



## The trend of strong growth in sales continues

### Quarter April–June 2019

- Net sales amounted to SEK 119.7 million (107.8), up 11.1 percent. Adjusted for the change in exchange rates, this corresponds to an increase of 5.3 percent.
- Number of instruments sold in the quarter was 1,100 (962), an increase of 14,3 percent.
- Cash flow from operating activities amounted to SEK 15.6 million (10.0).
- Operating profit was SEK 5.9 million (19.8) which corresponds to an operating margin of 5.0 percent (18.4). Excluding the bad debt reserve the operating margin was 9.8 percent.
- Net profit amounted to SEK 0.3 million (14.9).
- Earnings per share before and after dilution amounted to SEK 0.01 (0.77).<sup>1</sup>

### Significant events during the quarter

In connection with changes in the distributor structure in Russia, a credit risk has been identified. Therefore, Boule has made an increase of the bad debt reserve of SEK 5.9 million.

### Interim period January–June 2019

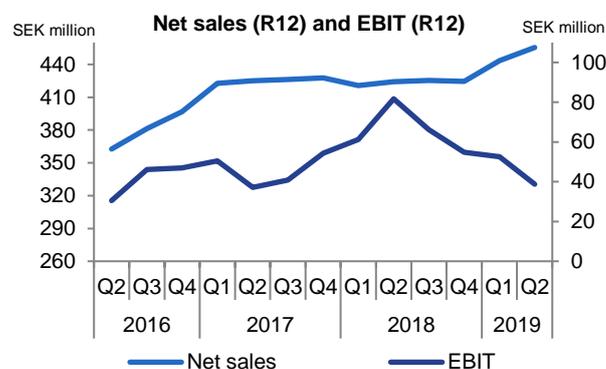
- Net sales amounted to SEK 238.4 million (207.3), up 15.0 percent. Adjusted for the change in exchange rates, this corresponds to an increase of 8.3 percent.
- Number of instruments sold in the period was 2,259 (1,902), an increase of 18,8 percent.
- Cash flow from operating activities amounted to SEK 10.3 million (16.7).
- Operating profit was SEK 22.6 million (38.7) which corresponds to an operating margin of 9.5 percent (18.7).
- Net profit amounted to SEK 10.1 million (29.9).
- Earnings per share before and after dilution amounted to SEK 0.52 (1.54).<sup>1</sup>

### Significant events after the period

#### FREDRIK DALBORG LEAVES THE POSITION AS CEO OF BOULE

Fredrik Dalborg, CEO and Group President of Boule Diagnostics, has decided to leave the company and continue his career with a new assignment outside the Group as CEO of another, larger, Swedish medical device company. Fredrik will remain in his role during his period of notice.

Key figures <sup>2</sup>	Apr-Jun 2019	Apr-Jun 2018	Jul 18-Jun 19 (R12)	Jul 17-Jun 18 (R12)
Growth in sales, %	11.1	3.4	7.4	0.3
Net sales, SEK million	119.7	107.8	455.5	424.2
Gross margin, %	43.4	48.8	43.2	48.9
Operating profit/loss, SEK million	5.9	19.8	38.8	81.8
Operating margin, %	5.0	18.4	8.5	19.3
Net debt, SEK million	25.5	-93.8	25.5	-93.8
Return on equity, %	0.1	5.3	7.2	23.2
Net debt/EBIT (R12), times	0.7	-1.1	0.7	-1.1
Earnings per share, after dilution, SEK <sup>1</sup>	0.01	0.77	1.10	3.07



1) Per share key ratios for the comparative periods have been recalculated to adjust for the stock split in June 2018.  
2) On January 1, 2019, IFRS 16 was implemented, which has affected the Group's financial statements and key figures. The implementation also affects comparisons with earlier periods as they are still reported in accordance with previous accounting principles. For more information on the effects, see Note 1.

## Comments from CEO Fredrik Dalborg

### *The trend of good growth in sales continues*

Good growth especially in Asia, the US, Eastern Europe and Latin America. We are especially pleased to see improvements in Russia, which is a very important market for us.

Most product segments showed good growth in the quarter but for consumables for own instruments, growth was somewhat weaker in the second quarter after a very strong first quarter. Growth for consumables for own instruments was 17 percent for the first six months of 2019.

### *Focus on improving margins*

The gross margin is currently not at the desired level. We are obviously not happy with this.

Boule has a sales mix where prices vary depending on the geographical market. The variation is greatest for instruments. In the last four quarters, the sales of instruments have increased faster in markets with lower prices than in the markets where we have higher prices.

An important reason for this is India, where we have had very strong sales of instruments at low margins. This was mainly a result of the company's largest tender ever, which required low prices on the instruments. The margins on reagent sales in India meet our margin targets.

We continue to work on several initiatives to improve the margins, which among other things include increased prices and an increased focus on cost-reductions in production going forward.

### *Initiatives for future growth*

The sales of the product platforms launched in the veterinary market in 2018 continue their rapid growth and agreements with new distributors have been signed.

The growth in the 5-part segment is very good. Previous problems with the Quintus system have been solved and sales are again increasing. The newly launched 5-part systems Lumi and M51 are showing strong growth and the feed-back from customers has been positive.

Boule is driving the development of the next generation product platform with full force. The new product platform will include versions for 5-part systems, 3-part systems and veterinary applications. Key recruitments have been made and important milestones have been achieved during the quarter.

During the quarter, the company biosurfit, of which Boule owns 25 percent, launched new versions of tests for CRP (infection) and HbA1c (diabetes). The new versions are much easier to handle, which is very important in the near-patient market segment. The first units have already been sold through Boule's distributor network.

### *Continued progress with the quality work*

Boule continues to drive quality work and improvements in quality processes with the highest priority. We have worked hard to complete the work on the plan of action communicated with the FDA. In July, the FDA conducted an on-site inspection at the manufacturing site in Spånga, Sweden, to follow up on our work. The result of the inspection indicates that we are on the right track. Some improvements remain. In summary, the organization has responded well to the challenges we faced last fall and we are experiencing a positive dialogue with the FDA.



Fredrik Dalborg  
CEO and Group President



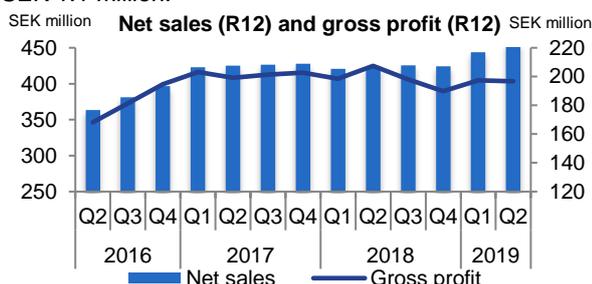
## Group performance January–June 2019

### NET SALES

During the period net sales amounted to SEK 238.4 million (207.3), up 15.0 percent. Net sales increased by 8.3 percent when adjusted for the change in the USD and EUR exchange rates.

### GROSS PROFIT

Gross profit during the period amounted to SEK 106.1 million (99.1) and the gross margin was 44.5 percent (47.8). The gross margin for the period was negatively affected by the geographic mix with a high proportion of instrument sales to low-price countries as well as by the distribution of free RFID upgrade kits to certain markets, an action to secure future sales of regents for a cost of SEK 1.1 million.



### EXPENSES

Operating expenses during the period amounted to SEK 82.8 million (64.5). The operating expenses include a bad debt reserve of SEK 5.9 million related to a specific distributor. The costs also reflect investments in and strengthening of the sales, development and quality assurance departments.

Research and development expenditures charged to earnings amounted to SEK 15.6 million (11.7), which represents 6.5 percent (5.6) of net sales. Research and development expenditures of SEK 19.6 million (10.6) were capitalized. In total, research and development expenses corresponded to 14.8 percent (10.8) of net sales.

The capitalization during the period consists mainly of the next generation hematology platform. The net of other operating revenues and other operating expenses during the period amounted to a total of SEK -0.8 million (4.1) and consists primarily of corresponding positive and negative changes in the exchange rates.

### OPERATING PROFIT

Operating profit during the period amounted to SEK 22.6 million (38.7). This corresponds to an operating margin of 9.5 percent (18.7). Excluding the non-recurring increase of bad debt reserve the operating margin was 11.9 and excluding the capitalization of research and development, the operating margin was 1.2 percent (13.6).

### NET FINANCIAL ITEMS

Net financial items excluding the profit/loss from associates amounted to SEK -2.0 million (0.3). Including the profit/loss from associates the net financial items amounted to SEK -9.7 million. Profit before tax was SEK 12.9 million (39.0). Profit for the period was SEK 10.1 million (29.9).

### FINANCING AND CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK 10.3 million (16.7). During the period corporate tax of SEK 10.3 million related to previous years was paid as preliminary tax for the corresponding years was too low.

The Swedish National Export Credits Guarantee Board (EKN) guarantees part of Boules accounts receivables to 75-95 percent of the accounts receivable's total amount. Receivables can be pledged, and the liabilities are then recognized as interest-bearing liabilities. The change in accounts receivables guaranteed by EKN is included in the cash flow from operating activities, whilst the change in other interest-bearing liabilities is reported in the cash flow from financing activities. Earlier in the period, the amount of pledged accounts receivables guaranteed by EKN increased and were later matched to outstanding accounts receivables.

Cash flow for the period amounted to SEK -13.6 million (-38.8) and cash and cash equivalents at the end of the period were SEK 17.0 million (61.9). The decrease is explained by strategic investments; the partnership with biosurfit and the investments in the development of the next generation hematology platform.

Cash and cash equivalents available to the Group, including unutilized credit facilities and guaranteed but not pledged accounts receivables, amounted to SEK 56.7 million (123.8) at the end of the period. The company's overdraft credit increased during the period by SEK 20 million to SEK 59 million.

### NET SALES BY REGION AND PRODUCT

	Apr-Jun 2019	Apr-Jun 2018	Change	Jul 18- Jun 19 (R12)	Jul 17- Jun 18 (R12)	Change (R12)
<b>Net sales by region, SEK million</b>						
USA	34.4	29.1	18%	136.9	123.5	11%
Asia	35.0	31.3	12%	134.4	109.0	23%
Eastern Europe	18.2	16.1	13%	63.3	61.1	4%
Latin America	12.6	6.6	91%	41.0	32.5	26%
Western Europe	8.8	9.1	-3%	35.8	35.6	0%
Africa/Middle East	10.7	15.7	-32%	44.1	62.5	-29%
<b>Total</b>	<b>119.7</b>	<b>107.8</b>	<b>11%</b>	<b>455.5</b>	<b>424.2</b>	<b>7%</b>
<b>Net sales by product, SEK million</b>						
Instruments	42.8	37.4	15%	162.1	150.6	8%
Consumables own instruments	50.6	48.4	5%	193.2	175.2	10%
Consumables OEM and CDS-brand	15.7	12.1	30%	62.4	54.0	16%
Other	10.6	10.0	6%	37.9	44.4	-15%
<b>Total</b>	<b>119.7</b>	<b>107.8</b>	<b>11%</b>	<b>455.5</b>	<b>424.2</b>	<b>7%</b>

## INVESTMENTS

Total investments amounted to SEK 52.2 million (36.7), of which SEK 19.6 million (11.4) relates to investments in the development of future platforms, SEK 0.0 million (22.7) relates to the acquisition of new technologies and SEK 26.3 million (0.0) relates to acquisition of the Associate biosurfit, see note 3.

## EQUITY AND LIABILITIES

Group equity at the end of the period totaled SEK 303.7 million (290.1) and the equity/asset ratio was 55 percent (66). The implementation of the leasing standard, IFRS 16, affected the equity ratio by 4 percentage points, if previous accounting principles still applied, the equity ratio would have been 59 percent. For more information on IFRS 16 see note 1.

Interest bearing liabilities, primarily pledged accounts receivables guaranteed by EKN, amounted to SEK 117.1 million (56.3) on June 30, 2019. SEK 28.6 million (26.5) of the interest-bearing liabilities were non-current and SEK 88.5 million (29.8) were current. By June 30, 2019, SEK 19.8 million (0.0) of the overdraft credit had been used and other non-interest-bearing current liabilities and accounts payable totaled to SEK 78.5 million (79.0).

Leasing liabilities to the amount of SEK 36.1 million are presented in the balance sheet in accordance with IFRS 16 of which SEK 24.2 million are non-current and SEK 11.9 million are current.

The net debt, that when negative shows that interest-bearing assets exceeds interest-bearing liabilities, amounted to SEK 25.5 million (-93.8) on June 30, 2019. The effect on net debt from IFRS 16 amounted to SEK 33.7 million, excluding this effect net debt was SEK -8.1 million.

At the end of the period, deferred tax assets and deferred tax liabilities totaled SEK 0.0 million (0.0) and SEK 16.5 million (11.5) respectively.

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

## MARKET

Boule markets its products to hospitals, clinics, laboratories and companies within blood diagnostics in both the human and veterinary areas.

Blood diagnostics means that only blood is analyzed via e.g. clinical chemical analysis or blood cell counting concerning changes in different blood components. The global market of decentralized hematology diagnostics is valued at around SEK 6 billion of which Boule has a market share of around 8 percent.

## SIGNIFICANT RISKS AND UNCERTAINTIES

The Group's operations are subjected to a number of risks and uncertainties. There is always a risk of competitors offering more efficient and better products than Boule and that the customer base will shrink as a result. Faulty and delayed deliveries or non-deliveries from the company's suppliers could in turn result in delayed, defective or faulty deliveries by the company. There is no guarantee that the company's operations will not be subjected to restrictions by government agencies or that they will obtain the regulatory approval they need in the future. There is also the risk that the company could lose its ability to develop products, or that its products cannot be launched on schedule or that market reception is poorer than expected. These risks could result in lower sales, which would then have a negative impact on the company's earnings. The company is also exposed to that customers may be unable to pay and the possibility of the company being unable to finance its operations.

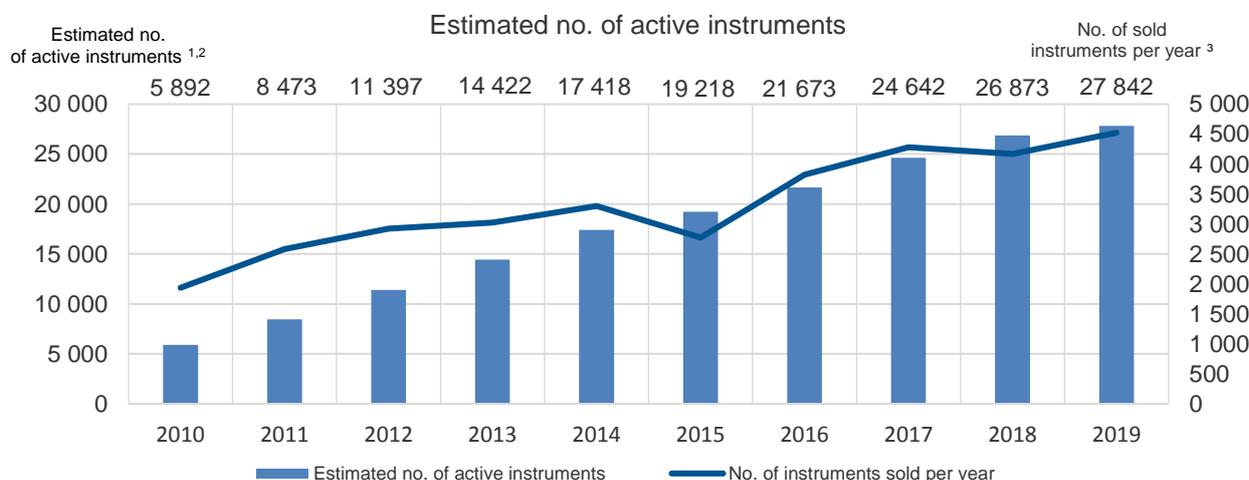
Boule is currently exposed to currency exchange risks. +/- 10 percent of the exchange rate USD/SEK affects the net sales by +/- SEK 20 million and net profit by +/- SEK 4 million. Boule is continuously working on operationally reducing the company's exchange rate exposure.

In October 2018, Boule received a warning letter from the US Food and Drug Administration (FDA). Boule is determined to meet the FDA's requirements, and this holds the highest priority for the organization. The warning letter does not limit the production or sale of products and Boule's progress is in line with the timetable set for the submission of reports and actions. For more information about the warning letter, see the Annual Report 2018.

For a more detailed description of the risks, see the Annual Report 2018. Compared to the Annual Report, the risks are considered to remain unchanged.

## TRANSACTIONS WITH RELATED PARTIES

Other than remuneration to members of the board and management there were no transactions with related parties in this period.



- 1) Estimated number of instruments installed is based on an estimated lifespan of eight years for the instruments.
- 2) Accumulated number of instruments sold per June 30, 2019 was 35,024.
- 3) Number of instruments sold 2019 is presented as rolling twelve months.

## 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

The total number of shares and votes in Boule Diagnostics AB has remained unchanged during the first six months of 2019. Comparative figures for key figures that include the number of shares have been retroactively recalculated following the division of shares (4:1) in June 2018 to facilitate comparison between the periods.

Shareholders June 30, 2019 (and thereafter known changes)	Number of shares	Proportion of capital/votes
Svolder AB	2,318,797	11.94%
AB Grenspecialisten	2,073,268	10.68%
Thomas Eklund incl. companies	1,948,552	10.04%
Swedbank Robur Fonder AB	1,809,992	9.32%
Tredje AP-fonden	1,625,771	8.37%
Länsförsäkringar Fonder	911,417	4.69%
Société Générale	777,982	4.01%
RBC Investor	763,957	3.93%
SEB Asset Management	738,611	3.80%
State Street Bank & Trust	665,355	3.43%
Core Ny Teknik	590,000	3.04%
Handelsbanken Fonder	556,975	2.87%
CBNY-Norges Bank	550,000	2.83%
Andra AP-Fonden	392,776	2.02%
Other shareholders (1,362)	3,693,099	19.02%
<b>Total number of shares</b>	<b>19,416,552</b>	<b>100.00%</b>
No. of options outstanding ex. hedging	981,024	
<b>Total number of shares incl. options</b>	<b>20,397,576</b>	

## OPTIONS

The company has two options programs outstanding. Following a resolution at the 2019 Annual General Meeting, the company will issue a maximum of 490,500 options. Each option entitles the holder to acquire a share at the price of SEK 67.46 per share no later than December 30, 2022. The options can be acquired by employees at market value and the allocation will be made during the third quarter of 2019.

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

There are no restrictions on transferring the options. In 2017, the CEO was awarded, and acquired on market terms, 48,631 of the options for the 2017 program. An additional 10,000 options were awarded or acquired at market value in 2017. No further allocation of the remaining 64,000 options in the 2017 program will occur. As described above, each option in the 2017 program entitles the holder to subscribe for four shares.

## PERSONNEL

The average number of employees in the Group during the period was 221 (180) including 8 (9) at the Parent Company. By country the average number in Sweden was 123 (100), USA 91 (78), Mexico 2 (2) and Russia 5 (0). The average number of women in the Group was 98 (79) and the average number of men was 123 (101).

## FORWARD-LOOKING INFORMATION

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

This interim report has not been reviewed by the company's auditor.

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 August 14, 2019

Boule Diagnostics AB

Peter Ehrenheim  
Chairman of the Board

Thomas Eklund  
Board member

Karin Dahllöf  
Board member

Jon Risfelt  
Board member

Charlotta Falvin  
Board member

Fredrik Dalborg  
President and CEO

## Consolidated statement of comprehensive income and other comprehensive income

SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Net sales	119.7	107.8	238.4	207.3
Cost of goods sold	-67.7	-55.2	-132.2	-108.1
<b>Gross profit</b>	<b>52.0</b>	<b>52.6</b>	<b>106.1</b>	<b>99.1</b>
<i>Gross margin</i>	43.4%	48.8%	44.5%	47.8%
Other operating revenues	2.4	4.0	6.3	7.9
Selling and marketing expenses	-31.5	-22.6	-54.9	-41.6
Administrative expenses	-5.9	-5.9	-12.3	-11.3
Research and development expenses	-7.2	-7.1	-15.6	-11.7
Other operating expenses	-3.8	-1.2	-7.1	-3.8
<b>Operating profit/loss</b>	<b>5.9</b>	<b>19.8</b>	<b>22.6</b>	<b>38.7</b>
<i>Operating margin</i>	5.0%	18.4%	9.5%	18.7%
Financial income	0.3	0.2	0.4	0.6
Financial expenses	-1.3	-0.2	-2.4	-0.4
Profit/Loss Associates	-3.5		-7.7	
<b>Net financial items</b>	<b>-4.5</b>	<b>0.0</b>	<b>-9.7</b>	<b>0.3</b>
<b>Profit/loss before tax</b>	<b>1.4</b>	<b>19.8</b>	<b>12.9</b>	<b>39.0</b>
Income tax	-1.2	-4.9	-2.8	-9.1
<b>Net profit/loss</b>	<b>0.3</b>	<b>14.9</b>	<b>10.1</b>	<b>29.9</b>
<b>Other comprehensive income</b>				
<b>Items that may be allocated to net profit/loss for the period</b>				
Translation differences for the period from the translation of foreign operations	3.3	6.7	3.3	6.4
<b>Other comprehensive income/loss for the period</b>	<b>3.3</b>	<b>6.7</b>	<b>3.3</b>	<b>6.4</b>
<b>Total comprehensive income/loss for the period</b>	<b>3.6</b>	<b>21.6</b>	<b>13.4</b>	<b>36.3</b>
Earnings per share, before dilution, SEK	0.01	0.77	0.52	1.54
Earnings per share, after dilution, SEK	0.01	0.77	0.52	1.54

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

## Consolidated statement of financial position

SEK million	Note	Jun 30 2019	Jun 30 2018	Dec 31 2018
<b>Assets</b>				
<b>Fixed assets</b>				
<b>Intangible assets</b>				
Capitalized development expenses		100.5	63.5	80.7
Goodwill		80.2	78.1	78.2
<b>Total intangible assets</b>		<b>180.8</b>	<b>141.6</b>	<b>158.9</b>
<b>Tangible fixed assets</b>				
Right-of-use assets		34.8	-	-
Plant and machinery		5.4	2.5	4.5
Equipment, tools, fixtures and fittings		10.2	9.8	10.3
Leasehold improvements		9.4	4.9	8.4
<b>Total tangible fixed assets</b>		<b>59.8</b>	<b>17.2</b>	<b>23.1</b>
<b>Financial fixed assets</b>				
Shares in Associates	3	46.5	-	53.6
Other financial fixed assets		2.2	-	2.2
Long-term accounts receivables (guaranteed 75-95 % by EKN)		45.0	45.0	41.1
<b>Total financial fixed assets</b>		<b>93.7</b>	<b>45.0</b>	<b>97.0</b>
<b>Total fixed assets</b>		<b>334.3</b>	<b>203.9</b>	<b>278.9</b>
<b>Current assets</b>				
<b>Inventory</b>				
Raw materials and supplies		38.9	30.1	37.4
Intermediate goods		4.3	4.5	2.1
Finished goods and goods for resale		15.4	19.4	18.5
<b>Total inventory</b>		<b>58.6</b>	<b>53.9</b>	<b>58.0</b>
<b>Current receivables</b>				
Tax assets		15.8	3.8	6.0
Accounts receivable		50.4	54.2	48.3
Accounts receivable (guaranteed 75-95 % by EKN)		65.6	43.1	62.6
Other receivables		2.9	11.0	7.3
Prepaid expenses and accrued income		10.1	5.1	9.4
<b>Total current receivables</b>		<b>144.8</b>	<b>117.2</b>	<b>133.6</b>
<b>Cash and cash equivalents</b>		<b>17.0</b>	<b>61.9</b>	<b>30.3</b>
<b>Total current assets</b>		<b>220.4</b>	<b>233.1</b>	<b>221.9</b>
<b>Total assets</b>		<b>554.7</b>	<b>436.9</b>	<b>500.8</b>

## Consolidated statement of financial position (cont.)

SEK million	Jun 30 2019	Jun 30 2018	Dec 31 2018
<b>EQUITY</b>			
Share capital	4.9	4.9	4.9
Other contributed capital	201.2	201.2	201.2
Translation reserve	18.2	14.9	14.9
Retained earnings including net profit/loss for the period	79.4	69.2	80.0
<b>Total equity</b>	<b>303.7</b>	<b>290.1</b>	<b>300.9</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities	3.0	1.3	1.0
Long-term interest-bearing liabilities (of EKN guaranteed receivables)	25.5	25.2	10.7
Long-term lease liabilities	24.2	-	-
Provisions	2.7	-	2.7
Deferred tax liabilities	16.5	11.5	14.7
<b>Total long-term liabilities</b>	<b>72.1</b>	<b>38.1</b>	<b>29.1</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	19.8	0.4	0.4
Current interest-bearing liabilities (of EKN guaranteed receivables)	68.7	29.1	61.7
Current lease liabilities	11.9	0.3	0.6
Liabilities to Associates	-	-	25.7
Accounts payable	24.0	25.0	35.3
Tax liabilities	7.4	13.1	13.3
Other liabilities	14.8	10.6	5.6
Accrued liabilities and deferred income	31.4	29.3	27.4
Provisions	1.0	1.0	1.0
<b>Total current liabilities</b>	<b>178.9</b>	<b>108.7</b>	<b>170.8</b>
<b>Total liabilities</b>	<b>251.0</b>	<b>146.8</b>	<b>200.0</b>
<b>Total equity and liabilities</b>	<b>554.7</b>	<b>436.9</b>	<b>500.8</b>

## 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
<b>Equity, opening balance, Jan. 1, 2018</b>	4.9	201.2	8.5	47.2	261.8
<b>Total comprehensive income/loss for the period</b>					
Net profit/loss for the period				29.9	29.9
Other comprehensive income for the period			6.4	1.8	8.2
<b>Total comprehensive income/loss for the period</b>			<b>6.4</b>	<b>31.7</b>	<b>38.1</b>
<b>Transactions with shareholders</b>					
Dividend				-9.7	-9.7
<b>Equity, closing balance, June 30, 2018</b>	<b>4.9</b>	<b>201.2</b>	<b>14.9</b>	<b>69.2</b>	<b>290.1</b>
<b>Equity, opening balance, Jan. 1, 2019</b>	<b>4.9</b>	<b>201.2</b>	<b>14.9</b>	<b>80.0</b>	<b>300.9</b>
<b>Total comprehensive income/loss for the period</b>					
Net profit/loss for the period				10.1	10.1
Other comprehensive income for the period			3.3		3.3
<b>Total comprehensive income/loss for the period</b>			<b>3.3</b>	<b>10.1</b>	<b>13.4</b>
<b>Transactions with shareholders</b>					
Dividend				-10.7	-10.7
<b>Equity, closing balance, June 30, 2019</b>	<b>4.9</b>	<b>201.2</b>	<b>18.2</b>	<b>79.4</b>	<b>303.7</b>

## Consolidated cash flow statement

SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
<b>Operating activities</b>				
Operating profit/loss	5.9	19.8	22.6	38.7
Adjustments for non-cash items	8.6	1.0	13.2	3.2
Interest received	0.3	0.1	0.4	0.2
Interest paid	-1.2	-0.2	-2.2	-0.4
Income tax paid	-1.2	-1.8	-13.8	-4.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>12.5</b>	<b>18.9</b>	<b>20.1</b>	<b>36.9</b>
<b>Cash flow from changes in working capital</b>				
Increase (-)/Decrease (+) in inventory	3.5	-5.5	0.1	-1.6
Increase (-)/Decrease (+) in operating receivables	0.9	-10.0	1.3	-4.3
Increase (-)/Decrease (+) in operating receivables (guaranteed by EKN)	-4.5	-5.3	-12.7	-8.8
Increase (+)/Decrease (-) in operating liabilities	3.2	11.9	1.5	-5.5
<b>Cash flow from operating activities</b>	<b>15.6</b>	<b>10.0</b>	<b>10.3</b>	<b>16.7</b>
<b>Investing activities</b>				
Investments in Associates	-0.6	-	-26.3	-
Acquisition of tangible fixed assets	-1.3	-1.8	-4.0	-2.6
Investments in capitalized development expenses	-11.7	-28.6	-21.8	-34.1
<b>Cash flow from investing activities</b>	<b>-13.6</b>	<b>-30.4</b>	<b>-52.2</b>	<b>-36.7</b>
<b>Finansieringsverksamheten</b>				
Loans raised/Amortization of loans	-	0.3	3.0	0.5
Increase (+)/Decrease (-) in current financial liabilities (EKN financing)	7.2	-14.2	21.9	-9.6
Increase (+)/Decrease (-) in current financial liabilities	4.6	-	19.4	-
Lease amortization	-2.8	-	-5.3	-
Dividends	-10.7	-9.7	-10.7	-9.7
<b>Cash flow from financing activities</b>	<b>-1.7</b>	<b>-23.6</b>	<b>28.3</b>	<b>-18.8</b>
<b>Cash flow for the period</b>	<b>0.3</b>	<b>-44.2</b>	<b>-13.6</b>	<b>-38.8</b>
Cash and cash equivalents at the beginning of the period	16.8	104.7	30.3	99.2
Exchange rate differences in cash and cash equivalents	-	1.4	0.3	1.6
<b>Cash and cash equivalents at the end of the period</b>	<b>17.0</b>	<b>61.9</b>	<b>17.0</b>	<b>61.9</b>

## Parent Company income statement

SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
Net sales	8.6	3.6	10.1	7.8
Administrative expenses	-6.1	-5.8	-11.5	-10.7
Other operating expenses	-3.2	-1.6	-4.7	-3.0
<b>Operating profit/loss</b>	<b>1.2</b>	<b>-3.8</b>	<b>-4.2</b>	<b>-6.0</b>
Profit/loss from financial items	0.0	0.0	0.0	0.0
<b>Profit/loss after financial items</b>	<b>1.2</b>	<b>-3.8</b>	<b>-4.2</b>	<b>-6.0</b>
Group contribution	0.0	0.0	0.0	0.0
<b>Profit/loss before tax</b>	<b>1.2</b>	<b>-3.8</b>	<b>-4.2</b>	<b>-6.0</b>
Tax	-0.3	1.3	0.9	1.3
<b>Net profit/loss</b>	<b>1.0</b>	<b>-2.5</b>	<b>-3.3</b>	<b>-4.7</b>

As no items are recognized in Other comprehensive income the Parent Company's profit and loss correspond to comprehensive income.

## Parent Company balance sheet

SEK million	Jun 30 2019	Jun 30 2018	Dec 31 2018
<b>Assets</b>			
<b>Intangible assets</b>			
Capitalized development expenses	0.6	0.0	0.0
<b>Total intangible assets</b>	<b>0.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Tangible fixed assets</b>			
Inventory	0.2	0.1	0.1
<b>Total tangible fixed assets</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>
<b>Financial fixed assets</b>			
Shares in Group companies	153.5	153.5	153.5
Shares in Associates	54.2	-	53.6
Other fixed financial assets	2.2	-	2.2
<b>Total financial fixed assets</b>	<b>209.9</b>	<b>153.5</b>	<b>209.3</b>
<b>Total fixed assets</b>	<b>210.7</b>	<b>153.6</b>	<b>209.4</b>
<b>Current assets</b>			
Tax assets	2.3	0.9	0.8
Receivables from Group companies	25.5	49.9	30.9
Other receivables	0.1	1.5	0.4
Prepaid expenses and accrued income	1.8	1.7	1.5
<b>Total current receivables</b>	<b>29.7</b>	<b>54.0</b>	<b>33.6</b>
Cash and bank balances	0.4	3.8	0.7
<b>Total current assets</b>	<b>30.1</b>	<b>57.9</b>	<b>34.3</b>
<b>Total assets</b>	<b>240.8</b>	<b>211.5</b>	<b>243.7</b>
<b>Equity and liabilities</b>			
<b>Total equity</b>	<b>187.6</b>	<b>199.4</b>	<b>201.5</b>
<b>Long-term liabilities</b>			
Other provisions	2.7	-	2.7
<b>Total long-term liabilities</b>	<b>2.7</b>	<b>0.0</b>	<b>2.7</b>
<b>Current liabilities</b>			
Liabilities to Group companies	40.7	0.7	1.2
Liabilities to Associates	-	-	25.7
Other liabilities	9.7	11.4	12.5
<b>Total current liabilities</b>	<b>50.4</b>	<b>12.1</b>	<b>39.4</b>
<b>Total liabilities</b>	<b>53.2</b>	<b>12.1</b>	<b>42.1</b>
<b>Total equity and liabilities</b>	<b>240.8</b>	<b>211.5</b>	<b>243.7</b>

## 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, 2018. The accounting policies match the policies applied in the preceding fiscal year with the exception of the implementation of IFRS 16 Leases on January 1, 2019. For all financial assets and liabilities carrying amount is a good approximation of fair value. The interim information found on page 1-5 is an integrated part of this financial report that comprises page 1-16.

### New accounting standards 2019

IFRS 16 Leases was published by the IASB in January 2016 and approved by the EU in October 2017. IFRS 16 replaces IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. With the new standard a lessee must recognize all contracts that meet the definition of a lease, except for those contracts of a maximum of 12 months and contracts of individual low value, as assets and liabilities in the statement of financial position. The reporting in accordance with IFRS 16 is based on the view that the lessee has a right to use an asset for a specific period and at the same time has an obligation to pay for that right. The liability is reported at a discounted present value of future leasing fees. The asset is reported at the value of the liability adjusted for any initial expenses, restoration costs, advance payments and benefits. The cost of the leased asset consists of depreciation of the asset and interest on the leasing debt. Agreements that previously constituted operational leases will thus be reported in the balance sheet, with the result that previous operating expenses, the period's lease fees, are replaced by depreciation and interest expense in the income statement. Only the leasing component of a contract is to be reported in the balance sheet, the service components are reported as an operational cost.

### Transition approach

Boule applies IFRS 16 from January 1, 2019 using the simplified transition method, which means that comparative figures have not been restated. The margin loan rate of 3.5 percent has been used in the calculation of the transition effects.

### Transition effects

IFRS 16 affected the Group's financial statements solely through the Group's building leases, with the effect of increases in the balance sheet total, operating profit and financial expenses as well as moving the corresponding cash flows from operating activities to financing activities. The opening effect on the Group's balance sheet as of January 1, 2019 is that a right-of-use asset of SEK 39.8 million and corresponding leasing liabilities are presented, the transition had no effect on equity. As of June 30, financial leasing agreements for rent are reported as a right-of-use asset, which, after depreciation of SEK 5.4 million, is valued at SEK 33.7 million. The corresponding leasing liabilities are distributed on long-term and short-term lease liabilities of SEK 22.9 million and SEK 11.2 million respectively. Interest expense for the leasing liabilities has been calculated with a marginal interest rate of 3.5% and is reported in the statement of comprehensive income as a financial cost of SEK 0.6 million for the period. Unlike previous reporting of rental cost as operational leasing, in which the cost was linear over future periods, the financial interest rate will decrease during the lease term. The cash flow for the period was affected by the fact that an outflow of SEK 5.1 million that would previously have been reported under the operating activities instead is reported under the financing activities. This has an effect on the profit for the period after tax of SEK -0.2 million, including deferred tax liability.

For the Group's alternative performance measures, the main effects were on net debt, affected by an increase of SEK 39.8 million to SEK -19.9 million, which also increased net debt/EBIT, a key figure used in the Group's financial targets, from -1.1 to -0.4 and the equity ratio, as with the increased debt fell from 60 percent to 56 percent.

Effects from IFRS 16 during the period	June 30, 2019 (IFRS 16)	Effect from IFRS 16	June 30, 2019 (IAS 17)
EBIT, SEK million	22.6	0.2	22.4
Fixed assets, SEK million	59.8	34.8	25.1
Long-term liabilities, SEK million	72.1	22.8	49.2
Current liabilities, SEK million	178.9	11.2	167.8
Cash flow from operating activities, SEK million	10.3	5.1	5.2
Cash flow from financing activities, SEK million	28.3	-5.1	33.4
Equity ratio, %	54.8	-3.5	58.3
Net debt, SEK million	25.5	33.7	-8.1
Net debt/EBIT, times	0.7	0.9	-0.2

**NOTE 2 PLEDGED ASSETS  
AND CONTINGENT LIABILITIES**

June 30, SEK million	Group		Parent company	
	2019	2018	2019	2018
Pledged assets	181.3	151.6	85.8	85.8
Contingent liabilities	0.0	0.0	95.4	55.1

**NOTE 3 INVESTMENT IN STRATEGIC NEAR-PATIENT  
PARTNERSHIP WITH BIOSURFIT**

On December 14, 2018, Boule entered a strategic partnership with the Portuguese diagnostic company biosurfit. Biosurfit develops and manufactures spinit®, a system for near-patient diagnostics in hematology, immunology and clinical chemistry. Boule acquired shares in biosurfit corresponding to 24.99% of the total share capital and the number of votes in return for an investment of EUR 5 million, corresponding to SEK 53.6 million, in conjunction with the strategic partnership. EUR 2.5 million of the investment was disbursed in December 2018 and the remaining EUR 2.5 million was disbursed in January 2019. In the period up to the end of 2021, Boule has the option to acquire an additional 24.99% for EUR 5 million plus interest, and in 2022 the possibility to acquire the remaining shares according to a predetermined multiple valuation formula. Boule's holding in biosurfit is reported in the Parent Company's and the Group's balance sheets as Shares in Associates. In the consolidated statement of income, the profit and loss from Associates are presented in the net financial items.

**NOTE 4 DISAGGREGATION OF REVENUE**

Revenue by region SEK million	Apr-Jun 2019	Apr-Jun 2018	Change	Jul 18- Jun 19 (R12)	Jul 17- Jun 18 (R12)	Change (R12)
USA	34.4	29.1	18%	136.9	123.5	11%
Asia	35.0	31.3	12%	134.4	109.0	23%
Eastern Europe	18.2	16.1	13%	63.3	61.1	4%
Latin America	12.6	6.6	91%	41.0	32.5	26%
Western Europe	8.8	9.1	-3%	35.8	35.6	0%
Africa/Middle East	10.7	15.7	-32%	44.1	62.5	-29%
<b>Total</b>	<b>119.7</b>	<b>107.8</b>	<b>11%</b>	<b>455.5</b>	<b>424.2</b>	<b>7%</b>

Revenue by product SEK million	Apr-Jun 2019	Apr-Jun 2018	Change	Jul 18- Jun 19 (R12)	Jul 17- Jun 18 (R12)	Change (R12)
Instruments	42.8	37.4	15%	162.1	150.6	8%
Consumables own instruments	50.6	48.4	5%	193.2	175.2	10%
Consumables OEM and CDS-brand	15.7	12.1	30%	62.4	54.0	16%
Other	10.6	10.0	6%	37.9	44.4	-15%
<b>Total</b>	<b>119.7</b>	<b>107.8</b>	<b>11%</b>	<b>455.5</b>	<b>424.2</b>	<b>7%</b>

## Quarterly overview<sup>1</sup>

	2019		2018				2017		
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
Net sales, SEK million	119.7	118.6	106.2	110.9	107.8	99.5	107.2	109.7	104.3
Gross profit, SEK million	52.0	54.1	43.3	47.3	52.6	46.5	51.5	56.8	43.6
Gross margin, %	43.4	45.6	40.7	42.7	48.8	46.8	48.0	51.8	41.8
EBITDA, SEK million	16.7	21.7	5.7	14.8	22.2	20.5	18.8	30.2	1.4
EBITDA margin, %	14.0	18.3	5.4	13.4	20.6	20.7	17.5	27.5	1.3
EBIT, SEK million	5.9	16.7	3.4	12.8	19.8	18.8	14.9	28.2	-0.7
EBIT margin, %	5.0	14.1	3.2	11.5	18.4	18.9	13.9	25.7	-0.7
Profit after tax, SEK million	0.3	9.8	1.4	9.8	14.9	14.9	8.1	21.6	-1.1
Earnings per share before dilution, SEK <sup>2</sup>	0.01	0.51	0.07	0.50	0.77	0.77	0.42	1.13	-0.06
Earnings per share after dilution, SEK <sup>2</sup>	0.01	0.51	0.07	0.50	0.77	0.77	0.42	1.12	-0.06
Cash flow from operating activities per share, SEK <sup>2</sup>	0.80	-0.25	0.34	-0.03	0.50	0.35	1.25	0.53	1.24
Return on equity, %	0.1	3.2	0.5	3.3	5.3	5.5	3.2	9.2	-0.5
Net debt/EBIT (R12)	0.7	0.3	-1.1	-1.4	-1.1	-1.9	-2.1	-2.2	-1.9
Equity/assets ratio, %	55	57	60	69	66	66	63	63	59

- 1) On January 1, 2019, IFRS 16 was implemented, which has affected the Group's financial statements and key figures. The implementation also affects comparisons with earlier periods as they are still reported in accordance with previous accounting principles. For more information on the effects, see Note 1.
- 2) Per share key ratios for the comparative periods have been recalculated to adjust for the stock split in June 2018.

## 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 220 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: Expand in new geographic markets and in new customer segments by improved sales strategies and resources and with together with partners.
- 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 around nine percent and the company envisages continued good growth potential at global level. Boule has long experience of both organic growth and growth by acquisition.

### DIVIDEND

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

## Our systems



Medonic  
Human diagnostics  
3-part system



Swelab  
Human diagnostics  
3-part system



Medonic  
Human diagnostics  
5-part system



Swelab  
Human diagnostics  
5-part system



Quintus  
Human diagnostics  
5-part system



Exigo H400  
Veterinary diagnostics  
4-part system



Exigo C200  
Veterinary clinical  
chemistry analyzer

## Information to shareholders

### CALENDER

Interim report third quarter	2019-10-30
Year-end report	2020-02-07
Annual report 2019	2020-04-16
Interim report first quarter	2020-05-07
Annual General Meeting	2020-05-07

### PRESENTATION OF THE 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, August 14, 2019  
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 and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above at 15:00 CET on August 14, 2019.