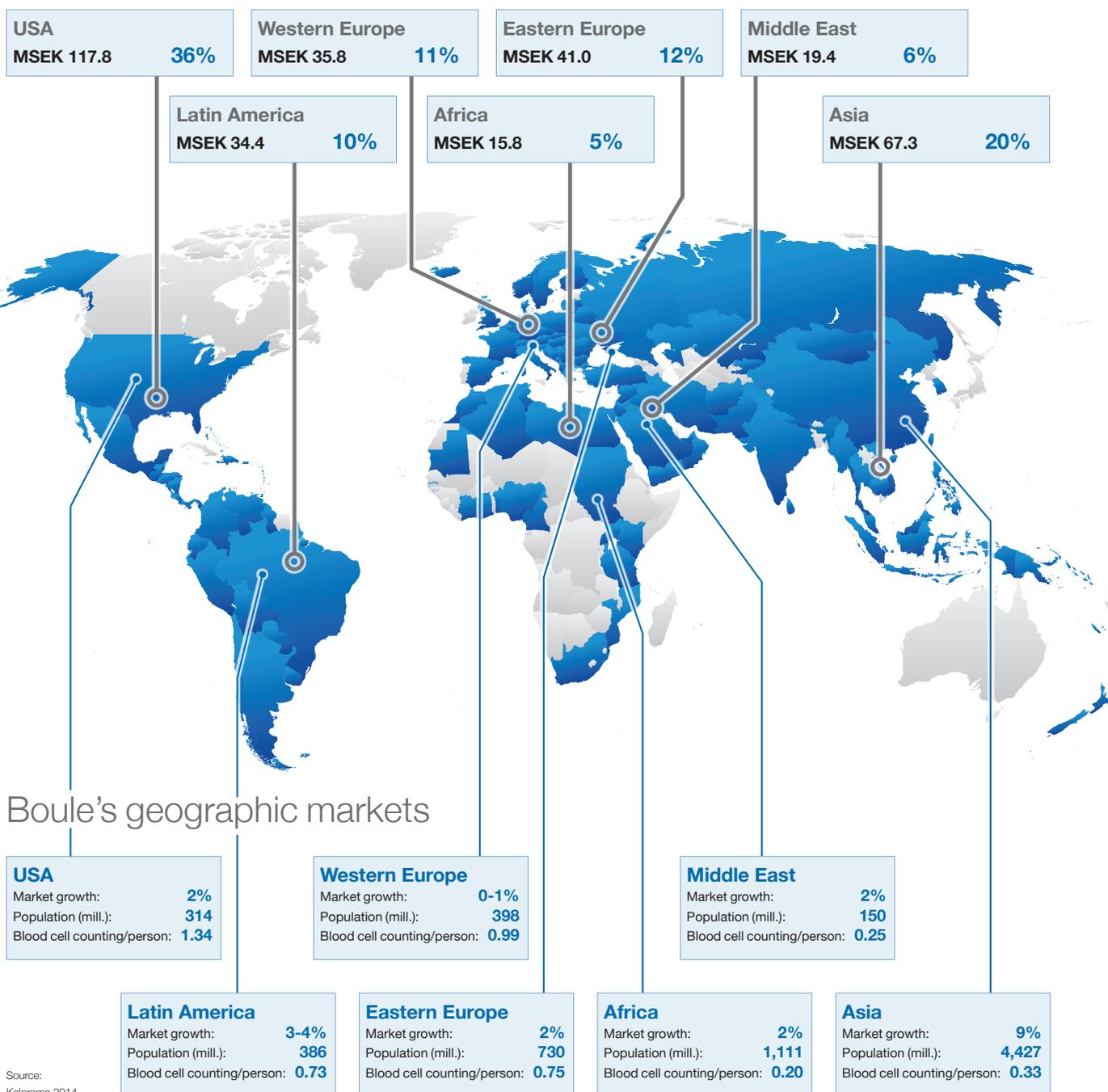


Growth development



## Sales channels in over 100 countries

Boule had total sales for 2015 of **MSEK 331.4** with total sales by region as below:



priority. The market for veterinary medicine aimed at household pets is currently growing strongly in the western world, not least due to the increasingly comprehensive

insurance solutions for animals. Boule already has a cell counter for veterinary diagnostics in place and continues to target this market segment.

### SALES

Around 97 percent of total sales for Boule are from outside Sweden. The majority of sales are made via distributors that have excellent knowledge



and understanding of their respective local markets. Boule products are sold by more than 200 distributors on over 100 markets and in 2015, distributor sales accounted for 97 percent of total sales for the company. In Sweden and some parts of the USA, Boule has chosen to market its products itself. The reason for this is to be able to access end customer experiences and evaluations of the products in a simpler and more immediate way, which is a tremendous benefit for active product development that ensures Boule can live up to the aims of its Total Quality Concept.

Instrument sales accounted for around 36 percent of Boule's total sales in 2015 (41). The dominant proportion of sales were of consumables, plus other services such as service and spare parts, approximately 64 percent in 2015 (59). To a certain extent, instruments tend to account for a varying proportion of sales over time, while consumable sales are more stable and increasing, which is in line with the Boule business model. Boule also serves the OEM segment, where the company develops, manufactures and sells reagents and controls under OEM customer own label

brands. Sales of OEM products amounted to 12 percent (11) of sales in 2015.

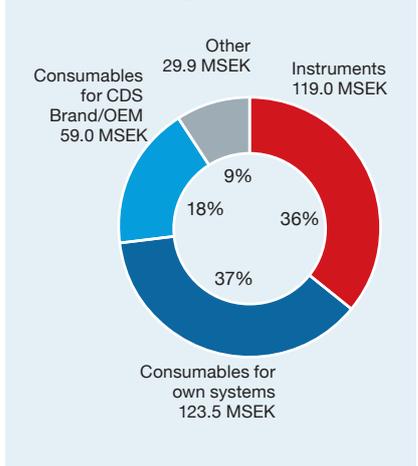
**MARKETING ACTIVITIES**

Marketing to end customers is mainly done by regional distributors to enable market communications to be tailored to the respective local market as much as possible. Boule supports distributors with various types of marketing materials and training courses. Boule is also a very active participant at trade fairs and seminars that offer good opportunities to meet new customers and distributors.

*Boule's sales and growth per product area*

MSEK	2011	2012	2013	2014	2015
Instruments	113.7	126.7	118.2	125.2	119.0
<i>Growth from previous year %</i>	19.4	11.4	-6.7	5.9	-4.9
Consumables for own systems	59.5	74.1	85.3	105.2	123.5
<i>Growth from previous year %</i>	33.7	24.5	15.1	23.3	17.4
CDS Brand /OEM	55.0	53.4	48.1	50.6	59.0
<i>Growth from previous year %</i>	-19.1	-2.9	-9.9	5.2	16.6
Other (service, spare parts & shipping)	18.0	21.1	25.2	25.7	29.9
<i>Growth from previous year %</i>	-17.1	17.2	19.4	2.0	16.3
<b>Total</b>	<b>246.2</b>	<b>275.3</b>	<b>276.8</b>	<b>306.7</b>	<b>331.4</b>

*Sales per product group 2015*





“...confirmation that Boule can meet the tough procurement demands, which mean we have now definitely become established in Mexico.”



**Abel Ramero Cabello**  
Boule Medical AB  
Area Manager, Latin America

## Public procurement in Mexico

*An interview with Abel Ramero Cabello, Boule Area Manager for Latin America, about a significant public procurement that Boule won in Mexico in autumn 2015.*

### **What were the deciding factors behind Boule winning the procurement process?**

*“In this specific procurement, it was the combination of high quality products at a competitive price and a professional distribution channel that sealed the deal. The key to the Mexican market is to understand how it works, not least when it comes to laws and rules, and to have developed a contact network. This is something you can only learn by having a local presence and Boule distributors have been on the market for a long time.”*

### **What does this successful procurement mean for Boule’s future prospects in Mexico?**

*“Naturally it is a confirmation of strength and that Boule can meet the tough procurement demands, which mean we have now definitely become established in Mexico. Our improved market position and the fact that healthcare in Mexico is highly decentralized, something which suits Boule’s products well, means that I am very optimistic about sales growth here.”*

### **How do you view Boule’s prospects in the rest of Latin America?**

*“Unfortunately, Brazil remains problematical, partly due to a weaker currency, but also because of various trade obstacles. The same problematical also applies in Argentina and Chile. Central America on the other hand, looks quite positive and I think we will make progress in these countries in the next few years.”*

# Sustainable business

As a market leading company on the global decentralized market for blood diagnostics, Boule has a responsibility to act in a socially, financially and environmentally sustainable way. Boule aims to be a credible and reliable supplier and partner to its customers, an attractive employer and a good, long term investment for its shareholders.

## ORGANISATION

As an international group with businesses in Sweden, the USA and China, employee know-how and experience play a key role in business success and the continued development of Boule products. Accordingly, Boule aims to be an employer where the qualities, knowledge and skills of employees are respected and utilized in the best possible way. Every employee shall be treated with consideration and respect irrespective of gender, ethnicity, nationality, religious beliefs, sexual orientation, disability, age, experience or family situation. Harassment in any form is totally unacceptable.

## EMPLOYEES

In 2015, the average number of employees in the group was 168 (179) including 9 (8) in the parent company. The average number of women was 64 (64) and average number of men 104 (115).

To grow and develop as an

employer, Boule commissions an annual Employee Satisfaction Survey to obtain a current snapshot of the work environment and employee satisfaction and wellness. The most recent survey in China was done in 2014 and in 2015 in Sweden and the USA.

The 2014 survey results in Sweden and USA showed an employee satisfaction index of 3.7 out of a maximum 5.0. The survey index in 2015 was 3.8. One area that dragged the index down this year was skills and development.

Work has now been started to increase the link between employee skills development and company goals. Boule's stated goals are to be broken down such that it becomes clearer to each department manager what their respective department is expected to deliver and then identify what skills development is required. These sub goals also make it easier for the respective manager to provide clearer instructions as to what is or is not prioritized.

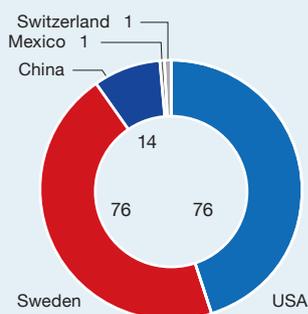
The 2014 survey results in China also showed an employee satisfaction index of 4.1 out of a maximum 5.0. Areas that dragged down the index were internal communication and the work environment, especially with regard to IT. This has been addressed via regular internal meetings and an upgrade of the IT environment.

All the surveys showed that the majority of Boule employees are proud to work for Boule and of Boule as a company. The majority of Boule employees in Sweden, the USA and China have been with the company for over five years.

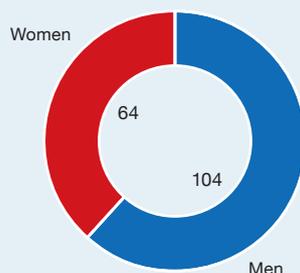
## CODE OF CONDUCT

Boule's Code of Conduct is an important tool for preventing and discovering any possible instances where laws and rules have been overstepped and breaches of the Code occur. The Code of Conduct has been developed and approved by the Boule board with the aim of setting out the principles

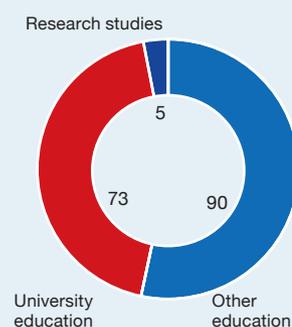
Average number of employees per country 2015



Gender balance 2015



Level of education 2015





that Boule is to adopt in its business practices and work in accordance with, plus the responsibilities employees have to the company and the responsibilities the company has to its employees. All employees are to read the Code of Conduct and team managers and managers are to ensure the Code is obeyed. In 2014 and 2015, all employees took a course on the Code of Conduct.

#### **WORK ENVIRONMENT**

Boule is to offer a safe and pleasant work environment for its employees. The work climate should be creative, efficient and safe. Ultimate responsibility for the work environment, continued improvement and further development resides with the CEO.

The work environment and high levels of stress were also areas that lowered the 2015 employee satisfaction index. Boule has addressed this by implementing an internal project that focuses on Boule's values. Our values have been developed by executive management in consultation with employees and are to be implemented

into our day-to-day operations.

Boule is addressing the problem with stress levels by launching a project to prioritize factors such as employee goals for reducing stress levels that also improve efficiency and promote personal development at the same time.

#### **DISTRIBUTORS AND SUPPLIERS**

The over 200 locally based distributors that market and sell Boule products in over 100 countries worldwide, play a key role in Boule's sales and marketing strategy. Instead of having a large, central sales organisation in Sweden, Boule has elected to use locally established distributors. This provides Boule with knowledge of the local market and culture, and a good insight into decentralized primary care around the world.

We send out an annual distributor survey as part of our active approach to sales strategies and making our sales organisation more effective. The results for 2015 rose to 5.4 from 53 in 2014 out of a maximum 6.0. Ordering and service have hampered the

results and Boule is actively working to improve these areas. The distributor survey also showed that the majority of our distributors describe Boule as a company of high quality that is reliable and whose instrument systems are easy to use.

Boule expects high standards of its distributors in terms of knowledge and service, and trains all distributors in Boule products.

Boule suppliers are an important part of Boule's success. When choosing suppliers, Boule picks those suppliers that offer the best and most cost effective products and that guarantee the highest quality. Suppliers with their own documented environment systems and environment targets are to be prioritized.

All distributors and suppliers are to read and sign the Boule Code of Conduct. Compliance with the Code of Conduct is regularly assessed. Were a distributor or supplier be in breach of the Code of Conduct in any way or for some reason not approve it, Boule can choose to terminate the relationship.

## ANTI-CORRUPTION AND WHISTLEBLOWING

Boule will not tolerate any form of direct or indirect inappropriate payments, whether or not such constitute a direct bribe or some other type of payment that can be suspected of being illegal.

Employees are obliged to report any suspicious circumstances or possible problems to Boule's management. Quality assurance personnel and managers with responsibility for regulatory matters are to express independent opinions in dialogue with executive management.

If an employee becomes aware of any breach of the Code of Conduct, this must be reported to their immediate manager, HR manager or CEO without delay.

## ENVIRONMENTAL RESPONSIBILITY

Boule seeks to pursue its business operations in the most environmentally sustainable way possible and to make unceasing efforts to improve such. When supplying products and services, proper awareness and consideration for the environment are to be observed. Boule as an enterprise and each and everyone in the company is, wherever possible, to deliver or perform their work with the least possible impact on health and the environment and to actively seek to improve their work processes.

In order to encourage employees, suppliers and distributors to become more environment conscious, Boule as an organisation works to increase environmental awareness. To be able to live up to the above, Boule had developed a number of environment goals that are to be adhered to.

## TRANSPORT

Boule's business activities are transport heavy. To better protect the

### Boule's environment targets:

- Environmental awareness and how this relates to quality is to be reviewed in all processes.
- Boule employees are to be informed of our environment targets.
- Where possible, production processes and products are to be reviewed from an environmental perspective.
- When making quality and cost evaluations and whether something is technically possible, the most environment friendly choice of materials, processes and suppliers is always to take precedence.

environment, Boule has chosen to actively schedule deliveries from sub suppliers. Around 40 percent of purchase by volume are now scheduled. Such scheduling includes requirements that delivery be made as full loads, i.e. half empty vehicles are not despatched, which alleviates the environment impact of Boule shipments.

Wherever possible, Boule instrument systems and consumables are despatched from the nearest factory. Our factory in China primarily supply Asia, the factory in Sweden primarily supply Europe while our USA facilities primarily serve USA and South America. Instruments are primarily sent by air freight while consumables are shipped by sea.

## QUALITY ASSURANCE

Boule is driven by the determination to make it easier for healthcare providers, and by extension patients, to make diagnoses quicker and to reduce costs for society. Laboratory medicine accounts for 1.5 percent of healthcare costs and 50 percent of these costs are for X-Rays. Medicinal products account for one of the largest costs in Swedish healthcare. Good diagnostics can help reduce the costs for medicinal products as enabling a correct diagnosis to be made in a quicker and easier way, will mean the right medi-

nal product can be prescribed directly.

A blood test is the most common way of making a diagnosis and this can be done more quickly and easily with Boule instrument systems. To this end, Boule aims to be a credible and reliable supplier and partner to its customers and end customers. This puts imposing demands on product quality. All companies within the group are certified to ISO 13485 an international comprehensive quality management system for the design and manufacture of medical devices. Boule's Swedish and US companies also meet the US Food and Drugs Administration (FDA) quality system requirements on the regulation and approval of medicinal products and medical devices.

## PRODUCT LIABILITY

Boule is a science-based and customer focused company where compliance with laws and rules on product quality, standards, safety and efficiency is very important. Product and quality issues are something Boule is actively engaged in. One element of this is our Total Quality Concept where know-how and quality infuse the entire value chain. The use of equipment for blood diagnosis is subject to detailed rules and regulations worldwide. Boule employees are required, in addition to complying with laws and regulations, to perform clinical studies and apply good manufacturing practices and checks for product labelling and marketing.

Communication between Boule departments is very important for continued product development and the maintenance of our Total Quality Concept. Information and feedback from end customers, distributors and production are what drive development forward. To simplify product development and production, our production facilities in Sweden and USA are adjacent to our development departments.



” Our employees are also particularly pleased that it is a Swedish company.



**Lena Pettersson**

Technology and Methodology Support, Diagnostics Centre, University Hospital Linköping.

## Region Östergötland – an example of close customer cooperation

*Boule and Region Östergötland have been engaged in a successful partnership since 2007. In January 2015, Boule won a major procurement for 35 Swelab Alfa Plus instruments. These were installed in May-June 2015 at 30 care centres and two hospitals in the county.*

*“We perform around 150,000 blood cell analyses a year. Which is why we have very high safety demands, for both patients and staff. Boule instrument systems are closed systems and therefore the only supplier on the market that met our requirements,” says Lena Pettersson of Linköping University Hospital.*

*A closed system means that a test tube with cork (closed test tube) can be used and does not need to be opened by laboratory personnel to perform the analysis. The analysis is done quickly and easily directly in the instrument. The blood is never exposed to the external environment, which is an important safety aspect for both patients and personnel.*

*Boule Instruments are easy to use and need very little maintenance. Some care centres have instruments with sample changers, which makes life much easier for laboratory personnel as they can handle several blood samples at the same time.*

*“We have a good relationship with Boule and always get the help we need when it comes to service and software updates. We also have a good dialogue on what the instruments do and always get the impression that Boule listens to our thoughts on how they can make the systems even better. ‘Our employees are also particularly pleased that it is a Swedish company,’ Lena Pettersson adds.*

*The hospitals and care centres in Region Östergötland are the first in Sweden to have the new generation of Boule instruments and are therefore a good source of opinions and feedback for future product development work.*

# Boule shares

Boule Diagnostics shares have been listed on Nasdaq Stockholm since 23 June 2011. As of 31 December 2015, the company had 824 shareholders.

## MARKET CAPITALISATION AND TURNOVER

The last price traded on 31 December 2015 was SEK 91.50 (54,50), which gave Boule Diagnostics a market capitalisation of MSEK 430.7 (256.5). On 31 March 2016 the last price traded was SEK 68.00 giving a market capitalisation of MSEK 320. In the 2015 financial year, the average daily turnover of shares was 10,970. A total of 2,742,464 Boule shares were traded in 2015 at a value of MSEK 217.6. All trading in the shares was on the Stockholm Exchange. The share price rose by 68 percent in 2015. Up to 31 March 2016, the share price had slipped 26 percent in 2016.

## SHARE CAPITAL

The share capital of Boule Diagnostics on 31 December 2015 was SEK 4,707,138 divided into 4,707,138 shares with a quotient value of SEK 1.00 per share. Boule Diagnostics only has one class of shares and all shares have equal rights to shares in the company's assets and profits. A trading post is one (1) share.

## SHAREHOLDER AGREEMENT

The board of Boule is not aware of any shareholder agreements or other agreements between company shareholders for the purpose of common influence over the company. Nor is the board aware of any agreements or equivalent that can lead to control over the company changing.

## DIVIDEND AND DIVIDEND POLICY

The board of Boule Diagnostics has proposed a dividend of SEK 0.60 (0.60) per share to the Annual General Meeting for financial year 2015. The board aims to give shareholders a dividend that reflects both a good direct yield and dividend growth and to apply a policy whereby the dividend level is adapted to the level of Boule's earnings, financial position and other factors the board considers of relevance. Over the long term, the annual dividend should correspond to 25-50 percent of profit for the period, after considering the company's equity ratio and liquidity.

## THREE NEW SHAREHOLDERS

At the end of 2015, the previous major shareholder Siem Capital AB decided to transfer its entire holding corresponding to 33.4 percent of the capital and voting rights. The new shareholders are Svolder AB, 11.6 percent, Nordea Fonder, 11.6 percent and AB Grenspecialisten, 10.2 percent of the shares in the company.



List of shareholders as of 2015-12-31

Holding	Number shareholder	Number shares	Holding
1-500	609	82,756	1.76%
501-1,000	93	78,906	1.68%
1,001-5,000	80	171,688	3.65%
5,001-10,000	17	132,708	2.82%
10,001-15,000	6	74,309	1.58%
15,001-20,000	4	68,342	1.45%
20,001-	25	4,098,429	87.06%
<b>Total</b>	<b>824</b>	<b>4,707,138</b>	<b>100.00%</b>

The biggest shareholders as of 2015-12-31 (and thereafter known changes)

Shareholder	No of shares	Prop of capital/votes, %
Nortal Investments AB	620,402	13.18
Nordea Fonder	552,933	11.75
Svolder AB	517,209	10.99
AB Grenspecialisten	488,084	10.37
Linc Invest AB	470,715	10.00
Thomas Eklund incl. company	444,638	9.45
Ernst Westman incl. family and company	127,892	2.72
Société Générale	122,804	2.61
Avanza Pension	74,872	1.59
Daniel Rammeskov	71,015	1.51
Other shareholders (814)	1,216,574	25.83
<b>Total</b>	<b>4,707,138</b>	<b>(100.00)</b>

Share capital development

Yr	Month	Transaction	Share increase capital, SEK	Total shares capital, SEK	Number new shares	Total no of shares	Quot value, SEK
1996	October	Company formation	100,000	100,000	100,000	100,000	1.00
1996	December	Private placement	129,600	229,600	129,600	229,600	1.00
1997	January	Private placement	287,950	517,550	287,950	517,550	1.00
1997	January	Private placement	728,500	1,246,050	728,500	1,246,050	1.00
1997	October	Private placement	290,000	1,536,050	290,000	1,536,050	1.00
1998	February	Private placement	22,786	1,558,836	22,786	1,558,836	1.00
1998	April	Private placement	103,922	1,662,758	103,922	1,662,758	1.00
1998	June	Private placement	10,000	1,672,758	10,000	1,672,758	1.00
1998	August	Private placement	5,634	1,678,392	5,634	1,678,392	1.00
2001	September	Private placement	460,350	2,138,742	460,350	2,138,742	1.00
2004	October	Private placement	380,347	2,519,089	380,347	2,519,089	1.00
2007	June	Preferential issue	944,658	3,463,747	944,658	3,463,747	1.00
2011	June	Private placement	1,243,391	4,707,138	1,243,391	4,707,138	1.00

# Five-year overview and definitions

KSEK	2015	2014	2013	2012	2011
<b>INCOME STATEMENT</b>					
Net sales	331,407	306,687	276,804	275,301	246,155
Cost of goods sold	-181,580	-170,242	-155,340	-151,795	-138,116
<b>Gross profit</b>	<b>149,827</b>	<b>136,445</b>	<b>121,464</b>	<b>123,506</b>	<b>108,039</b>
Other operating income	4,799	5,947	802	115	1,082
Selling and marketing expenses	-66,228	-62,572	-59,021	-54,431	-44,457
Administration expenses	-22,837	-24,989	-25,132	-25,148	-24,554
Research and development expenses	-40,071	-23,631	-119,592	-22,165	-22,507
Other operating expenses	-3,886	-4,641	-913	-1,527	-436
<b>Operating profit/loss</b>	<b>21,604</b>	<b>26,560</b>	<b>-82,392</b>	<b>20,350</b>	<b>17,167</b>
Net financial items	-1,203	-1,629	-1,831	-145	-1,317
Share of profit/loss related to associated companies	-	-	-	-	529
Profit/loss related to sale of shares of associated companies	-	-	-	-	1,113
<b>Profit/loss before tax</b>	<b>20,401</b>	<b>24,931</b>	<b>-84,223</b>	<b>20,205</b>	<b>17,492</b>
Tax	-5,049	5,335	14,098	-9,246	-7,405
<b>Net profit/loss for the year</b>	<b>15,352</b>	<b>30,266</b>	<b>-70,125</b>	<b>10,959</b>	<b>10,087</b>
<b>BALANCE SHEET</b>					
<b>Fixed assets</b>					
Intangible assets	101,683	98,664	73,661	135,463	106,936
Tangible fixed assets	20,329	17,587	15,776	15,316	12,225
Financial fixed assets	18,632	14,867	205	-	-
Deferred tax assets	9,223	13,093	10,025	951	1,139
<b>Total fixed assets</b>	<b>149,867</b>	<b>144,211</b>	<b>99,667</b>	<b>151,730</b>	<b>120,300</b>
<b>Current assets</b>					
Inventories	54,761	46,195	47,854	45,636	43,379
Current receivables	60,460	66,983	62,146	61,994	54,467
Cash and cash equivalents	50,395	22,656	11,051	15,871	53,701
<b>Total current assets</b>	<b>165,616</b>	<b>135,738</b>	<b>121,051</b>	<b>123,501</b>	<b>151,547</b>
<b>Total assets</b>	<b>315,483</b>	<b>279,949</b>	<b>275,231</b>	<b>271,847</b>	
<b>Equity and liabilities</b>					
Equity	188,513	169,992	127,492	199,695	192,858
Long term interest-bearing liabilities	7,371	8,951	8,455	717	618
Other long-term liabilities	4,525	-	-	-	-
Deferred tax liabilities	3,651	1,428	5,627	11,375	3,806
Current interest-bearing liabilities	54,876	41,825	37,944	20,195	30,780
Current non interest-bearing liabilities	56,547	57,753	41,200	43,249	43,785
<b>Total equity and liabilities</b>	<b>315,483</b>	<b>279,949</b>	<b>220,718</b>	<b>275,231</b>	<b>271,847</b>
<b>CASH FLOW</b>					
Cash flow from operating activities before changes in working capital	27,880	27,874	20,162	22,348	18,432
Changes in working capital	-5,556	3,111	-4,487	-11,400	-12,988
Cash flow from investing activities	-8,377	-22,761	-33,111	-37,013	-24,412
Cash flow from financing activities	13,172	1,941	12,887	-11,361	54,765
<b>Cash flow for the year</b>	<b>27,119</b>	<b>10,165</b>	<b>-4,549</b>	<b>-37,426</b>	<b>35,797</b>

Five year overview	2015	2014	2013	2012	2011
<b>KEY DATA</b>					
Net sales growth, %	8.1	10.8	0.5	11.8	7.3
Gross margin %	45.2	44.5	43.9	44.9	43.9
EBITDA margin, %	8.6	10.1	6.1	8.5	8.1
EBIT margin (operating margin), %	6.5	8.7	-29.8	7.4	7.0
Return on total assets, %	7.3	10.6	-33.2	7.8	7.5
Return on equity, %	8.6	20.3	-42.9	5.6	6.2
Return on capital employed, %	9.2	13.3	-42.1	9.3	9.0
<b>CAPITAL STRUCTURE</b>					
Equity, MSEK	188.4	170.0	127.5	199.7	192.9
Capital employed, MSEK	255.3	220.8	173.9	220.6	224.3
Working capital, MSEK	139.8	116.7	96.7	97.0	124.6
Liabilities to credit institutions, MSEK	62.2	50.8	46.4	20.9	31.4
Interest coverage ratio, multiple	14.9	16.2	-73.0	41.9	12.2
Net debt, MSEK	11.9	28.1	35.3	5.0	-22.3
Net debt/equity ratio, %	33.0	29.9	36.2	10.5	16.3
Equity/assets ratio, %	60	61	58	73	71
<b>DATA PER SHARE</b>					
Average number of shares	4,707,138	4,707,138	4,707,138	4,707,138	4,063,300
Number of shares at the end of the period	4,707,138	4,707,138	4,707,138	4,707,138	4,707,138
Earnings per share, SEK	3.26	6.44	-14.90	2.33	2.48
Equity per share, SEK	40.0	36.1	27.1	42.4	41.0
Cash flow from operating activities per share, SEK	4.70	6.58	4.40	2.33	1.16
Dividend per share, SEK	0.60*	0.60	0.50	0.50	–
<b>EMPLOYEES</b>					
Average number of employees	168	179	175	165	156

\* Proposed

## DEFINITIONS

**Gross profit** is net sales less costs of goods sold

**Gross margin** is gross profit divided by net sales

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

**EBITDA margin** is EBITDA divided by net sales

**EBIT** (Earnings before interest and taxes) is profit before net financial items and taxes

**EBIT margin** is EBIT divided by net sales

**Capital employed** is total assets less deferred tax liabilities and non-interest-bearing liabilities

**Working capital** is inventories, accounts receivables, and cash less accounts payable

**Net investments** are investments in tangible and intangible assets adjusted for disposals

**Interest coverage ratio** is operational profit plus financial income divided by financial expenses

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

**Net debt/equity ratio** is net debt divided by equity

**Equity/assets ratio** is equity divided by total assets

**Return on equity** is profit for the year after taxes divided by equity

**Return on capital employed** is profit after net financial items plus financial expenses divided by the average capital employed

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

# Consolidated statement of comprehensive income

1 January- 31 December, KSEK	2015	2014
Net sales	331,407	306,687
Cost of goods sold	-181,580	-170,242
<b>Gross profit</b>	<b>149,827</b>	<b>136,445</b>
Other operating revenue	4,799	5,947
Selling and marketing expenses	-66,228	-62,573
Administration expenses	-22,837	-24,989
Research and development expenses	-40,071	-23,631
Other operating expenses	-3,886	-4,641
<b>Operating profit/loss</b>	<b>21,604</b>	<b>26,559</b>
Financial income	8	11
Financial expenses	-1,451	-1,640
Exchange differences	240	-
<b>Net financial items</b>	<b>-1,203</b>	<b>-1,629</b>
<b>Profit/loss before tax</b>	<b>20,401</b>	<b>24,930</b>
Current tax	-613	-1,167
Deferred tax	-4,436	6,502
<b>Net profit/loss for the year <sup>1)</sup></b>	<b>15,352</b>	<b>30,265</b>

## Other comprehensive income

1 January- 31 December, KSEK	2015	2014
<b>Items that may be allocated to the net profit/loss for the period</b>		
Translation differences for the year from translation of foreign operations	5,490	14,352
<b>Other comprehensive profit/loss for the year</b>	<b>5,490</b>	<b>14,352</b>
<b>Comprehensive profit/loss for the year</b>	<b>20,842</b>	<b>44,617</b>
Earnings per share before dilution, SEK	3.26	6.44
Earnings per share after dilution, SEK	3.23	6.44
Number of shares outstanding at the end of the period	4,707,138	4,707,138

1) The net profit/loss for the year is fully attributable to the parent

# Consolidated statement of financial position

KSEK	2015	2014
<b>ASSETS</b>		
<b>Fixed assets</b>		
<b>Intangible assets</b>		
Capitalized development expenses	27,668	28,308
Goodwill	74,015	70,355
<b>Total intangible assets</b>	<b>101,683</b>	<b>98,663</b>
<b>Tangible fixed assets</b>		
Plant and machinery	4,356	4,014
Equipment, tools, fixtures and fittings	13,205	10,744
Leasehold improvements	2,768	2,829
<b>Total tangible fixed assets</b>	<b>20,329</b>	<b>17,587</b>
<b>Financial fixed assets</b>		
Long-term non-interest bearing receivables	16	107
Long-term interest bearing receivables and other receivables	18,616	14,664
Deferred tax assets	9,223	13,093
<b>Total financial fixed assets</b>	<b>27,855</b>	<b>27,864</b>
<b>Total fixed assets</b>	<b>149,867</b>	<b>144,114</b>
<b>Current assets</b>		
<b>Inventories</b>		
Raw materials and supplies	37,576	31,614
Intermediate goods	3,669	2,648
Finished goods and goods for resale	13,516	11,935
<b>Total inventories</b>	<b>54,761</b>	<b>46,196</b>
<b>Current receivables</b>		
Tax assets	2,048	2,334
Accounts receivable	52,716	54,200
Other receivables	2,254	4,943
Prepaid expenses and accrued income	3,442	5,506
<b>Total current receivables</b>	<b>60,460</b>	<b>66,983</b>
Cash and cash equivalents	50,395	22,656
<b>Total current assets</b>	<b>165,616</b>	<b>135,835</b>
<b>TOTAL ASSETS</b>	<b>315,483</b>	<b>279,949</b>
<b>EQUITY</b>		
Share capital	4,707	4,707
Other paid-in capital	186,147	188,231
Translation reserve	10,000	4,510
Retained earnings including net profit for the year	-12,340	-27,456
<b>TOTAL EQUITY</b>	<b>188,514</b>	<b>169,992</b>
<b>LIABILITIES</b>		
<b>Long-term liabilities</b>		
Long-term interest-bearing liabilities	7,370	8,951
Other long-term liabilities	4,525	-
Deferred tax liabilities	3,651	1,428
<b>Total long-term liabilities</b>	<b>15,536</b>	<b>10,379</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	54,876	41,825
Accounts payables	18,064	20,998
Tax liabilities	-	371
Other liabilities	10,843	6,178
Accrued expenses and deferred income	27,135	29,706
Provisions	500	500
<b>Total current liabilities</b>	<b>111,423</b>	<b>99,578</b>
<b>TOTAL LIABILITIES</b>	<b>126,969</b>	<b>109,957</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>315,483</b>	<b>279,949</b>
<b>Assets pledged and contingent liabilities</b>		
Assets pledged	71,923	71,858
Contingent liabilities	1,800	1,800

# Consolidated statement of changes in shareholders' equity

KSEK	Share capital	Other paid-in capital	Translation reserve	Retained earnings incl. net profit for the year	Total equity
<b>Equity, opening balance, Jan. 1, 2014</b>	<b>4,707</b>	<b>190,584</b>	<b>-9,842</b>	<b>-57,957</b>	<b>127,492</b>
<b>Comprehensive profit/loss for the year</b>					
Net profit for the year				30,265	30,265
Other comprehensive income for the year	-	-	14,352		14,352
Comprehensive profit/loss for the year			14,352	-30,265	44,617
<b>Transactions with shareholders</b>					
Share-based payments	-	236	-	-	236
Dividends	-	-2,353	-	-	-2,353
Total transactions with shareholders	-	-2,353	-	-	-2,117
<b>Equity, closing balance, Dec. 31, 2014</b>	<b>4,707</b>	<b>188,467</b>	<b>4,510</b>	<b>-27,692</b>	<b>169,992</b>
<b>Equity, opening balance, Jan. 1, 2015</b>	<b>4,707</b>	<b>188,467</b>	<b>4,510</b>	<b>-27,692</b>	<b>169,992</b>
<b>Comprehensive profit/loss for the year</b>					
Net profit for the year				15,352	15,352
Other comprehensive income for the year			5,490		5,490
Comprehensive profit/loss for the year			5,490	15,352	20,842
<b>Transactions with shareholders</b>					
Share-based payments	-	505	-	-	505
Dividends	-	-2,825	-	-	-2,825
Total transactions with shareholders	-	-2,825	-	-	-2,320
<b>Equity, closing balance, Dec. 31, 2015</b>	<b>4,707</b>	<b>188,467</b>	<b>10,000</b>	<b>-12,340</b>	<b>188,514</b>

# Consolidated cash flow statement

1 January- 31 December, KSEK

	2015	2014
<b>Operating activities</b>		
Operating profit/loss	21,604	26,560
Adjustments for non-cash items	8,440	3,732
Interest received	8	10
Interest paid	-1,451	-1,271
Income tax paid	-721	-1,157
<b>Cash flow from operating activities before changes in working capital</b>	<b>27,880</b>	<b>27,874</b>
<b>Cash flow from changes in working capital</b>		
Increase (-)/decrease (+) in inventories	-7,830	6,368
Increase (-)/decrease (+) in operating receivables	3,568	-16,244
Increase (+)/decrease (-) in operating liabilities	-1,294	12,987
<b>Cash flow from operating activities</b>	<b>22,324</b>	<b>30,985</b>
<b>Investing activities</b>		
Acquisitions of tangible fixed assets	-4,932	-5,913
Investments in other financial fixed assets	107	-
Disposal of tangible fixed assets	202	-
Disposal of associated company	-	-
Capitalized development expenses	-3,754	-16,848
<b>Cash flow from investing activities</b>	<b>-8,377</b>	<b>-22,761</b>
<b>Financing activities</b>		
Borrowings	6,142	2,365
Amortization of loans	-3,197	-1,372
Increase (+)/Decrease (-) in current financial liabilities	13,051	3,302
Dividends	-2,824	-2,354
<b>Cash flow from financing activities</b>	<b>13,172</b>	<b>1,941</b>
<b>Cash flow for the year</b>	<b>27,119</b>	<b>10,165</b>
Cash and cash equivalents at the beginning of the year	22,656	11,051
Exchange-rate differences in cash and cash equivalents	620	1,440
<b>Cash and cash equivalents at the end of the year</b>	<b>50,395</b>	<b>22,656</b>

# Board of Directors



## Peter von Ehrenheim

Born 1955. Member of the Board since 2015 and Chairman of the Board since January 2016.

**Other assignments:** Chairman of the Boards of Biolin Scientific Holding AB, Robustus Wear Components AB and VBN Components AB, Board member of Meda AB and Biotage AB.

**Present occupation:** Entrepreneur

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

**Shareholding in Boule:** 14,000 shares.



## Karin Dahllöf

Born 1959. Member of the Board since 2015.

**Other assignments:** –

**Present occupation:** Business Unit Director – Hematology at EKF Diagnostics Holding PLC.

**Education:** Medical Laboratory Scientist, Gothenburg University.

**Shareholding in Boule:** 1,000 shares.



## Thomas Eklund

Born 1967. Member of the Board since 2014.

**Other assignments:** Chairman of the Boards of Global Health Partner AB, Itrim AB and Sedana Medical AB and Board member of Memira AB, Moberg Pharma AB, Biotage AB and Rodebjer Form AB.

**Present occupation:** Independent Board member, adviser and consultant.

**Education:** MBA from the Stockholm School of Economics.

**Shareholding in Boule:** 444,638 shares.



## Tord Lendau

Born 1957. Member of the Board since 2014.

**Other assignments:** Chairman of the Boards of Actea AB, Encare AB, Hubbster AB, Medtentia Oy and Scibase AB. Board member of and Chairman of the audit committee of Vitrolife AB.

**Present occupation:** President and owner of Lendau Capital AB.

**Education:** Studies in Industrial Management from Linköping University.

**Shareholding in Boule:** 1,100 shares.



## Lars-Olof Gustavsson

Born 1943. Member of the Board and Chairman of the Board since 2010.

*Resigned as Member of the Board and Chairman of the Board in January 2016*

*Shareholding in Boule: 5,900 shares.*

# Group Management



## Ernst Westman

Ernst Westman has been President and CEO of Boule Diagnostics AB since 1996 and has been employed at Boule since 1994.

**Education:** Master of Science in Chemistry from Chalmers University of Technology.

**Shareholding in Boule:** 127,992 shares (privately and through company).

**Stock options:** 32,000.



## Fredrik Alpsten

Fredrik Alpsten is Senior Vice President and CFO has been employed at Boule since 2011.

**Other assignments:** Chairman of the Board of Personlig Almanacka Nordic AB.

**Education:** Master of Science from the Stockholm School of Economics

**Shareholding in Boule:** 200 shares.

**Warrants in Boule:** 10,000 warrants.

**Stock options:** 11,000.



## Claes Blanche

Claes Blanche is President of the subsidiary Boule Medical AB and has been employed at Boule since January 2012.

**Education:** Master of Science in Biochemistry from the Royal Institute of Technology.

**Shareholding in Boule:** 400 shares.

**Warrants in Boule:** 10,000 warrants.

**Stock options:** 11,000.



## Michael Elliott

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

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

**Shareholding in Boule:** 258 shares.

**Warrants in Boule:** 10,000 warrants.

**Stock options:** 11,000.



## Hans Johansson

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

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

**Shareholding in Boule:** 2,307 shares.

**Stock options:** 11,000.



## Thomas Olsson

Thomas Olsson is Senior Vice President of Quality & Regulatory and has been employed at Boule since 1992.

**Education:** PhD in Biochemistry from Stockholm University.

**Shareholding in Boule:** 56,312 shares.

**Stock options:** 11,000.

# Financial information

## FUTURE REPORTING DATES

Interim Report for first quarter 2016 . . . . .	12 May 2016
Interim Report for second quarter 2016 . . . . .	31 August 2016
Interim Report for third quarter 2016 . . . . .	9 November 2016

## ANNUAL GENERAL MEETING

The AGM of Boule Diagnostics AB will be held at 18.00 on 12 May 2016, at 18:00 at the company offices on Domnarvsgatan 4, Spånga. Entrance from 17.30.

## CONTACT PERSONS FOR INVESTOR RELATIONS

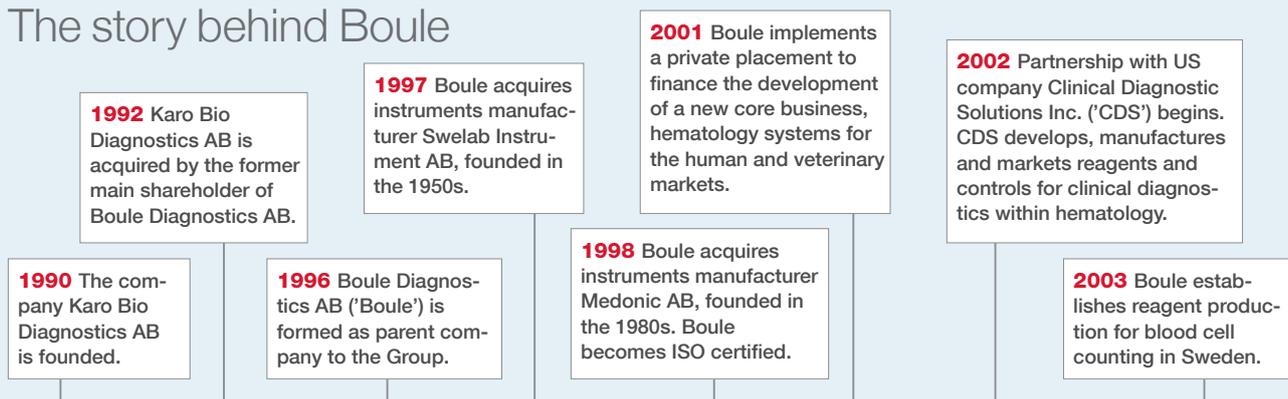


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## The story behind Boule





**2004** Boule's hematology system Medonic CA 620 gains market approval (510k) in the USA. Boule acquires business partner CDS.

**2006** The company launches a new instrument generation based on a shared platform for Medonic and Swelab instruments.

**2007** CDS obtains ISO certification, entailing that all companies in the Group now hold ISO 13485 certification.

**2009** The Medonic M-series systems receive 510(k) clearance in the US.

**2013** A subsidiary company in Mexico and sales office in India established.

**2010** The Quintus 5-part system is launched.

**2011** Boule is listed on Nasdaq Stockholm.

**2015** Three new owners acquire shares in the company: Svolder AB (11.6%), Nordea Fonder (11.6%) and AB Grenspecialisten (10.2%).

**2014** A new instrument generation is introduced. Boule relocates its Swedish operations to new premises in Spånga, north Stockholm.

## HEAD OFFICE

### **Boule Diagnostics AB**

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## SUBSIDIARY COMPANIES

### **Boule Medical AB**

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