



All-time high in number of delivered systems and net sales for an individual quarter

Quarter July–September 2018

- Net sales amounted to SEK 110.9 million (109.7), up 1.1 percent. Adjusted for the change in exchange rates, this corresponds to a decrease of 4.7 percent.
- Number of instruments sold in the quarter was 1,161 (1,116), an increase of 4 percent.
- Cash flow from operating activities amounted to SEK -0.6 million (10.0).
- Operating profit was SEK 12.8 million (28.2) which corresponds to an operating margin of 11.5 percent (25.7).
- Net profit amounted to SEK 9.8 million (21.6).
- Earnings per share before dilution amounted to SEK 0.50 (1.13) and after dilution to SEK 0.50 (1.12).¹

Significant events during the quarter

BOULE SECURED MAJOR TENDER IN INDIA

In July, Boule secured a major tender in India, including 650 instruments, associated reagents and controls. Deliveries started during the third quarter and will continue in the fourth quarter of 2018.

Interim period January–September 2018

- Net sales amounted to SEK 318.2 million (320.5), a decrease of 0.7 percent. Adjusted for the change in exchange rates, this corresponds to a decrease of 1.4 percent.
- Number of instruments sold in the period was 3,063 (3,255), a decrease of 6 percent.
- Cash flow from operating activities amounted to SEK 16.1 million (33.6).
- Operating profit was SEK 51.4 million (39.5) which corresponds to an operating margin of 16.2 percent (12.3).
- Net profit amounted to SEK 39.6 million (29.2).
- Earnings per share before dilution amounted to SEK 2.04 (1.52) and after dilution to SEK 2.04 (1.51).¹

Significant events after the period

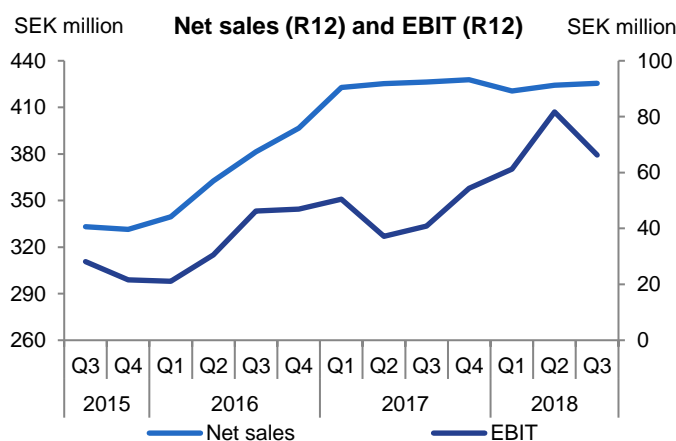
WARNING LETTER RECEIVED FROM US FOOD AND DRUG ADMINISTRATION

Following a routine inspection of Boule’s Swedish instrument manufacturing site in May 2018, Boule received inspectional observations from the US Food and Drug Administration (FDA). Boule has dedicated significant resources to address these observations, and has responded to the FDA with an action plan according to the timelines, and implemented procedure improvements accordingly. The warning letter states that the implemented procedure improvements are not adequate and that further evidence of implementation and staff training on the new procedures, as well as retrospective review, is required.

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

Key figures	Jul-Sep 2018	Jul-Sep 2017	Oct 17-Sep 18 (R12)	Oct 16-Sep 17 (R12)
Growth in sales, %	1.1	2.3	-0.2	11.2
Net sales, SEK million	110.9	109.7	425.4	426.3
Gross margin, %	42.7	51.8	46.5	47.2
Operating profit/loss, SEK million	12.8	28.2	66.3	40.8
Operating margin, %	11.5	25.7	15.6	9.6
Net debt, SEK million	-92.9	-89.0	-92.9	-89.0
Return on equity, %	3.3	9.2	16.3	13.0
Net debt/EBIT (R12), times	-1.4	-2.2	-1.4	-2.2
Earnings per share, after dilution, SEK ¹	0.50	1.12	2.20	1.58

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



Comments from CEO Fredrik Dalborg

Strong instrument sales

During the third quarter Boule's sales exceeded SEK 110 million in a single quarter for the first time. An increase in the USD exchange rate contributed to the strong sales figures. Instrument production levels were very high, and a new record for a single quarter was achieved with 1,161 units sold. Roughly 400 of the total 650 instruments for the major tender in India have been shipped. However, due to generally low instrument prices in India and the size of the tender, the price level is relatively low. Some shipments to countries with higher average selling prices have also been postponed to meet the Indian delivery requirements. The combined effect was a record high volume of instruments sold, but with a lower sales revenue per instrument and a decreased gross margin for the quarter. The instruments in the Indian tender are expected to generate good sales of reagents in the future and in the third quarter, sales of reagents worldwide remained strong.

Quality assurance improvements continue with highest priority

In October, Boule received a warning letter from the US FDA. The company has over the past 18 months made significant investments to raise the Group's level of quality assurance. Employees with solid FDA experience are now included both in the Group Management and the Quality Assurance department. In addition, the manufacturing process development team and the service teams in the US and Sweden have been strengthened. Support from external consultants has been introduced to identify areas of improvement, and quality and compliance are parts of the new strategies and core values. Despite these efforts, Boule still has more work to do. These efforts have the highest priority, and additional consultancy support with extensive experience in working with the FDA has been brought in. Boule is committed to do everything needed to comply with the FDA's requirements and sent the formal reply to the warning letter on October 22.

Broadening of the product portfolio

In line with the strategy to broaden the product portfolio, a new hematology system will be launched in November 2018. The new system is a 5-part system focused on customers with relatively low test volumes and will be a good addition to both Boule's current and future customer offering. The system has been developed in cooperation with an external supplier and will be sold under the Swelab and Medonic brands.

The development work on the new 5-part system platform continues and significant progress has been made during the quarter. The new platform will focus on customers with higher test volumes and is expected to offer additional analysis parameters.

Continued growth and efficiency initiatives

Boule is constantly working on production efficiency initiatives, and the process of implementing the new cost-reducing electronics module for the instruments is being prepared. In order to increase production capacity and streamline the production process, investments in the manufacturing of controls have been made in the Florida plant. In addition, investments in new automation solutions for the production of instruments were made during the quarter, which over time are expected to streamline the production of current and future instrument generations.



Fredrik Dalborg
CEO and Group President

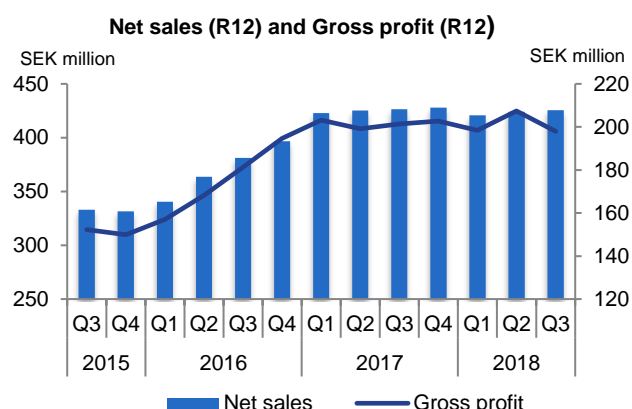
Group performance January–September 2018

NET SALES

During the period net sales amounted to SEK 318.2 million (320.5), down 0.7 percent. Net sales decreased by 1.4 percent when adjusted for the change in the USD and EUR exchange rates.

GROSS PROFIT

Gross profit during the period amounted to SEK 146.5 million (151.2) and the gross margin was 46.0 percent (47.2). The gross margin has been negatively affected by the large tender in India, with a higher share of sales at relatively low sales prices. The effect was countered somewhat by a continued high proportion of sales from consumables.



EXPENSES

Operating expenses during the period decreased to SEK 98.1 million (110.4). The operating expenses of 2017 included expenses related to efficiency improvements and non-recurring costs of SEK 6.3 million.

Research and development expenditures charged to earnings amounted to SEK 18.6 million (26.8), which represents 5.8 percent (8.4) of net sales. Research and development expenditures of SEK 15.4 million (4.6) were capitalized. In total, research and development expenses correspond to 11 percent (10) of net sales. The capitalization of 2018 consists of the final phase of the new veterinary version released in April and the next generation hematology platform.

The net of other operating revenues and other operating expenses during the period amounted to a total of SEK 3.0 million (-1.4) and consists primarily of corresponding positive and negative changes in the exchange rates. Other operating expenses for 2017 included expenses of SEK 2.4 million related to efficiency improvements and social fees of SEK 2.4 million from Boule's options programs.

OPERATING PROFIT

Operating profit during the period amounted to SEK 51.4 million (39.5). This corresponds to an operating margin of 16.2 percent (12.3). Excluding the capitalization of research and development, the operating margin was 11.3 percent (10.9).

NET FINANCIAL ITEMS

Net financial items amounted to SEK 0.2 million (-0.5). Profit before tax was SEK 51.6 million (39.0). Profit for the period was SEK 39.6 million (29.2).

FINANCING AND CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK 16.1 million (33.6). Most prominently, current accounts payable have decreased following payments earlier in the year and accounts receivables guaranteed by the Swedish National Export Credits Guarantee Board (EKN) have increased. EKN guarantees 75-95 percent of the accounts receivable's total amount. Receivables can be pledged, and the liabilities are then recognized as interest-bearing liabilities. The change in accounts receivable guaranteed by EKN is included in the cash flow from operating activities, whilst the change in other interest-bearing liabilities is reported in the cash flow under financing activities. At the turn of the year, the process of how receivables are pledged was changed, and the company can now more easily choose when and how much of the guaranteed receivables should be pledged. The amount of unpledged accounts receivable for the period amounted to SEK 38.0 million. As all accounts receivable were pledged in 2017, this affects comparison between the years.

Cash flow for the period amounted to SEK -61.0 million (31.2) and cash and cash equivalents at the end of the period were SEK 39.1 million (74.5). Cash and cash equivalents available to the Group, including unutilized credit facilities and guaranteed but not pledged accounts receivables, amounted to SEK 116.1 million (112.6) at the end of the period.

NET SALES BY REGION AND PRODUCT

Net sales by region, SEK million	Jul-Sep 2018	Jul-Sep 2017	Change	Oct 17- Sep 18 (R12)	Oct 16- Sep 17 (R12)	Change (R12)
USA	34.0	28.7	19%	128.8	128.5	0%
Asia	35.5	27.2	31%	117.3	109.5	7%
Eastern Europe	13.9	19.3	-28%	55.7	63.5	-12%
Latin America	9.9	8.1	22%	34.3	29.3	17%
Western Europe	6.9	8.4	-19%	34.2	36.5	-6%
Africa/Middle East	10.7	17.9	-40%	55.2	59.1	-7%
Total	110.9	109.7	1%	425.4	426.3	0%

Net sales by product, SEK million	Jul-Sep 2018	Jul-Sep 2017	Change	Oct 17- Sep 18 (R12)	Oct 16- Sep 17 (R12)	Change (R12)
Instruments	39.9	42.0	-5%	148.5	163.9	-9%
Consumables own instruments	45.8	42.5	8%	178.3	162.1	10%
Consumables OEM and CDS-brand	15.1	12.3	23%	59.0	66.0	-11%
Other	10.2	12.9	-21%	39.7	34.2	16%
Total	110.9	109.7	1%	425.4	426.3	0%

INVESTMENTS

Total investments amounted to SEK 45.9 million (6.7), of which SEK 17.0 million (4.6) relates to investments in the development of future platforms and SEK 22.7 million (0.0) relates to the acquisition of new technology, see note 3.

EQUITY AND LIABILITIES

Group equity on September 30, 2018, totaled SEK 298.7 million (247.1) and equity/asset ratio was 69 percent (63).

Interest bearing liabilities, primarily accounts receivable financing through EKN, amounted to SEK 43.9 million (62.6) on September 30, 2018. SEK 12.5 million (28.1) of the interest-bearing liabilities were non-current and SEK 31.4 million (34.5) were current. By September 30, 2018, other non-interest-bearing current liabilities and accounts payable totaled to SEK 80.4 million (73.5).

The net debt, that when negative shows that interest-bearing assets exceeds interest-bearing liabilities, amounted to SEK -95.4 million (-89.0) on September 30, 2018.

At the end of the period, deferred tax assets and deferred tax liabilities totaled SEK 0.0 million (0.2) and SEK 12.4 million (11.9) respectively.

MARKET

Boule markets its products to hospitals, clinics, laboratories and companies within blood diagnostics in both the human and veterinary areas. Blood diagnostics means that only blood is analyzed via e.g. clinical chemical analysis or blood cell counting concerning changes in different blood components. The global market of decentralized hematology diagnostics is valued at around SEK 6 billion of which Boule has a market share of around 8 percent.

SIGNIFICANT RISKS AND UNCERTAINTIES

The Group's operations are subjected to a number of risks and uncertainties. There is always a risk of competitors offering more efficient and better products than Boule and that the customer base will shrink as a result. Faulty and delayed deliveries or non-deliveries from the company's suppliers could in turn result in delayed, defective or faulty deliveries by the company.

There is no guarantee that the company's operations will not be subjected to restrictions by government agencies or that they will obtain the regulatory approval they need in the future. This risk was actualized by the warning letter that Boule received from the FDA. Boule takes regulatory compliance very seriously and this issue has the highest priority. For the past 18 months, Boule has strengthened the organization with resources focused on quality assurance and compliance. Boule will continue to dedicate the necessary resources to this process to address the problems and to comply with all relevant governmental rules. The warning letter does not limit the production or sales of products. There is also the risk that the company could lose its ability to develop products, or that its products cannot be launched on schedule or that market reception is poorer than expected. These risks could result in lower sales, which would then have a negative impact on the company's earnings. The company is also exposed to customers who are unable to pay and the possibility of the company being unable to finance its operations.

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

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

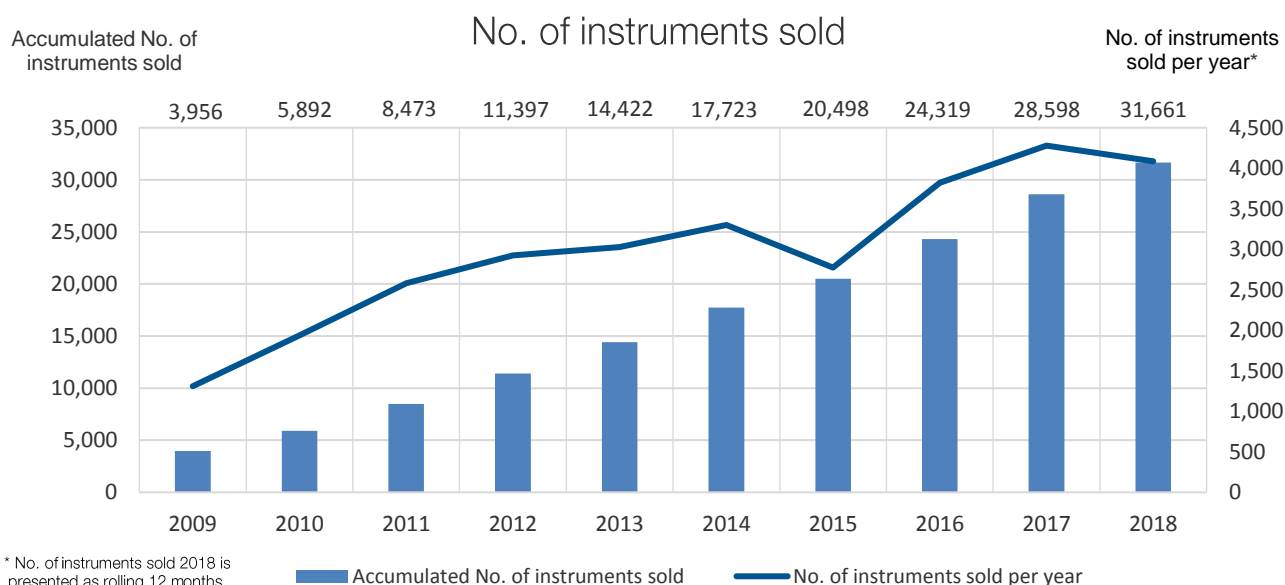
TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties in this period.

PARENT COMPANY

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

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



NUMBER OF SHARES

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

Shareholders September 30, 2018 (and thereafter known changes)	Number of shares	Proportion of capital/votes
AB Grenspecialisten	2,073,268	10.68%
Svolder AB	1,949,197	10.04%
SEB Asset Management	1,915,476	9.87%
Thomas Eklund inkl. bolag	1,798,552	9.26%
Swedbank Robur Fonder AB	1,785,760	9.20%
Tredje AP-fonden	1,220,000	6.28%
Handelsbanken Fonder	1,155,495	5.95%
Länsförsäkringar Fonder	859,417	4.43%
RBS Investor	706,139	3.64%
Société Générale	620,084	3.19%
State Street Bank & Trust	603,751	3.11%
CBNY-Norges Bank	462,434	2.38%
Lannebo Fonder	398,068	2.05%
Other shareholders (1,102)	3,868,911	19.93%
Total number of shares	19,416,552	100.00%
No. of options outstanding ex. hedging	490,524	
Total number of shares incl. options	19,907,076	

OPTIONS

Following a resolution by the 2017 Annual General Meeting, the company has determined to issue a maximum of 122,631 options. Each option entitles the holder to subscribe for four shares at a price of SEK 97.50 per share, taking into account the recalculation following the 4:1 stock split, by 30 December 2020 at the latest. The options can be acquired by employees at the market value.

There are no restrictions on transferring the options. The CEO has been awarded, and has acquired on market terms, 48,631 of these options. An additional 10,000 options have been awarded or been acquired at market value. The remaining 64,000 options are available for future allocation. As described above, each option entitles the holder to subscribe for four shares.

PERSONNEL

The average number of employees in the Group during the period was 174 (174) including 9 (9) at the Parent Company. By country the average number in Sweden was 88 (72), USA 86 (84), China 0 (17), Mexico 2 (1). The average number of women in the Group was 77 (72) and the average number of men was 97 (102).

FORWARD-LOOKING INFORMATION

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

The Board of Directors and the President and CEO certify that this interim report provides a fair and accurate review of the operations, financial position and earnings of the Parent Company and the Group and that it describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm November 6, 2018

Boule Diagnostics AB

Peter Ehrenheim
Chairman of the Board

Thomas Eklund
Board member

Karin Dahllöf
Board member

Jon Risfelt
Board member

Charlotta Falvin
Board member

Fredrik Dalborg
President and CEO

Consolidated statement of comprehensive income and other comprehensive income

SEK million	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Net sales	110.9	109.7	318.2	320.5
Cost of goods sold	-63.6	-52.8	-171.7	-169.4
Gross profit	47.3	56.8	146.5	151.2
<i>Gross margin</i>	<i>42.7%</i>	<i>51.8%</i>	<i>46.0%</i>	<i>47.2%</i>
Other operating revenues	1.1	6.1	9.0	4.7
Selling and marketing expenses	-21.0	-19.6	-62.5	-62.3
Administrative expenses	-5.8	-7.3	-17.0	-21.3
Research and development expenses	-6.9	-7.9	-18.6	-26.8
Other operating expenses	-2.1	0.0	-5.9	-6.1
Operating profit/loss	12.8	28.2	51.4	39.5
<i>Operating margin</i>	<i>11.5%</i>	<i>25.7%</i>	<i>16.2%</i>	<i>12.3%</i>
Financial income	0.5	0.2	1.2	1.0
Financial expenses	-0.6	-0.7	-1.0	-1.4
Net financial items	-0.1	-0.5	0.2	-0.5
Profit/loss before tax	12.7	27.8	51.6	39.0
Income tax	-2.9	-6.2	-12.0	-9.9
Net profit/loss	9.8	21.6	39.6	29.2
Other comprehensive income				
Items that may be allocated to net profit/loss for the period				
Translation differences for the period from the translation of foreign operations	-1.2	-4.0	5.2	-11.1
Other comprehensive income/loss for the period	-1.2	-4.0	5.2	-11.1
Total comprehensive income/loss for the period	8.6	17.6	44.8	18.1
Earnings per share, before dilution, SEK	0.50	1.13	2.04	1.52
Earnings per share, after dilution, SEK	0.50	1.12	2.04	1.51

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

Consolidated statement of financial position

SEK million	Sep 30 2018	Sep 30 2017	Dec 31 2017
Assets			
Fixed assets			
Intangible assets			
Capitalized development expenses	68.3	26.6	30.6
Goodwill	77.4	72.4	73.2
Total intangible assets	145.8	98.9	103.8
Tangible fixed assets			
Plant and machinery	1.9	2.8	2.6
Equipment, tools, fixtures and fittings	10.7	9.9	9.2
Leasehold improvements	6.6	4.6	4.9
Total tangible fixed assets	19.2	17.3	16.6
Financial fixed assets			
Long-term accounts receivables (guaranteed 75-95 % by EKN)	40.7	31.9	31.5
Deferred tax assets	0.0	0.2	0.3
Total financial fixed assets	40.7	32.1	31.8
Total fixed assets	205.7	148.3	152.2
Current assets			
Inventory			
Raw materials and supplies	31.4	30.8	27.0
Intermediate goods	3.5	4.5	3.9
Finished goods and goods for resale	17.8	14.6	19.8
Total inventory	52.7	49.8	50.8
Current receivables			
Tax assets	4.8	2.7	2.1
Accounts receivable	60.7	57.6	56.6
Accounts receivable (guaranteed 75-95 % by EKN)	57.0	45.1	47.9
Other receivables	2.4	4.3	4.3
Prepaid expenses and accrued income	13.0	12.6	3.4
Total current receivables	137.8	122.4	114.3
Cash and cash equivalents	39.1	74.6	99.2
Total current assets	229.6	246.8	264.3
Total assets	435.4	395.1	416.5

Consolidated statement of financial position (cont.)

SEK million	Sep 30 2018	Sep 30 2017	Dec 31 2017
EQUITY			
Share capital	4.9	4.7	4.9
Other contributed capital	201.2	196.1	201.2
Translation reserve	13.7	6.7	8.5
Retained earnings including net profit/loss for the period	79.0	39.5	47.2
Total equity	298.7	247.1	261.8
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing liabilities	1.4	1.5	0.8
Long-term interest-bearing liabilities (of EKN guaranteed receivables)	11.0	26.6	26.0
Deferred tax liabilities	12.4	11.9	9.4
Total long-term liabilities	24.9	40.0	36.1
Current liabilities			
Current interest-bearing liabilities	0.8	0.8	1.3
Current interest-bearing liabilities (of EKN guaranteed receivables)	30.6	33.7	37.4
Accounts payable	26.1	21.6	24.5
Tax liabilities	14.7	0.6	9.4
Other liabilities	8.8	15.5	7.4
Accrued liabilities and deferred income	29.9	34.7	37.7
Provisions	1.0	1.0	1.0
Total current liabilities	111.8	108.0	118.6
Total liabilities	136.7	148.0	154.7
Total equity and liabilities	435.4	395.1	416.5

Consolidated statement of changes of equity

SEK million	Share capital	Other contributed capital	Translation reserve	Retained earnings incl. profit/loss for period	Total equity capital
Equity, opening balance, Jan. 1, 2017	4.7	190.6	17.8	16.6	229.8
Total comprehensive income/loss for the period					
Net profit/loss for the period				29.2	29.2
Other comprehensive income for the period			-11.1		-11.1
Total comprehensive income/loss for the period			-11.1	29.2	18.1
Transactions with shareholders					
Shares issued through the exercise of options	0.1	5.5			5.5
Option programs				0.3	0.3
Dividends				-6.6	-6.6
Equity, closing balance, Sep. 30, 2017	4.8	196.1	6.7	39.5	247.0
Equity, opening balance, Jan. 1, 2018	4.9	201.2	8.5	47.2	261.8
Total comprehensive income/loss for the period					
Net profit/loss for the period				39.6	39.6
Other comprehensive income for the period			5.2	1.8	7.0
Total comprehensive income/loss for the period			5.2	41.4	46.6
Transactions with shareholders					
Shares issued through the exercise of options					0.0
Option programs					0.0
Dividends				-9.7	-9.7
Equity, closing balance, Sep. 30, 2018	4.9	201.2	13.7	79.0	298.7

Consolidated cash flow statement

SEK million	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Operating activities				
Operating profit/loss	12.8	28.2	51.4	39.5
Adjustments for non-cash items	2.9	2.4	6.1	7.1
Interest received	0.5	0.6	0.7	1.7
Interest paid	-0.6	-0.7	-1.0	-1.4
Income tax paid	-1.6	-0.5	-6.5	-4.1
Cash flow from operating activities before changes in working capital	13.9	30.1	50.8	42.7
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventory	0.9	4.3	-0.6	6.9
Increase (-)/Decrease (+) in operating receivables	-5.6	-13.9	-9.9	-12.0
Increase (-)/Decrease (+) in operating receivables (guaranteed by EKN)	-9.5	-5.1	-18.3	-10.1
Increase (+)/Decrease (-) in operating liabilities	-0.3	-5.4	-5.8	6.1
Cash flow from operating activities	-0.6	10.0	16.1	33.6
Investing activities				
Acquisition of tangible fixed assets	-3.6	-0.7	-6.2	-2.1
Investments in capitalized development expenses	-5.6	-2.1	-39.7	-4.6
Cash flow from investing activities	-9.2	-2.9	-45.9	-6.7
Financing activities				
New share issue	0.0	5.5	0.0	5.5
Loans raised/Amortization of loans	0.2	-0.1	0.7	-3.1
Increase (+)/Decrease (-) in current financial liabilities (EKN financing)	-12.6	-4.1	-22.2	9.8
Increase (+)/Decrease (-) in current financial liabilities	0.0	-0.2	0.0	-1.3
Dividends	0.0	0.0	-9.7	-6.6
Cash flow from financing activities	-12.4	1.1	-31.2	4.3
Cash flow for the period	-22.2	8.3	-61.0	31.2
Cash and cash equivalents at the beginning of the period	61.9	66.6	99.2	44.6
Exchange rate differences in cash and cash equivalents	-0.6	-0.4	1.0	-1.2
Cash and cash equivalents at the end of the period	39.1	74.5	39.1	74.5

Parent Company income statement

SEK million	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
Net sales	4.8	5.6	12.6	17.1
Administrative expenses	-5.7	-2.9	-16.4	-21.0
Other operating expenses	-1.3	0.0	-4.4	0.0
Operating profit/loss	-2.2	2.7	-8.2	-4.0
Profit/loss from financial items	0.0	0.0	0.0	0.0
Profit/loss after financial items	-2.2	2.7	-8.2	-4.0
Group contribution	0.0	0.0	0.0	0.0
Profit/loss before tax	-2.2	2.7	-8.2	-4.0
Tax	0.5	0.0	1.8	0.0
Net profit/loss	-1.7	2.7	-6.4	-4.0

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

Parent Company balance sheet

SEK million	Sep 30 2018	Sep 30 2017	Dec 31 2017
Assets			
Tangible fixed assets			
Inventory	0.1	0.0	0.0
Total tangible fixed assets	0.1	0.0	0.0
Financial fixed assets			
Shares in Group companies	153.5	157.3	153.5
Deferred tax asset	0.0	4.7	0.0
Total financial fixed assets	153.5	162.0	153.5
Total fixed assets	153.6	162.0	153.5
Current assets			
Receivables from Group companies	47.7	42.3	69.8
Other receivables	4.6	1.8	2.5
Total current receivables	52.3	44.1	72.4
Cash and bank balances	3.7	3.0	2.7
Total current assets	56.0	47.1	75.0
Total assets	209.6	209.1	228.5
Equity and liabilities			
Total equity	197.6	191.8	213.8
Long-term liabilities			
Long-term interest-bearing liabilities	0.0	0.0	0.0
Current liabilities			
Current interest-bearing liabilities	0.0	0.0	0.0
Liabilities to Group companies	0.7	0.6	0.7
Other liabilities	11.2	16.7	14.1
Total current liabilities	12.0	17.3	14.8
Total liabilities	12.0	17.3	14.8
Total equity and liabilities	209.6	209.1	228.5

NOTE 1 ACCOUNTING POLICIES

Boule Diagnostics AB (publ.) applies IFRS (International Financial Reporting Standards) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act. Chapter 9 and RFR 2 Accounting for Legal Entities. The interim report should be read together with the Annual Report for the fiscal year that ended on December 31, 2017. The accounting policies match the policies applied in the preceding fiscal year with the exceptions of IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers. For all financial assets and liabilities carrying amount is a good approximation of fair value. The interim information found on page 1-16 is an integrated part of this financial report that comprises page 1-16.

New accounting standards

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

Financial assets

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

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

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

Impairment

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

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

IFRS 15 Revenue from contracts with customers is a comprehensive principle-based standard for all revenue recognition, regardless of type of transaction or industry, which replaces all previously published standards and interpretations that deal with revenue recognition. Revenue according to IFRS 15 is reported when the customer receives control of the item or service sold rather than when significant risks and benefits have passed to the customer. The Group applies a prospective retroactive approach which means that the cumulative effect of the transition is recognized in the balance sheet as of January 1, 2018 and that the comparative figures are not restated. The implementation of IFRS 15 has not affected Boule's revenue streams, and consequently neither the consolidated financial statements. The financial impact is SEK 0. IFRS 15 has resulted in increased disclosure requirements regarding the disaggregation of revenues, Boule's revenues are presented disaggregated by product category and by region, see Note 4. The Parent Company was not affected by IFRS 15. Further information will be provided in the Annual Report for 2018.

Revenues

- Sales of goods**
Sales of goods consist of the company's manufactured goods; instruments, consumables and spare parts. Revenues from the sales of goods are recognized in the income statement when the control of the goods has been transferred to the buyer. The majority of all invoices are sent at the time of shipping. Boule uses the terms of delivery EXW, CPT CIP as they are defined in Incoterms.
- Sales of services**
Boule sells services related to the previously sold instruments. Revenues from the performance of services are recognized based on the fulfillment of the performance obligation on the end of the reporting period.

If there are significant uncertainties regarding payments, associated costs or product returns, no revenue is recognized. Revenue is reported at the fair value of what the company has received or expects to receive, less discounts.

New standards not yet applied

IFRS 16 Leases were published by the IASB in January 2016 and were approved by the EU in October 2017. IFRS 16 replaces IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities referring to all leasing agreements, with some exceptions, are recognized in the balance sheet. This accounting is based on the view that the lessee has the right to use an asset during a specific period of time and at the same time an obligation to pay for this right. The accounting for the lessor will remain unchanged in all material respects. When applying IFRS 16, companies can choose full retroactive application or a variation with relief rules. The standard is mandatory to apply for fiscal years beginning January 1, 2019 or later. However, earlier application is permitted for companies applying IFRS 15. Boule will apply the standard from the fiscal year starting on January 1, 2019. Boule estimates that IFRS 16 will affect the Group's financial statements mainly through the Group's building leases, with the effect of increases in the balance sheet total, operating profit and financial expenses. The effect is not expected to be material and Boule intend to evaluate the effects more closely in the fourth quarter of 2018.

NOTE 2 PLEDGED ASSETS AND CONTINGENT LIABILITIES

September 30, SEK million	Group		Parent company	
	2018	2017	2018	2017
Pledged assets	105.8	133.6	85.8	85.8
Contingent liabilities	0.0	0.0	43.3	63.1

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

In April 2018, Boule acquired new technologies in the field of laser optics that will be adapted to Boule's requirements and be used in combination with internally developed technologies for the next generation product platform. The acquired technology will reduce the time to market for the next product launch in the fast growing 5-part segment, and simultaneously reduce development cost and risk. The technology was acquired from Drew Scientific Inc for USD 3 million in total. USD 750 000 of the total is to be paid when the transfer of technology is complete, which is expected to occur in the fourth quarter. The investment is reported as capitalized development costs in the consolidated statement of financial position and cash flow statement.

NOTE 4 DISAGGREGATION OF REVENUE

Revenue by region SEK million	Jul-Sep 2018	Jul-Sep 2017	Change	Oct 17- Sep 18 (R12)	Oct 16- Sep 17 (R12)	Change (R12)
USA	34.0	28.7	19%	128.8	128.5	0%
Asia	35.5	27.2	31%	117.3	109.5	7%
Eastern Europe	13.9	19.3	-28%	55.7	63.5	-12%
Latin America	9.9	8.1	22%	34.3	29.3	17%
Western Europe	6.9	8.4	-19%	34.2	36.5	-6%
Africa/Middle East	10.7	17.9	-40%	55.2	59.1	-7%
Total	110.9	109.7	1%	425.4	426.3	0%
Revenue by product SEK million	Jul-Sep 2018	Jul-Sep 2017	Change	Oct 17- Sep 18 (R12)	Oct 16- Sep 17 (R12)	Change (R12)
Instruments	39.9	42.0	-5%	148.5	163.9	-9%
Consumables own instruments	45.8	42.5	8%	178.3	162.1	10%
Consumables OEM and CDS-brand	15.1	12.3	23%	59.0	66.0	-11%
Other	10.2	12.9	-21%	39.7	34.2	16%
Total	110.9	109.7	1%	425.4	426.3	0%

Quarterly overview

	2018			2017				2016	
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
Net sales, SEK million	110.9	107.8	99.5	107.2	109.7	104.3	106.6	104.6	107.5
Gross profit, SEK million	47.3	52.6	46.5	51.5	56.8	43.6	50.8	48.9	54.5
Gross margin, %	42.7	48.8	46.8	48.0	51.8	41.8	47.6	46.8	50.2
EBITDA, SEK million	14.8	22.2	20.5	18.8	30.2	1.4	14.1	5.7	25.5
EBITDA margin, %	13.4	20.6	20.7	17.5	27.5	1.3	13.2	5.4	23.7
EBIT, SEK million	12.8	19.8	18.8	14.9	28.2	-0.7	12.0	1.3	24.8
EBIT margin, %	11.5	18.4	18.9	13.9	25.7	-0.7	11.2	1.2	23.1
Profit after tax, SEK million	9.8	14.9	14.9	8.1	21.6	-1.1	8.7	1.5	19.3
Earnings per share before dilution, SEK ¹	0.50	0.77	0.77	0.42	1.13	-0.06	0.46	0.08	1.03
Earnings per share after dilution, SEK ¹	0.50	0.77	0.77	0.42	1.12	-0.06	0.45	0.08	1.01
Cash flow from operating activities per share, SEK ¹	-0.03	0.50	0.35	1.25	0.53	1.24	0.98	0.63	0.67
Return on equity, %	3.3	5.3	5.5	3.2	9.2	-0.5	3.7	0.6	9.1
Net debt/EBIT (R12)	-1.4	-1.1	-1.9	-2.1	-2.2	-1.9	-1.6	-1.2	-0.9
Equity/assets ratio, %	69	66	66	63	65	59	63	63	65

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

Definitions

USE OF KEY PERFORMANCE INDICATORS NOT DEFINED IN IFRS

The Boule Group report is prepared in accordance with IFRS. IFRS only defines a few key performance indicators. Boule applies the ESMA (European Securities and Market Authority) guidelines for alternative key performance indicators (Alternative Performance Measures). In brief, an alternative performance measure is a financial measure of historical or future earnings development, financial position, or cash flow that is not defined or specified in IFRS. In order to support management's and other stakeholders' analysis of the Group's development, Boule reports some key performance indicators that are not defined in IFRS. Management believes that this information will facilitate an analysis of the Group's development. This additional data acts as a complement to IFRS and does not replace the key performance indicators defined in IFRS. Boule's definitions of metrics not defined in IFRS shown on page 14 may differ from those of other companies. Calculations of all key performance indicators may be reconciled against items in the income statement and balance sheet.

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

Gross profit is net sales less costs for goods sold

Gross margin is gross profit divided by net sales

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

EBITDA margin is EBITDA divided by net sales

EBIT (Earnings Before Interest and Taxes) is operating profit before net financial items and taxes

EBIT margin (operating margin) is EBIT divided by net sales

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

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

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

Net debt/equity ratio is net debt divided by equity

Equity/assets ratio is equity divided by total assets

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

About Boule Diagnostics

Boule Diagnostics AB (publ) is one of the few companies on the global diagnostics market that develops, manufactures and markets instruments and consumable products for blood diagnostics under its own direction. The company serves hospitals, clinics, laboratories and companies within blood diagnostics in both the human and veterinary areas. The group has an annual sale of over SEK 400 million and around 170 employees. Sales are made via distributors in over 100 countries and directly in Sweden and the USA. The company operates via subsidiary operating companies in Sweden, USA, Mexico and Russia. Since 2011, Boule shares have been listed on the Nasdaq Stockholm.

VISION

Improving health for everyone, everywhere.

MISSION

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

BUSINESS CONCEPT

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

FINANCIAL TARGETS

Boule should achieve:

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

STRATEGIES

- Protect and grow our core business: Continued efficiency improvements and capacity expansion, quality and regulatory compliance, developing and launching next generation product platforms
- Grow in emerging markets: Evolving distributor relationships and strengthening local presence.
- Grow in new customer segments and markets: Resource, sales approaches and partnerships to enter new customer segments and geographical markets.
- Evolve OEM and CDS brand business: Selective initiatives in profitable growth segments.
- Broaden the product portfolio: Develop new product platforms and broaden the product portfolio through partnerships and acquisitions.

Boule as an investment

BUSINESS MODEL

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

GROWTH

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

DIVIDEND

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

Our systems



Medonic



Swelab



Quintus



Exigo H400



Exigo C200

Information to shareholders

CALENDER

Year-end report	2019-02-07
Annual report 2018	2019-04-15
Interim report first quarter	2019-05-06
Annual General Meeting 2019	2019-05-06
Interim report second quarter	2019-08-14
Interim report third quarter	2019-10-30

PRESENTATION OF INTERIM REPORT

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

Time: 16.00 CET, November 6, 2018
Phone number: +46(0) 8-744 77 22
Code: 1212

FOR FURTHER INFORMATION, PLEASE CONTACT:



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This information is information that Boule Diagnostics AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above at 15:00 CET on November 6, 2018.



Auditor's Report

Boule Diagnostics AB (publ) Co no 556535-0252

Introduction

We have conducted a general review of the financial interim report information in the summary for Boule Diagnostics AB (publ) as of 30 September 2018 and the nine-month period that ended on this date. It is the responsibility of the Board of Directors and the Chief Executive Officer to prepare and present these interim financial statements in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our general review.

The scope and focus of the review

We have conducted our general review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of interim financial report information performed by the independent auditor of the entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially limited in scope compared to the focus and scope of an audit conducted in accordance with ISA and generally accepted auditing practice. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant circumstances that might be identified in an audit. Therefore, the opinion expressed based on a review does not give the same level of assurance as an opinion expressed on the basis of an audit.

Opinion

On the basis of our review, nothing has come to our attention that causes us to believe that the interim report was not, in all material aspects, prepared for the Group's part in accordance with IAS 34 and the Annual Accounts Act and, in the case of the parent company, the Annual Accounts Act.

Stockholm 06 November 2018

Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant