

BOULE DIAGNOSTICS AB

Annual Report 2016



BOULE IN ONE MINUTE



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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.

Blood analysis via a blood cell count is the most common diagnostic laboratory test during a doctor's appointment and provides an indication of a long list of commonly occurring illnesses and provides important support when assessing a person's general health status. Boule develops and manufactures complete systems for blood cell count analysis that are used within both human and veterinary diagnostics.

Boule focuses on the decentralized market segment. Its systems are primarily intended for small and medium sized hospitals, clinics and laboratories within outpatient care. The company operates via subsidiary operating companies in Sweden, USA and China. Boule has around 170 employees and an annual net sales of SEK 400 million. Boule has been listed on Nasdaq Stockholm since 2011.

Boule as an investment

Business model

The model entails selling consumables of high quality and good profitability that are tied to Boule's own instruments, to a continuously increasing installed base of instruments.

Growth

Over the past five years, Boule has enjoyed average annual growth of 10 percent, which is higher than market growth and the company envisages continued good growth potential at global level. Boule has long experience of both organic growth and growth by acquisitions.

Dividend

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

2016 IN BRIEF

Q1



- Boule signed a distribution agreement with Medica Corporations Inc. to market and sell their systems for clinical chemistry on the US market.

Q2



- In partnership with one of its Indian distributors, Boule successfully tendered to supply 136 hematology systems in Uttar Pradesh, the most densely populated state in India.
- Boule won several significant public procurements in Mexico. Altogether, these procurements concerned 329 hematology systems.

Q3



- Boule signed an agreement with Novant Health Systems in America, a network of clinics and hospitals in the USA, to be their principal supplier of three-part hematology systems up to 2019. The contract includes a total of around 40 instruments, consumables, service and support.

Q4



- Boule won a tender for the Red Cross in Kenya for 70 hematology systems to be installed in 35 public hospitals around Kenya.
- Boule won two significant public procurements in Egypt for 200 hematology systems. The procurement authorities were the Ministry of Defense and the Ministry of Health in Egypt.

Key figures 2016

Net sales increased by 21 percent to:

SEK 401 million

Operating profit increased by 118 percent to:

SEK 47 million

Gross margin increased by 4 percentage points to:

49%

Net sales (R12) and EBIT (R12)



Net sales (R12) and gross profit (R12)





Hematology is in our blood

A WORD FROM THE CEO

Fredrik Dalborg, CEO and Ernst Westman, former CEO.

As I am now departing as CEO after 23 years, I thought it could be interesting to reflect over a few of the most important events and milestones that have forged today's Boule.

The start

When I was appointed CEO in January 1994, we were 14 employees and produced and marketed our own microbiological tests and held a number of agencies on the Swedish market. Net sales amounted to SEK 18 million and we made an operating loss of SEK 1.4 million. We were able to get sales moving relatively quickly and after two years, we had a net sales of SEK 50 million and made a profit. In parallel with this, we looked for suitable acquisition objects. In 1997, Swelab Instrument AB, a Swedish instruments company was put up for sale. At the same time as this, I received a tip about Medonic AB, another instruments company with similar products and orientation. After taking a close look at both companies, we realized that the best approach would be to acquire both Swelab and Medonic, which we did in 1998.

The next challenge consisted of developing a new, improved and consolidated instrument platform that could form the basis for both Medonic and Swelab products. To this end, we raised SEK 40 million via a private placement in 2011 for this product development. Our new product generation was ready in 2006. During this period, sales of the old instruments were pursued via distributors in some 30 countries with the focus on Europe and a few countries in Asia, the Middle

East and Africa. Two significant challenges remained, continued geographic expansion and to gain control of the after sales market, the profitable reagents sales.

The US market

Medonic and Swelab had both previously avoided the very important US market, primarily due to the exacting regulatory demands. With the high quality and reliability that Medonic instruments had demonstrated, however, we realized that we had a product that was good enough to start selling in the USA. We therefore resolved to give the US market, the world's largest market for our instruments, our best shot. We had also started to develop Medonic instruments for veterinary applications and we therefore looked to gain a foothold on both the human and veterinary markets. The initial breakthrough came via a partnership with Heska in 2004, one of the largest diagnostics companies on the US veterinary market. Sales increased by 70 percent that year and Heska eventually comprised 40 percent of our total net sales that year. A partnership with another American company, Clinical Diagnostic Solutions Inc. (CDS), was developed in parallel for the human market. This partnership meant that in 2004, we gained FDA approval to launch Medonic on the human market and CDS became our US distributor.

Consumables

One serious challenge we could see from the start was a gradual reduction in the profitability of instrument sales. At the same time, we knew the after sales market, that is to say sales of consumables, was very profitable. CDS, with whom we were already working, had the know-how required to develop and manufacture these types of products, which is why we took the decision to acquire the company. The acquisition, which was completed in late 2004, proved a decisive strategic success for Boule. It meant that we were quickly able to become established on the American market where we enjoyed growth of 22 percent, expressed in local currency, up to 2014. What is more, the acquisition meant that we gained the know-how to master development and production of both instruments and consumables.

One of the most important decisions we took was to tie consumables to our own instruments. This now forms the basis of our business model and has delivered crucial advantages. It gave us control over the lucrative after sales market. Each instrument we sell generates additional sales of consumables. This also means that we are responsible for the performance of the entire system. All possible complaints fall to us and enable us to pursue continuous improvement work based on a holistic view. As a consequence, our systems maintain a very high quality, which in turn, means we have been able to maintain a quality advantage that in recent times has helped us win more public procurements. When the new common

instrument platform was ready in 2006, we were able to launch a system where the instruments were tied to proprietary reagents for the first time.

Global presence

Another strategy that has proved extremely successful is that instead of developing our own comprehensive sales corps, we work closely with different distributors globally. Today, we have around 200 distributors in over 100 countries. This has offered several advantages. For one thing, these distributors possess the requisite know-how concerning stocks, rules and business culture on the local markets. This global presence also means that Boule is less sensitive to a market downturn as this can often be compensated by capturing demand on another market.

On a final note, I would like to wish Fredrik Dalborg every success in his continuing career. It has been incredibly exciting and challenging to build Boule up into the internationally successful and growth oriented company it is today. The company is now in a position that provides opportunities for continued strong growth with good profitability. With his expertise and experience, Dalborg is an excellent choice to lead Boule forwards in this work.



Ernst Westman
Former Group CEO and President

Fredrik Dalborg

It was with tremendous pleasure, enthusiasm and humility that I accepted the offer to become CEO of Boule on 3 April 2017. I am looking forward to working together with customers, distributors, Boule's global team and the board of directors and shareholders to take the company to the next level.

Boule is a well-managed company that has gradually developed its organization, processes and financial position to now stand strong, ready and able to take the next step in its development. Boule operates in a market segment with good underlying growth and is well-positioned to leverage global trends such as increased interest in diagnostics and proactive healthcare, an ageing population and greater access to professional healthcare in developing countries.

I would also like to take this opportunity to thank Ernst Westman for all the good things he has done for Boule over the years. Under Ernst's skilled direction, the company has grown from a small enterprise into a listed global technology company with sales in over 100 countries, its own product development and manufacturing of instruments and consumables on three continents.



Fredrik Dalborg
Group CEO and President

STRATEGIC OVERVIEW



Vision

Boule is to establish a global position as one of the three largest companies within decentralized blood cell count analysis.

Mission

Boule is to help its customers obtain better diagnostics results to enable more effective treatment of patients.

Business concept

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

Strategies

- To commercialize high quality systems for the decentralized market for blood cell count analysis.
- To tie consumables to our proprietary instruments to assure quality and ensure added sales.
- Global presence and parallel distribution channels to quickly meet local demand.
- Actively work to broaden our product offer via acquisitions and partnerships.

Boule's core business consists of developing, producing and selling instruments and consumables for high quality blood cell count analysis. The main market consists of decentralized healthcare, such as clinics, smaller and medium sized hospitals plus laboratories within both human and veterinary diagnostics.

The business model is based on selling consumables, tied to proprietary instruments of high quality and good profitability to a growing base of installed instruments. Every sold instrument increases total sales of consumable products.

The global presence means Boule is active in over 100 countries via some 200 independent and regionally-based distributors. This enables Boule to reach out with its offer on a global level even with a relatively small in-house sales organization. This strategy also means demand arising locally can be swiftly captured.

As part of its acquisition and partnership strategy, Boule continuously explores different opportunities for acquisitions and forms of cooperation in order to further strengthen its customer offer.

FINANCIAL TARGETS

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

Boule aims to pay a good annual dividend on funds invested in the company. The annual dividend should correspond to

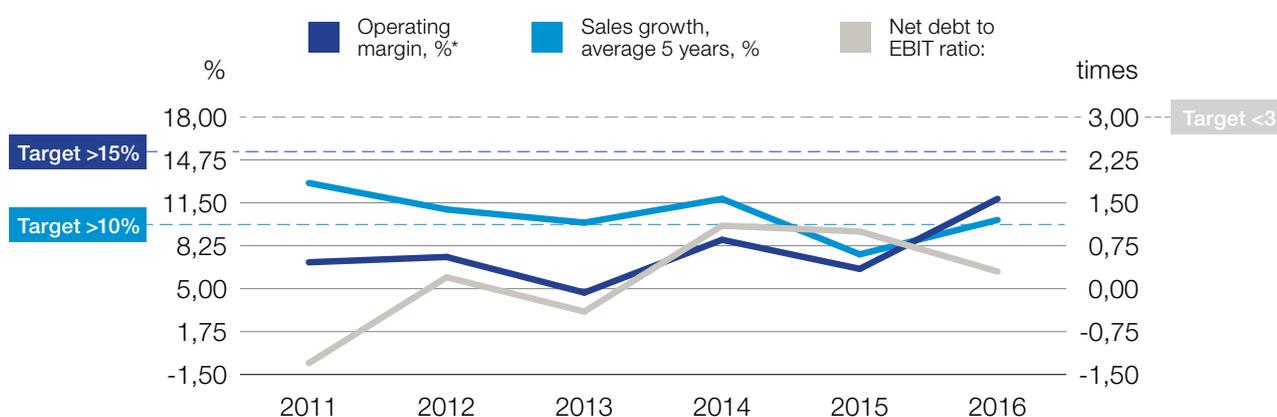
25-50 percent of profit for the period, after due consideration of company liquidity.

The company's financial targets were revised in February 2017. Please see the table below for the new financial targets and actual performance in 2016.

| Financial targets | Boule should have | Actual 2016 | Comments |
|---|---|-------------|---|
| Operating margin: >15% | An annual operating margin (EBIT margin) above 15 percent. | 11.8% | Sharply rising sales and higher profit margin led to an increased operating profit. |
| Sales growth: >10% | Long term growth in sales above 10 percent per year. | 20.9%* | A number of successful procurements together with a focus on growth markets led to a big increase in sales. |
| Net debt to EBIT ratio: <3 times | Net debt (interest bearing debt minus cash and cash equivalents) no greater than three times operating profit on an annualized basis. | 0.3 times | Good cash flow during the year resulted in a reduction in net debt and increased profit. |

*Average for 5 years amounts to 10.2%

Financial targets 2011-2016



*Excl. POC write down.

THIS IS BOULE



Boule's Total Quality Concept plays a vitally important role in our quality assurance work.

Boule's business model

Boule is a fast growing diagnostics company that develops, manufactures and markets instruments and consumables for blood cell counts. Boule's business model forms the core of the company's strategy. Its strength lies in selling consumables tied to proprietary Boule instruments of high quality and good profitability to a growing base of installed instruments. Every sold instrument increases total sales of consumable products. In 2016, Boule sold 3,821 (2,775) instruments. On average, consumables for around SEK 6,500 are sold for each installed instrument, although there are significant geographic variations.

Tied to each other

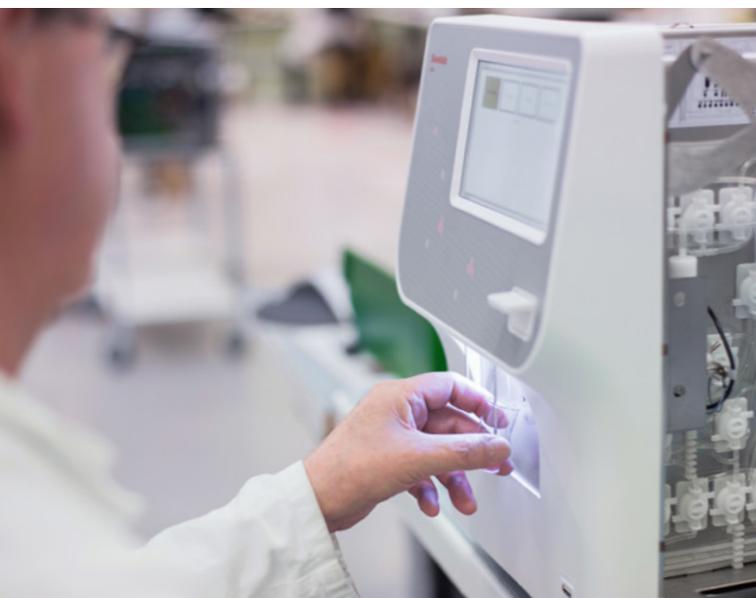
Consumables are tied to the instruments, which increases the quality and precision of blood analysis and results. Boule's proprietary instruments and consumables form closed systems. A closed system also means a closed test tube and cork can be used. This kind of test tube does not need to be opened by laboratory staff and the blood never has to be exposed to the surroundings. This is an important safety aspect for both patients and personnel.

Total Quality Concept

It is very important to obtain reliable results, high operating safety and to maintain high quality in the user chain. Boule's Total Quality Concept is based on quality and knowledge and spans the entire value chain and operations all the way to the end customer. The fundamental aim is to assure high quality throughout the usable life of every instrument, from original installation and consumables to usage, training and service. The driving force behind Boule's Total Quality Concept is to ensure all products maintain the very highest quality for care that is safer, more efficient and more convenient for patients.

Driving force for decentralized analysis

Boule is primarily oriented to small and medium sized hospitals, clinics, veterinary clinics and animal hospitals and to diagnostics companies within both human and veterinary diagnostics. Boule's driving force is to also enable smaller, decentralized laboratories to have the same opportunities to offer the same high quality as large, centralized laboratories.





By transferring analysis of blood samples from a central laboratory at a larger hospital to clinics, healthcare centers and hospital departments closer to patients, results and suitable follow up treatment can be offered during one single visit.

Consumables

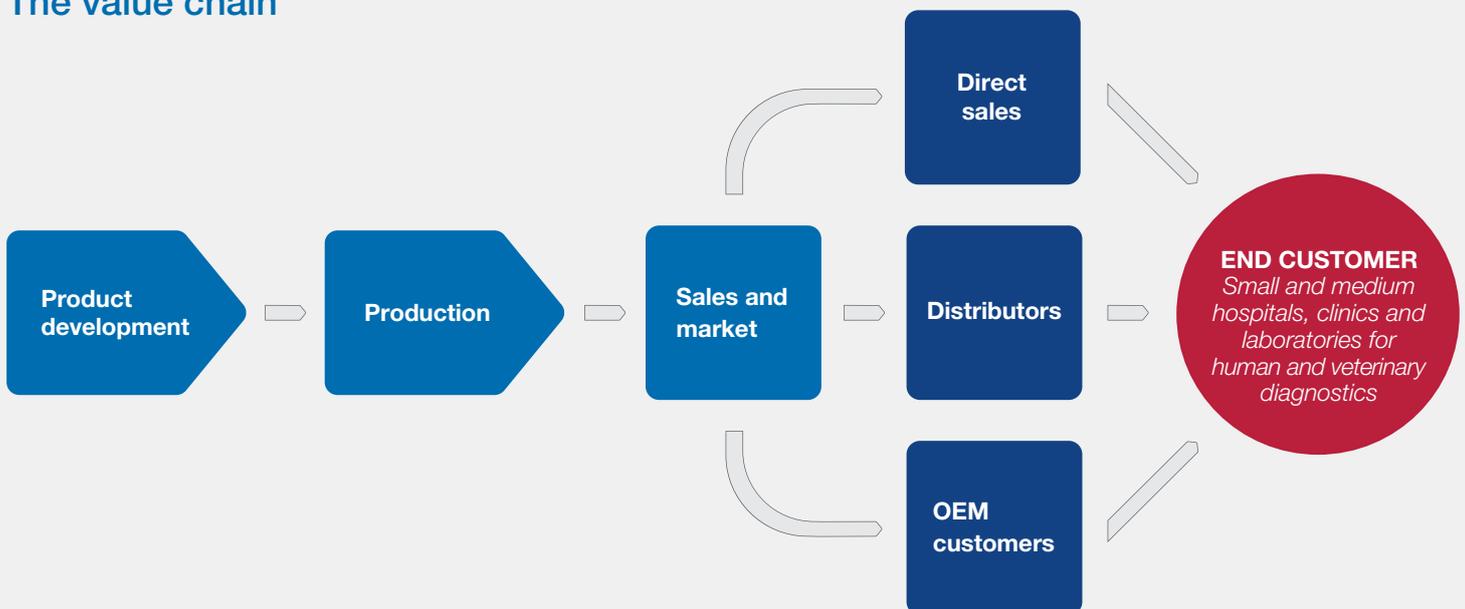
Associated consumables in the form of blood tests, calibrators and reagents are sold for all platforms. Boule also manufactures and sells open consumables for other manufacturer systems, and consumables to OEM customers.

Boule's instrument platforms

Boule's instrument platforms are marketed under four brands: Medonic, Swelab and Quintus for the human market

and Exigo for the veterinary market. The instruments contain advanced technology for differentiating blood samples in the form of three, four and five part systems. These different differentiating grades divide white blood cells into different groups. A reduced white blood cell count can indicate a viral or bacterial infection or that the body's immune defence system is under attack while an increase can indicate a bacterial infection, bleeding or burn injury. White blood cell counts enable the course of the illness to be tracked and treatment adapted accordingly. Differentiation also provides decision-making support in differentiating bacterial and viral infections.

The value chain



THE BOULE OFFER

Hematology Systems

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



Medonic
Human diagnostics
3-part system



Swelab
Human diagnostics
3-part system



Quintus
Human diagnostics
5-part system



Exigo
Veterinary diagnostics
3- & 4-part systems



*Tied consumables for
proprietary instruments*



*Consumables for
OEM customers*



*Open consumables for other
manufacturers' open systems*

Our consumables



Reagents



Blood controls and calibrators



Cleaning products



INCREASED FOCUS ON INDONESIA

Boule sales in Indonesia, the fourth most densely populated country in the world with over 250 million inhabitants, have grown in recent years. In 2016, Indonesia was Boule's fifth largest market and sales more than doubled compared to the previous year.

Although Boule has been established in Indonesia for over ten years, sales have only really taken off in the last couple of years. This is primarily due to significantly improving the scale and quality of our distributor network. Added to which, growth in the country in recent years has created scope for reforms within healthcare which in turn, has generated increased

demand. Government measures to reduce corruption have also benefited Boule as the competition situation is now vastly improved.

"The general growth in the country and the fact that we are continuously improving our distributor network means that I view Indonesia as a very promising growth market. The fact that we have also recently been granted establishment support from Swedfund, that gives us the opportunity to significantly increase our marketing efforts, means that we have tremendous potential to continue to grow and take market shares in Indonesia," Per Löfbom, Boule Area Manager, says.

EFFICIENCY DRIVE, PRODUCT DEVELOPMENT AND PRODUCTION

Efficiency improvements and product development are key parts of Boule's business and all departments contribute with knowledge and experience to enable us to continuously improve our customer offer.

Efficiency Drive

Fundamental to everything we do at Boule is our continuous efficiency improvement process on all fronts and in all parts of our business. From research, development and production to market development, sales and financing solutions. All with the aim of continuously improving the company's competitiveness. A key part of this never ending efficiency improvement work is to improve our internal processes by interdisciplinary oriented measures, such as between different departments like production, development, administration and sales, but also between the different countries where Boule is active.

Product Development

Within product development, Boule seeks regular feedback from distributors and end customers to net the knowledge we need to be able to pursue the continuous improvement work necessary to assure our Total Quality Concept and an optimum customer offer.

Boule has development departments in Sweden and the USA that adjoin our production facilities to optimize experience exchange between departments and smooth the

phase in of new products. Altogether, 22 people work with product development at Boule. In Boule's development department in Sweden, 16 highly experienced people work on instrument and system development. Product development of consumables (reagents, calibrators and controls) is done via Boule subsidiary company Clinical Diagnostic Solutions (CDS) in Florida. At CDS, we have six employees with multifaceted product development know-how within blood diagnostics.

Production

Our factories in Sweden and China produce instruments, while consumables are made in Sweden and the USA. Boule can draw on their combined experience stretching over several decades in the development of both instruments and consumables.

Product performance and quality are of crucial importance for Boule's continued success on a competitive market. Production must also be as efficient as possible at the same time. To this end, the company continuously strives to find efficient, new, quality assured production processes.





EXHIBITIONS AND TRADE FAIRS

A presence at international and national trade fairs is a key marketing tool for Boule. Trade fairs are intensive days where Boule demonstrates new hematology systems and meets new and existing customers. Each year, Boule exhibits at 4-5 international trade fairs and numerous local exhibitions in Sweden and USA.

Boule has exhibited at the Medica Trade Fair in Düsseldorf, Germany, for many years. This annual event is the world's leading trade fair for the medical industry attended by over 5,000 exhibitors and some 130,000 visitors in 2016. Two other very important trade fairs that Boule exhibits at every year are the AACC Scientific Meeting & Clinical Lab Expo in USA and Medlab Middle East in Dubai.

The AACC Scientific Meeting & Clinical Lab Expo is the largest American event within laboratory medicine. The expo is not only important for the US market, it is equally important in reaching the Latin American market.

Boule also participates in various smaller, local exhibitions on the American market in order to reach out to end customers in the US.

Medlab Middle East is a spin off from Arab Health that has been growing in importance for Boule in recent years. The visitors very largely come from the Middle East, which means that a presence at Medlab Middle East is very important in providing exposure for Boule in this region.

Medica, AACC Scientific Meeting & Clinical Lab Expo and Medlab Middle East are some of the trade fairs that Boule has a presence at each year. In 2017, Boule will also participate as an exhibitor at Medlab Asia Pacific in Singapore and at the London Vet Show. This aims to increase our exposure in Asia and on the veterinary market.

MARKETING AND SALES

Boule is active at global level in the decentralized market for blood diagnostics.

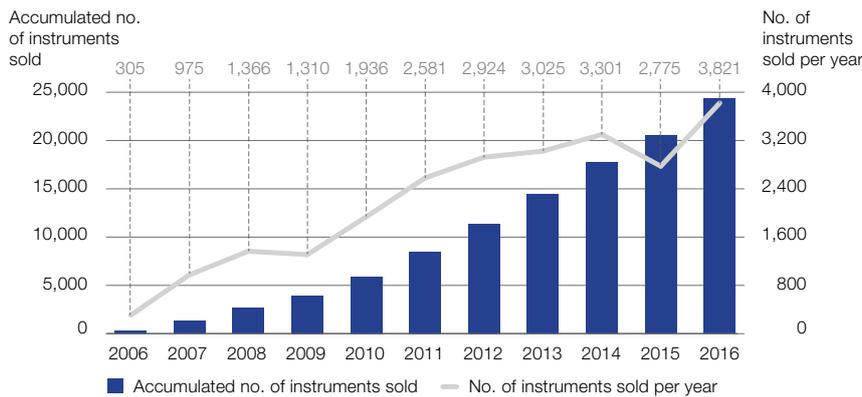
Sales 2016

2016 was a record year for Boule sales and in total, instruments and consumable sales amounted to SEK 400.7 million (331.4). Instruments accounted for around 39 percent (36) of total sales, while sales of consumables for proprietary instruments accounted for 37 percent (37). Boule also serves the OEM segment, where the company develops, manufactures and sells reagents and controls to OEM customer who then market the products under their own label brands. Boule also sells consumables for competitor open systems under the CDS brand. In total, sales of OEM products and CDS products during the year accounted for 16 percent (18) of net sales. The remaining 8 percent (9) of sales came from service, spare parts and shipping.

Business model

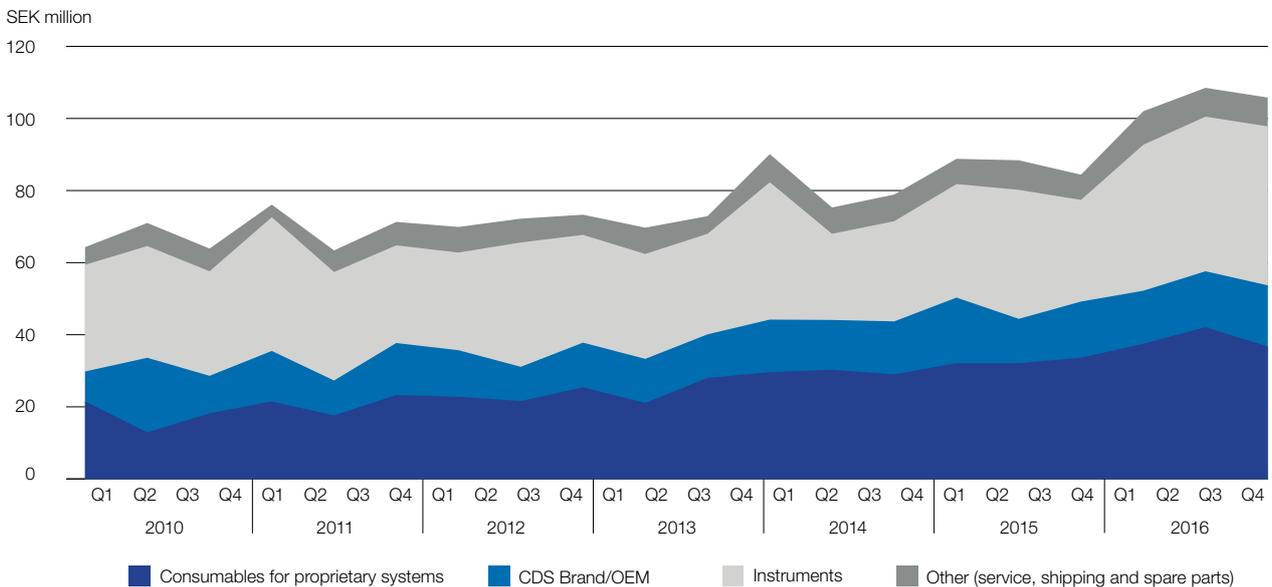
Boule's business model is based on selling instruments to which consumables are tied. As such, every instrument sold generates additional sales in the form of consumables. This therefore creates more stable growth in the company as the percentage of instrument sales tends to vary over time to a certain extent, whereas consumables show more stable and increasing levels of sales. Consumables have a significantly higher margin than instruments.

No. of instruments sold*



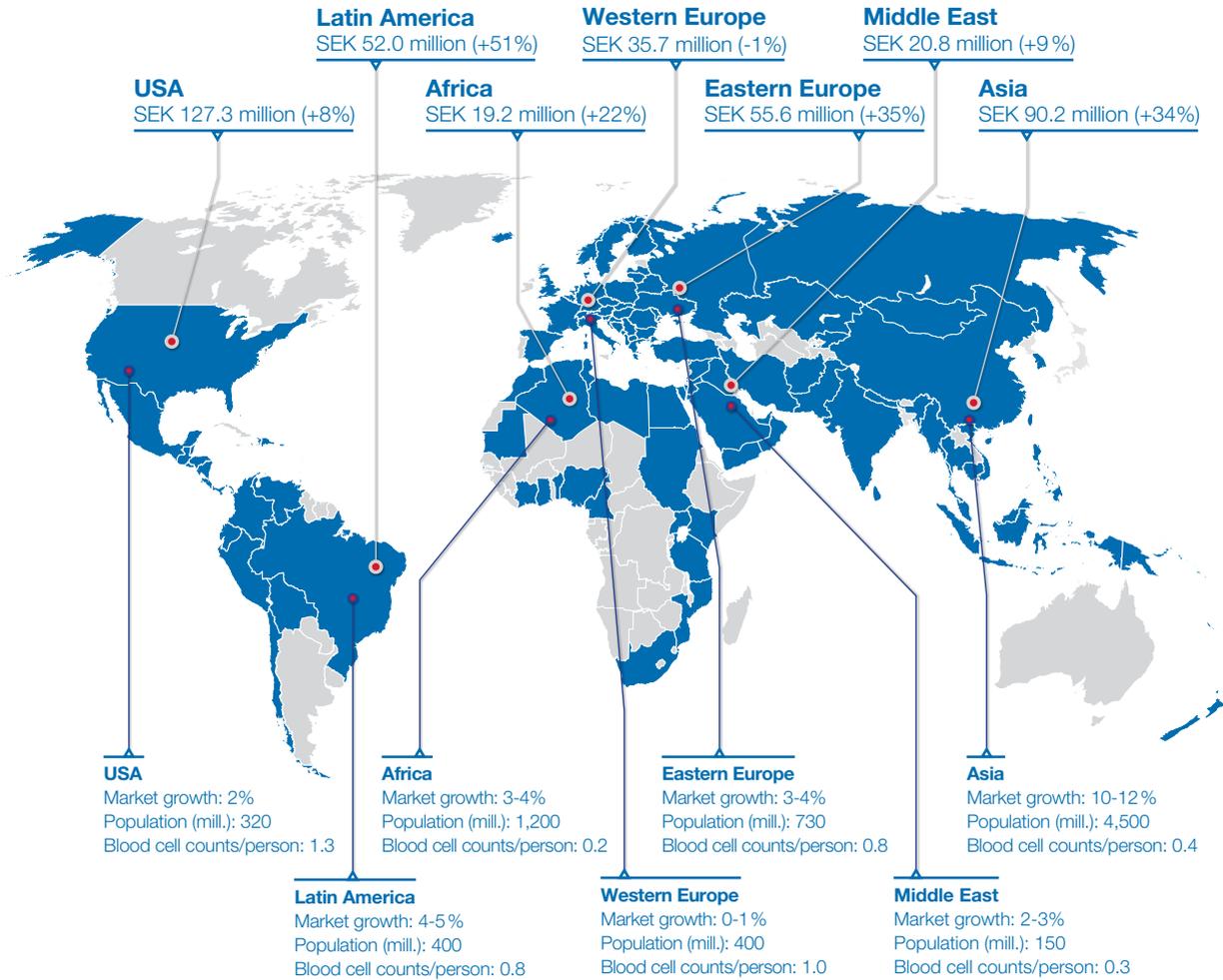
*Boule tied instruments. Open instruments, that were sold up to end of 2006, not included.

Sales per quarter



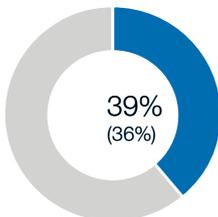
Sales channels in over 100 countries

Boule had total sales for 2016 of SEK 400.7 million with total sales by region and change from the previous year as below:



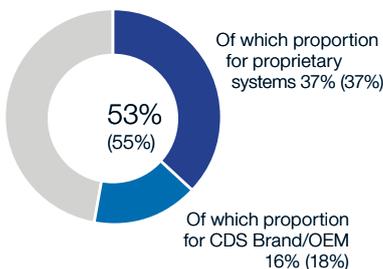
Instruments

Proportion of total net sales 2016 (2015)



Consumables

Proportion of total net sales 2016 (2015)



Boule's sales and growth per product area

| SEK million | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|--------------|--------------|--------------|--------------|--------------|
| Instruments | 126.7 | 118.2 | 125.2 | 119.0 | 155.7 |
| Growth from previous year, % | 11.4 | -6.7 | 5.9 | -4.9 | 31.0 |
| Consumables proprietary systems | 74.1 | 85.3 | 105.2 | 123.5 | 149.9 |
| Growth from previous year, % | 24.5 | 15.1 | 23.3 | 17.4 | 21.0 |
| CDS Brand/OEM | 53.4 | 48.1 | 50.6 | 59.0 | 62.8 |
| Growth from previous year, % | -2.9 | -9.9 | 5.2 | 16.6 | 6.0 |
| Other (service, spare parts & shipping) | 21.1 | 25.2 | 25.7 | 29.9 | 32.3 |
| Growth from previous year, % | 17.2 | 19.4 | 2.0 | 16.3 | 8.0 |
| Total | 275.3 | 276.8 | 306.7 | 331.4 | 400.7 |
| Growth from previous year, % | 11.8 | 0.5 | 10.8 | 8.1 | 20.9 |

Laboratory diagnostics market

The global In Vitro diagnostics market was estimated as SEK 300 billion in 2016 and is expected to grow by 7-8 percent a year up to 2018. The hematology market (market for blood cell counts) is estimated to comprise around seven percent of the total In Vitro diagnostics market and in 2016, amounted to some SEK 21 billion.

Boule's market

The hematology market can be divided into two main segments; centralized and decentralized. The centralized segment consists of larger hospitals with their own laboratories and independent central laboratories. The decentralized segment, which is Boule's main market, consists of smaller hospitals, clinics, healthcare centers plus GP and veterinary surgeries. The market for the decentralized segment amounts to approximately SEK 5 billion and is currently expected to grow globally by around 7 percent a year. Boule has around an 8 percent share of this market segment.

Growth components

Europe and the USA are characterized by a high level of maturity with regard to blood diagnostics. Growth components can be seen in an aging population with increasing care needs and the discovery of new treatment methods that require both more quantitative and qualitative diagnostics, contexts where Boule's products are competitive. On more fast growing markets such as Asia, Africa, the Middle East and Latin America, growth components consist of gradually improving living standards and generally improving healthcare. Here too, user friendliness and relatively low maintenance costs ensure Boule products are competitive.

Global presence

Boule's sales strategy is based on capturing local demand wherever this arises via a global presence. Boule products are currently sold in over 100 countries and the key to this is knowledge of laws, rules and regulations on the local markets allied to a well-developed contact network, which Boule achieves via some 200 regionally based distributors that sell the company's products.

Around 98 percent of Boule's total sales are made outside Sweden and effected through regional distributors. In Sweden and, to a limited extent in the USA, Boule has chosen to market its products itself. The reason for this is that it is simpler and quicker to be able to obtain end customer assessments of the company's different products, something that is of major importance for active product development that seeks to assure the high aims of Boule's Total Quality Concept.

Marketing

Our distributors also have principal responsibility for marketing to end customers as they understand the local business culture and can therefore tailor their market communications accordingly. Boule supports distributors with training and various kinds of marketing material. Boule is also a very active participant when it comes to having a presence at different trade fairs and seminars that offer good opportunities to meet new customers and distributors.

Laboratory diagnostics market

In Vitro diagnostics

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

Blood diagnostics

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

Blood cell counts

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

Boule's market is 25% of the total market of around SEK 20 billion



PROCUREMENT IN UTTAR PRADESH

In May 2016, Boule won a procurement for 136 hematology systems in partnership with one of its distributors in India. The procuring authority was the Center of Medicine Store and Distribution in Uttar Pradesh. Uttar Pradesh is the most densely populated state in India with around 200 million inhabitants.

The instruments have been installed in laboratories at district hospitals around Uttar Pradesh and the contract will lead to continued sales of consumables. Boule won an additional public procurement with the Center of Medicine Store and Distribution for 100 hematology systems in January 2017. The instruments are for use in blood banks in various parts of Uttar Pradesh.

Although public procurements have long been characterized by significant price pressure, the increasing demands for quality have enabled Boule to tender successfully in many such processes.

“The market for health and healthcare is growing by 10-12 percent in India. The sitting government has invested substantial sums in health and healthcare and the market is expected to continue to enjoy double digit growth up to 2019,” says Somnath Bandhopadhyay, a Boule sales representative in Indian.

SUSTAINABLE BUSINESS

As a market leading company on the global decentralized market for blood diagnostics, Boule has a responsibility to act in a socially, financially and environmentally sustainable way.

Boule's mission is to help its customers make better diagnostic decisions to enable more effective treatment of patients. Boule aims to be a credible and reliable supplier and partner to its customers, an attractive employer and a long term investment for its shareholders.

Boule has chosen to base its 2016 Sustainability Report on the 10 UN Global Compact principles for enterprise.

Code of Conduct

Boule's code of conduct sets out the business ethics principles that the company is to adhere to and that provide an important tool for preventing and discovering possible cases where breaches in laws, rules and the code of conduct occur. All employees are made aware of the code of conduct and their managers are liable for ensuring it is adhered to on an everyday basis. All distributors and suppliers are made aware of Boule's code of conduct and their compliance with this is regularly audited. Were a distributor or supplier to be in breach of the code of conduct in any way, Boule can choose to terminate the relationship. No breaches of the code of conduct have been identified during the year.

The parameters of the code of conduct and Boule's sustainability work also embrace the HSE Policy, Environment Policy, Diversity Policy, Equal Opportunities Policy, Purchasing Policy and guidelines for supplier assessments.

Anti-corruption and Whistleblowing

Boule does not tolerate any form of direct or indirect inappropriate payments whether this is a direct bribe or other type of payment, gift, benefit, remuneration or other corporate entertainment or hospitality that could comprise a breach of the law or that could influence or be thought to influence judgement. The code of conduct sets out what is expected of Boule

employees, distributors and suppliers with regard to gifts and payments. All employees have received training in this in association with our course on the code of conduct.

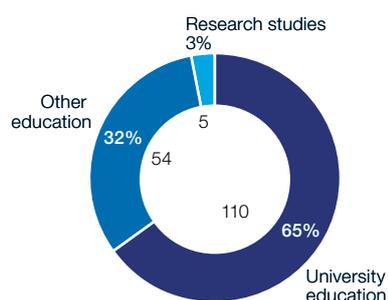
Were possible suspicious circumstances to arise in Boule's business dealings, employees are expected to report this to Boule management. Quality assurance personnel and managers with responsibility for regulatory matters are to feel able to express independent opinions with regard to this in dialogue with executive management. If an employee becomes aware of any breach of the code of conduct, this must be reported to their immediate manager, HR manager or CEO without delay.

Suppliers

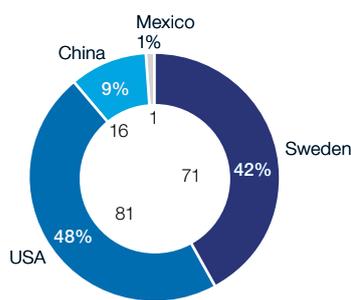
Boule's suppliers play an important part in supplying qualitatively excellent instrument systems and are an important part of Boule's success. The choice of suppliers is therefore very important and Boule only selects those suppliers that offer the best and most cost effective products and that guarantee the highest quality. All suppliers of production materials have quality management systems and suppliers with documented environment systems and environment targets are prioritized.

Before Boule accepts a new supplier, a supplier assessment is made of the supplier's ability to meet the requirements the company specifies in terms of quality, price level, delivery capacity and the supplier's ability to live up to the requirements in the RoHS Directive. Such assessments are only performed on the first link in the supplier chain. After the assessment, the supplier is classed as either general or critical. Critical suppliers are expected to develop an action plan for measures and this is then audited annually. This is done to ensure that the supplier has lived up to these commitments and can continue to be considered to be an approved supplier.

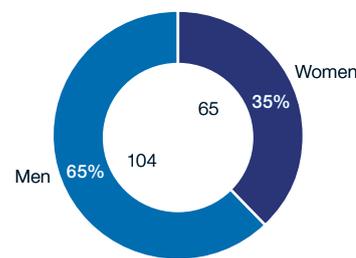
Level of education 2016

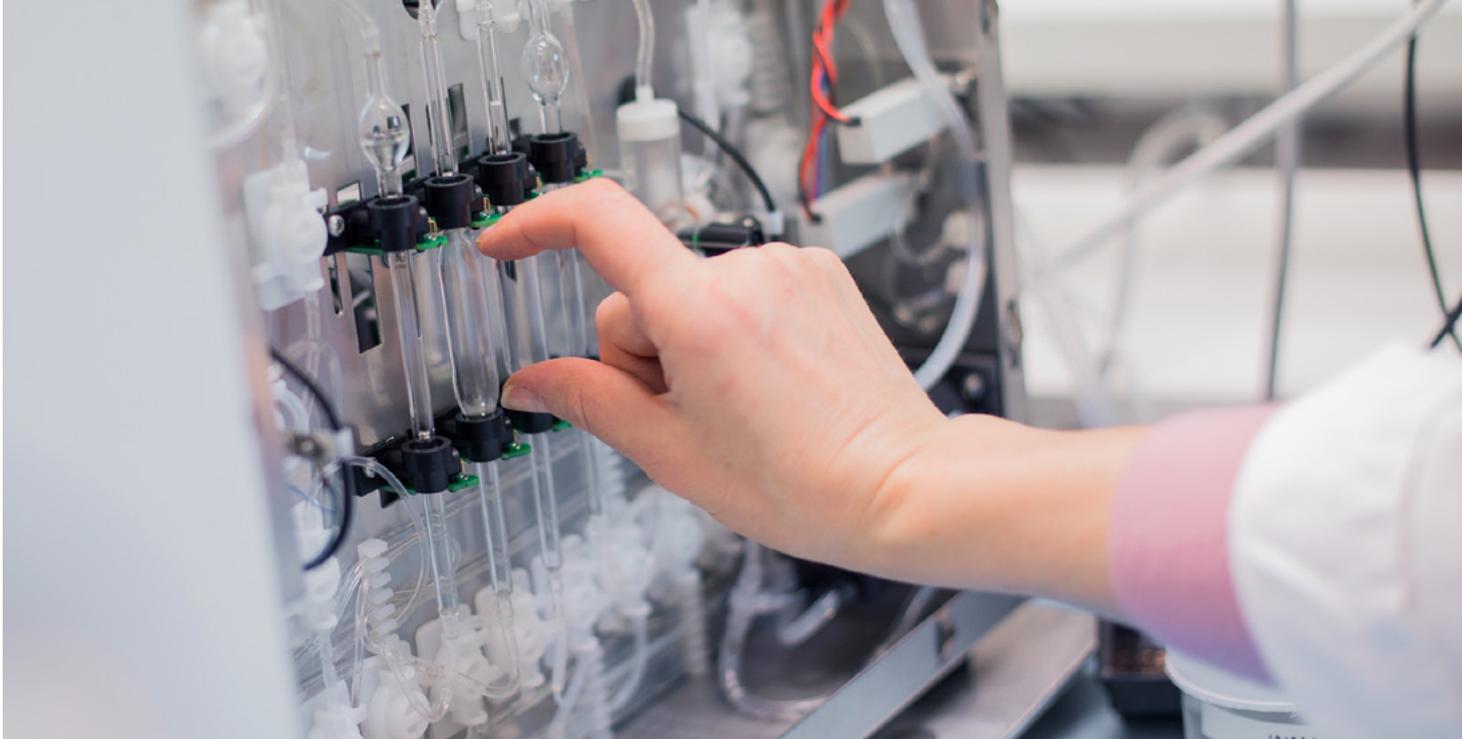


Average number of employees per country 2016



Gender balance 2016





All suppliers are required to read, accept and sign Boule's code of conduct or present their own code of conduct that is accepted and signed by Boule. Of the 100 suppliers that Boule commissions, 48 have approved and signed the code of conduct and 12 have submitted their own code of conduct that has then been signed by Boule. To date, 40 suppliers have yet to sign the code of conduct or submit their own version. The aim is for all suppliers to either sign the code of conduct or submit their own, and Boule is therefore continuing to work to this end.

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 around 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.

Boule imposes exacting demands on its distributors when it comes to knowledge and service. All distributors are required to take courses in Boule products. Each year, we perform a distributor survey where any shortcomings in hematology systems, support and service are identified and can then be rectified. The survey results were unchanged compared with 2015 with a score of 5.4 (5.4) out of a maximum 6.0. The survey revealed high marks in terms of confidence in Boule's capacity to supply products that maintain high quality and good support when needed. The disposal of used instruments is primarily managed by the distributor and in developing countries in particular, there is a second hand market.

All distributors understand and have agreed to the Boule code of conduct and there is good understanding and acceptance of Boule's zero tolerance policy on breaches

of the code of conduct with regard to e.g. corruption and acceptance of bribes, inappropriate gifts and donations.

Personnel

Employee surveys that have been performed during the year show that the majority of Boule employees are proud to work for Boule and of Boule as a company. The majority of Boule employees in Sweden, the USA and China have worked for Boule for over five years.

Boule is an international group with employees all round the world. The knowledge, experience and commitment of our employees are a key factor in Boule's business success. Accordingly, Boule aims to be a workplace where the qualities, knowledge and skills of employees are respected and utilized in the best possible way. Every employee is to be treated with consideration and respect irrespective of gender, ethnicity, nationality, religious beliefs, sexual orientation, disability, age, experience or family situation. Everyone should feel safe and secure in the workplace.

In 2016, the average number of employees in the group was 169 (168) including 9 (9) in the parent company. The average number of women in the group was 65 (64) and average number of men in the group 104 (104). All employees in Sweden have collective agreement contracts and employees in the USA and China have the right to unionize. There is a local union branch in China. Sick leave fell in 2016 and total sick leave was 3.4 percent.

Employee performance appraisals are an important tool in gleaning views, thoughts and considerations concerning the structural and social environment. These are held annually for all employees. Around 73 percent of Boule employees had a performance appraisal in 2016.

Health and Safety

Health and Safety in the workplace is one of the subjects the Boule management forum focused on in 2016 together with our values and crisis management. Our everyday business is subject to numerous directives that regulate how Boule operates, especially within production and product development. As such, training and procedures that take into account employee know-how, training needs and safety arrangements to prevent accidents are important. Boule pursues active HSE work to rectify and anticipate any HSE related inadequacies. Planned and unannounced health and safety inspections are performed every year to ensure a safe work environment. Six near accidents of a minor nature occurred in 2016, of which two resulted in absence from the workplace. All incidents were reported to the health and safety committee for consideration and monitoring.

The work climate at Boule should reflect the values of quality consciousness, customer oriented, results focused and team spirit. These values will be implemented in the organization in 2017. In order for us to develop as an employer and to gain an up to date snapshot of the work environment, we commission an annual employee survey. Employee surveys were not performed in the USA or China in 2016 while two such surveys were completed in Sweden. The decision was taken during the year to continue with smaller and shorter employee surveys, to achieve a higher response rate. The most recent employee survey that focused on work environment and job satisfaction, achieved a score of 3.8 (3.8) out of 5.0 for the Employee Satisfaction Index.

To actively address work environment issues, Boule has developed a number of work environment goals:

- Perform health and safety inspections of the whole of Boule twice per year.
- To notify of and implement procedures for systematic incident reporting and follow-up to reduce the number of incidents each year.
- To obtain data annually on job satisfaction in the workplace and to audit how changes focused on a good work environment evolve from year to year.
- Continuously address sick absenteeism with the aim of reducing short term sick leave and to entirely eliminate long term work-related sick leave.

Quality management

Boule's instruments and consumables are tied to each other. They are integrated systems, which means that a closed test tube, i.e. a test tube with a cork, can be used. A closed test tube does not need to be opened by the laboratory personnel that perform analysis and the blood is never exposed to the surroundings, which is an important safety aspect for both patients and personnel. This imposes high demands on quality.

Blood tests are the most common way of making a diagnosis. This is quicker and simpler with Boule's closed instrument systems, and assures certain results. All manufacturing and sales companies within the group are certified to ISO 13485, a quality management system for medical devices. Procedures and processes are harmonized between Sweden and China except where laws and rules differ. USA has its own quality management system. The American FDA (Food and Drug Administration) requirements on quality systems are also satisfied in Sweden and the USA. Continuous evaluations are done on how our products perform at end customers for quality assurance purposes.

Product liability

Product and quality issues are something that are addressed throughout the company. As a science-based and customer focused company, compliance with laws and rules on safety, standards and product quality is extremely important. Equipment for blood diagnosis is subject to detailed rules and regulations worldwide. Boule is liable for performing clinical studies and applying sound manufacturing practices and checks for product labelling and marketing. Boule's marketing may not exploit people's health worries and all claims must be able to be confirmed with the aid of reliable and credible studies and data.

To simplify product development and production, our production development and production facilities in Sweden and USA are adjacent to each other. Feedback from customers, end users and distributors, and dialogue between departments within Boule are very important for continued product development and to be able to act quickly in the event of identified product problems.

Environmental responsibility

Our business should be operated in the most environmentally sustainable way possible based on the prevailing operating circumstances. Each and every employee within the company is to perform their work with the least impact on health and the environment and continuously strive to do even better. Products and services are to be supplied with awareness and consideration for the environment.

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 RoHS, REACH and WEE are used in production and product development.

Boule has established a number of environment targets that have been worked towards in 2016. These environment targets are a tool to encourage environmental awareness amongst employees, suppliers and distributors. Boule’s environment targets in 2016 have concerned reducing the amount of combustible waste and reviewing opportunities to reduce the total amount of waste, implementing a systematic approach to replacing environmentally hazardous raw materials and components and such that are harmful to health, and to actively work to switch to more environment friendly transport alternatives wherever possible.

Transport

Transport accounts for a high proportion of Boule’s environment impact as our business is transport intensive. To better protect the environment, Boule has chosen to schedule deliveries from suppliers as much as possible. In 2016, approximately 40 percent of all inward deliveries were scheduled. This means that deliveries are made with fully loaded vehicles and no half empty vehicles are despatched.

Boule deliveries are made by road, sea or air. Shipments by rail have been evaluated but at this moment in time, they do not fulfil the demands Boule has with regard to lead times or logistics flexibility. However, Boule will continue to evaluate rail as a shipping option in line with future developments. In the first instance, instrument systems and consumables are shipped from neighbouring factories in Sweden, USA or China. Bulky shipments are primarily sent by sea or by road.

In 2016, Boule procured a lot of freight shipments. During procurement, Boule stipulated demands related to environment commitment and the environment policy of shippers. All freight companies chosen have recognized systems for systematic environment work in accordance with ISO 14001, GoGreen or similar. Boule’s freight companies in Sweden offset their carbon dioxide emissions 100% in cooperation with Tricorona Climate Partner.

Boule’s environment targets 2016

Reduce the amount of combustible waste and analyze opportunities to reduce the total amount of waste.

A systematic approach is to be introduced, in order to replace raw materials and components that are environmentally hazardous and/or harmful to health.

Actively switch to more environment friendly transport options wherever possible.

Actual results and presentation

The proportion of combustible waste has increased by 8%, from 8.5 to 9.2 tons, due to an approximately 19% increased in the total amount of materials produced, primarily reagents, during the year. However, the total amount of waste remains largely unchanged except for an increase of 0.5 tons, from 29.4 to 29.9 tons.

Boule appointed a working group to start this work in 2016.

Boule completed a large procurement of freight shipments in 2016, where one requirement was the environment commitment and environment policy of the suppliers.

APC, a supplier of Boule sea freight services, is certified to ISO 14001 and DHL is certified to its own GoGreen environment standard.

BOULE SHARES

Boule shares have been listed on the NASDAQ Stockholm Exchange since 23 June 2011. On 31 December 2016, Boule had 1,742 shareholders.

Market capitalisation and net sales

The last price traded on 31 December 2016 was SEK 280.00 (91,50), which gave Boule Diagnostics a market capitalisation of SEK 1,318.0 million (430.7). On 31 March 2017 the last price traded was SEK 250.00 giving a market capitalisation of SEK 1,177.0 million. In the 2016 financial year, the average daily net sales of shares was 7,134. A total of 1.8 million Boule shares were traded in 2016 at a value of SEK 230.0 million. All trading in the shares was on the Nasdaq Stockholm. The share price rose by 206 percent in 2016. During the 2016 financial year, the OMXSPI Index rose 5.83 percent.

Share capital

The share capital of Boule on 31 December 2016 was SEK 4,707,138 divided into 4,707,138 shares with a quotient value of SEK 1.00 per share. Boule only has one class of shares and all shares have equal rights to shares in the company's assets and profits. A trading post is one (1) share.

Shareholder agreement

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

Dividend and dividend policy

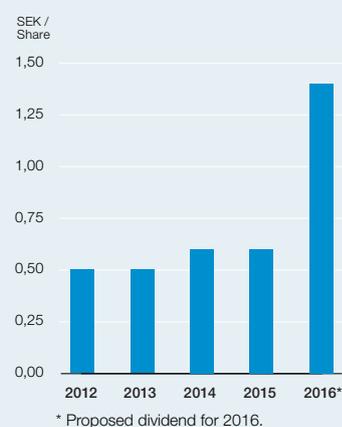
The board of Boule has proposed a dividend of SEK 1.40 (0.60) per share to the Annual General Meeting for the financial year 2016. The board aims to give shareholders a dividend that reflects both a good direct yield and dividend growth and to apply a policy whereby the dividend level is adapted to the level of Boule's earnings, financial position. In February 2017, the Boule board adopted a revised dividend policy where the annual dividend should correspond to 25-50 percent of profit for the period, after due consideration of company liquidity.



| Holdings | No. of shareholders | No. of shares | Holdings, % |
|----------------|---------------------|------------------|---------------|
| 1-500 | 1,508 | 126,624 | 2.69 |
| 501-1,000 | 89 | 73,647 | 1.56 |
| 1,001-5,000 | 90 | 192,735 | 4.09 |
| 5,001-10,000 | 20 | 146,894 | 3.12 |
| 10,001- 15,000 | 4 | 47,236 | 1.00 |
| 15,001- 20,000 | 5 | 86,475 | 1.84 |
| 20,001- | 26 | 4,033,527 | 85.70 |
| Total | 1,742 | 4,707,138 | 100.00 |

| Shareholders on 31 December 2016 (and known changes thereafter) | No. of shares | Percentage of capital and votes, % |
|---|------------------|------------------------------------|
| AB Grenspecialisten | 493,317 | 10.48 |
| Svolder AB | 480,000 | 10.20 |
| Thomas Eklund incl. company | 444,638 | 9.45 |
| Swedbank Robur Fonder AB | 404,000 | 8.58 |
| Linc Invest AB | 368,920 | 7.84 |
| Tredje AP-fonden | 358,068 | 7.61 |
| SEB Asset Management | 333,400 | 7.08 |
| Handelsbanken Fonder (Various funds) | 298,276 | 6.34 |
| Humble Kapitalförvaltning | 167,155 | 3.55 |
| Société Générale | 113,841 | 2.42 |
| Länsförsäkringar Småbolag Sverige | 112,970 | 2.40 |
| Other shareholders (1,731) | 1,132,553 | 24.05 |
| Total | 4,707,138 | 100.00 |

Dividend 2012-2016



Share capital increase

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

FIVE YEAR SUMMARY AND DEFINITIONS

| '000s SEK | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|----------------|----------------|----------------|----------------|----------------|
| INCOME STATEMENT | | | | | |
| Net sales | 400,735 | 331,407 | 306,687 | 276,804 | 275,301 |
| Cost of goods sold | -206,064 | -181,580 | -170,242 | -155,340 | -151,795 |
| Gross profit | 194,671 | 149,828 | 136,445 | 121,464 | 123,506 |
| Other operating revenues | 6,935 | 4,799 | 5,947 | 802 | 115 |
| Selling and marketing expenses | -73,212 | -66,228 | -62,572 | -59,021 | -54,431 |
| Administrative expenses | -30,360 | -22,837 | -24,989 | -25,132 | -25,148 |
| Research and development expenses | -37,480 | -40,071 | -23,631 | -119,592 | -22,165 |
| Other operating expenses | -13,463 | -3,886 | -4,641 | -913 | -1,527 |
| Operating (EBIT) profit/loss | 47,091 | 21,604 | 26,560 | -82,392 | 20,350 |
| Net financial items | -2 | -1,203 | -1,629 | -1,831 | -145 |
| Profit/loss before tax | 47,089 | 20,400 | 24,931 | -84,223 | 20,205 |
| Tax | -11,055 | -5,049 | 5,335 | 14,098 | -9,246 |
| Profit/loss for the year | 36,033 | 15,351 | 30,266 | -70,125 | 10,959 |
| BALANCE SHEET | | | | | |
| Fixed assets | | | | | |
| Intangible assets | 103,686 | 101,682 | 98,664 | 73,661 | 135,463 |
| Tangible assets | 20,481 | 20,329 | 17,587 | 15,776 | 15,316 |
| Financial fixed assets | 28,137 | 18,632 | 14,867 | 205 | - |
| Deferred tax assets | 455 | 9,223 | 13,093 | 10,025 | 951 |
| Total fixed assets | 152,759 | 149,867 | 144,211 | 99,667 | 151,730 |
| Current assets | | | | | |
| Inventory | 59,186 | 54,761 | 46,195 | 47,854 | 45,636 |
| Current receivables | 107,800 | 60,460 | 66,887 | 62,146 | 61,994 |
| Cash and cash equivalents | 44,588 | 50,395 | 22,656 | 11,051 | 15,871 |
| Total current assets | 211,574 | 165,616 | 135,738 | 121,051 | 123,501 |
| Total assets | 364,333 | 315,483 | 279,949 | 220,718 | 275,231 |
| Equity and liabilities | | | | | |
| Equity | 229,765 | 188,514 | 169,992 | 127,492 | 199,695 |
| Long-term interest-bearing liabilities | 4,651 | 7,371 | 8,951 | 8,455 | 717 |
| Other long-term liabilities (invoice factoring loans) | 22,275 | 4,525 | - | - | - |
| Deferred tax liabilities | 3,458 | 3,651 | 1,428 | 5,627 | 11,375 |
| Current interest-bearing liabilities | 30,364 | 59,285 | 41,825 | 37,944 | 20,195 |
| Current non interest-bearing liabilities | 73,820 | 52,138 | 57,753 | 41,200 | 43,249 |
| Total shareholders' equity and liabilities | 364,333 | 315,483 | 279,949 | 220,718 | 275,231 |
| CASH FLOW | | | | | |
| Cash flow from operating activities before changes in working capital | 56,034 | 27,880 | 27,874 | 20,162 | 22,348 |
| Changes in working capital | -36,159 | -5,556 | 3,111 | -4,487 | -11,400 |
| Cash flow from investment activities | -5,659 | -8,377 | -22,761 | -33,111 | -37,013 |
| Cash flow from financing activities | -21,090 | 13,172 | 1,941 | 12,887 | -11,361 |
| Cash flow for the year | -6,874 | 27,119 | 10,165 | -4,549 | -37,426 |

FIVE YEAR SUMMARY AND DEFINITIONS

| Five year summary | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|
| KEY RATIOS | | | | | |
| Growth in net sales, % | 20.9 | 8.1 | 10.8 | 0.5 | 11.8 |
| Gross margin, % | 48.6 | 45.2 | 44.5 | 44.0 | 45.0 |
| EBITDA, SEK million | 56.6 | 28.5 | 31.4 | 16.9 | 23.5 |
| EBITDA margin, % | 14.1 | 8.6 | 10.1 | 6.1 | 8.5 |
| EBIT, SEK million | 47.1 | 21.6 | 26.6 | -82.4 | 20.4 |
| EBIT margin, % | 11.8 | 6.5 | 8.7 | -29.8 | 7.4 |
| Return on total capital, % | 13.9 | 7.3 | 10.6 | -33.2 | 7.8 |
| Return on shareholders' equity, % | 17.2 | 8.6 | 20.3 | -42.9 | 5.6 |
| Return on capital employed, % | 16.9 | 9.2 | 13.3 | -42.1 | 9.3 |
| CAPITAL STRUCTURE | | | | | |
| Shareholders' equity, SEK million | 229.8 | 188.5 | 170.0 | 127.5 | 199.7 |
| Capital employed, SEK million | 309.0 | 255.3 | 220.8 | 173.9 | 220.6 |
| Working capital, SEK million | 176.2 | 139.8 | 116.7 | 96.7 | 97.0 |
| Liabilities to credit institutes, SEK million | 57.3 | 71.2 | 50.8 | 46.4 | 20.9 |
| Interest coverage ratio | 67.0 | 15.1 | 16.2 | -73.0 | 41.9 |
| Net debt, SEK million | 12.7 | 20.9 | 28.1 | 35.0 | 5.0 |
| Net debt coverage ratio, % | 5.5 | 11.0 | 16.5 | 27.5 | 2.5 |
| Equity ratio, % | 63 | 60 | 61 | 58 | 73 |
| DATA PER SHARE | | | | | |
| Average number of shares | 4,707,138 | 4,707,138 | 4,707,138 | 4,707,138 | 4,707,138 |
| No. of shares at end of period | 4,707,138 | 4,707,138 | 4,707,138 | 4,707,138 | 4,707,138 |
| Earnings per share, SEK | 7.65 | 3.26 | 6.43 | -14.90 | 2.33 |
| Shareholders' equity per share, SEK | 48.8 | 40.0 | 36.1 | 27.1 | 42.4 |
| Cash flow from operating activities per share, SEK | 4.22 | 4.74 | 6.58 | 4.40 | 2.33 |
| Dividend | 1.40* | 0.60 | 0.60 | 0.50 | 0.50 |
| EMPLOYEES | | | | | |
| Average number of employees | 169 | 168 | 179 | 175 | 165 |

*Proposed dividend for 2016.

Definitions

Gross profit is net sales less cost of goods sold

Gross margin is gross profit divided by net sales

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

EBITDA margin is EBITDA divided by net sales

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

EBIT margin is EBIT divided by net sales

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

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

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

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

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

Net debt/equity ratio is net debt divided by equity

Equity/assets ratio is equity divided by total assets

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| 1 January -31 December, '000 SEK | Note | 2016 | 2015 |
|---|-----------|----------------|----------------|
| Net sales | 2 | 400,735 | 331,407 |
| Cost of goods sold | 4 | -206,064 | -181,580 |
| Gross profit | | 194,671 | 149,827 |
| Other operating revenues | 6 | 6,935 | 4,799 |
| Selling and marketing expenses | 4 | -73,212 | -66,228 |
| Administrative expenses | 4 | -30,360 | -22,837 |
| Research and development expenses | 4 | -37,480 | -40,071 |
| Other operating expenses | 7 | -13,463 | -3,886 |
| Operating profit/loss | | 47,091 | 21,604 |
| Financial income | 10 | 36 | 8 |
| Financial expenses | 10 | -713 | -1,451 |
| Exchange rate differences | | 675 | 240 |
| Net financial items | 10 | -2 | -1,203 |
| Profit/loss before tax | | 47,089 | 20,400 |
| Current tax | 11 | -2,784 | -613 |
| Deferred tax | 11 | -8,272 | -4,436 |
| Profit/loss for the year¹ | | 36,033 | 15,352 |

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

OTHER COMPREHENSIVE INCOME

| '000s SEK | Note | 2016 | 2015 |
|---|------|---------------|---------------|
| Items that may be reclassified to net profit/loss for the period | | | |
| Translation differences for the period from the translation of foreign operations | | 7,844 | 5,490 |
| Other comprehensive income for the year | | 7,844 | 5,490 |
| Total comprehensive income for the year | | 43,877 | 20,842 |
| Earnings per share, before dilution, SEK | 20 | 7.65 | 3.26 |
| Earnings per share, after dilution, SEK | | 7.45 | 3.23 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| '000s SEK | Note | 2016 | 2015 |
|--|--------|----------------|----------------|
| ASSETS | | | |
| Fixed assets | | | |
| Intangible assets | | | |
| Capitalized development expenses | 12 | 24,632 | 27,668 |
| Goodwill | 12 | 79,054 | 74,015 |
| Total intangible assets | | 103,686 | 101,682 |
| Tangible fixed assets | | | |
| Plant and machinery | 13 | 4,202 | 4,356 |
| Equipment, tools, fixtures and fittings | 13 | 11,961 | 13,205 |
| Leaseholds improvements | 13 | 4,318 | 2,768 |
| Total tangible fixed assets | | 20,481 | 20,329 |
| Financial fixed assets | | | |
| Long-term accounts receivables (guaranteed 75-95% by EKN) | | 28,121 | 18,617 |
| Long-term non interest bearing receivables | | 16 | 16 |
| Deferred tax assets | 11 | 455 | 9,223 |
| Total fixed assets | | 152,759 | 149,868 |
| Current assets | | | |
| Inventory | | | |
| Raw materials and supplies | | 36,050 | 37,576 |
| Intermediate goods | | 5,549 | 3,669 |
| Finished goods and goods for resale | | 17,587 | 13,516 |
| Total inventory | 15 | 59,186 | 54,761 |
| Current receivables | | | |
| Tax assets | | 1,862 | 2,048 |
| Accounts receivable | 16, 26 | 53,851 | 36,530 |
| Accounts receivable (guaranteed 75-95 % by EKN) | 16, 26 | 40,484 | 16,186 |
| Other receivables | 17 | 5,044 | 2,254 |
| Prepaid expenses and accrued income | 18 | 6,559 | 3,442 |
| Total current receivables | | 107,800 | 60,460 |
| Cash and cash equivalents | 19 | 44,588 | 50,395 |
| Total current assets | | 211,574 | 165,616 |
| TOTAL ASSETS | | 364,333 | 315,483 |
| EQUITY | | | |
| Share capital | | 4,707 | 4,707 |
| Other contributed capital | | 190,584 | 190,584 |
| Translation reserve | | 17,844 | 10,000 |
| Retained earnings including net profit/loss for the period | | 16,630 | -16,777 |
| TOTAL EQUITY | 20 | 229,765 | 188,514 |
| LIABILITIES | | | |
| Long-term liabilities | | | |
| Long-term interest-bearing liabilities | 22 | 4,651 | 7,371 |
| Long-term interest bearing liabilities (for receivables guaranteed by EKN) | 22 | 22,275 | 4,525 |
| Deferred tax liabilities | 11 | 3,458 | 3,651 |
| Total long-term liabilities | | 30,384 | 15,546 |
| Current liabilities | | | |
| Current interest-bearing liabilities | 22 | 2,076 | 54,876 |
| Current interest bearing liabilities (for receivables guaranteed by EKN) | 22 | 28,288 | 4,409 |
| Accounts payable | | 21,936 | 18,069 |
| Tax liabilities | | 3,801 | - |
| Other liabilities | 23 | 8,625 | 6,434 |
| Accrued liabilities and deferred income | 24 | 38,458 | 27,135 |
| Provisions | 21 | 1,000 | 500 |
| Total current liabilities | | 104,184 | 111,423 |
| TOTAL LIABILITIES | | 134,568 | 126,970 |
| TOTAL EQUITY AND LIABILITIES | | 364,333 | 315,483 |

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

| '000s SEK | Share capital | Other contributed capital | Translation reserve | Retained earnings including profit/loss for the period | Total equity capital |
|---|---------------|---------------------------|---------------------|--|----------------------|
| Equity, opening balance, Jan. 1, 2015 | 4,707 | 190,584 | 4,510 | -29,809 | 169,992 |
| Total comprehensive income/loss for the period | | | | | |
| Net profit/loss for the period | - | - | - | 15,352 | 15,352 |
| Other comprehensive income for the period | - | - | 5,490 | - | 5,490 |
| Total comprehensive income/loss for the period | - | - | 5,490 | 15,352 | 20,842 |
| Transactions with shareholders | | | | | |
| Option programs | - | - | - | 505 | 505 |
| Dividends | - | - | - | -2,825 | -2,825 |
| Equity, closing balance, Dec. 31, 2015 | 4,707 | 190,584 | 10,000 | -16,777 | 188,514 |
| Equity, opening balance, Jan. 1, 2016 | 4,707 | 190,584 | 10,000 | -16,777 | 188,514 |
| Total comprehensive income/loss for the period | | | | | |
| Net profit/loss for the period | - | - | - | 36,033 | 36,033 |
| Other comprehensive income for the period | - | - | 7,844 | - | 7,844 |
| Total comprehensive income/loss for the period | - | - | 7,844 | 36,033 | 43,877 |
| Transactions with shareholders | | | | | |
| Option programs | - | - | - | 199 | 199 |
| Dividends | - | - | - | -2,825 | -2,825 |
| Equity, closing balance, Dec. 31, 2016 | 4,707 | 190,584 | 17,844 | 16,630 | 229,765 |

CONSOLIDATED CASH FLOW STATEMENT

| 1 January–31 December, '000 SEK | Note | 2016 | 2015 |
|--|-----------|----------------|---------------|
| Operating activities | | | |
| Operating profit/loss | | 47,091 | 21,604 |
| Adjustments for non-cash items | 28 | 8,626 | 8,440 |
| Interest received | 28 | 36 | 8 |
| Interest paid | 28 | -713 | -1,451 |
| Income tax paid | | 994 | -721 |
| Cash flow from operating activities before changes in working capital | | 56,034 | 27,880 |
| Cash flow from changes in working capital | | | |
| Increase(-)/Decrease(+) in inventories | | -2,659 | -7,830 |
| Increase (-)/Decrease (+) operating receivables | | -21,021 | 6,053 |
| Increase (-)/Decrease (+) in operating receivables (guaranteed by EKN) | | -33,788 | -2,485 |
| Increase (+)/Decrease (-) operating liabilities | | 21,309 | -1,294 |
| Cash flow from operating activities | | 19,875 | 22,324 |
| Investing activities | | | |
| Acquisition of property, plant and equipment | 13 | -5,745 | -4,932 |
| Investments in other financial long-term assets | | - | 107 |
| Divestment of property, plant and equipment | 13 | 86 | 202 |
| Investment in capitalized development costs | 12 | - | -3,754 |
| Cash flow from investing activities | | -5,659 | -8,377 |
| Financing activities | | | |
| Loans raised | | 1,879 | 6,142 |
| Amortization of loans | | -4,599 | -3,197 |
| Increase (+)/Decrease (-) in current financial liabilities (EKN financing) | | 37,254 | 8,254 |
| Increase (+)/Decrease (-) in current financial liabilities | | -52,800 | 4,797 |
| Dividends | | -2,824 | -2,824 |
| Cash flow from financing activities | | -21,090 | 13,172 |
| Cash flow for the year | | | |
| Cash and cash equivalents at the beginning of the period | | 50,395 | 22,656 |
| Exchange rate differences cash and cash equivalents | | 1,067 | 620 |
| Cash and cash equivalents at the end of the period | 19 | 44,588 | 50,395 |

PARENT COMPANY INCOME STATEMENT

| 1 January–31 December, '000 SEK | Note | 2016 | 2015 |
|---|------|----------------|---------------|
| Net sales | 2 | 22,968 | 23,652 |
| Administration expenses | 5 | -26,768 | -25,540 |
| Other operating expenses | | -3,889 | - |
| Operating profit/loss | | -7,689 | -1,888 |
| Profit/loss financial items | | | |
| Other interest income and similar profit/loss items | 10 | 1 | 1 |
| Interest costs and similar profit/loss items | 10 | -52 | -61 |
| Profit/loss after net financial items: | | - 7,740 | -1,948 |
| Group contributions | | 24,975 | 1,822 |
| Profit/loss before tax | | 17,235 | -126 |
| Tax | 11 | 4,735 | - |
| Net profit/loss for the year | | 21,970 | -126 |

STATEMENT OF COMPREHENSIVE INCOME PARENT COMPANY

| '000s SEK | Note | 2016 | 2015 |
|--|------|---------------|-------------|
| Profit/loss for the year | | 21,970 | -126 |
| Other comprehensive income for the year | | - | - |
| Comprehensive income for the year | | 21,970 | -126 |

PARENT COMPANY BALANCE SHEET

| '000s SEK | Note | 2016 | 2015 |
|--|------|----------------|----------------|
| ASSETS | | | |
| Financial fixed assets | | | |
| Shares in Group companies | 14 | 157,291 | 157,291 |
| Deferred tax assets | | 4,735 | - |
| Total financial fixed assets | | 162,026 | 157,291 |
| Total fixed assets | | 162,026 | 157,291 |
| Current assets | | | |
| Receivables from Group companies | | 51,983 | 3,385 |
| Tax claims | | 811 | 654 |
| Other receivables | 17 | 350 | 215 |
| Prepaid costs and accrued income | 18 | 837 | 711 |
| Total current receivables | | 53,981 | 4,966 |
| Cash and bank | 19 | 372 | 27,650 |
| Total current assets | | 54,353 | 32,616 |
| TOTAL ASSETS | | 216,379 | 189,907 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| | 20 | | |
| Restricted equity | | | |
| Share capital (4,707,138 shares) | | 4,707 | 4,707 |
| Contingency fund | | 141,859 | 141,859 |
| Unrestricted equity | | | |
| Share premium reserve | | 48,725 | 48,725 |
| Profit brought forward | | -20,540 | -17,735 |
| Profit/loss for the period | | 21,970 | -126 |
| TOTAL EQUITY | | 196,721 | 177,430 |
| LIABILITIES | | | |
| Long-term liabilities | | | |
| Long-term interest-bearing liabilities | | - | 1,250 |
| Current liabilities | | | |
| Current interest-bearing liabilities | | - | 1,250 |
| Accounts payable | | 2,585 | 1,547 |
| Liabilities to Group companies | | 558 | 454 |
| Other liabilities | 23 | 1,792 | 894 |
| Accrued costs and pre paid income | 24 | 14,723 | 7,081 |
| Total current liabilities | | 19,658 | 11,227 |
| TOTAL LIABILITIES | | 19,658 | 12,477 |
| TOTAL EQUITY AND LIABILITIES | | 216,379 | 189,907 |

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY PARENT COMPANY

| '000s SEK | Unrestricted shareholders' equity | | | | | |
|--|-----------------------------------|---------------------------|-----------------------|--|--------------------------|----------------------------|
| | Share capital | Other contributed capital | Share premium reserve | Retained earnings incl. profit/loss for the period | Profit/loss for the year | Total shareholders' equity |
| Equity, opening balance, Jan.1, 2015 | 4,707 | 141,859 | 48,725 | -14,966 | -68 | 180,257 |
| Total comprehensive income for the year | | | | | | |
| Appropriation of profits | - | - | - | -68 | 68 | - |
| Net profit/loss for the year | - | - | - | - | -126 | -126 |
| Option programs | - | - | - | 124 | - | 124 |
| Transactions with shareholders | | | | | | |
| Dividends | - | - | - | -2,825 | - | -2,825 |
| Equity, closing balance, Dec. 31, 2015 | 4,707 | 141,859 | 48,725 | -17,735 | -126 | 177,430 |
| Equity, opening balance, Jan.1, 2016 | 4,707 | 141,859 | 48,725 | -17,735 | -126 | 177,430 |
| Total comprehensive income for the year | | | | | | |
| Appropriation of profit | - | - | - | -126 | 126 | - |
| Net profit/loss for the year | - | - | - | - | 21,970 | 21,970 |
| Option programs | - | - | - | 146 | - | 146 |
| Transactions with shareholders | | | | | | |
| Dividends | - | - | - | -2,825 | - | -2,825 |
| Equity, closing balance, Dec. 31, 2016 | 4,707 | 141,859 | 48,725 | -20,540 | 21,970 | 196,721 |

PARENT COMPANY CASH FLOW ANALYSIS

| 1 January-31 December, '000 SEK | Note | 2016 | 2015 |
|--|-----------|----------------|---------------|
| Operating activities | | | |
| Operating profit/loss | | -7,689 | -1,888 |
| Adjustments for non-cash items | 28 | 25,119 | 1,945 |
| Interest received | 28 | 1 | 1 |
| Interest credited | 28 | -52 | -61 |
| Income tax paid | | -157 | 400 |
| Cash flow from operating activities before changes in working capital | | 17,223 | 397 |
| Cash flow from changes in working capital | | | |
| Increase (-)/Decrease (+) operating receivables | | -48,859 | 28,066 |
| Increase (+)/Decrease (-) operating liabilities | | 9,682 | -340 |
| Cash flow from operating activities | | -21,954 | 28,123 |
| Financing activities | | | |
| Repayment of loans | | -2,500 | -939 |
| Dividends | | -2,824 | -2,824 |
| Cash flow from financing activities | | -5,324 | -3,763 |
| Cash flow for the year | | -27,278 | 24,360 |
| Cash and cash equivalents at the beginning of the period | | 27,650 | 3,290 |
| Cash and cash equivalents at the end of the period | 19 | 372 | 27,650 |

BOARD OF DIRECTORS



Peter Ehrenheim

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

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

Current employment: Entrepreneur

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

Shareholding in Boule: 16,000



Karin Dahlöf

Born 1959. Board member since 2015.

Other assignments: –

Current employment: Director Special Projects at HemoCue AB

Education: Medical Laboratory Scientist, Gothenburg University.

Shareholding in Boule: 1,000



Thomas Eklund

Born 1967. Board member since 2014.

Other assignments: Chairman of the Boards of Itrim AB, Sedana Medical AB, Moberg Pharma AB and 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: 444,638



Jon Risfelt

Born 1961. Board member since 2016.

Other assignments: Chairman of the Boards of Bisnode AB, Ixat Intressenter AB (Cabonline) and Smartfish AS. Board member include Bilia AB, Dialect AB and Knowit AB

Current employment: Independent director, advisor and consultant.

Education: Master of Science from Royal institute of Technology.

Shareholding in Boule: 1,800

GROUP MANAGEMENT



Fredrik Dalborg

Born 1972. Fredrik Dalborg joined Boule on his appointment as CEO on 1 April 2017.

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

Shareholding in Boule: 3,500



Fredrik Alpsten

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

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

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

Shareholding in Boule: 3,009

Warrants in Boule: 10,000 warrants.

Employee options in Boule: 11,000 options.



Claes Blanche

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

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

Shareholding in Boule: 400

Warrants in Boule: 10,000 options.

Employee options in Boule: 11,000 options.



Michael Elliott

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

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

Shareholding in Boule: 0

Warrants in Boule: 10,000 options.

Employee options in Boule: 11,000 options.



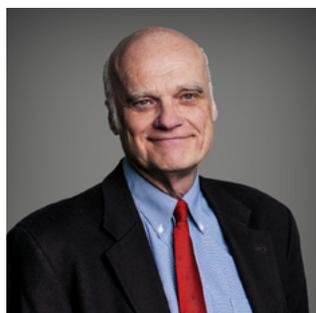
Hans Johansson

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

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

Shareholding in Boule: 2,307

Employee options in Boule: 11,000 options.



Thomas Olsson

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

Education: PhD in biochemistry from Stockholm University.

Shareholding in Boule: 36,312

Employee options in Boule: 11,000 options.



Ernst Westman

Ernst Westman joined Boule in 1994 and has been CEO since 1996. He resigned on 31 March 2017.

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

Shareholding in Boule: 48,250 (privately and via company).

Employee options in Boule: 32,000 options.

INFORMATION TO SHAREHOLDERS

Future reporting dates

| | |
|--|-----------------|
| Interim Report for first quarter 2017 | 11 May 2017 |
| Interim Report for second quarter 2017 | 31 August 2017 |
| Interim Report for third quarter 2017 | 8 November 2017 |

Annual General Meeting

The AGM of Boule Diagnostics AB will be held at 18.00 on 11 May 2017, at the company offices on Domnarvsgatan 4, Spånga. Entrance from 17.30.

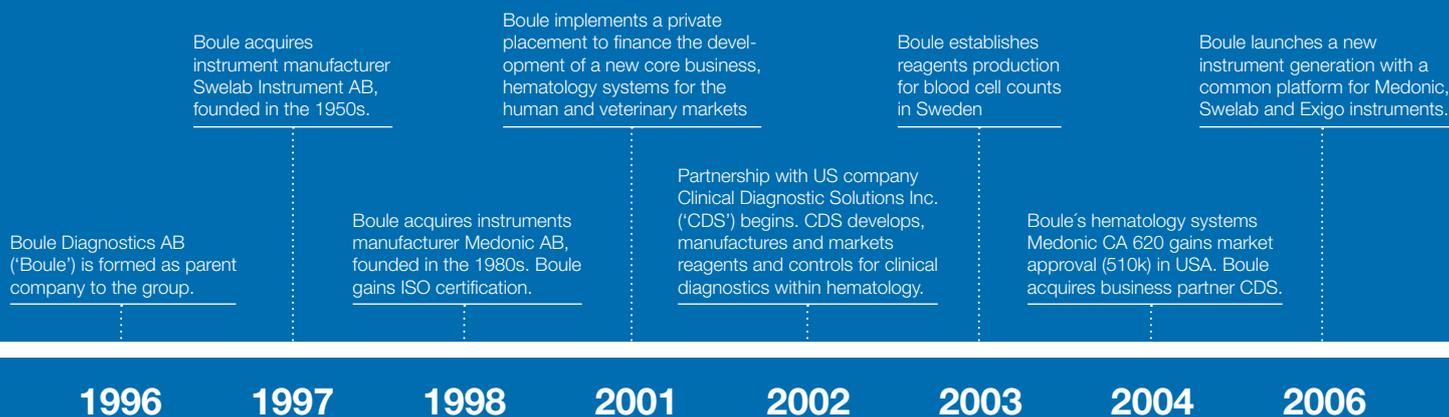
Contact persons for investor relations

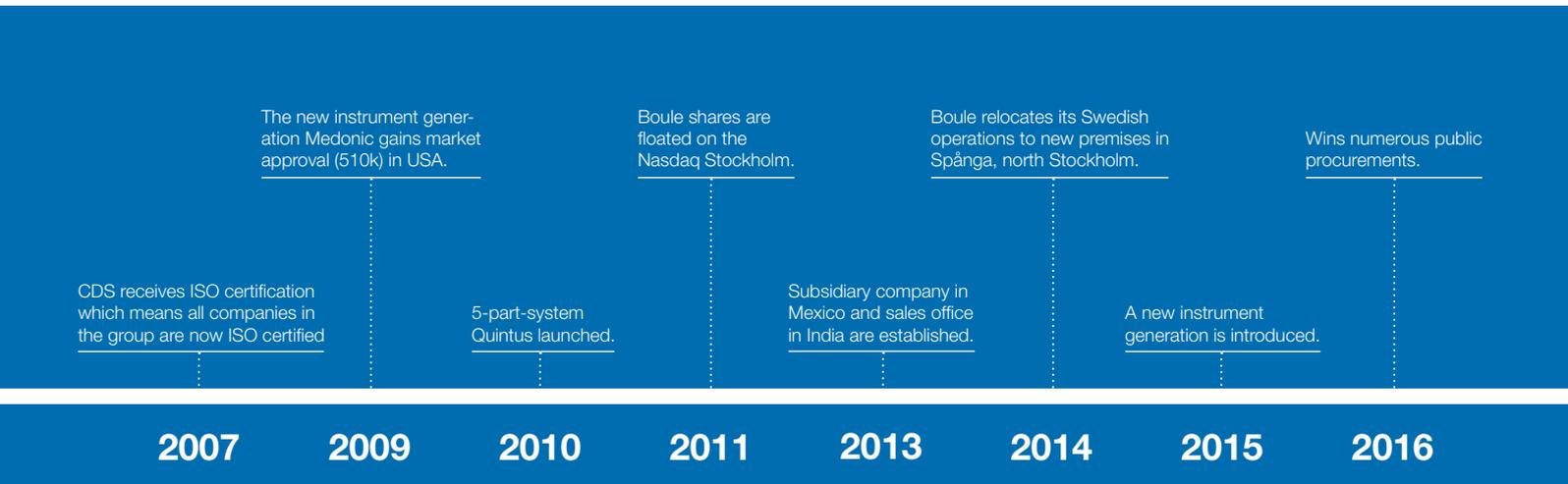


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