Boule Diagnostics AB

Annual Report 2019

Boule in one minute

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

Boule Diagnostics AB is a global diagnostics company specialized on near-patient, decentralized blood diagnostics. The company primarily serves small and midsized hospitals, clinics, laboratories and companies within blood diagnostics to which Boule offers complete blood cell count systems (hematology) in both the human and veterinary areas.

The company operates via subsidiary operating companies in Sweden, USA, Mexico and Russia. The group has an annual sale of around SEK 500 million and 200 employees. Sales are made globally, mainly via Boule's more than 200 distributors in over 100 countries with the support of Boule sales and service personnel. Since 2011, Boule shares have been listed on the Nasdaq Stockholm.

Boule as an investment

Boule has strong positions in a growing global market and good opportunities for continued growth and to create value for investors as well as customers and society. The main strengths stem from the unique offering – the presence throughout the entire value chain of high-quality and complete systems for the near-patient hematology market, from development and production to customer service – and a well-established distribution network.

Global market, attractive segment

The decentralized near-patient segment where Boule operates has a market value of over SEK six billion and an annual global growth rate of around five percent[1]. The company's well-established distribution network enables Boule to meet local demand quickly and effectively wherever it arises.

Growth markets

Boule has strong positions in growth markets, especially in Asia but also in Latin-America and Africa. These positions are becoming an increasingly profitable asset as growth in these areas exceed the average market growth as health care continues to be developed in these regions.

Competitive advantages

Boule's global brands are associated with quality and user-friendliness. With improved internal processes and well-established relationships with local partners, Boule offers reliability, service and low product life cycle costs. Boule's organization and products are, in contrast to those of many competitors, specialized for decentralized, near-patient diagnostics, a technologically advanced market with high barriers to entry.

Value creation

Boule continuously develop the company's product portfolio through R&D, partnerships and investments to ensure a customer offering that includes a broad portfolio of instruments, consumables and associated services for high-quality and safe blood analysis worldwide. Boule has a large, and continuously growing, installed base of instruments that generate stable sales of consumables with good margins.

[1] Refers to the estimated global growth of decentralized human hematology. For more detailed information on the growth of Boule's geographical markets and veterinary hematology, see the marketing and sales section on pages 12 to 15.

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2019 in brief

Positive outcomes from previous investments and continued growth initiatives.

- **Back in strong growth**
  In 2019, the results of the growth initiatives became clear when Boule's sales rose significantly, and the company broke new records for several quarters. Revenues for the year was SEK 498.9 million (424.4), an increase of 17.6 percent.

- **Quality in focus**
  Boule's product line is of recognized high quality and given the FDA's observations during an audit in 2018, the company worked hard in 2019 to improve and further develop the internal quality assurance processes, which has involved the entire organization with good results.

- **Commercial investments**
  In 2018, the product portfolio was expanded. The new products, especially within five-part, have been well received by the market and contributed to the positive sales growth for the year. Marketing resources were expanded in 2019 to ensure an efficient and successful launch of the new products and in Asia and Eastern Europe the commercial teams have been strengthened. At the same time, the distributor structure has been developed and improved and in the United States Boule received Preferred Vendor Status with the country's largest distributor of medical and surgical products.

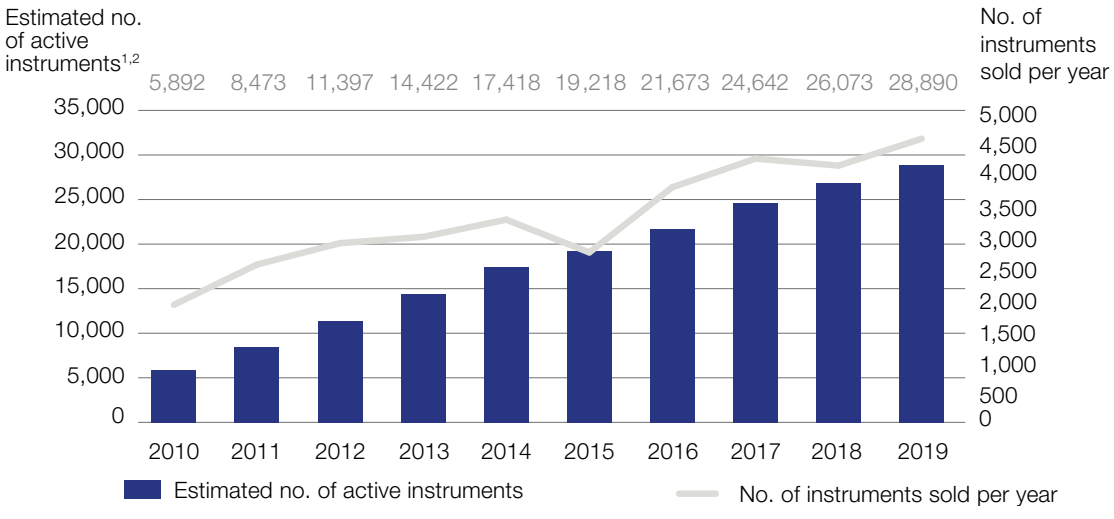
- **Research and development**
  In 2019, research and development was greatly increased with a main focus on the development of the next generation hematology platform. The team has been strengthened with both more senior and younger competent system developers and the expertise in laser technology and software has been improved.

- **Streamlined production and increased capacity**
  To maintain and improve profitability and to meet the increased demand for Boule's products, efforts to streamline production continued in 2019. Among other things, this was done through increased automation and increased capacity.

- **Expansion in Russia**
  For many years, Russia has been an important market for Boule, that since 2018 has a sales office in the country. In the fall of 2019, it was decided that Boule will expand its presence in the country with its own local production of reagents. The project is expected to be completed in the second half of 2020.

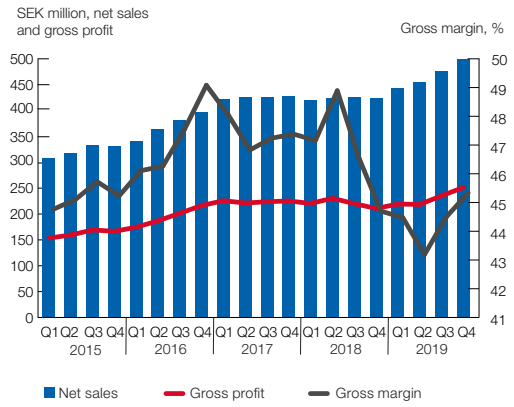
- **Jesper Söderqvist appointed new CEO and Group President**
  After three years, Fredrik Dalborg left the position of CEO at Boule on January 18, 2020 for an assignment outside the Group. The Board has appointed Jesper Söderqvist new President and CEO, starting no later than May 11, 2020. Jesper arrives most recently from Arcoma AB, where he is the current CEO, and has a broad experience in sales, marketing, development and production as well as 15 years of management work in medical technology companies. Boule's CFO, Christina Rubenhag, has been appointed acting CEO until Jesper assumes his position and during the same period Peter Ehrenheim will support the Management team as working Chairman of the Board.

Estimated no. of active instruments



1) Estimated number of instruments installed is based on an estimated lifespan of eight years for the instruments.
2) Accumulated number of instruments sold per December 31, 2019 was 37,363.

Net sales, gross profit and gross margin (R12)



Key figures 2019

Net sales increased by 17.6 percent to:

SEK 499 million

Gross margin rose by 0.6 percentage points to:

45%

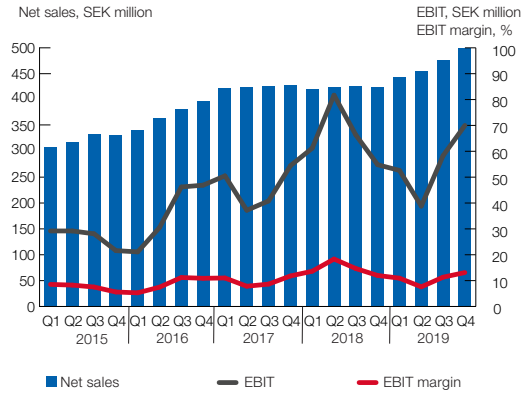
EBIT increased by 27.7 percent to:

SEK 70 million

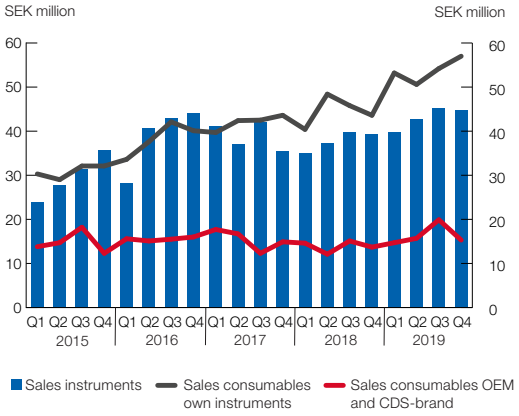
EBIT margin increased by 1.1 percentage points to:

14.0%

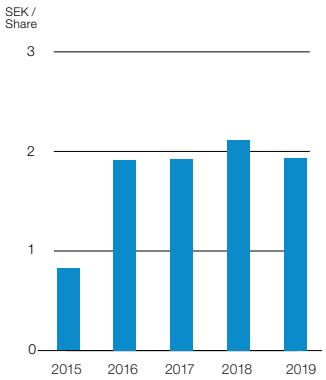
Net sales, EBIT and EBIT margin (R12)



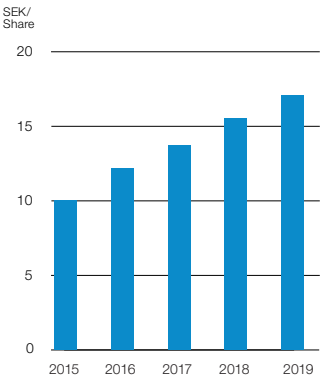
Sales of instruments and consumables per quarter



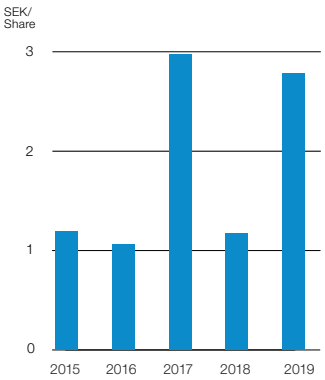
Earnings per share 2015–2019



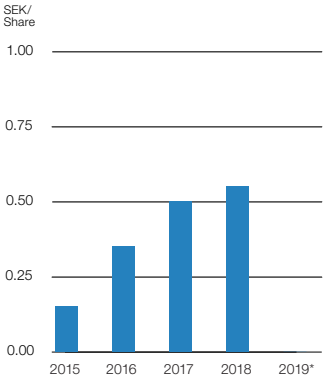
Shareholders´ equity per share 2015–2019



Cash flow from operating activities per share 2015–2019



Dividend 2015–2019



*Proposed dividend for 2019 following the global spread of COVID-19, for more information see page 8.

A word from the CEO

On January 19, 2020, I took over the reins as acting CEO at Boule Diagnostics AB in addition to my role as CFO, which I have held since 2017. I would like to take this opportunity to thank Fredrik Dalborg who, after some three years with the company, left Boule on January 18, 2020 to become CEO of another Swedish medical products company. While being CEO is an exciting role, I am looking forward to May 11 when Jesper Söderqvist takes over.

Growth initiatives delivered good results during the year

A number of initiatives were implemented in 2019 that have resulted in a turnaround from 2018. New five-part systems were launched and quality problems with the existing Quintus five-part system were resolved. The newly launched veterinary products gained a good reception on the market. Our strengthened commercial organization was able to market and sell the updated and expanded product portfolio effectively. Similar changes as previously implemented in India, were made to the distribution structure in Russia, that not only resulted in increased sales and improved margins but also brought Boule closer to our end customers at the same time.

The good sales growth that was achieved from the first quarter was maintained for the rest of the year. Numerous sales records were broken, and growth was significantly above our long-term target of ten percent in all quarters. Sales grew strongly in all geographic regions and Asia accounted for the biggest contribution to this growth. Another pleasing note was the strong positive growth for OEM products throughout the year.

The sales of consumables continued to develop well and I am glad to see that the sales of consumables for the instruments sold via the tender in India at the end of 2018 has now started to consume consumables, even if it is somewhat later than expected. A second shipment of consumables, corresponding to approximately one year's of consumption, has been shipped for the African tender won at the end of 2017. Gross margin has been improved compared to the previous year, thanks to a higher proportion of sales of consumables, price increases and a favorable geographic mix. Our growth initiatives have also resulted in improved profitability.

Further investments for the future

Investments within product development are continuing, with a strong focus on developing our own new system for the fast growing five-part system market. The organization has been strengthened by a good mix of experienced employees and younger, highly skilled engineers.

Within production, the focus is on further improving quality assurance work, cost effectiveness, preparations for the new five-part platform and establishing the production of consumables in Russia. In order to increase the pace of this work, a reorganization has been done and the responsibility has been divided between the production of instruments and production of consumables.

Quality work continues with the highest priority

Boule products are recognized for their quality and the high quality of current and future products is assured via continuous improvements to the quality processes. The work with the further development of the quality processes involves the entire organization and external parties, such as customers, distributors, subcontractors and consultants.

Since 2017, a strong focus has been to improve quality processes and strengthening resources. In 2019, the action plan based on the warning letter received in 2018 was completed. In July 2019, the FDA conducted a follow-up inspection, and the action plan from that inspection was completed in January 2020. This was a very important milestone for Boule, and in association with this, the action plans communicated to the FDA were completed. Boule was highly delighted to receive a letter from the FDA on February 28, 2020, in which they stated that they had completed their evaluation of the company's corrective actions and that, based on their evaluation, Boule had addressed the violations in the warning letter and that the letter with this was closed.

Via additional resources and improved processes, our quality processes have achieved a new level that Boule will maintain and further develop to ensure the company meets all current and future FDA requirements. This new and higher level of quality assurance work was confirmed by good results from other external auditors during the year.

Market development and the future

Boule's market segment, the decentralized near-patient hematology market, is an attractive market that is assessed as growing by around five percent per year. This growth is driven by increased access to professional healthcare in developing countries and an increased demand for quick, convenient and cost effective point-of-care diagnostics on mature markets.

In the decentralized point-of-care segment, demand for several types of tests and more advanced sensors is expected to rise. Boule is meeting this trend with a broader product portfolio, the development of the next product generation (five-part), and by offering new multitest products in partnership with biosurfit.

Boule is entering 2020 with a strong positive trend in sales growth and improved profitability. With the six new products that were launched in 2017 and 2018, plus a reinforced commercial organization, the prospects for continued profitable growth look good. Resources, organization and processes within research and development along with production have been strengthened, and work to improve these areas and make them more efficient will also be a focus in 2020.

The whole society is now facing new challenges with the

spread of the coronavirus COVID-19. At Boule, we have been working our way through disruptions in the component supply chain. The challenge right now is the closure of several markets and lacking transport capacity. At present, it is impossible to predict the outcome of this. We have analyzed several scenarios and feel confident in our preparedness with the measures we have already taken and are planning in the future.

Together with the rest of the team, I will continue to drive this work and am looking forward to welcoming Jesper Söderqvist in May as part of Boule's exciting future.

Christina Rubenhag
Acting CEO and Group President

"Our company is classified as an Critical Infrastructure Industry, meaning that our products are used by doctors globally to diagnose and treat their patients. Our vision 'Improving health for everyone, everywhere' is even more relevant than ever."

Strategic overview

Vision
Improving health for everyone, everywhere.

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

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

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

Courageous
- We dare to challenge the status quo and try new things
- We speak up for what is right especially when it feels difficult
- We communicate in an open and direct way
- We dare make decisions

Customer oriented
- We listen carefully to understand our customers' current and future needs
- We support our customers in a flexible and efficient way, and take action to create a positive impact
- We think globally and act in an ethical and sustainable way

Innovative
- We are curious, have an open mind and see possibilities
- We are creative and responsive and seek solutions
- We try new approaches and learn from experience

Quality
- We strive for high quality in everything we do
- We follow our quality systems and processes and continuously improve them
- We take responsibility and follow up on our commitments

Result oriented
- We help others to grow and work in a way that brings out the best in everyone
- We are goal oriented, engaged, and cost and resource conscious
- We go the extra mile to achieve our goals

Teamwork
- We respect and trust each other and assume best of intentions
- We care about each other
- We collaborate and share information, ideas and knowledge
- We give and ask for feedback to improve ourselves and others

Strategies

Boule's strategic work serves to fulfill the company's vision and mission, enable the company's business concept, and to reach the company's financial targets. The work is based on five strategic priorities that have been determined to achieve the company's long-term ambitions and growth targets. In line with the strategies, Boule has in 2019 among other things; strengthened internal quality processes, increased capacity, automation and efficiency in production, laid the foundation for future expansion in Russia, and strengthened resources in research, development and the commercial organization. In parallel, great focus has been placed on ensuring successful launches of the new products in the product portfolio. The five main components of the strategy remain:

Secure our positions in emerging markets

Evolving our distributor relationships and network and strengthening local presence.

Protect and grow our core business

Continued efficiency improvements, capacity expansion, quality and regulatory compliance.

Developing and launching next generation product platforms.

Grow in new customer segments and markets

Expand in new geographic markets and in new customer segments by improved sales strategies and resources and together with partners.

Evolve OEM and CDS brand business

Focus on and expand selected profitable product segments (CDS=Clinical Diagnostic Solutions, OEM=Original Equipment Manufacturer).

Broaden the customer offer

Develop new product platforms and broaden the product portfolio through partnerships and acquisitions. Expand the offering of service and customer solutions.

Financial targets and dividend

Boule's financial targets have been set to reflect the good profitability, return and growth that the company's strategies and business concept enable.

The financial targets and the dividend target are presented below together with the actual performance of 2019, comments and historical comparison figures.

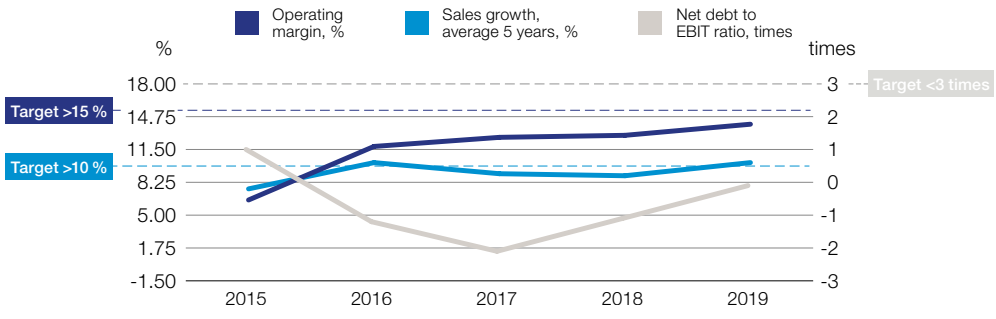
Boule's targets:

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

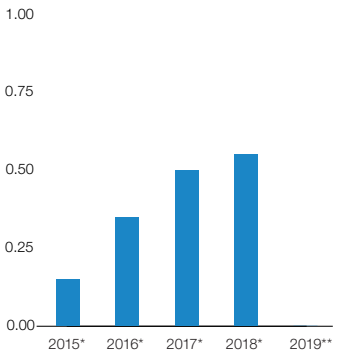
Financial targets	Actual 2019	Comments
Operating margin: >15 %	14.0 %	Operating margin improved in 2019, driven by strong sales and improved gross margin. Operating margin was negatively affected by a provision for doubtful debts related to a specific distributor and, excluding this non-recurring item, amounted to 15.2 percent.
Long-term sales growth: >10 %	17.6 %[1)]	The strong sales growth that was established in the first quarter was maintained for all quarters of the year and several sales records were broken. Sales benefited from the expanded product portfolio with the five-part systems and veterinary products, vigorous growth in sales of consumables for our proprietary instruments, and a strengthened commercial organization plus changes to the distributor structure in Russia. Average sales growth over the last five years has been 10.2 percent.
Net debt to EBIT ratio: <3 times	0.1 times	Operating profit has been improved during the year while at the same time, our investments in the next generation product platform and biosurfit in particular, have reduced disposable cash and cash equivalents with the result that the net debt to EBIT ratio rose from -0.4[3)] to 0.1 in 2019. Boule continues to be in a strong financial position.
Dividend	SEK 0.00[2)]	The Board has proposed deviating from our dividend policy in the light of the prevailing increased uncertainty surrounding market growth as a consequence of the global spread of the coronavirus. Boule is in a stable financial position with access to liquid funds. The proposed deviation from the policy is a precautionary measure to assure Boule's financial positions if one or several of Boule's key markets were to face a long-term closure and does not affect the long-term dividend policy.

1) Average for 5 years amounts to 10.2 percent.
2) Proposed dividend for 2019 following the global spread of COVID-19.
3) The implementation of IFRS 16 Leasing affected the net debt to EBIT ratio's ingoing balance 2019 by 0.7, from -1.1 to -0.4.

Financial targets 2015–2019



SEK/share **Dividend per share 2015–2019**



* Per share key ratios for previous years have been recalculated to adjust for the stock split in June 2018
**Proposed dividend for 2019 following the global spread of COVID-19.

This is Boule

Global reach with a unique offering of high-quality products and services in hematology diagnostics.

Boule's business model

Boule's core business model is to develop, manufacture and, via the company's global distribution network, sell advanced instruments, consumables and associated services used in blood diagnostics to the decentralized health care. Since 2017, the sales of consumables for proprietary instruments is the individually largest revenue stream and the market for these continue to grow with every Boule instrument sold. In 2019, Boule sold 4,598 instruments (4,167) an increase of 10.3 percent. The sales of instruments vary over time as larger orders are dependent on tenders, whereas the consumables account for a steadier revenue stream. The installed instruments have an estimated life span of eight to ten years and an average yearly sale of consumables of SEK 6,500, although with geographic variations.

Instrument platforms and consumables

Boule sells hematology systems with instrument platforms for both the human and veterinary market. The instruments are built upon advanced technology that classifies and counts different types of blood cells and indicate several disease scenarios, for example a reduced immune system or bacterial and viral infections. The analyses are an important tool for physicians as they monitor disease progression and provide support with treatment decision-making. Associated consumables in the form of reagents, blood controls, calibrators and rotors are sold for Boule's different platforms. In addition, Boule sells consumables to other manufacturers' open hematology systems as well as OEM sales of consumables to other major suppliers in the industry which then sells the product to the end-customer under their own brand.

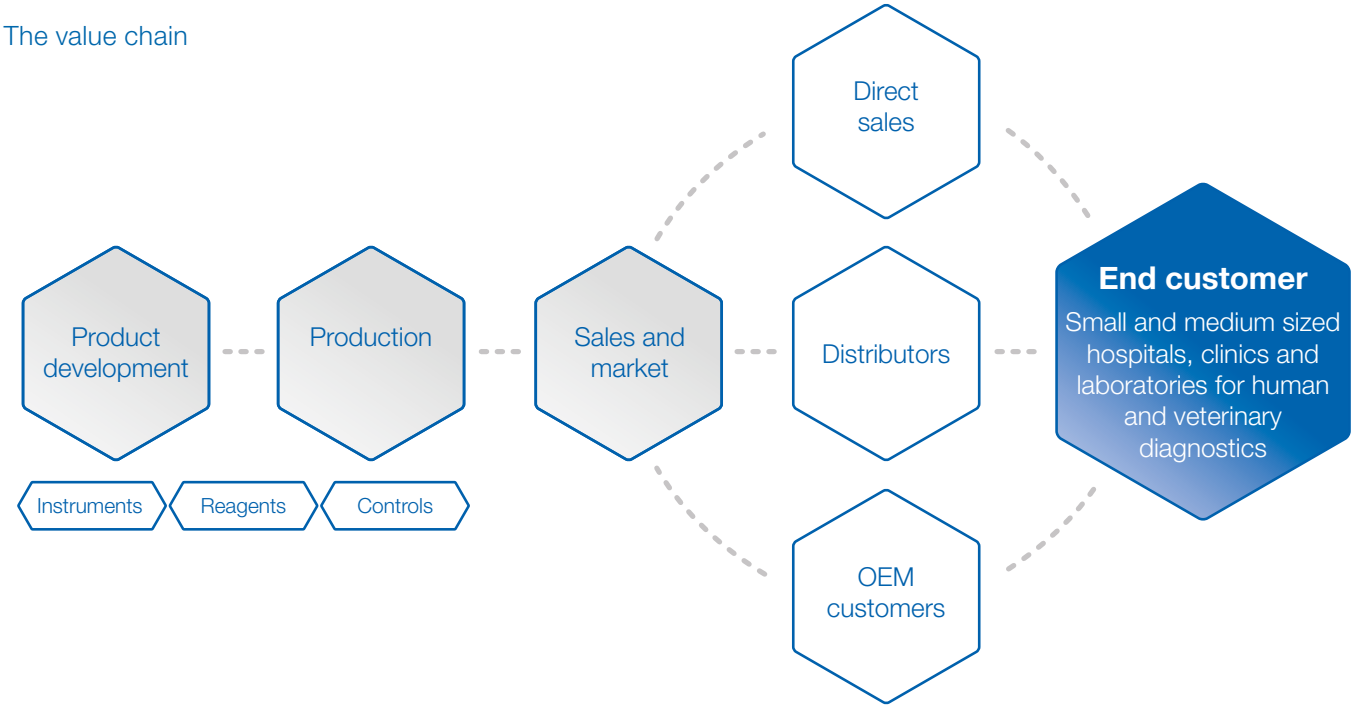
Boule's driving force

Boule's vision is that all patients, human or animal, shall have access to the best possible health care no matter where they are in the world. The company's products primarily target the decentralized, near-patient hematology market. The goal is that smaller and decentralized hospitals and laboratories should be able to offer their patients the same high-quality blood diagnostics as the large and centralized institutions do. Boule's products are user-friendly and of high quality, and they enable analysis at the patient's location. This means that the risk of mistakes that could occur during delivery or when under external care decreases, while lead times can be shortened to the extent that patients are offered results and opportunities for follow-up treatment during one single visit.

Quality throughout the value chain

Boule has, through the company's presence throughout the value chain for products that guarantee reliability and accurate analysis results, a unique hematology offering. From development and production to installation and use at the end customers, Boule ensures the quality in line with the company's quality concept. Internal quality assurance processes are in place the entire way from contracts with subcontractors, throughout production to the completion of the end products. By then offering product service and product use training courses, Boule's knowledge and quality concept cover the entire product life. The concept is called The Total Quality Concept and the ultimate goal is to offer high-quality instruments and consumables that provide patients a close and accessible, more efficient and safer care.

The value chain



Boule's products

Boule´s hematology systems are marketed under four brands: Medonic, Swelab and Quintus for the human market and Exigo for the veterinary market. The product portfolio also includes the instruments spinit, from the strategic partnership with biosurfit, and DC-1 from the distributor agreement with CellaVision. Boule also manufactures and markets consumables tied to its proprietary instrument systems, open consumables for use in open systems from other manufacturers and consumables for OEM customers.

Hematology systems

Swelab™ Alfa Plus, Medonic™ M-series M32
Human diagnostics 3-part system

Swelab Lumi, Medonic M51, Quintus™
Human diagnostics 5-part system

Exigo™ H400
Veterinary diagnostics
4-part systems

Exigo C200
Veterinary clinical
chemistry analyze

CellaVision® DC-1
Digital cell morphology

spinit®
Point-of-care-diagnostics

Consumables

Reagents

Blood controls and
calibrators

Cleaning products

Tied consumables for proprietary instruments

Consumables for OEM customers

Open consumables for other manufacturers´ open systems

Development and production

With efficient production processes and a focus on quality, user friendliness and patient benefit, Boule is building a competitive and profitable product portfolio.

Development

To be able to assure an optimal and high quality customer offer, Boule puts a high priority on inhouse research and development. In parallel with the long-term development of the next generation hematology platform, the company looks to continuously further develop and improve its current products. New products and the further development of the product portfolio are based on identified opportunities for improvements that are regularly evaluated by benchmarking and dialogues with, and feedback from, distributors and end customers.

Boule´s research and development teams have extensive experience and unique expertise within the development of systems, instruments and consumables. These research and development resources have been further strengthened in 2019, including via the new recruitment of key know-how. The teams consist of some 45 full-time employees, of which two thirds are based in Sweden and the rest in the USA. The focus of this increased investment has been the development of the next generation hematology platform that reached several important milestones during the year.

Production

Over the past ten years, Boule has increased the number of instruments sold by over ten percent a year on average. This profitable growth can be attributed to production processes that are highly efficient and deliver the quality assured end products that customers and patients expect. Important optimization work of the manufacturing structure in 2019 has included increased automation and production capacity plus cost reductions.

Over its extended history, Boule has built up high class experience and specialist knowledge within the production of instruments and consumables. In 2019, the work force grew to top 100 employees divided between Boule's production units in Sweden and the USA. Instruments and reagents are produced in Sweden, while US production focuses on the manufacture of consumables, both reagents and blood tests, plus OEM products. To increase production capacity and meet demand on the strategically important Eastern Europe market, there are plans to expand operations in Russia in 2020 with a production unit focused on reagents.

As Boule's instrument sales vary over time with regard to type of product system and quantity as a consequence of larger orders from tenders, production needs to be flexible in order to meet the demand at any one time. For this reason, Boule's staff training is an important aspect, which ensures for instance, that employees within production are trained to do several jobs within the different manufacturing processes which means they can cover any needs that arise. The skills of the employees and the company's market knowledge and forecasting enable Boule to manage varying order flows over time and between the company's different products.

Positive knowledge exchange

Manufacturing in both Sweden and the US is done close to the respective development teams. As the departments are next door to each other, this enables positive synergy effects in the form of e.g. shorter lead times, plus quick and precise problem solving. It also enable the manufacturing units to become involved earlier in the development process and that the products become better adapted for efficient production. This positive knowledge exchange between these departments reduces costs and development time, improves quality assurance, makes manufacturing processes more efficient and ensures that Boule can offer a high quality and competitive product portfolio.

Marketing and sales

Boule is able to meet the demand of the near-patient market for its high quality products via a global distributor network.

Sales 2019

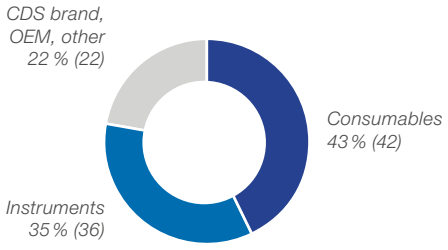
Sales were in 2019 back to strong growth following the successful growth initiatives that was implemented in the last few years. Especially positive was the development of five-part and veterinary hematology as the improved product portfolio was well received by the market. In total, sales of instruments, consumables and other services amounted to SEK 498.9 million (424.4), which corresponds to a growth in sales of 17.6 percent (-0.8). Instruments accounted for 35 percent (36) of total sales, while sales of consumables for proprietary instruments accounted for 43 percent (42). Boule's OEM business, that develops, manufactures and sells reagents and controls to OEM customers, accounted for 10 percent (10) of total sales. Through the CDS brand, Boule sells consumables for competitors' open systems. CDS's revenues in 2019 accounted for 3 percent (3) of Boule's total sales. The remaining 9 percent (9) of sales came from service, spare parts and shipping.

Growth drivers

The main growth drivers in the fast-growing markets in, for example, Asia, Africa and the Middle East are improving living standards and improving health care. This trend is especially apparent in rural areas and smaller towns. The growth is primarily found in the three-part segment, in which Boule has strong market positions. To further increase the company's market shares, and ensure good future growth from consumables, Boule adjusts the price of the instruments according to individual market conditions when necessary. Boules main competitive advantages in emerging markets are user-friendliness, the reliability of the products and low maintenance costs. In the more mature markets, the main growth drivers are an aging population with increasing care and diagnostics needs. In these markets, Boule's products are competitive by offering high-quality and user-friendly diagnostic equipment with fast analysis results.

Instruments and consumables

Proportion of total net sales 2019 (2018)



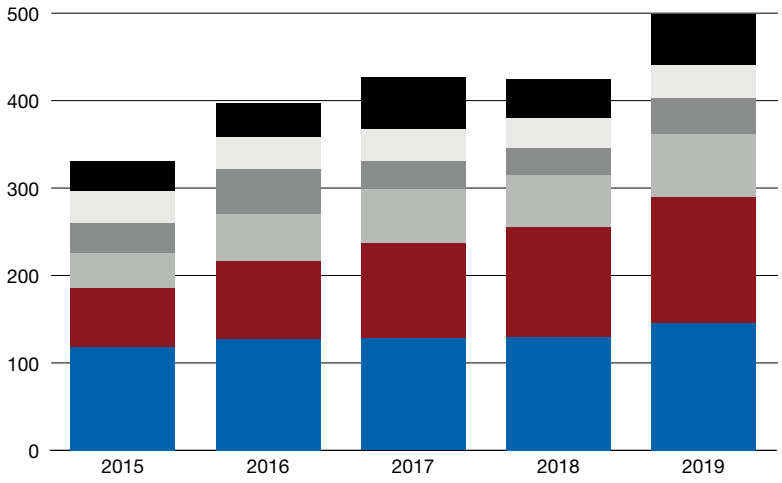
Boule's sales and growth per product area

SEK million	2015	2016	2017	2018	2019	CAGR* %
Instruments	119.0	155.7	156.3	151.7	172.7	6.6 %
Growth from previous year, %	*-5.0*	*30.8*	*0.4*	*-2.9*	*13.8*	
Consumables proprietary systems	123.5	153.3	167.9	178.2	215.1	15.4 %
Growth from previous year, %	*17.4*	*42.1*	*10.8*	*6.1*	*20.7*	
CDS Brand/OEM	59.0	61.8	61.2	57.5	65.4	5.3 %
Growth from previous year, %	*16.6*	*4.7*	*-1.0*	*-6.0*	*13.7*	
Other (service, spare parts & shipping)	29.9	26.0	42.4	37.0	45.7	12.2 %
Growth from previous year, %	*16.3*	*0.3*	*35.0*	*-12.7*	*23.5*	
Total	**331.4**	**396.7**	**427.8**	**424.4**	**498.9**	**10.2 %**
Growth from previous year, %	***8.1***	***20.9***	***6.8***	***-0.8***	***17.6***	

*Compound Annual Growth Rate for the last five years.

Net sales per region 2015–2019

SEK million



Compund annual growth rate for the last five years

Africa/Middle East	14 %
Western Europe	2 %
Latin America	8 %
Eastern Europe	5 %
Asia	21 %
USA	4 %

Global presence

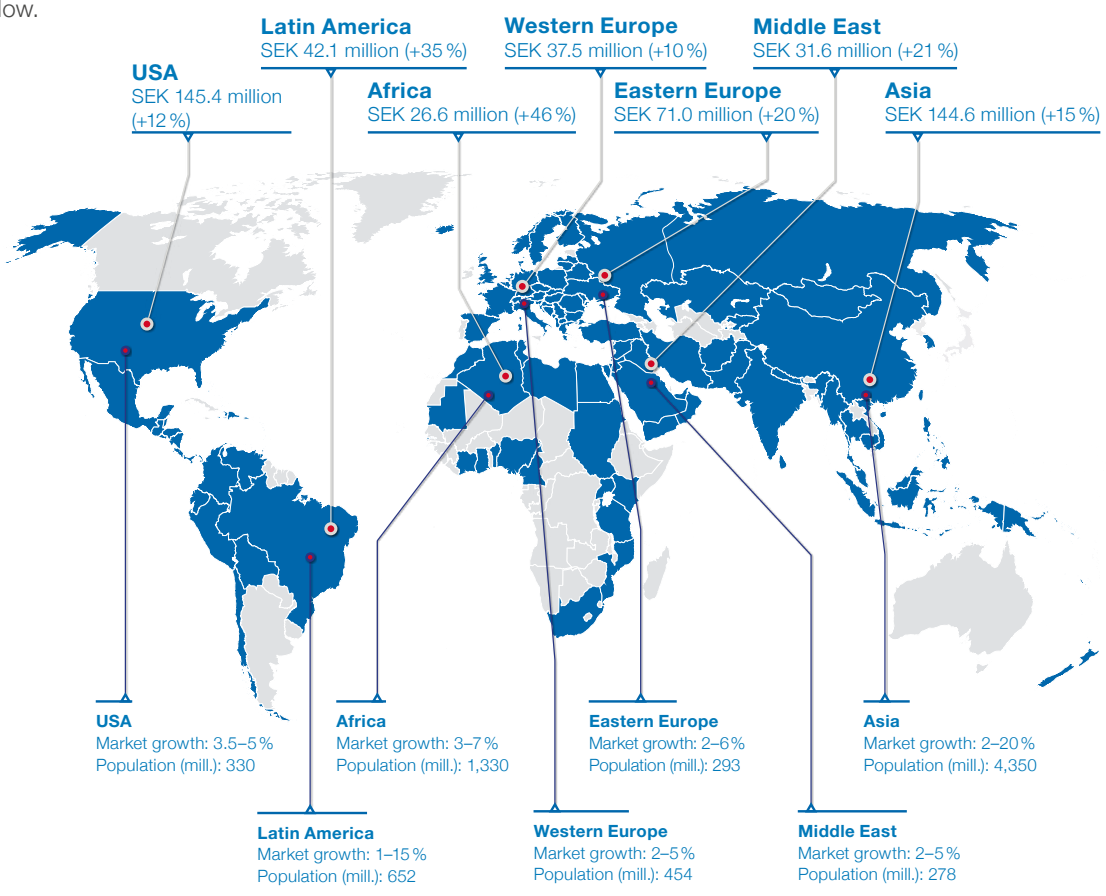
The key to Boule's successful sales strategy is to quickly meet local demand where it occurs. This is achieved through the company's global presence in more than 100 countries through roughly 200 regionally based distributors and parallel distribution channels for Boule's brands. Close to 99 percent of Boule's sales are made outside Sweden and by using the regional distributors' knowledge Boule has access to the knowledge about local laws and regulations that is required be able to sell the company's products efficiently around the world. In Sweden and, to a limited extent, the USA, Boule has chosen to market its products itself. This is primarily done to streamline dialogue between the end-customer and Boule. The direct contact with customers gives Boule the opportunity to quickly obtain assessments and reviews of the company's various products. The feedback from customers contributes to the company's active product development and helps Boule to achieve the high ambitions which are defined in the company's quality concept.

Marketing

Boule has delegated the majority of the direct responsibility for the sale and marketing of its products to the company's active distributors on each respective market. In so doing, Boule can take advantage of each individual distributor's expert knowledge of their specific business culture and market circumstances to deliver targeted, locally tailored and effective market communication. To ensure these distributors are fully updated on Boule products and therefore able to provide effective representation, the company supports its distributors with training and various types of marketing materials. Boule currently has its own sales and service offices in Sweden, USA, Mexico, Russia, India, China, Brazil and Malaysia. Over the last few years, Boule has invested in expanding its entire commercial organization that spans sales, marketing and service to strengthen the company's future positions on both the human market and the growing veterinary market. This initiative includes both digital and more classical market channels such as trade fairs and seminars. By ensuring the company has a visible profile and an active presence at the largest global trade fairs, Boule is able not only to expand its distribution network, acquire important knowledge on markets and demand, but also build valuable relationships with end customers.

Sales channels in over 100 countries

Boule's total sales for 2019 was SEK 498.9 million (424,4) with total sales by region and changes compared to the previous year presented below.



Laboratory diagnostics market

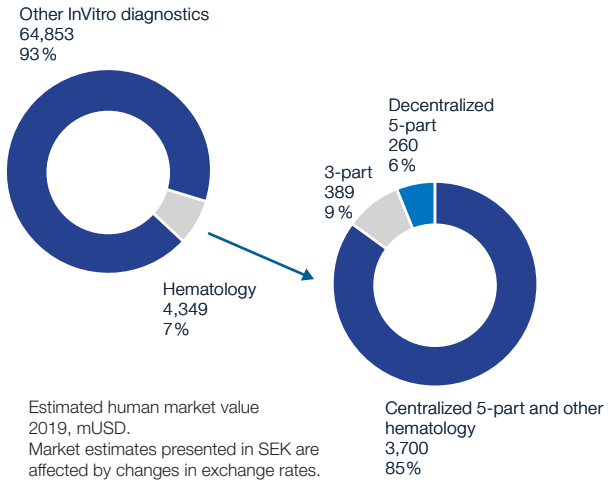
In 2019, the global In Vitro diagnostics market was estimated to approximately SEK 650 billion with an annual growth rate of four percent. The hematology market is estimated to represent about six percent of the total In Vitro diagnostics market and amounted to approximately SEK 40 billion in 2019 with an expected annual growth rate of two percent.

The hematology market

The hematology market can be divided into two main segments; the centralized and the decentralized. The centralized segment consists of larger hospitals with their own central laboratories and commercial reference laboratories. Boule's main market is found in the decentralized, near-patient, segment, which consists of smaller hospitals, clinics, laboratories, health care centers and veterinary clinics. Globally, there are more than 100,000 small and medium-sized diagnostic laboratories for which Boule's instruments are attractive alternatives. The market value of Boule's decentralized main market is less than the value of the centralized hematology market, but it has higher growth. The market amounts to approximately SEK six billion and is currently expected to grow by around five percent per year globally. Boule's market share of the decentralized hematology market is around eight percent.

The decentralized hematology market

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



Estimated human market value 2019, mUSD.
Market estimates presented in SEK are affected by changes in exchange rates.

Veterinary market

The majority of Boule's sales are made within decentralized human diagnostics, but in recent years, the company has also invested in improving its offer on the fast growing veterinary hematology market. The expansion of the Exigo family has been well received and with its new product portfolio, Boule now has a complete and high quality diagnostics offer for the veterinary market.

While this market is smaller than for human diagnostics, with an estimated annual global growth of around eight percent, it is growing more quickly. Boule's strongest region within veterinary sales is in Western Europe, while sales in Asia and Latin America also grew strongly in 2019. This increased investment and new products mean the company has a stable platform for good growth within veterinary hematology on both existing and new sub markets.

Point-of-care-diagnostics and biosurfit

Point-of-care-diagnostics provide smart, user friendly and cost effective tests with rapid analysis results without the need for a diagnostics laboratory that are performed using instruments that do not require any specific laboratory trained personnel. Many of the instruments are portable and can therefore also be used at patient home visits, for example. They have become an increasingly important part of modern health care and the simplicity of the systems enables substantial administration cost savings for health care providers while at the same time delivering more rapid health and decision-making data for patients.

Via its investment in the strategic partnership with biosurfit, Boule has taken a step into the point-of-care market. biosurfit is at an early commercialization phase for the point-of-care system spinit, with tests within hematology, immunoassay and clinical chemistry. The system is user friendly, cost effective and delivers results in just a couple of minutes from one drop of blood and is being further developed for additional future parameters. The partnership includes global distribution cooperation, where spinit sales go via the Boule organization and distributor channels on selected markets. Boule's experience and resources will support the commercialization of spinit, that in turn, will boost Boule's long-term competitiveness and product portfolio with a unique product for point-of-care diagnostics.

Boule's unique micropipette adapter delivers results in the space of a minute

Boule's instruments offer a range of high quality analysis methods, including one via Boule's unique micropipette adapter (MPA). The analysis method is simple to use for personnel, pain free for the patient and the analysis results are available in one minute, which probably makes it the fastest blood cell count method on the market. All the analysis needs is one drop of blood from a finger prick sample and this automatically starts when the sample is inserted into the instrument.

The method is suitable for all types of patient, but is particularly ideal for taking blood samples from children thanks to the many advantages of the MPA. The method is also perfect when a test needs to be done before donating blood, as the pre-analysis delivers rapid decision-making data before starting the donation and also spares additional stress on the vein.

Boule instruments are unique in offering MPA within hematology and the analysis method can be used with both Swelab and Medonic instruments.

1. Painless sample

2. One drop is enough

3. Slide the tube into the adapter

4. Insert the adapter in the analyzer

5. Read the results in about a minute later

Boule's share

Boule shares have been listed on the NASDAQ Stockholm Exchange since 2011 and per December 31, 2019, Boule had 2,306 shareholders.

Market capitalization and turnover

The last traded price per December 31, 2019 was SEK 68.20 (52.20) which gave Boule a market capitalization of SEK 1,324.2 million (1,013.5). As per March 31, 2020 the last traded price was SEK 57.30 (61.50) giving a market capitalization of SEK 1,112.6 million (1,194.1). In the financial year 2019, the average daily turnover of shares was 31,776 (27,685), a total of 7.9 million (6.9) Boule shares were traded in 2019 at a value of SEK 415.5 million (277.3). The share price increased by 30.7 percent in 2019, the OMXSPI increased by 29.6 percent.

Stock split 2018

To facilitate trade with the company's listed shares, the Annual General Meeting of 2018 decided to increase the number of Boule shares by dividing every previous share in four (4:1 stock split) effective as of June 4, 2018. All performance measures in the annual report that include the number of shares have also been retroactively recalculated to facilitate comparison between the periods.

Share capital

The share capital of Boule on December 31, 2019 was SEK 4,854,138 divided into 19,416,552 shares with a quotient value of SEK 0.25 per share. No changes to the number of shares occurred in 2019. Boule only has one class of shares and all shares have equal rights to shares in the company's assets and profits. A board lot is one share.

Options

The company has two options programs outstanding. Following a resolution by the 2017 Annual General Meeting, the company has previously 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 by December 30, 2020 at the latest. In 2017, 58,631 of these options were awarded and on market terms acquired by employees. Of these, 48,631 was acquired by the previous CEO and the remaining 10,000 was acquired by other senior executives. No further allocation will occur. Following a resolution at the 2019 Annual General Meeting, the company will issue a maximum of 490,500 options. Each option entitles the holder to acquire a share at the price of SEK 67.50 per share no later than December 30, 2022. In 2019, 463,435 of the options have been allocated and acquired by employees at market value. Of these, 280,080 were acquired by senior executives and 183,354 by other employees.

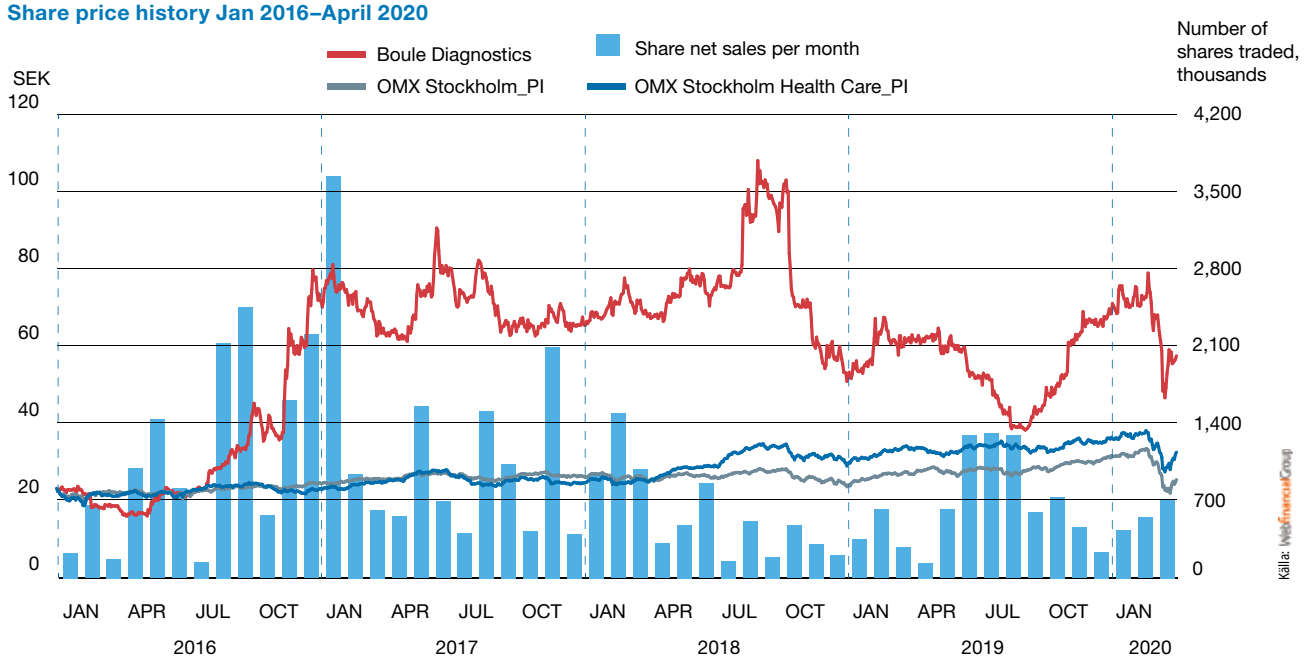
Dividend

The Board of Directors of Boule has the long-term intention of giving the shareholders a dividend that reflects both good direct yield and dividend growth. The dividend shall, according to the dividend policy, correspond to 25–50 percent of the year's profit after taking due consideration to the company's liquidity. For the financial year 2019, the Board of Directors has proposed to the Annual General Meeting to depart from the policy following the global spread of COVID-19.

Shareholder agreement

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

Share price history Jan 2016–April 2020



Five year summary

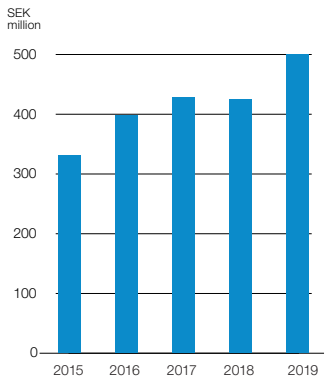
'000s SEK	2019[1)]	2018	2017	2016	2015
INCOME STATEMENT					
Net sales	498,916	424,400	427,793	396,712	331,407
Cost of goods sold	-272,705	-234,682	-225,107	-206,064	-181,580
Gross profit	**226,211**	**189,717**	**202,686**	**190,647**	**149,828**
Other operating revenues	11,074	10,511	5,205	6,935	4,799
Selling and marketing expenses	-102,644	-86,186	-88,093	-69,188	-66,228
Administrative expenses	-25,465	-23,451	-27,443	-30,360	-22,837
Research and development expenses	-29,942	-28,816	-31,703	-37,480	-40,071
Other operating expenses	-9,210	-6,941	-6,300	-13,464	-3,886
Operating (EBIT) profit/loss	**70,024**	**54,835**	**54,352**	**47,091**	**21,604**
Net financial items[1)]	-19,450	-101	-1,009	-2	-1,203
Profit/loss before tax	**50,573**	**54,734**	**53,343**	**47,088**	**20,400**
Tax	-13,026	-13,703	-16,104	-11,055	-5,049
Profit/loss for the year	**37,548**	**41,031**	**37,239**	**36,033**	**15,351**
BALANCE SHEET					
Fixed assets					
Intangible assets	199,140	158,858	103,831	103,686	101,682
Tangible assetsr[2)]	70,352	23,122	16,650	20,481	20,329
Financial fixed asset[1)]	90,573	96,955	31,483	28,137	18,632
Deferred tax assets	-	-	256	455	9,223
Total fixed assets	**360,065**	**278,935**	**152,221**	**152,759**	**149,867**
Current assets					
Inventory	57,591	58,026	50,759	59,186	54,761
Current receivables	147,631	133,631	114,348	107,800	60,460
Cash and cash equivalents	21,580	30,256	99,163	44,588	50,395
Total current assets	**226,802**	**221,913**	**264,270**	**211,574**	**165,616**
Total assets	**586,867**	**500,848**	**416,491**	**364,333**	**315,483**
Equity	332,870	300,857	261,766	229,765	188,514
Long-term interest-bearing liabilities	2,374	1,007	751	4,651	7,371
Other long-term liabilities[3)]	61,952	10,747	25,982	22,275	4,525
Deferred tax liabilities	20,363	14,718	9,367	3,458	3,651
Current interest-bearing liabilities[2)]	92,844	62,590	38,678	30,364	59,285
Current non interest-bearing liabilities	76,464	108,229	79,947	73,820	52,138
Total shareholders´ equity and liabilities	**586,867**	**500,848**	**416,491**	**364,333**	**315,483**
CASH FLOW					
Cash flow from operating activities before changes in working capital	77,867	53,287	62,034	56,034	27,880
Changes in working capital	-23,891	-30,623	-4,318	-36,159	-5,556
Cash flow from investment activities	-74,538	-92,133	-14,076	-5,659	-8,377
Cash flow from financing activities	11,615	-435	12,247	-21,090	13,172
Cash flow for the year	**-8,947**	**-69,904**	**55,886**	**-6,874**	**27,119**

[1)] Since 2019 IFRS 16 Leasing assets are included.
[2)] Since December 2018 the Associate biosurfit is included.
[3)] Since 2019 IFRS 16 leasing assets, provisions and invoice factoring loans are included.

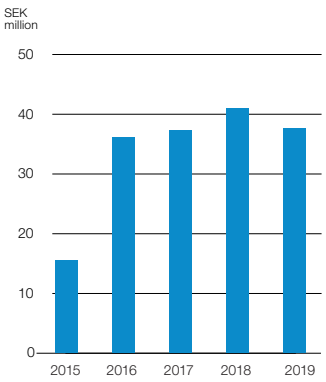
	2019[1)]	2018	2017	2016	2015
KEY RATIOS					
Growth in net sales, %	17.6	-0.8	7.8	19.7	8.1
Gross margin, %	45.3	44.7	47.4	48.1	45.2
EBITDA, SEK million	91.4	63.2	65.2	56.6	28.5
EBITDA margin, %	18.3	14.9	15.3	14.3	8.6
EBIT, SEK million	70.0	54.8	54.4	47.1	21.6
EBIT margin, %	14.0	12.9	12.7	11.9	6.5
Return on total capital, %	13.2	12.3	13.9	13.9	7.3
Return on shareholders´ equity, %	11.9	14.6	15.2	17.2	8.6
Return on capital employed, %	13.0	16.1	15.4	16.9	9.2
CAPITAL STRUCTURE					
Shareholders´ equity, SEK million	332.9	300.9	261.8	229.8	188.5
Capital employed, SEK million	490.0	375.2	327.2	287.1	237.2
Working capital, SEK million	202.1	205.0	261.5	176.2	139.8
Liabilities to credit institutes, SEK million	105.6	74.3	65.4	57.3	71.2
Interest coverage ratio	11.9	33.2	23.8	67.0	15.1
Net debt, SEK million	7.3	-59.7	-113.1	-55.9	20.9
Net debt coverage ratio, %	2.2	-19.8	-43.2	-24.3	11.0
Equity ratio, %	57	60	63	63	60
DATA PER SHARE					
Average number of shares	19,416,552	19,416,552	19,175,511	18,828,552	18,828,552
No. of shares at end of period	19,416,552	19,416,552	19,416,552	18,828,552	18,828,552
Earnings per share, SEK	1.93	2.11	1.92	1.91	0.82
Shareholders´ equity per share, SEK	17.1	15.5	13.5	12.2	10.0
Cash flow from operating activities per share, SEK	2.78	1.17	2.97	1.06	1.19
Dividend, SEK	0.00*	0.55	0.50	0.35	0.15
EMPLOYEES					
Average number of employees	212	191	164	174	168

*Proposed dividend for 2019 following the global spread of COVID-19.

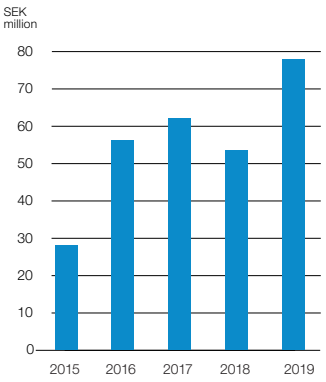
Net sales 2015–2019



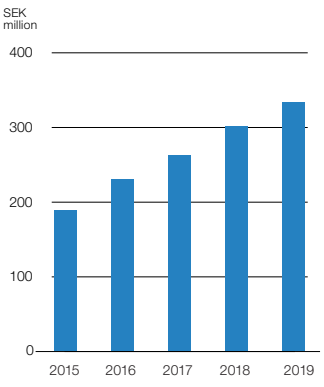
Profit/loss for the year 2015–2019



Cash flow from operating activities before changes in working capital 2015–2019



Shareholders' equity 2015–2019



Definitions of key figures

The Boule group accounts are produced in accordance with IFRS where only a small number of key figures are defined. Boule applies the ESMA (European Securities and Markets Authority) guidelines for alternative key figures. In brief, an alternative key figure is a financial measure of historic or future performance, financial position or cash flow that is not defined or specified in IFRS. To support company management and other stakeholder analysis of the group's development, Boule presents certain key figures not defined in IFRS. Company management consider these performance measures to be helpful when performing an analysis of the group's development. These alternative key figures are complementary information to IFRS and do not replace key figures defined in IFRS. Boule's definitions of ratios not defined in IFRS can differ from definitions by other companies. Calculations of all key figures can be checked against items in the income statement and balance sheet.

Return on shareholders' equity is profit/loss for the year divided by average shareholders' equity at the end of the period.
Return on total capital is operating profit plus financial income divided by average total capital.
Key figures showing the group's profitability in relation to shareholders' equity and total capital respectively. These ratios are considered important for investors wishing to compare the group with alternative investments.

Gross profit is net sales minus cost of goods sold.
Gross margin is gross earnings divided by net sales.
Gross earnings and gross margin show the basic profitability of Boule sales of goods and services and are therefore considered important for investors wishing to understand the profitability of the business model and development over time.

EBIT (Earnings before interest and taxes) is profit before net financial items and taxes.
EBIT margin is EBIT dividend by net sales.
EBIT is considered important to investors as it shows the group's operating income before financing costs and taxes.

EBITDA (Earnings before interest, taxes, depreciation and amortization) is profit before net financial items and taxes as well as depreciation/amortization and impairment of non-current assets.
EBITDA margin is EBITDA dividend by net sales.
EBITDA is the operation income before depreciation/amortization and impairment. As these posts don't affect the cash flow, they are considered relevant to investors who assesses the group's performance.

Shareholders' equity per share is shareholders' equity divided by the number of shares at end of period.

Sales development (sales growth) is net sales in the period divided by the net sales in the comparison period, expressed as a percentage change.
Net sales consist of revenues from goods sold and services performed, their development over time is therefore considered to be an important measure for investors and other stakeholders.

Capital employed is the balance sheet total minus deferred tax liabilities and non-interest-bearing liabilities.
Return on capital employed is net operating profit adjusted for financial items divided by average capital employed.
Capital employed is the capital on which a return must be made, as this consists of externally financed capital with interest costs or shareholders' equity belonging to shareholders. The return on capital employed ratio is considered to be of value to both investors and other shareholders.

Working capital is inventories, accounts receivable (current and non-current), and cash and cash equivalents minus accounts payable.
Working capital is capital that is used on an ongoing basis in the business and shows the group's capacity to meet short-term obligations.

Interest coverage ratio is operating profit plus financial income divided by financial costs.
The interest coverage ratio is used to measure the ability to pay the group's interest costs.

Net debt is interest-bearing liabilities less cash and cash equivalents and interest-bearing assets guaranteed by EKN.
Net debt to EBIT ratio is net debt divided by EBIT for the most recent 12-month period.
Net debt to equity ratio is net debt divided by shareholders' equity.
Net debt clarifies the amount of interest-bearing liabilities with deductions for funds that could be used for repayments. When net debt is divided by EBIT, this shows how many years it would take to pay back interest-bearing liabilities if Net Debt and EBIT are held constant. The debt to equity ratio is used to show the group's ability to cover all outstanding debts and sensitivity to interest rates.

Equity ratio is shareholders' equity divided by total assets.
This ratio shows how much of the group's total assets have been financed by shareholders and is considered to be important for investors and other stakeholders.

Sustainability report 2019

As a global supplier of instruments, consumables and associated services for high quality and safe blood analysis, Boule works to protect and improve the environment, and the health and well-being of employees, customers, patients and the societies in which the company operates.

Impact of the Boule business model

Boule sources input goods in Europe, Asia and the USA, performs manufacturing and assembly work in three factories in the USA and Sweden and markets instruments and consumables globally via a network of distributors. Boule's sustainability work therefore not only entails expecting high demands of the company internally but also imposes even higher demands on external business partners to cooperate and manage business ethics, social and environment related risks and opportunities

With the type of products Boule manufactures, product quality and safety are absolutely crucial for the company's credibility. Boule's ability to produce reliable and high quality instruments for blood diagnostics is of tremendous importance for our customers' operations and of critical importance for patients. Incorrect or inadequate diagnoses can cause significant harm to patients, lead to financial losses for the hospital or health care provider and, by extension, threaten Boule's business operations. For this very reason, product safety is one of the utmost priorities for Boule.

Employee health and safety, risks of corruption and work to ensure a good environment in other areas that are important for Boule, are sustainability aspects taken into account across the entire value chain, and cover everything from product development, sourcing of input materials and production to distribution. For more information on Boule's business model and value chain, please see page 9 of the annual report.

Target

Boule strives to do business in a sustainable and responsible way within all areas where the company has a substantial impact. This work is based on the UN Global Compact and its 10 principles for sustainable development.

Product development

Boule works to make quality and knowledge a fundamental part of the entire value chain with the aim of supplying products of the highest possible quality to end users.

Quality all round

It is very important to obtain reliable results, high operating safety and maintain high quality in the user chain. Boule's quality concept is based on quality and knowledge and spans the entire value chain and operations all the way to the end customer. Internal quality assurance processes are designed to assure high quality throughout the usable life of every instrument, from production and installation of the products to service and training in their use. This is called Total Quality Concept and has the ultimate aim of being able to offer instruments and consumables of the highest quality that offer patients readily accessible, more effective and safer point-of-care treatment.

In 2019, Boule has put an additional focus on employee processes and internal training, such as our improved and further developed induction program for new employees.

Closed systems for safer blood analysis

A differentiating and important property for the quality and safety of Boule products is that consumables (reagents) are tied to proprietary Boule instruments. Boule's closed systems enable blood analyses to be done more quickly, simply and safely. As the sealed test tubes do not need to be opened by laboratory personnel, the blood is never exposed to external contaminants. This is an important safety aspect for both patients and personnel.

Chemicals and components

In order to ensure that no Boule product contains harmful, regulated or unnecessary chemicals, Boule complies with the rules and regulations that apply for the manufacture of electronics and the use of chemicals. Only components that are approved within the parameters of the EU regulations on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the Hazardous Substances Directive (RoHS) and electronic equipment (WEEE) are used in product development and production.

Suppliers

Boule's suppliers play a key role in supplying qualitatively crucial systems and an important part in Boule's success. Choosing suppliers is therefore made with great care and consideration of the supplier's values. Boule only picks those suppliers that offer the best and most cost effective products and that guarantee the highest possible quality. All Boule suppliers of production materials have quality management systems in place. Suppliers with documented environment management systems and environment targets are prioritized. Approved suppliers are regularly monitored. This is done to ensure that the supplier has lived up to their commitments and can continue to be considered an approved supplier. No supplier contracts have been terminated during the year due to failings in quality management systems.

Code of conduct for suppliers

Boule has over 100 suppliers, mainly in Europe and Asia. Some of these suppliers are in countries where the risks of breaches of environment standards, good business ethics, human rights and decent working conditions cannot be ignored. Boule expects all suppliers and sub suppliers to act in an ethically correct way and in accordance with internationally recognized standards for human rights, working conditions, environment and anti-corruption. Companies that accept the code of conduct undertake, within the parameters of their sphere of influence, to approve and adopt fundamental social and environment standards and, in turn, to ensure that their sub suppliers satisfy the same requirements. Boule's goal is that all suppliers sign the Boule code of conduct for suppliers. To date, all critical sub suppliers to Boule have signed the code of conduct or submitted their own code of conduct that has since been approved based on this and other commitments that are equivalent or exceed Boule's own requirements on suppliers.

Boule employees

Boule seeks to offer a workplace where employees can reach their potential in an open and inspiring work environment. Developing and retaining skilled and committed employees while at the same time attracting employees with new skills sets, is key to continued development and growth and something Boule has been very successful at.

Value driven culture

Courageous, customer oriented, innovation, quality, results oriented and teamwork are the values that provide the building blocks of Boule's culture. These building blocks offer guidance to employees in their work, interaction with each other and meetings with customers and other stakeholders. Our values have been developed in consultation with the company's employees and comprise the platform for a positive working environment and are a cornerstone for Boule's goal fulfilment and enterprise. For more information on the principles behind Boule's values, please see page 6 of the annual report.

Employee satisfaction

Boule aims to be an attractive employer that appeals to new employees and develops and retains existing employees. To assure success in work to develop and attract employees, it is important to monitor the progress of new employees and personnel turnover. At the end of 2019, Boule had a total of 212 (191) employees in Sweden, USA, Mexico and Russia. Personnel turnover in 2019 was 11.0 percent (10.6).

The company's employee survey, that provides a summarized assessment of Boule as an employer, is a source of valuable knowledge about the working environment and guidance in measures to implement moving forward. Our 2019 employee survey had a 55 percent response rate and the most recent survey showed an employee satisfaction rating of 4.0 (4.1) out of 5.0 in Sweden and 4.1 (4.3) out of 5.0 in the USA.

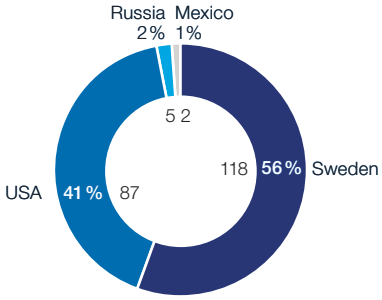
Health and safety

Boule seeks to achieve high standards for health and safety. Ensuring safety consciousness, positive attitudes and continuous improvements in safety requires the active and enthusiastic commitment of all business partners, managers and employees at all levels. Boule pursues active health and safety work to prevent physical injuries at work. Each year, both planned and unannounced health and safety inspections are performed to evaluate workplaces. In 2019, 8 (8) near accidents occurred, of which 2 (1) led to sick leave, with 0 (1) reported to the Work Environment Authority. No serious near accidents were reported in the US. All incidents were reported to the health and safety committee for consideration and monitoring. The biggest physical health and safety risks at work are in production and storage. Total sick leave in 2019 was 2.4 percent (2.2).

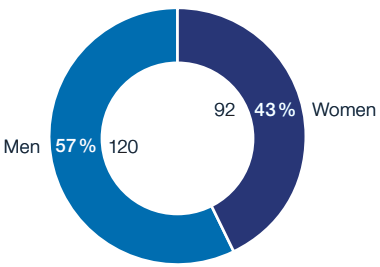
Diversity and equal opportunities

Boule is an international group with employees in many parts of the world. For Boule to be a successful business, the knowledge, experience and commitment of its employees are vital. Accordingly, Boule aims to be a workplace where the qualities, knowledge and skills of all employees are utilized in the best possible way. Every employee is to be treated with respect and have the same opportunities, irrespective of gender, ethnicity, nationality, religious beliefs, sexual orientation, disability, age, experience or family situation. No cases of discrimination or harassment were reported during the year.

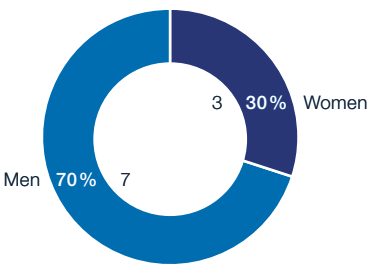
Boule seeks to have the most equal gender balance possible in different types of positions. In 2019, the average number of employees in the group was 212 (191) including 8 (9) in the parent company. The average number of women in the group was 92 (81) and average number of men in the group 120 (110).



Average number of employees per country 2019



Gender balance 2019



Gender balance Group management 2019

Global network of distributors

Being able to quickly meet local demand in situ is an important part of Boule's marketing and sales strategy. Boule has chosen to use some 200 locally based distributors that market and sell Boule products in over 100 countries. This means that Boule gains local knowledge and good insight into the decentralized primary healthcare market worldwide and can capture local demand. However, it also means exposure to serious risks associated with corruption, bribery and fraud. Boule has a zero tolerance approach to all forms of corruption. All distributors are therefore required to sign the Boule code of conduct that clearly states that all forms of corruption are unacceptable. All employees also have to take a course on Boule's code of conduct and expected to be familiar with their responsibilities in relation to bribery and corruption.

Training of distributors

Boule imposes exacting demands on its distributors when it comes to product knowledge. To ensure a high level of knowledge, Boule organizes regular product training courses for all distributors. This training mixes theory with practice and covers areas such as basic hematology and the technical maintenance and service of instruments.

Satisfied customers and distributors are crucial for profitability and growth. Boule commission an annual survey of distributors where any shortcomings in hematology systems, support and service are identified and can then be rectified. The results of the 2019 survey showed a rating of 4.0 out of a maximum 5.0 (5.2 out of 6.0). The survey showed high scores for quality, reliability and user friendliness, for example.

Environmental impact

Environment management is an important part of the culture at Boule. The company works systematically to prevent, minimize and eliminate environmental risks linked to the transport of products, which is Boule's biggest source of greenhouse gas emissions. Boule also works proactively in the case of other environment aspects such as choice of recyclable products in packaging.

Transport

An efficient and CO_2 minimizing goods flow is one of the most important factors in reducing the company's adverse environment impact. Goods inward shipments are generally by road and goods outward from warehouses go via road, sea and air. When procuring transport services, Boule specifies environment requirements on shipping companies commissioned. In 2019, all transport companies had their own environment policy and/or recognized systems for systematic environment work. Increasing load capacity utilization and using scheduled transport, offers scope for both cost savings and reducing carbon footprint. In 2019, approximately 60 percent (33) of all inward shipments were scheduled. Boule also reduces the number of inward shipments by using a bag-in-box solution for packaging that is more space efficient compared to using hard plastic packaging.

About the sustainability report

The sustainability report covers the parent company Boule Diagnostics AB (co. no. 556535-0252) and all entities that are consolidated in the Boule Diagnostics AB consolidated accounts for the same period. The sustainability report has been produced in accordance with the regulations in the Annual Accounts Act (6 chap. 10 §).

For a description of sustainability related risks and how these are managed, please see the risk section on pages 26–29 of the annual report.

Sustainability management

As a medical products company, Boule is governed to a large extent by laws and regulations concerning standards, safety and product quality. Equipment for blood diagnosis is subject to detailed rules and regulations worldwide.

Boule also shares the values set out in the 10 principles of the UN Global Compact Initiative on the protection of human rights, decent working conditions, good environment and sound business ethics. These common values have very largely governed the content and formulation of Boule's policies. They set out the group's approach to sustainability issues and provide specific guidelines for minimizing risks of breaches in Boule's own business and that of partners that the company has influence over.

Boule's vision, mission, values and code of conduct guide employees in the social and environmental responsibility the company strives for. The Boule code of conduct contains the company's binding guidelines and provides specific directions when new relationships are entered into with employees, suppliers, distributors, customers and other partners.

The code of conduct contains the company's requirements and stances on issues such as anti-corruption, human rights and environmental concern. The code of conduct provides support and guidance for employees on a daily basis and imposes business ethics demands on suppliers and distributors. All employees within the group receive training in the code of conduct and are informed of their personal responsibility to act in accordance with it. Each manager for each respective business is responsible for ensuring compliance with the code in daily operations. The code of conduct is complemented by Boule's environment policy, quality assurance policy, diversity and equal opportunities policy and the code of conduct for suppliers.

Employees and business partners are encouraged and expected to report breaches of the Boule code of conduct. In 2019, a whistleblower system was implemented to make it easier for employees to report suspected breaches. Reporting is made anonymously and is treated on the scale commensurate with what is reasonably required for investigation. Individuals reporting such incidents face no reprisals or other negative consequences. Boule's code of conduct includes directions on how employees should report suspected breaches within the organization. No breaches of the code of conduct were reported in 2019.

In addition to the above named policies, Boule also works in accordance with quality management systems and all manufacturing and sales companies within the group are certified to ISO 13485.

Stockholm 2020-04-16

The Board of Directors Boule Diagnostics AB

Risks and opportunities

By identifying and managing external risks and challenges, Boule creates new opportunities for continued growth.

Boule's challenges, risks and uncertainty factors

Boule sells instruments, consumables and associated services in over 100 countries, which entails risks, uncertainty factors and challenges of a varied nature and potential impact. Boule's biggest challenges arise from the fragmented and highly competitive market in which the company operates, its determination to continuously develop and broaden the product portfolio, and the strict regulatory requirements on advanced medical technology. These challenges vary depending on the product and region, but Boule needs to meet all market challenges effectively to assure profitability and cashflows. Boule's competitors include both smaller and larger, resource intensive companies that can challenge via price pressure, regulatory advantages or exclusive agreements to win procurements and marketshares, for example. Boule's presence on spread geographic markets means that the company risks seeing sub markets closed or unprofitable as a consequence of a worsening world economy, trade war, pandemics or other global events.

As a company on the global stage, Boule has a responsibility to act in a socially, economically and environmentally sustainable way. This responsibility does not merely extend to group companies but also via the supplier and distributor chains that Boule is dependent on to manage its enterprise.

Were Boule to fall short with its risk assessment and risk management, the company would be affected either directly via financial losses for example, or indirectly via damage to the reputation of Boule's brands.

The most significant risks to Boule's goal fulfilment are summarized, together with how Boule manages these risks and the opportunities associated with these risks, in the table on the following pages*.

Boule's opportunities

Its high quality instrument platforms, well-established distributor channels and strong brands, give Boule a stable foundation for future growth. The global decentralized hematology market on which Boule does business shows good market growth and Boule has strong positions on several of the markets where the company is active, including many of the fastest growing sub markets. The company product portfolio has grown sharply in recent years, via inhouse development, partnerships and investments. Broadening the product portfolio paves the way for stronger growth within five-part and veterinary hematology, and eventually on the point-of-care test market. Boule's stable financial position will ensure the product portfolio can be able to continue to expand in the future via the development of next generation hematology systems and via partnerships, investments and possible acquisitions.

The US Food and Drug Administration (FDA) and Boule Quality Assurance

In October 2018, Boule received a warning letter containing seven observations from the FDA, following a routine inspection of Boule's instrument production in Sweden. The letter did not entail any restrictions on the production or sale of Boule products, but was immediately given top priority within the entire organization and work to assure measures to meet the observations remained a very high priority in 2019.

Boule takes both regulatory compliance and quality assurance extremely seriously, and additional investments within these areas were initiated as early as 2017. These initiatives have been continued in 2018 and 2019 and include: strengthening the management group with a new director with solid FDA experience, additional resources within quality assurance and regulatory compliance, strengthening of the process development team within the production and service teams in the US and Sweden, external consulting support to identify improvement areas and that quality assurance and regulatory compliance are included in the new strategies and in the values that have been developed.

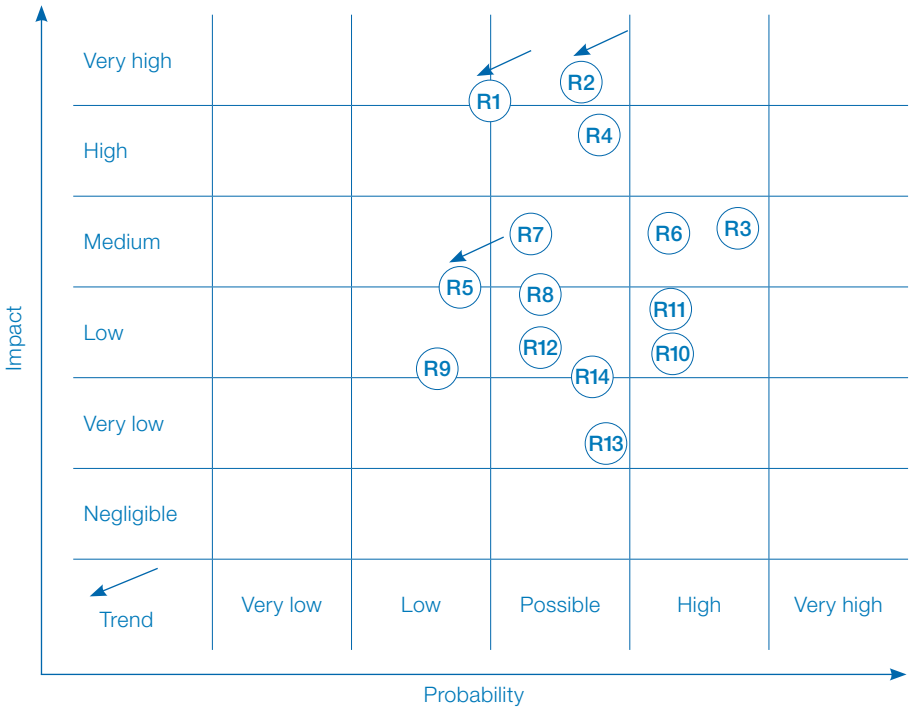
The results of the inspection performed by the FDA in July 2019 indicated that the company is on the right path but that some improvements remain outstanding. In the third quarter 2019 and start of 2020, work in accordance with the action plans communicated by the FDA was completed. Boule received a letter from the FDA on February 28, 2020, in which they explained that they had completed their evaluation of the company's corrective actions, linked to the warning letter. FDA stated in the letter that, based on the Administration's evaluation, Boule had addressed the violations contained in the warning letter. The warning letter was with this closed. The FDA further wrote that they expect the company to continue to maintain regulatory compliance.

Boule has fully cooperated with the FDA and experienced a positive dialogue. The company will continue to dedicate the necessary internal and external resources to ensure Boule meets all current and future FDA requirements.

**For more information on Boule's sustainability work, please see pages 21–25 of the sustainability report. In the first months of 2020, COVID-19 (the coronavirus) has spread all round the world and for an assessment of the possible impact of the virus on Boule, please see the interim report for the first quarter 2020, published on May 7.*

Risks	Risk number
Regulatory	R1
Product portfolio	R2
Distributor risk	R3
Production and quality risks	R4
Counterfeit reagents	R5
Price pressure	R6
Supplier risks	R7
Market risks and competition	R8
Bribery and corruption	R9
Currency risks	R10
IT security and systems	R11
Financing risks and future cashflows	R12
Health and safety in the workplace	R13
Dependency on key personnel	R14

Risk assessment 2019



Risk	Risk description	Risk management	Opportunities
Regulatory	Boule is subject to strict regulatory requirements in the human market in particular, irrespective of sub market or region. Were Boule not to gain the approval of drug administrations for future products, or to continue to maintain this for current products, the company would not be able to continue to sell these products on the markets concerned.	Boule has continuously strengthened its regulatory and quality assurance resources over the past few years both internally and with external support. This investment work will continue moving forward in order to ensure the company is able to launch new products and market these effectively on each respective market. With the strengthening of regulatory resources and processes in recent years, the risk of new problems is assessed as being lower.	The strict regulatory requirements are an entrance barrier to Boule's markets. Low price competitors and other companies that lack regulatory and quality assurance resources are restricted by this. Regulatory knowledge, market knowledge and well-functioning processes assure efficient and profitable sales for Boule.
Product portfolio	Boule's competitors regularly develop new products that the company must compete with by offering a relevant, comprehensive and high quality product portfolio to comprise an attractive alternative. Quality assurance and clinical studies can take several years and development projects can be delayed, become more expensive or fail to become successful, which would be detrimental to Boule's market positions.	Boule invests in internal research and development on new and existing products to ensure an extensive portfolio of three-part, five-part and veterinary market products. In parallel with this, the product portfolio is broadened via external partnerships and distribution agreements, and in the event of attractive opportunities, also acquisitions.	Boule has had a comprehensive offer on the three-part market for many years and, with its new instruments for the fast growing five-part and veterinary markets, good opportunities to gain increased marketshares. Development of the next generation hematology platform and the further development of partnerships and distribution agreements are being pursued in parallel, which offers good opportunities for future growth.
Distributor risk	Group sales are primarily effected via distributors and were such partnerships to stop working effectively, distributors fail to market Boule products sufficiently well or if accounts receivable from distributors were not paid, such sales would be adversely impacted. Boule's reputation also risks being damaged, were its distributors to engage in unethical conduct.	Boule regularly evaluates its distributor structure to ensure that distributors comply with Boule's ethical conduct and profitability aims. Dependency on individual distributors is reduced in most countries via double distributor channels (Medonic & Swelab). Boule also protects a large proportion of its receivables via the Swedish National Export Credits Guarantee Board that guarantees between 75 and 95 percent of the total value of the receivables concerned.	Boule has managed to achieve global reach for its products via well-functioning distributor partnerships. Their strengths and knowledge of their local markets and the prevailing conditions improve Boule's opportunities for further profitable growth.

Risk	Risk description	Risk management	Opportunities
Production and quality risks	The group's production operations are done at three production facilities and consist of chain processes in which downtime or interruptions of a human, technical or regulatory nature can prevent Boule from fulfilling its obligations related to the quality and delivery of its products. Were Boule to fail to live up to stakeholder expectations concerning quality, safety and the use of chemicals and components, or to meet regional and national statutory standards. this would damage confidence in the company and its profitability.	Boule meets the requirements in the EU Directives RoHS, REACH and WEEE. Boule's Total Quality Concept assures product quality in the entire delivery chain. The entire chain is continuously monitored and Boule has developed stable procedures to detect and ensure that products manufactured are compliant and delivered in accordance with established processes.	Boule's investments in quality throughout the entire product life cycle and in regulatory resources, along with strategic investments in its production facilities have strengthened the company's positions and minimizes the risk of failings. They enhance confidence in the company and its products, which improves Boule's opportunities for new profitable agreements.
Counterfeit reagents	There is a risk that users of Boule's growing instrument base buy pirate-copied reagents from a third party. Were this to happen, this would have a negative effect on the company's income flow and also a potential risk to the user in the form of inadequate quality.	Boule protects the company and end user against such counterfeit reagents with the help of barcodes and RFID technology on the company's reagents. In most cases, the company's distributors monitor and counter the use of pirated reagents. The use of counterfeit reagents also invalidates guarantees.	Sales of consumables are now the single biggest income stream for Boule and provided the company can continue to protect itself effectively, this growth will continue together with the quality and precision of diagnostics for the users.
Price pressure	Boule's future positions would be negatively affected if competitors were able to offer more effective products and/or lower prices for these. Competition and pricing vary depending on the region and product.	To maintain the high quality of Boule products without letting costs rise, the company continues to invest in improving the efficiency of production processes and improved manufacturing structures. The marketing department has been strengthened to ensure that products are priced based on the value generated for customers.	Boule's quality concept and value creating process span the entire life cycle of its products which enables the company to maintain price levels that are reasonable and attractive to customers. The business model assures the operating safety of products and the maintenance of good long-term relationships and margins.
Supplier risks	Were Boule's sub suppliers not to maintain the quality requirements specified by Boule, lead times would be delayed and in the worst instance, non-compliant products could be delivered to end customers. The supply chain also includes environment risks and ethical risks related to corruption, human rights and working conditions, for example.	Boule's exhaustive quality assurance work covers all sub suppliers. Suppliers are regularly audited and notified of Boule's principles and values via the Boule code of conduct for suppliers.	Boule is a relatively small company and benefits from the production and development know-how of its sub suppliers. They enable Boule's products to reach the market more quickly and complement the product portfolio and in so doing contribute to strengthening the company's market positions and future growth.
Market risks and competition	Boule is active on a fragmented market with multifaceted competition. That resource rich companies active on other markets diversify to Boule's main markets or that a market that is important to the company is exposed to various kinds of trade restrictions cannot be discounted.	Boule is continuing to expand the company's distributor network and at the same time, strengthening and improving the support structure for existing distributors. This is being effected by an increased presence on local markets in the form of product specialists and service, for example. The company's product portfolio has also been expanded and the internal marketing department strengthened.	By focusing on strengthening Boule's positions on its main market segments and working closely with well-established local business partners, Boule is strengthening its positions and laying the foundations for continued growth.

Risk	Risk description	Risk management	Opportunities
Bribery and corruption	With operating companies in Sweden, USA, Russia and Mexico, and with partnerships and distribution in over 100 different countries, Boule risks varying degrees and forms of exposure to corruption. Unethical conduct on Boule's side would result in legal complications, costs and, above all, damage to its reputation.	Boule has a zero tolerance approach to bribery and corruption. All employees receive training in the company's code of conduct and are informed of their responsibilities with regard to anti-corruption and guidelines for gifts and entertaining.	Boule has enjoyed a good ethical reputation historically and strives to continue to deserve this. This is not only important for Boule but also for the numerous stakeholders with whom the company has relationships. Preserving this reputation will facilitate future partnerships and dialogues with all stakeholder groups.
Currency risks	Boule is exposed to currency risks, mainly in the form of exposure to exchange rate fluctuations, but also to a lesser extent, exposure to transactions.	Boule aims for natural exchange rate hedging and does not currently use derivatives, but can consider doing so in the future. Currency fluctuations are countered if necessary via end customer price adjustments.	Currency risks arise naturally in a group with a global market. This risk is currently accepted as a necessary part of revenue and growth generation for Boule but is monitored and evaluated on a continuous basis.
IT security and systems	IT processes are developing rapidly and constantly changing. Were Boule not to keep its IT systems and processes updated and in good order, the company risks having poorer IT security, decision-making data and reporting.	Boule continuously reviews the need to update systems and processes to ensure a high level of security and reliable decision-making data and reporting. Our current focus in on establishing groupwide systems for greater efficiency.	IT risks of various kinds arise naturally in a modern enterprise but when managed correctly, well-functioning systems and processes offer better opportunities to do good business, improve efficiency and higher future profitability.
Financing risks and future cashflows	These risks include both the ability to pay the company's undertakings and to arrange financing at a reasonable cost. Boule's revenues, cashflows and margins are also impacted by quarterly variations that arise depending on the time points for larger procurement processes.	Boule can currently finance its operating activities via its self-generated cashflow but continuously works with cashflow to assure operating activities via Swedish Export Credit Agency financing, for example. These variations will also become less marked as turnover from consumables continues to rise.	In the last few years, Boule has had net cash holdings that have been used for different growth initiatives such as acquisitions of technology and associated companies that are expected to improve Boule's future positions. Boule continues to have low net liabilities.
Health and safety in the workplace and dependency on key personnel	Boule has a pronounced high tech orientation and is therefore dependent on retaining and recruiting skilled and committed personnel to achieve its established goals. Were Boule to be unable to offer an attractive and safe workplace, this would have a direct adverse impact on the company's future profitability.	Boule undertakes to adhere to high standards with the aim of being able to offer a fair, respectful and safe workspace for all employees and further down the chain. Boule's code of conduct, health and safety in the workplace policy and code of conduct for suppliers establish the company's stances within these areas.	Boule has had a low employee turnover historically and continues to invest in personnel issues in the form of training, seminars and the implementation of new values, for example. Over the past few years, key figures such as for sick leave and the employee satisfaction index have moved in a positive direction as a consequence of the above. Maintaining this progress will assure access to the skilled and committed employees that are required for Boule's continued success.

Consolidated statement of comprehensive income

January 1–December 31, '000 SEK	Note	2019	2018
Net sales	2	498,916	424,400
Cost of goods sold	3	-272,705	-234,682
Gross profit		**226,211**	**189,718**
Other operating revenues	5	11,074	10,511
Selling and marketing expenses	3	-102,644	-86,186
Administrative expenses	3	-25,465	-23,451
Research and development expenses	3	-29,942	-28,816
Other operating expenses	6	-9,210	-6,941
Operating profit/loss		**70,024**	**54,835**
Financial income	9	1,787	1,705
Financial expenses	9	-6,054	-1,807
Profit/Loss Associates	14	-15,184	-
Net financial items	9	**-19,450**	**-101**
Profit/loss before tax		**50,573**	**54,734**
Income tax	10	-13,026	-13 703
Profit/loss for the year[1)]		**37,548**	**41,031**

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

Other comprehensive income

'000s SEK	Note	2019	2018
Items that may be reclassified to net profit/loss for the period			
Translation differences for the period from the translation of foreign operations		4,574	6,400
Other comprehensive income for the year		**4,574**	**6,400**
Total comprehensive income for the year		**42,122**	**47,431**
Earnings per share, before dilution, SEK	20	1.93	2.11
Earnings per share, after dilution, SEK	20	1.93	2.11

Consolidated statement of financial position

December 31, '000s SEK	Note	2019	2018
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenses	11	118,597	80,657
Goodwill	11	80,543	78,201
Total intangible assets		**199,140**	**158,858**
Tangible fixed assets			
Right-of-use asset	13	46,511	-
Plant and machinery	12	5,082	4 506
Equipment, tools, fixtures and fittings	12	13,064	10,254
Leasehold improvements	12	5,694	8,362
Total tangible fixed assets		**70,352**	**23,122**
Financial fixed assets			
Shares in Associates	14	40044	53,615
Other financial fixed assets		3,246	2,220
Long-term accounts receivables (guaranteed 75-95 % by EKN	16, 26	47,283	41,120
Total fixed assets		**360,065**	**278,935**
Current assets			
Inventory			
Raw materials and supplies		39,064	37,376
Intermediate goods		4,501	2,131
Finished goods and goods for resale		14,026	18,519
Total inventory	**15**	**57,591**	**58,026**
Current receivables			
Skattefordringar		6,984	6,049
Accounts receivable	16, 26	50,107	48,283
Accounts receivable (guaranteed 75-95 % by EKN)	16, 26	77,256	62,624
Other receivables	17	3,088	7,280
Prepaid expenses and accrued income	18	10,197	9,396
Total current receivables		**147,631**	**133,631**
Cash and cash equivalents	19	21,580	30,256
Total current assets		**226,802**	**221,913**
TOTAL ASSETS		**586,867**	**500,848**
EQUITY			
Share capital		4,854	4,854
Other contributed capital		201,662	201,152
Translation reserve		19,474	14,859
Retained earnings including net profit/loss for the period		106,880	79,991
TOTAL EQUITY	**20**	**332,870**	**300,857**
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities	22	2,374	1,007
Long-term interest bearing liabilities (for receivables guaranteed by EKN)	22	23,026	10,747
Long-term lease liabilities	13, 30	35,161	-
Provisions		3,765	2,700
Deferred tax liabilities	10	20,363	14,718
Total long-term liabilities		**84,689**	**29,173**
Current liabilities			
Current interest-bearing liabilities	22	2,434	350
Current interest bearing liabilities (for receivables guaranteed by EKN)		77,721	61,658
Current lease liabilities		12,689	582
Liabilities to Associates		-	25,688
Accounts payable		30,130	35,270
Tax liabilities		5,953	13,275
Other liabilities	23	7,357	5,633
Accrued liabilities and deferred income	24	32,025	27,362
Provisions	21	1,000	1,000
Total current liabilities		**169,308**	**170,819**
TOTAL LIABILITIES		**253,997**	**199,992**
TOTAL EQUITY AND LIABILITIES		**586,867**	**500,848**

Consolidated statement of changes in equity

'000s SEK	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/ loss for the period	Total equity
Equity, opening balance, Jan. 1, 2018	**4,854**	**201,152**	**8,535**	**47,244**	**261,785**
Total comprehensive income/loss for the period					
Net profit/loss for the period				41,031	**41,031**
Other comprehensive income for the period			6,324	1,444	**7,768**
Total comprehensive income/loss for the period			6,324	42,474	**48,799**
Transactions with shareholders					
Dividends				-9 708	**-9 708**
Equity, closing balance, Dec. 31, 2018	**4,854**	**201,152**	**14,859**	**80,010**	**300,876**
Equity, opening balance, Jan. 1, 2019	**4,854**	**201,152**	**14,859**	**80,010**	**300,876**
Total comprehensive income/loss for the period					
Net profit/loss for the period				37,550	**37,550**
Other comprehensive income for the period			4,614		**4,614**
Total comprehensive income/loss for the period			4,614	37,550	**42,164**
Transactions with shareholders					
Option programs		510			**510**
Dividends				-10,679	**-10,679**
Equity, closing balance, Dec. 31, 2019	**4,854**	**201,662**	**19,474**	**106,880**	**332,870**

Consolidated cash flow statement

January 1–December 31, '000 SEK	Note	2019	2018
Operating activities			
Operating profit/loss		70,024	54,835
Adjustments for non-cash items	28	27,769	7,916
Interest received	28	1,787	1,267
Interest paid	28	-5,851	-1,735
Income tax paid		-15,863	-8,996
Cash flow from operating activities before changes in working capital		**77,867**	**53,287**
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		1,251	-5,678
Increase (-)/Decrease (+) operating receivables		1,251	1,431
Increase (-)/Decrease (+) in operating receivables (guaranteed by EKN)		-27,159	-24,375
Increase (+)/Decrease (-) operating liabilities		766	-2,002
Cash flow from operating activities		**53,976**	**22,663**
Investing activities			
Investments in Associates		-26,510	-27,927
Acquisition of property, plant and equipment	12	-6,104	-11,467
Investment in capitalized development costs	11	-41,924	-52,739
Cash flow from investing activities		**-74,538**	**-92,133**
Financing activities			
Loans raised/Amortization of loans		2,374	596
Increase (+)/Decrease (-) in current financial liabilities (EKN financing)		28,342	8,677
Increase (+)/Decrease (-) in current financial liabilities		2,075	-
Lease amortization	13	-10,497	-
Dividends		-10,679	-9,708
Cash flow from financing activities		**11,615**	**-435**
Cash flow for the year		**-8,947**	**-69,904**
Cash and cash equivalents at the beginning of the period		30,256	99,163
Exchange rate differences cash and cash equivalents		271	997
Cash and cash equivalents at the end of the period	19	**21,580**	**30,256**

Parent company income statement

January 1–December 31, '000 SEK	Note	2019	2018
Net sales	2	25,818	17,742
Administration expenses	5	-23,108	-22,990
Other operating expenses		-4,968	-5,459
Operating profit/loss		**-2,315**	**-10,706**
Profit/loss financial items			
Interest costs and similar profit/loss items	10	-	-10
Profit/loss after net financial items		**-2,315**	**-10,716**
Group contributions		1,825	8,211
Profit/loss before tax		**-490**	**-2,505**
Tax	11	0	0
Net profit/loss for the year		**-490**	**-2,505**

Statement of comprehensive income, parent company

January 1–December 31, '000 SEK	Note	2019	2018
Profit/loss for the year		-490	-2,505
Other comprehensive income for the yeart		-	-
Comprehensive income for the year		**-490**	**-2,505**

Parent company balance sheet

December 31, '000s SEK	Note	2019	2018
ASSETS			
Intangible assets			
Capitalized development expenses		749	-
Total intangible assets		**749**	**-**
Tangible fixed assets			
Inventory		204	93
Total tangible fixed assets		**204**	**93**
Financial fixed assets			
Shares in Group companies	14	153,521	153,521
Shares in Associates	14	54,437	53,615
Other fixed financial assets		3,030	2,203
Total financial fixed assets		**210,988**	**209 339**
Total fixed assets		**211,941**	**209,432**
Current assets			
Receivables from Group companies		4,938	30,907
Tax assets		1065	815
Other receivables	17	-	441
Prepaid expenses and accrued income	18	1,582	1,444
Total current receivables		**7,585**	**33,607**
Cash and bank balances	19	26	662
Total current assets		**7,611**	**34,268**
Total assets		**219,552**	**243,700**
EQUITY AND LIABILITIES			
EQUITY	20		
Restricted equity			
Share capital (19,416,552 shares)		4,854	4,854
Contingency fund		141,859	141,859
Unrestricted equity			
Share premium reserve		59,803	59,294
Profit brought forward		-15,136	-1,952
Profit/loss for the period		-490	-2,505
TOTAL EQUITY		**190,890**	**201,549**
LIABILITIES			
Long-term liabilities			
Other provisions		3,765	2,700
Total long-term liabilities		**3,765**	**2,700**
Current liabilities			
Accounts payable		4,318	6,049
Liabilities to Group companies		14,872	1,237
Liabilities to Associates	14	-	25,688
Other liabilities	23	866	1,120
Accrued costs and pre paid income	24	4,842	5,356
Total current liabilities		**24,898**	**39,451**
TOTAL LIABILITIES		**28,663**	**42,151**
TOTAL EQUITY AND LIABILITIES		**219,552**	**243,700**

Statement of changes in shareholders' equity, parent company

			Unrestricted shareholders´ equity			
'000s SEK	Share capital	Reserve fund	Share premium reserve	Retained earnings	Profit/loss for the year	Total shareholders´ equity
Equity, opening balance, Jan.1, 2018	**4,854**	141,859	59,294	**-5,070**	**12,825**	213,762
Total comprehensive income for the year						
Appropriation of profit				12,825	-12,825	**0**
Net profit/loss for the year					-2,505	**-2,505**
Transactions with shareholders						
Dividends				-9,708		**-9,708**
Equity, closing balance, Dec. 31, 2018	**4,854**	**141,859**	**59,294**	**-1,952**	**-2,505**	**201,549**
Equity, opening balance, Jan.1, 2019	**4,854**	**141,859**	**59,294**	**-1,952**	**-2,505**	**201,549**
Total comprehensive income for the year						
Appropriation of profit				**-2,505**	**2,505**	**0**
Net profit/loss for the year					-490	**-490**
Option programs			510			**510**
Transactions with shareholders						
Dividends				-10,679		**-10,679**
Equity, closing balance, Dec. 31, 2019	**4,854**	**141,859**	**59,803**	**-15,136**	**-490**	**190,890**

Parent company cash flow analysis

January 1–December 31, '000 SEK	Note	2019	2018
Operating activities			
Operating profit/loss		-2,315	-10,712
Adjustments for non-cash items	28	2,322	8,247
Interest received	28	0	0
Interest credited	28	0	-5
Income tax paid		-743	694
Cash flow from operating activities before changes in working capital		**-736**	**-1,775**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) operating receivables		26,271	38,556
Increase (+)/Decrease (-) operating liabilities		11,438	-1,007
Cash flow from operating activities		**36,974**	**35,773**
Investing activities			
Investments in Associates	14	-26,510	-27,927
Investments in intangible fixed assets		-749	-
Investments in tangible fixed assets		-180	-128
Cash flow from investing activities		**-27,439**	**-28,056**
Financing activities			
Option programs		510	-
Dividends		-10,679	-9,708
Cash flow from financing activities		**-10,169**	**-9,708**
Cash flow for the year		**-635**	**-1,991**
Cash and cash equivalents at the beginning of the period		662	2,652
Cash and cash equivalents at the end of the period	19	**27**	**662**

Board of Directors

From the left: Jon Risfelt, Karin Dahllöf, Peter Ehrenheim, Thomas Eklund, Charlotta Falvin.

Jon Risfelt

Born 1961. Board member since 2016.

Other assignments: Chairman of the Boards of Bisnode AB, Bisnode Business Information Group AB, CAB Group AB and Cabonline Holding AB. Board member of Bilia AB, Elos Medtech AB and Knowit AB.

Current employment: Independent director, advisor and consultant.

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

Shareholding in Boule: 9,025.

Karin Dahllöf

Born 1959. Board member since 2015.

Other assignments: Board member of HemCheck AB.

Current employment: CEO of Monivent AB.

Education: Medical Laboratory Scientist, Gothenburg University.

Shareholding in Boule: 10,650.

Peter Ehrenheim

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

Other assignments: Chairman of the Boards of Medcap AB, Bio-works Technologies AB, Sophion Biosciences A/S, Grönsöö Säteri AB and Färjsundet Industri AB. Board member i Biotage AB.

Current employment: Entrepreneur.

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

Shareholding in Boule: 90,230.

Thomas Eklund

Born 1967. Board member since 2014.

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

Current employment: Independent director, advisor and consultant.

Education: Master of Science from Stockholm School of Economics.

Shareholding in Boule: 1,956,955.

Charlotta Falvin

Born 1966. Board member since 2018.

Other assignments: Chairman of the Boards of Lunds Tekniska Högskola (LTH), Handelsbankens regionstyrelse Syd and Skåne Startups. Board member of INVISIO Communications AB, Bure Equity AB, Net Insight AB, Tobii AB, Sydsvenska Handelskammaren and Minc AB.

Current employment: Independent director.

Education: MBA, Lund University.

Shareholding in Boule: -.

Group management

From the left: Jesper Söderqvist, Eve Ekermann, Hans Johansson, Christina Rubenhag, Debbie Herrera, Fredrik Dalborg, Bob Ariano, Fredrik Ekdahl, Eduardo Pagani, Michael Elliott, Kiarash Farr.

Jesper Söderqvist

Jesper Söderqvist assumes his position as the new CEO of Boule on May 11, 2020.

Education: Master of Science in engineering, Royal Institute of Technology (KTH), Stockholm and PhD in physics from KTH/CERN.

Shareholdning in Boule: 7,000.

Options in Boule: -.

Eva Ekermann

Eva Ekermann is the Human Resources Director and has been employed at Boule since 2013.

Education: Certified Personal Scientist – HR Manager Education, FEI Business Economics Institute, Stockholm.

Shareholdning in Boule: 520.

Options in Boule: 29,975.

Hans Johansson

Hans Johansson was SVP of Production and employed at Boule between 2001 and January 2020.

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

Shareholdning in Boule: 12,656.

Options in Boule: 29,975.

Christina Rubenhag

Christina Rubenhag is CFO and acting CEO from January 19 to May 10, 2020. Christina started her employment at Boule in October, 2017 and holds no positions outside the Group.

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

Shareholdning in Boule: 5,300.

Options in Boule: 77,065 options from the 2019 and 9,000 options from the 2017 program.

Debbie Herrera

Debbie Herrera is the SVP of Quality & Regulatory and has been employed since 2017.

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

Shareholdning in Boule: -.

Options in Boule: -.

Fredrik Dalborg

Fredrik Dalborg was the CEO of Boule between April 1, 2017 and January, 18 2020.

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

Shareholdning in Boule: 16,000.

Options in Boule: 48,631 options from the 2017 program.

Bob Ariano

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

Education: Northern Illinois University, USA.

Shareholdning in Boule: -.

Options in Boule: -.

Fredrik Ekdahl

Fredrik Ekdahl is the SVP R&D and has been employed since 2012.

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

Shareholdning in Boule: - .

Options in Boule: 50,000.

Eduardo Pagani

Eduardo Pagani is SVP of Production of consumables and has been employed at Boule since 2015.

Education: Bachelor in Mechanical Engineering from Maua Institute of Technology in Brazil and Masters of Science in Manufacturing Management from Kettering University in the USA.

Shareholdning in Boule: -.

Options in Boule: 13,707.

Michael Elliott

Michael Elliott is SVP of R&D, chemistry and quality assurance at CDS, has been employed in the subsidiary CDS since 2000.

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

Shareholdning in Boule: 84,000.

Options in Boule: 16,000.

Kiarash Farr

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

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

Shareholdning in Boule: 2,000.

Options in Boule: 77,065.

Information to the shareholders

Future reporting dates

Interim report for the first quarter 2020 . . . . . May 7, 2020

Interim report for the second quarter 2020 . . . . . August 17, 2020

Interim report for the third quarter 2020 . . . . . November 5, 2020

Annual General Meeting

The AGM of Boule Diagnostics AB will be held at 18.00 on May 7, 2020, at the company offices on Domnarvsgatan 4, Spånga. Entrance from 17.30.

Contact persons for investor relations

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acting CEO and Group President

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1996 Boule Diagnostics AB ('Boule') is formed as parent company to the group.

1997 Boule acquires instrument manufacturer Swelab Instrument AB, founded in the 1950s.

1998 Boule acquires instruments manufacturer Medonic AB, founded in the 1980s. Boule gains ISO certification.

2001 Boule implements a private placement to finance the development of a new core business, hematology systems for the human and veterinary markets.

2002 Partnership with US company Clinical Diagnostic Solutions Inc. ('CDS') begins. CDS develops, manufactures and markets reagents and controls for clinical diagnostics within hematology.

2003 Boule establishes reagents production for blood cell counts in Sweden.

2004 Boule´s hematology systems Medonic CA 620 gains market approval (510k) in USA. Boule acquires business partner CDS.

2006 Boule launches a new instrument generation with a common platform for Medonic, Swelab and Exigo instruments.

2007 CDS receives ISO certification which means all companies in the group are now ISO certified.

2009 The new instrument generation Medonic gains market approval (510k) in USA.

2010 5-part-system Quintus launched.

2011 Boule shares are floated on the Nasdaq Stockholm.

2013 Subsidiary company in Mexico and sales office in India are established.

2014 Boule relocates its Swedish operations to new premises in Spånga, north Stockholm.

2015 A new instrument generation for Swelab and Medonic is introduced.

2017 As a part of the process to bring Boule to the next level, the company reformulates its mission, vision and business concept, and new strategies, targets and core values are implemented.

2018 Boule's product portfolio is expanded with Swelab and Medonic 5-part instruments, a new Exigo platform and through a strategic partnership with biosurfit that manufactures systems for near-patient analyzes.

Design and production: Boule and Kanton | Print: Åtta 48 Tryckeri AB, Stockholm 2020

Boule

boule.com

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