

Annual Report

2013/2014



The world needs more efficient healthcare and more secure communication. Sectra plays a key role in meeting these needs.

SECTRA

Knowledge and passion

The knowledge to meet expectations. The passion to exceed them.

At Sectra, you can expect to meet highly skilled employees who share their experience with customers.

We are prepared to walk that extra mile to solve our customers' problems – more than is normally expected from employees in the same role with other providers.

That is why customers choose Sectra. And why they remain loyal.

Page 9 **INCREASED PROFITABILITY**
The Group reported a positive profit trend and Sectra achieved its operating margin target of 15%.

Page 7 **HIGHEST RATINGS FROM CUSTOMERS**
Healthcare providers in the US ranked Sectra Number 1.

Page 26 **SHAREHOLDER RETURN**
Sectra's financial position remains strong. The Board proposes that SEK 167 million be transferred to shareholders.

Page 23 **GREEN LIGHT FOR NEW SECURITY PRODUCTS**
EU, NATO and national security authorities approved Sectra's new crypto products.

Page 14 **MORE EFFICIENT CANCER DIAGNOSIS**
The use of medical images for cancer diagnosis is the golden thread that runs through Sectra's solutions for radiology, mammography and pathology.

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Efficient care and secure communication

Sectra's offering for a better and safer society



Sectra conducts development and sales of products and services in medical IT and secure communication. Sectra has its roots in research at Linköping University and ties with the research community remain strong. We are dedicated to making the world a better place using technological innovations – in partnership with our customers. We work together to create effective solutions that are beneficial for humanity.

Sectra has grown from a small group of researchers and postgraduates in 1978 to an international company with more than 500 employees in 12 countries. Long-term and close collaboration with customers has been key to the company's success, combined with innovation, technological excellence, and every employee's dedication to using their knowledge to solve customer problems.

Understanding customers, their daily work and problems provides the platform for how Sectra organizes its operations, based on various customer segments.

Imaging IT Solutions

Increased efficiency across the entire healthcare chain with fast and safe management and presentation of medical images and patient information.

Page **13**

Business Innovation

An incubator for business lines, projects and ideas that are growing, but not big enough to be treated as separate business areas of Sectra.

Page **17**

Secure Communications

Secure communication for a safer and more stable world.

Page **21**

Other operations

The Group's financing operations for large-scale customer projects and central functions for finance, asset management, quality, IT, marketing communication and investor relations.

2013/2014 in brief

Q1

The largest healthcare consortium in the UK, Barts Health NHS Trust in London, signs an extensive ten-year contract.

Blekinge County Council in Sweden and several other healthcare clients renew major managed-services and maintenance agreements.

The Board sets a new growth goal and an order of priority for the financial goals, refer to page 9.

Q2

The James Paget University Hospital in the UK signs a ten-year managed-services agreement.

Through a share redemption program totaling SEK 166.9 million, SEK 4.50 per share is distributed to shareholders.

Q3

Order is received from the King Faisal Specialist Hospital and Research Centre in Saudi Arabia, one of the region's most reputed hospitals.

Sectra's smartphone product for secure voice communication and text, Panthon 3, receives EU approval. The solution is also approved by NATO, the Netherlands and the Czech Republic.

Q4

The Department of Health, Social Services and Public Safety in Northern Ireland expands its collaboration with Sectra.

The Dutch Ministry of Defense orders Sectra's secure mobile phone, Sectra Tiger 7401, and extends its framework agreement for secure communication.

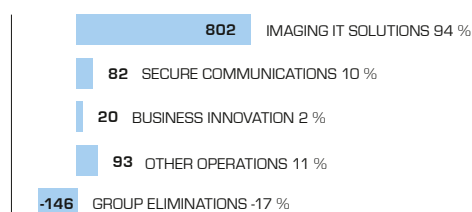
For more details about these individual events, refer to www.sectra.com/news

MSEK	13/14	12/13	11/12	10/11	09/10
Order bookings	925	916	701	631	766
Net sales	853	817	823	783	753
Operating profit	128	85	103	72	115
Profit before tax	141	86	127	70	113
Earnings per share, SEK	2.80	1.68	2.52	1.31	2.28
Cash flow ¹	159	133	153	25	37
Dividend/redemption ²	167	166	185	185	0

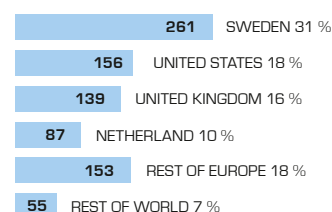
¹ Cash flow pertains to operating activities before changes in working capital.

² 13/14 pertains to the Board's proposal to the 2014 Annual General Meeting.

SALES BY SEGMENT MSEK



SALES BY GEOGRAPHIC MARKET MSEK



Awards

US healthcare providers give Sectra's system for managing and archiving medical images a top ranking in the PACS category.

Sectra's new product for radiation dose monitoring, Sectra DoseTrack, was named "Best New Radiology Software" by one of the most eminent online radiology portals, AuntMinnie.com.



Best in KLAS
#1 in PACS

Satisfied customers and dedicated employees generate high returns

The 2013/2014 fiscal year was positive for the entire Group. Customer satisfaction increased and we achieved our profitability goal – an operating margin of 15%. Obviously, it feels gratifying that our profitability is high and we can thus continue to generate high returns. But what really makes me proud is the confirmation that Sectra's employees and products are appreciated by our customers. So highly appreciated, in fact, that our US customers rated Sectra the top provider of Picture Archiving Communication Systems (PACS).



I want to start by being honest with those of you who have chosen, or are considering, to invest in Sectra. Among the highest priorities for our day-to-day operations, our shareholders come third. In the long term, we believe this will benefit you most. Our highest priorities are:

1. Satisfied customers
2. Dedicated employees

This is the basis for our priorities in the extensive process to create solutions that contribute to improving quality of life through more efficient healthcare and a more secure society. This is also the reason why our shareholders have received high dividend yields over the past four years.

Will champagne lead to customer satisfaction?

Our goal to be ranked Number 1 in the medtech industry's most important customer satisfaction survey, compiled by the US market research company KLAS, was established nearly ten years ago. At the time, a global company that sold our medical IT systems as part of its own offering had acquired one of our competitors. We both went our own separate ways and Sectra began to act in the US market under its own brand. Today, we have a good relationship with our former partner, which continues to maintain and deliver upgrades to hundreds of shared customers who have chosen to retain our systems. However, knowing that Sectra has the most satisfied customers is a wonderful feeling. The KLAS award boosts our marketing in the US, but also in other countries. When we achieved our goal, we opened two magnums of champagne together with employees at our offices in Shelton in the US and Linköping in

Sweden. The bottles had been strategically displayed throughout the years to remind us of our goal on a daily basis.

Employees are our greatest competitive advantage

I wish that all of our shareholders could join us when we visit customers and hear about the efforts that Sectra's employees make for our customers. But since this is not possible, we have chosen to include some of the comments from customers in various customer evaluations in this Annual Report. They testify that we have succeeded in creating a culture that promotes responsibility, expertise and knowledge sharing. However, the real key is to recruit the right employees, and this is an area in which I, personally, am very much involved.

Development and innovation

Sectra's operations have been based on innovations since the company was founded in 1978. Since we want to maintain a high pace of innovation, we continuously invest in product development and, compared with previous years, activity in future-oriented projects has increased. One of our new and exciting innovations is an IT system for pathology – a highly significant area in cancer care. In this area, images are still managed manually. In order to improve collaboration between hospitals and to benefit from computerized image analysis, digitization is required. This presents an ideal opportunity for us to contribute and Sectra is currently commercializing a prototype for digital pathology that has been developed in a major Swedish research project in which Sectra is participating.

Long-term contracts provide stability

Both Imaging IT Solutions, which is Sectra's largest business area, and Business Innovation have grown – particularly in the UK, where Sectra has made acquisitions and invested in growth in recent years, and the Netherlands. Partner sales have also increased, mainly in the Middle East. The orders we receive from our healthcare customers are often extensive agreements for managed services or maintenance, and may continue for a period of up to ten years. The high proportion of long-term customer contracts provides stability and enables long-term investments in products and services that, in turn, create additional value for our customers.

The Secure Communications business area experienced a difficult year. The weak links are the operation's dependence on a few large customers and the limited market (European authorities) that we have addressed to date. To create conditions for long-term growth in the security field, we have initiated a process to identify and establish Sectra in new customer segments within industry and infrastructure, in which there is both a need and growing demand for our security expertise.

Profit growth in focus

We have conducted a number of activities in recent years that have contributed to Sectra's positive profit trend and the achievement of our profitability goal. The most significant activities are:

- the structural transaction in 2011, in which Sectra divested the company's low-dose mammography operation
- focused expansion
- lower proportion of hardware sales

"I started and developed Sectra's medical IT operation together with dedicated employees. My vision is that Sectra will continue to develop successfully, primarily by delivering greater customer value than our competitors. Our focus will always be on the customer. We will solve customer problems within the areas of our expertise and help them become more efficient by having a deep understanding of their daily processes and needs."

Torbjörn Kronander, President and CEO Sectra AB

- product development that has reduced costs for installation and maintenance
- internal efficiency enhancements and restructuring programs.

The operational improvements have mainly affected the Imaging IT Solutions business area, led by Marie Ekström Trägårdh, who is the highly competent President of this area and an inspiring person to work with.

Now that we have achieved our profitability goal, we will focus on also achieving our growth goal with a sustained operating margin. The growth goal is that operating profit per share will grow at least 10% per year, on average, over a five-year period. This does not mean that our strategies will change. Growth will primarily be achieved through:

- Focused expansion, possibly supplemented by acquisitions that support our organic growth.
- Developed partnerships with existing customers.

- Continued internal efficiency enhancements, including increased sales in the form of cloud services.
- Continued expansion of the product offering in segments adjacent to our current areas.

The future

The global trend of ageing populations with a growing demand for care services is increasing pressure on healthcare. The development potential for companies that are able to participate in, and contribute to, a sustainable and economically viable healthcare system will continue in mature markets. Sectra's products and services play a key role, since they enable greater efficiency and cost savings in the healthcare sector.

Cyber security is also a highly topical subject. Issues concerning inadequate security systems and products that are vulnerable to IT attacks are no longer reserved for defense departments and

government agencies. They increasingly involve private sector players and society in general. If these threats are not taken seriously, they could have serious implications and also pose a threat to public safety. Sectra has unique specialist expertise also in this field and can provide solutions that reduce vulnerability.

There is still considerable room for growth in our niche areas and I look forward to the future with confidence, bolstered by praise from satisfied customers. Together with these customers and our wonderful employees, Sectra is well-positioned to continue driving the development of efficient solutions that can improve quality of life, reduce society's healthcare costs and contribute to a more secure society.

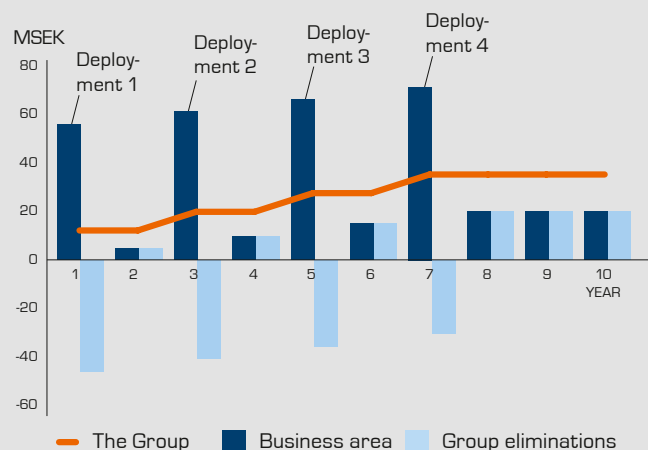
Linköping, June 2014
Torbjörn Kronander
President and CEO Sectra AB

Managed-services provide more stability for the Group

A growing share of Sectra's sales is derived from customers that choose to purchase IT systems in the form of managed-services agreements or Software as a Service (SaaS). Large-scale managed-services agreements are normally financed internally by the Group and are subsequently recognized in the manner presented in the chart. For traditional customer agreements, sales and profit are recognized at Group level in the same manner as in the business area in the example, which means that the highest proportion of sales and profit are recognized when the system is deployed at the customer's site.

The chart shows how the Group's sales trend could develop if Sectra's Imaging IT Solutions business area were to sign managed-services agreements with a new customer in years 1, 3, 5 and 7. The example is based on the assumption that each contract generates sales of SEK 100 million over a ten-year period. In reality, there are major variations depending on the term and content of the contract.

Distribution of sales for managed-services agreements that are financed internally by the Group.



Stability, increased profitability and growth

» Vision

Beneficial for humanity.

» New growth goal

The Group's financial goals were revised by the Board at the beginning of the 2013/2014 fiscal year. The new targets (in order of priority) are:

1. Stability: The equity/assets ratio is to be at least 30% (unchanged).
2. Profitability: The operating margin (EBIT) is to be at least 15% (unchanged).
3. Growth: Operating profit (EBIT) per share is to grow at least 10% per year on average over a five-year period (changed).

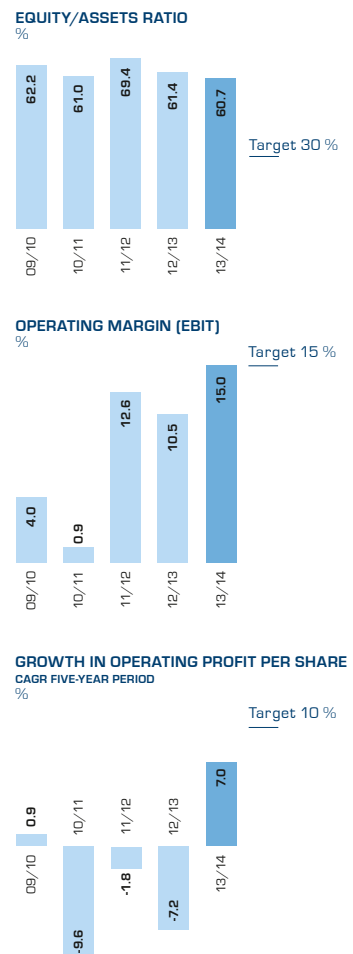
The reasons for the revision were that the Group's structure has changed following divestment of the operation for low-dose mammography in 2011 and that the markets for Sectra's products are evolving. This applies to both healthcare and security markets, where customers' buying behavior is gradually changing. Customers are increasingly purchasing IT systems and software in the form of long-term managed-services agreements or Pay-Per-Use (Software as a Service, SaaS) instead of, as previously, making heavy capital investments in complete IT systems. Managed-services agreements provide more protracted sales and revenue recognition, see the example on page 8, while the SaaS model allows for a lower proportion of hardware in the product mix than was previously the case.

» Five Group-wide strategies

- International expansion in areas and regions where Sectra holds an established position. Primarily organic growth, supplemented by smaller acquisitions that also strengthen the organic growth.
- Partnerships to reach a broader geographic market and to offer a wider range of products and services to customers.
- Close relationships with demanding customers to ensure that Sectra's solutions meet market demands for quality, functionality and usability.
- Strong, innovative corporate culture to attract and retain talented employees with the ability to solve our customers' problems and meet or exceed their expectations.
- Close collaboration with universities and research to capture ideas and new product areas that Sectra's customers may find useful.

For priorities, activities and future focus areas, refer to the CEO's letter and the sections for each business area.

» Status financial goals



Financial goals	Status	Why this goal
STABILITY The equity/assets ratio is to be at least 30%.	The equity/assets ratio was 60.7%, which exceeds the strategic target. The high equity/assets ratio has a positive impact on customer confidence in the company. Although Sectra has distributed more than SEK 500 million to shareholders through a share redemption program over the past three years, the equity/assets ratio remains high.	A strong financial position provides security for customers and enables investments in products and areas that create additional value for customers. A strong balance sheet also enables Sectra to finance managed-services agreements with customers, which is a major advantage since demand for these solutions is growing.
PROFITABILITY The operating margin (EBIT) is to be at least 15%.	The operating margin is 15.0%. Profitability has shown a positive trend in recent years through structural changes, a higher proportion of license and service sales, product development and a more efficient delivery organization.	A company must be profitable in order to invest in the development of new products and services. A healthy operating margin provides a guarantee that the business transactions in which Sectra can provide the most value are given higher priority than devoting resources to areas in which such value is lower.
GROWTH Operating profit (EBIT) per share is to grow at least 10% per year on average over a five-year period.	Profit growth was 7.0%. This is a result of Sectra's long-term efforts to boost cost-efficiency while increasing the proportion of higher-margin products, such as software licenses.	The goal of higher profit per share puts development for individual shareholders first. Since the proportion of software, services and deliveries via the Internet is increasing at the expense of hardware deliveries, for example, the goal of achieving higher sales is not as relevant for the company.

Partnership, innovation and long-term results

Sectra customers are in the healthcare, defense and public sectors. In partnership with customers, Sectra drives the development of effective solutions that improve quality of life for patients, reduce costs to society for care while increasing quality and contributing to a more secure society.

» Sectra's value generation

- Faster and better care for patients.
- More effective use of healthcare resources.
- Secure communication of sensitive information.

» Success and stability through close collaboration

Sectra's success is based on the motivation and ability to understand and solve customer problems. Through close collaboration with customers and an understanding of their operation, Sectra ensures that the company's solutions really contribute to added value. Proof that the strategy has been successful is the number of long-term contracts and that Sectra has retained most of the company's customers from 20 years ago.

Multi-year managed-services and maintenance agreements currently account for more than half of the Group's sales. This type of agreement can have a duration of up to ten years. This generates stable earnings for Sectra and provides a platform for ongoing development of the company's offerings.

» High degree of innovation

In total, 10–14% of the Group's sales are invested in research and development projects that will contribute to added value for customers in existing niches and related product areas. Sectra's innovation capability is based on a long tradition. The company was founded by researchers in information theory, with special expertise in encryption and image encoding. Sectra has maintained a strong connection with research in

the company's technological areas. The Center for Medical Image Science and Visualization (CMIV) in Sweden and University Hospitals in Cleveland in the US are two examples of important research partners.

Long experience in developing innovative solutions in close collaboration with customers, universities and research centers is a major advantage. The company's technological innovations are protected against infringement by some 30 patents.

Unique forum for worldwide customer involvement

Sectra UserInfluence is an efficient and value-generating online forum that enables direct and daily dialog with Sectra's users while new products and functionality are under development. The forum currently has more than 700 participants from all over the world.

"In my opinion, the way Sectra involves customers in its product development is unique. I have never experienced this process with any other provider. That we, as customers, can interact directly with Sectra's developers and product managers is invaluable and ensures that the products developed by Sectra solve real challenges in our operation."

Robert Jan van Etten, PACS Administrator at Rijnstate Hospital in the Netherlands.



Sectra – a long-term partner for future healthcare

Region Skåne is one of Sweden's largest care providers. The region comprises ten hospitals that perform some one million medical imaging procedures per year. For almost two decades, Sectra and Region Skåne have maintained a close relationship. Sectra and the customer have worked jointly to overcome major technological challenges, which has resulted in significant progress and efficiency in healthcare.

» From a hospital to a region-wide comprehensive solution

When the first Sectra system, Sectra PACS, was installed at Ystad Hospital in the mid-1990s, the hospital abandoned traditional X-ray film in favor of digital technology. In the early 2000s, all hospitals in the region began using Sectra RIS to also handle patient data digitally and more hospitals throughout the region gradually introduced Sectra PACS.

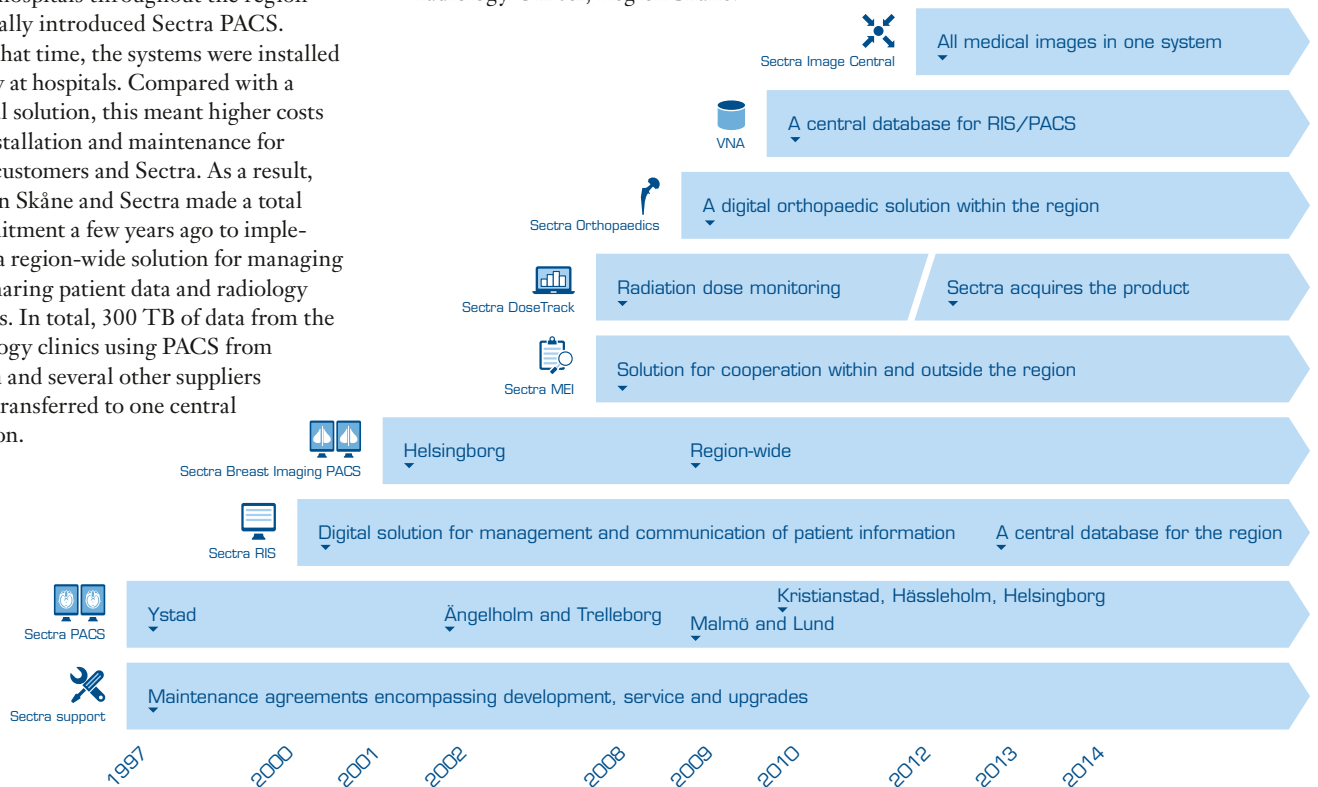
At that time, the systems were installed locally at hospitals. Compared with a central solution, this meant higher costs for installation and maintenance for both customers and Sectra. As a result, Region Skåne and Sectra made a total commitment a few years ago to implement a region-wide solution for managing and sharing patient data and radiology images. In total, 300 TB of data from the radiology clinics using PACS from Sectra and several other suppliers were transferred to one central solution.

» All image data in one place

Region Skåne has always been proactive in utilizing new technology to enhance efficiency and improve patient care. One such example is the introduction of consolidated image management – a solution demanded by more and more customers. The region took the first step several years ago by introducing Sectra's system for image-intensive departments other than radiology.

“We had different IT systems for handling image data in all of the diagnostic departments throughout the region and the benefits of gathering as much image data as possible in Sectra's system have been huge. It has enabled better integration and coordination of the procedures performed at our hospitals, leading to faster and more patient-focused care,” says Peter Leander, Regional Chief Radiology Officer, Region Skåne.

The region's partnership with Sectra also extends to products that facilitate secure communication of images and information with other county councils and private care providers, and services such as dictation with speech recognition and radiation dose monitoring. Through the introduction of new products from Sectra and long-term maintenance agreements encompassing development, service and upgrades of existing IT systems, Region Skåne is well-equipped to meet current and future challenges in healthcare.



The healthcare market

- major potential for efficient management of medical images

In most countries, an ageing population that is living longer while birth rates fall poses enormous challenges for healthcare systems. Today, one in ten people in the world is over the age of 60, a proportion that is expected to double by 2050. More than half of all hospital beds are occupied by people over the age of 65. In order to take care of more patients, healthcare must become more efficient, particularly services for diseases of the elderly.

» Drivers and trends

- An ageing population and greater prosperity requires higher capacity and efficiency in healthcare.
- Efficient care in such areas as cancer, cardiovascular diseases, neurology and diseases of the musculoskeletal system will be critical to reducing costs throughout the entire healthcare chain.
- Consolidation and coordination of healthcare resources for increased cost efficiency. This contributes to the growing need for communication, archiving and presentation of medical imaging data.
- Technological progress and new imaging equipment for diagnosis and treatment increase the volume of images and information per patient. This

requires new, more efficient methods and solutions that will help physicians make the best use of available data.

- Customers' buying behavior is moving toward purchasing IT systems and software in the form of managed-service agreements or a Pay-Per-Use model, instead of making their own capital investments. This means that providers require the capacity to finance agreements that can be quite extensive.
- Demand for services delivered via the Internet – cloud services – is growing. These types of services mean that customers do not need to make heavy investments, and generate major cost and operational benefits for both customers and suppliers.

» Sectra's contribution to better and more efficient care

A picture says more than a thousand words – a familiar expression that is highly relevant in healthcare. Medical images from traditional radiology equipment, CT scanners and MRI scanners in combination, form invaluable decision support for reliable diagnoses and appropriate treatments.

Sectra offers customers medical IT systems and services. The company does so in one of the areas with the greatest future potential – management, archiving and presentation of medical images and patient information.



Sectra's mission statement

Increase the effectiveness of healthcare, while maintaining or increasing the quality of care.

Imaging IT Solutions



About Imaging IT Solutions and market

Number of employees: 409

Product offering

Medical IT systems and services that help Sectra's customers care for more patients, while retaining the same level of quality.

- Management, archiving and presentation of medical images and patient information.
- Operational monitoring and radiation dose monitoring.
- Maintenance in the form of support, system monitoring and upgrades.
- Consulting services in integration, system design, data migration and business development.
- Training.

Customers

Public and private healthcare providers that offer medical imaging services. Customers are normally major production-oriented hospitals and private clinic chains.

Sales channels and geographic presence

Own sales organization and/or partners in nearly 30 countries throughout Europe, North America, Australia/New Zealand, Russia,

Japan, the Middle East and South-East Asia. The largest markets are Sweden, the US, the UK, Norway and the Netherlands.

Market size and growth

Radiology information systems (RIS/PACS), of which picture archiving and communications systems (PACS) account for 80%.

Europe: size – approx. SEK 3.6 billion, growth – approx. 5% per year 2012–2019

US: size – approx. SEK 11.8 billion, growth – approx. 6-9% per year 2012–2019

Source: GlobalData

Major competitors

Agfa, Carestream, Fuji, General Electric, Philips, Siemens and local players in various countries.

Major opportunities

- Major need for further efficiency in radiology and other image-intensive areas in healthcare.
- Pathology is one area that has not yet digitized image management and may therefore achieve maximum benefit from the digital solutions developed by Sectra.

- Demand for cloud services is growing and entails major cost and operational benefits for both customers and providers. Thus, there is considerable growth potential for Sectra in both new and existing customer segments.

Major risks

- Not being able to maintain the pace of innovation or leadership in today's rapid technological development.
- The price trend.
- Political decisions that change healthcare reimbursement systems or levels.

Long-term goals

- Sectra is to be a leading provider of total solutions for all medical image sharing and management. Primarily in radiology, but eventually in other image-intensive areas.
- Sectra is to have the most satisfied customers in the industry.



Why I work at Sectra

I get to work with new technologies that help people live healthier lives. Being able to combine my interest in technology with the feeling of doing good, while working in an incredibly dynamic environment where I can make a difference, really motivates me.

Marie Ekström Trägårdh, President of Imaging IT Solutions and Executive Vice President of Sectra AB

Satisfied customers – the result of close collaboration

Medical images provide information that enables physicians to make a diagnosis. Most patients suffering from disease or injury undergo an examination at the radiology department as part of their diagnosis and treatment, which means that these departments play a central role in healthcare. Increased efficiency when handling referrals, patient data, images and replies contributes to higher quality in the care chain. As a result, Sectra has focused on making radiology departments more efficient for more than 20 years. This has led to long-lasting and close relationships with satisfied customers all over the world.

» World-leading provider of medical IT systems

Sectra is one of the world's leading providers of IT systems for managing medical images and patient information in radiology. The business area has successfully delivered some of the largest installations of medical image management solutions worldwide. Today, more than 1,700 care providers use Sectra's system and services.

Most users of Sectra's systems are active in the image-intensive areas of radiology and mammography. With the addition of Sectra's new development projects in pathology, previously a research project in Business Innovation, medical imaging for

cancer diagnosis runs like a golden thread through Sectra's offering. Sectra's system also handles medical images in the areas of dermatology (skin), cardiology (heart) and those that use image documentation (such as surgery). Coherent management of all types of medical images facilitates and optimizes customers' work.

» Sectra's contribution to increased efficiency provides high-quality care

Sectra's system makes it easier to diagnose, share and visualize medical imaging information with associated patient information. Healthcare personnel have immediate access to images and information, which increases efficiency in information flows, processes and resource

utilization. For the patient, this generates added value through faster diagnosis and improved quality of care.

IT support makes it easier to collaborate across hospital, regional and national boundaries. This facilitates the coordination of healthcare resources and improves access to special expertise. Sectra's solutions also provide support for integration between the various IT systems used in healthcare, such as EMR systems, giving physicians and qualified healthcare personnel a complete picture of the patient's medical history.

Product development for more efficient cancer diagnosis

Pathology is a major image-intensive area in healthcare that has not yet been digitized. Sectra played a key role in the digitization of radiology and therefore has the expertise, experience and resources required to help pathology take the same journey. Over the past year, Sectra has participated in a major Swedish research project that developed a prototype for a digital pathology workstation that attracted a great deal of attention for its innovative tools and high performance. Sectra has now initiated a development project to commercialize the research results.



The year in brief and the way forward

The focus has been to develop existing customer relationships, broaden the product portfolio with solutions that further optimize customer operations and to grow with new customers in regions where Sectra has an established customer base and in carefully selected emerging markets through partners. A brief summary of the most significant events in 2013/2014 is presented below.



SATISFIED CUSTOMERS
US care providers gave Sectra a top rating in the PACS category according to the 2013 customer satisfaction survey conducted by market research company KLAS.

Best in KLAS
#1 in PACS



NEW PRODUCTS

Expanded product offering, including:

- 3D visualization with new diagnostic tools for vascular disorders.
- improved solutions for patient confidentiality, in accordance with new legal requirements.
- solutions and consulting services for business analysis.

EXPANSION THROUGH PARTNERSHIP

Sales success via partners – for example, the King Faisal Specialist Hospital and Research Centre in Saudi Arabia selected Sectra's IT solution. Sectra's partner, Royal Philips Electronics, extended a support agreement for about 200 customers using Sectra PACS that were delivered by Philips.

GROWTH

Sales rose 13.2% to SEK 802.8 million (709.2). Growth was mainly attributable to long-term managed-services and maintenance agreements for region-wide IT solutions. The business area's operations in the UK and the Netherlands reported the most significant growth.

Operating profit rose 73.1% to SEK 178.6 million (103.2) through growth, internal efficiency enhancements and a focus on software sales with high margins.

22% operating margin

THE WAY FORWARD – CONTINUED EXPANSION WITH A FOCUS ON RADIOLOGY

- Growth through:
 - developing partnerships with existing customers. Sectra has the potential to grow with its product and service offerings that can contribute to further efficiency in healthcare.
 - focus on radiology. Grow with new customers in regions where Sectra has an established customer base, such as the UK, the Netherlands and the US. Grow in carefully selected emerging markets through partners, such as in Saudi Arabia.
 - extending the product offering into new segments. Primarily pathology, but also other types of image-intensive operations in which cancer diagnosis, integration and work flow play an important role.
- Increased customer satisfaction by continuously measuring and monitoring customer opinions about Sectra's support and products.
- Sustained operating margin.



What customers say about Sectra

"The Sectra PACS product in my opinion is one of the best on the market, offering an efficient solution for most modern radiology workflows. The experience of the commercial and project teams has been easy to work with and extremely helpful and has eased our transition to our new PACS to date."

PACS manager at a UK hospital

"I work with several different systems and providers. Sectra sticks out in a positive way. Our contact people at Sectra are always good listeners, knowledgeable and service-minded."

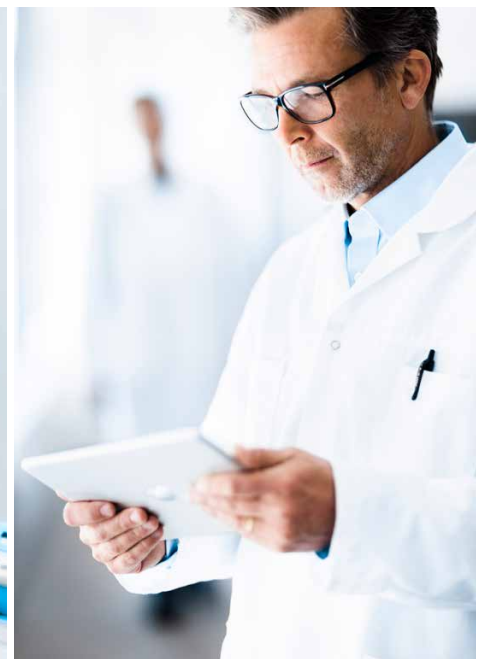
Information and systems manager at a hospital in Sweden

"Our business with Sectra goes way back to before their separation from Philips. Sectra goes above and beyond to accommodate, assist and troubleshoot any task big or small. The Sectra Monitoring system is an excellent notification tool but it also helps train curious system administrators because Sectra is always willing to share their tools. When I call Sectra I don't feel like I'm talking to a vendor; more like a brother or a sister in which Sectra has worked hard through the years to build this kind of partnership with us."

PACS administrator at a hospital in North America

"Your service & support is first rate. I either call or email, all tickets are tracked should I ever need to review them. All items are followed up in an appropriate amount of time based on level of concern. As for the application itself, we rarely ever have any technical issues; when they do occur all are addressed in a timely fashion. All new physicians I train always indicate how user-friendly and easy it is to operate."

PACS administrator at a hospital in North America



Business Innovation



About Business Innovation

Number of Employees: 20

Customers

Private and public mammography and orthopaedic clinics, and universities engaged in medical education.

Sales channels

Own sales organization and through partners such as Zimmer (orthopaedics) and Tellyes Scientific (medical education).

Major opportunities

- Joint replacement surgery is expected to rise sharply due to the ageing population. This presents major opportunities to deliver new, more efficient system and services for logistics, planning and monitoring orthopaedic procedures.

- Osteoporosis is an underdiagnosed disease and the costs to society of caring for patients suffering from bone fractures due to this disease are consistently rising. This represents major potential for analytical services that can identify people at risk of osteoporotic fractures.
- Increased demand for innovative methods and materials for medical education.

Major risks

Sound scientific and medical evidence is essential in healthcare, which means that implementing new technologies and methods is often a long process and associated with high risk. As a result, many research and other early-phase projects will never grow to any major degree, but it is hoped that some will be highly successful.

Long-term goals

- That the business lines in Business Innovation will grow and account for at least 10% of the Group's sales, and subsequently evolve into separate business areas. Alternatively, projects can be transferred to an existing business area, which has now taken place with digital pathology.
- That the research projects will validate clinical benefits or lead to new and innovative solutions that add value for customers in Sectra's main areas.
- To continue building and maintaining a strong patent portfolio in Sectra's key areas.



Claes Lundström, Research Director Medical Systems
 Maria Bolin, General Manager Business Unit Osteoporosis
 Hanna Eriksson, General Manager Business Unit Orthopaedics
 Jakob Algulin, General Manager Business Unit Medical Education

Cultivating Sectra ideas for growth

Innovation is the foundation for Sectra's long-term development, and Business Innovation is the Group's incubator for the future. Business Innovation gathers smaller activities that could eventually lead to major growth in Sectra's main areas or related niches. The projects include methods and products that contribute to more efficient and better care for some of society's most costly diseases that primarily affect the elderly. Sectra participates in research that may lead to a better quality of life, increased customer value and cost savings for healthcare and society.

In Business Innovation, Sectra evaluates and promotes opportunities to commercialize new technologies and new segments in the Group's main and related areas. In some cases, the projects are maturing business units that are building a customer base for their products and services, but need to continue growing before they become a separate business area. The projects must be able to generate a profit within three to seven years and focus on segments in which deliveries are mainly via the Internet. Business Innovation also manages and develops Sectra's patent portfolio.

In 2013/2014, the business lines in Business Innovation comprised Orthopaedics, Osteoporosis and Sectra's research department, which mainly conducted a project for digitization of the pathology area. The digital pathology project has reached an initial commercial phase and, at the end of the fiscal year, was transferred to Imaging IT Solutions, which has initiated commercialization of the research results. Sectra's operation for medical education has also been included in Business Innovation since May 1, 2014, since this activity caters to a separate customer segment. This project was previously recognized in combination with the Imaging IT Solutions business area.

» Orthopaedics

Safer surgery using digital planning

The Orthopaedics business line offers IT systems for image-based planning and monitoring of orthopaedic surgery. Using medical images, measurement tools and a library of more than 75,000 implant templates, orthopaedists can plan orthopaedic

procedures with greater accuracy. For the patient, digital planning reduces the risk of postoperative complications. For hospitals, the number of implants that need to be developed for each surgical procedure decreases. This reduces inventory costs and increases capital efficiency. Today, Sectra is a market leader in Scandinavia in this niche and holds a strong market position in several other countries, including the UK and the Netherlands.

Increased sales of Sectra's online service

Sectra's orthopaedic offering is also sold as an online service, Sectra Preop Online. Customer benefits include not needing to install any software locally and that the service can be used independently of the system used for radiology-image management (PACS). The customer pays either per-year or per-use. Sales are primarily conducted through collaboration with implant suppliers, including Zimmer, in which the partnership has been expanded to encompass several new European, Middle East and Africa (EMEA) countries. This partnership now comprises a total of 17 countries.

» Osteoporosis

Preventive and profitable care that reduces suffering

Osteoporosis is one of the world's most costly and painful diseases. For Sweden and the five largest European countries combined, the estimated costs of osteoporotic fractures are EUR 30 billion per year¹. This is partly due to 80%² of the people suffering from this disease not receiving the correct diagnosis and treat-

ment. Guidelines issued by the Swedish National Board of Health and Welfare claim that expanding the criteria for osteoporosis diagnosis could lead to major cost savings. Sectra's method for early diagnosis, Sectra OneScreen, could considerably reduce costs to society for care and after-care for osteoporosis-related fractures by identifying at-risk individuals for preventive monitoring in osteoporosis care.

Easy to combine osteoporosis screenings with mammograms

Osteoporosis is a condition that mainly afflicts women, particularly after menopause. In many countries, this group already participates in mammography programs. Sectra OneScreen enables ordinary mammography images to be supplemented with an X-ray image of the hand, which is taken during the same examination using the same equipment. The image is then sent electronically to Sectra for automatic image analysis to determine bone mineral density and thus enable an assessment of the risk of osteoporosis. However, Sectra OneScreen is not limited to mammography – other types of radiology equipment can also be used to take X-ray images of the hand.

Mammography clinics in 12 countries have now introduced this method and to date, nearly 3,500 women with a significantly higher risk for osteoporotic fractures have been identified. Early diagnosis enables treatment of the disease and prevents unnecessary suffering for many women due to painful fractures. Reducing the number of fractures also generates major cost savings for society.

The year in brief and the way forward

MORE JOIN THE FIGHT AGAINST OSTEOPOROSIS

More mammography clinics have introduced regular osteoporosis screenings with the Sectra OneScreen online service. Agreements were signed with the Allison Breast Center in the US and the Finnish care provider Soumen Radiologikeskus, of which both are first in their respective countries.

RESEARCH COLLABORATION

In the research area, Sectra has participated in a major Swedish project to develop a prototype for a digital pathology workstation.

GROWTH

Sales rose 17.5% to SEK 20.8 million (17.7).

Operating loss was SEK 2.6 million (loss: 7.0).

17% growth

EXPANDED PARTNERSHIP

In Orthopaedics, the partnership with implant supplier Zimmer was expanded to encompass a number of new EMEA countries. In Medical Education, new collaborations were initiated for the distribution of Sectra's offering. New partners include the US company Touch of Life Technologies, and the Chinese company Tellyes Scientific.

THE WAY FORWARD

- Orthopaedics – partnerships with implant suppliers.
- Osteoporosis – to grow primarily with customers in the private mammography clinic segment.
- Medical Education – continue to build up a library with training material and expand through distributors.
- Research – further progress in the research project for digital pathology.



» Medical Education

Sectra is improving medical education in 16 countries

Detailed studies of virtual bodies provide students with a better understanding of anatomy, functions and variations between individuals and better knowledge of rare diseases in the early stages of their medical education. Sectra provides solutions that make it possible to interact with three-dimensional images of the human body using various display systems, such as the Visualization Table³, tablets, projectors and 3D printers. The offering also includes an extensive library of anatomical images. Sectra's solution for medical education is mainly sold through partners and is used for teaching in more than 16 countries worldwide.

» Research

Collaboration with research institutes

The research department conducts several projects, partly to produce clinical evidence for existing techniques, but also to create new products. Sectra is involved in a large-scale Swedish research project to digitize microscopic images that commenced in the summer of 2012. The project is co-financed by Swedish Vinnova and led by the Center for Medical Images Science and Visualization (CMIV) at Linköping University. Nine of a total of 20 county councils/regions throughout Sweden are involved.

Digitization can help improve cancer care

Rapid and exact analysis of tissue samples is crucial in many areas, including cancer care. At the same time, pathologists are in short supply and cancer incidence rates are rising in pace with the aging population. Digitized microscopic images are considered a cornerstone for reducing waiting times, increasing diagnostic precision, enhancing resource efficiency and improving education. In addition, digital technology enables the transfer of images between hospitals. Sectra's is contributing valuable knowledge and extensive experience in the digitization and management of medical images to the project.

[For references see page 59.]

The security market

– growing demand for secure communication

Communication plays a crucial role in the function and security of our global society. Communication enables us to pass on knowledge and information, influence events that can change the world. As a result, sensitive communication must be protected, particularly in relation to trade secrets, critical social functions and infrastructure, government contacts or national security. Shifts in political stability and the most recent year's publicity surrounding the mass surveillance of high-profile politicians by the United States National Security Agency are factors that increase demand for secure communication.

» Drivers and trends

- Eavesdropping telephone calls and messages is relatively easy and inexpensive, and poses a threat to society.
- New threat scenarios and rapid technological developments in mobile data and telecommunications impose new requirements on encryption products.
- A growing interest shown by civil authorities and critical social infrastructure for protecting sensitive and confidential information with security-approved products.
- Data stored on servers at a remote location is increasing and there is a need to transfer large volumes of data efficiently and securely.

» Sectra's contribution to a safer society

Sectra offers a protected realm for the exchange of sensitive information. The goal is to provide a platform for people to meet that guarantees full integrity, security and reliability. Sectra's solution is technological excellence with related encryption services. Through close collaboration and confidential dialog, Sectra is a trusted partner in the field of secure communication.

Sectra's mission statement

To deliver approved and efficient security solutions to authorities, defense departments and critical social infrastructure throughout Europe.

Sectra's products are approved by independent security authorities

For government agencies, defense departments and critical social infrastructure, the ability to transfer information quickly and securely is sometimes a matter of life and death. Communications equipment must therefore be approved and reviewed by an independent security authority. Four levels of security – Top Secret, Secret, Confidential and Restricted – define the handling of sensitive information and the potential damage that its disclosure could cause. Sectra's products are approved for handling information classified as Restricted and Secret.



Secure Communications



About Secure Communications and market

Number of Employees: 53

Product offering

Security-assured solutions and services that protect classified information:

- Products that are approved by national security authorities and international organizations such as the EU and NATO for secure voice and text communication and secure data transmission.
- Customer-specific development projects and services.
- Training and support.

Customers

Authorities, defense departments and critical social infrastructure that handle classified information and that are subject to regulations stipulating that their products must be approved by an independent security authority for handling classified information.

Sales channels and geographic presence

Sectra mainly works with direct sales, but also conducts sales jointly with partners in some countries. Sales are only conducted in the European market. The business area has offices in Sweden and the Netherlands, which are also the largest markets for Secure Communications.

Market growth and size

Customers are restrictive with information about crypto equipment and planned investments. As a result, there is no relevant market research. Sectra estimates that the number of potential users of the company's products for secure telephony at the security level of Secret is approx. 0.3 per thousand of the population, or 100,000, in Europe. The corresponding figure for the slightly less-demanding security level of Restricted is estimated to be ten times higher. Sectra's main area is the Secret segment, but the company also offers products for information classified as Restricted.

Major competitors

Advenica (formerly Business Security), Tutus, Thales, Rohde & Schwarz, Secunet, Fox IT and Selex Communications.

Major opportunities

- Authorities, defense departments and organizations are facing major security challenges due to the rapid technological development. The use of smartphones, tablets and cloud services for data storage, for example, are growing very fast. Here Sectra can offer services and certified products to enable such use to take place securely.

- Investments in security are increasing in such areas as private enterprise and critical infrastructure due to the major attention surrounding extensive eavesdropping incidents and cyber attacks. This presents an opportunity to broaden the business area's activities to encompass new customer segments.

Greatest risks

- Unpredictable changes in security requirements or delays in approval processes by a security authority, which extends the time before a product can be delivered to customers.
- Dependence on large, individual customers. The business area's two largest customers account for more than half of sales.

Long-term goals

To be the preferred secure communications partner for authorities, defense departments and critical social infrastructure throughout Europe. Sectra will pave the way for target groups that handle classified information, and are subject to regulations stipulating that their communication equipment must be reviewed and approved, to also gain access to the latest technology.



Why I work at Sectra

I have been working with encryption at Sectra since my postgraduate studies at the end of the 1980s. The need for secure communication has increased dramatically since then. The advanced technology in our products, the high level of expertise and dedication of our employees makes every day at work stimulating and exciting. Being part of the advances in security and encryption feels meaningful, because what we do contributes to a more stable and secure world.

Michael Bertilsson, President Secure Communications

Borderless communication for a more secure world

Eavesdropping on phone calls and messages is relatively easy, which could entail a security threat for many organizations. Sectra contributes to a safer society by helping European governments, authorities, companies and defense departments communicate securely, so that information reaches the intended recipient and no one else. Sectra's products are used to protect the most sensitive information handled by customers.

In this increasingly global society, where companies and organizations operate in multiple geographic locations, the need for efficient and secure communication is growing. Increasing amounts of information are to be shared, exchanged and backed up, which requires a well-functioning IT infrastructure which also, of course, includes mobile communication. Using Sectra's products and solutions, individuals and organizations can make telephone calls and send data, and always feel confident that the information will only reach its intended recipients.

» Sectra protects a nation's most sensitive information

Sectra has more than 30 years of experience in developing secure communication systems. Today, Sectra's solutions are used by customers in most European countries, and by the EU and NATO organizations. This is the result of close and long-lasting partnerships with customers as well as national security authorities in many countries. Being trusted to protect a nation's most sensitive information requires a high degree of trust in the provider. Sectra knows what is required to meet the most high-level security standards, while also satisfying organization and end-user expectations of high flexibility and mobility.

» Smart security for smartphones

The rapid development of technology entails major security challenges for organizations and companies. One example is that information, which was previously stored on computers only and therefore relatively protected, has now been moved to mobile devices. Although demand for secure communication with smartphones is beginning to grow, the market is not yet mature. The newly developed security solution, Sectra Panthon, has given Sectra a frontline position. As experts with extensive experience in secure communications, Sectra is ideally positioned to take a central role when this market emerges.

What customers say about Sectra

"Sectra is always there. No matter what time of the day or night I call, I always receive prompt assistance and professional service."

A Commanding Officer in the Swedish Defense Force

"Sectra has unique expertise in the security field. That is why we prefer working with them."

Director of a European security authority



The year in brief and the way forward

The focus was to restore profit levels and acquire security approval for newly developed products to enable continued expansion in Sweden, the Netherlands and other countries in which Sectra has an established customer base. A brief summary of the most significant events in 2013/2014 is presented below:



POSITIVE IN EUROPE

The business area reported successful sales of its new secure mobile phone Sectra Tiger 7401 primarily in the Netherlands, but also in other European countries.



GREEN LIGHT FOR NEW PRODUCT

The smartphone security solution Sectra Panthon 3 was approved up to the level of Restricted for secure voice and text message communication in several European countries, including the Netherlands, and the EU organization. Deliveries commenced and some customers subscribe to the product as a service, in which Sectra manages all administration and maintenance.

CHALLENGE IN SWEDEN

The operation reported an operating profit of SEK 0.9 million (1.4). The business area reduced its fixed operating expenses by about 10% following the restructuring that took place at the end of the preceding fiscal year.

Sales amounted to SEK 82.8 million (99.0), down 16.3% compared with the preceding fiscal year. Delays in customers' procurement processes and ongoing delivery and development projects, such as the new high-speed encryption solution Sectra Ternety, in Sweden continued to impact the business area.

THE WAY FORWARD – FOCUS ON PROFITABILITY

- Restoring the operation's profit levels will be a top priority. Key factors will include:
 - orders for new customer-financed development projects and deliveries of Sectra's TETRA Crypto for the radio communications of emergency and other blue-light services in the Swedish market, which is currently delayed due to protracted administration by the customer.
 - to continue increasing sales in the Netherlands and other parts of Europe, made possible by the new approvals of Sectra Tiger and Sectra Panthon, as well as satisfied users.
- To expand the operations into new customer segments, primarily to customers in critical infrastructure and private enterprise.



Driven by knowledge and passion

The key to Sectra's success is competent employees who are dedicated to solving customer problems. It is therefore crucial that Sectra's culture encourages responsibility and professional development.

Sectra wins by being there for customers, being fast and responsive to customer requirements, sharing knowledge and adapting quickly to new circumstances in the customer environment.

» An effort that makes a difference

Sectra's work is meaningful, both for individuals and for society. Sectra's CEO, Torbjörn Kronander, describes the responsibility of working with systems that can mean the difference between life and death for a human being:

"All, and we mean all, employees at Sectra must have a solid understanding of our customers' environments and also feel a major sense of responsibility for how our products and systems work. And if our customers ever experience any problems, we will do our utmost, and then some more, to help them. The attitude and dedication of our employees, and how we work together with our customers, is the key to continued success for both them and us. We know that many of our customers are pressed for time, so whenever we meet, we must be familiar with their operations and problems, as well as being efficient and competent."

» Corporate culture as a competitive advantage

One of the key elements of Sectra's culture is "Act, and act smart!" At Sectra, that means to take responsibility and act. The

corporate culture is therefore characterized by taking responsibility and an environment that also allows for mistakes. Sectra's culture is based on:

- A strong drive to always exceed customer expectations.
- Continuous improvement and innovation in high-tech fields.
- Offering solutions that benefit both individuals and society.
- Act, and act smart.
- Collaboration with demanding customers and competent end-users to create solid solutions.
- Tolerance and respect for each other as individuals and friends.
- Job satisfaction and humor.

» Customer visits strengthen knowledge and build relationships

Sectra's employees make frequent visits to customers that allow their involvement in operations, although visiting security customers is not always possible for obvious reasons. This provides greater insight into how customers work and helps ensure that Sectra's products and services create customer value.

"By every Sectra employee understanding our customers' environments and their challenges, we are able to deliver effective products and services. In addition to the quality enhancements that all customer visits generate, our employees find it stim-

ulating and enjoyable to really understand how our products are used and can make a difference," says Torbjörn Kronander.

» Multiculturalism and gender equality enriches the operations

Sectra's employees come from some 30 different countries and bring experience from a range of cultures and settings. This multicultural environment is a strength in international business development. Sectra also encourages internal mobility between departments and between the Group's offices around the world. This spreads the company's combined expertise and promotes collaboration within the Group.

Sectra aims to be an equal opportunity workplace. Although the availability of women engineers is low in Sectra's technology-intensive niche areas, the company seeks to achieve a gender balance. To encourage more women to aspire to managerial positions, Sectra arranges such activities as a special program and mentoring for the Group's female employees in Sweden.

Sectra – equal workplace

On the balance-sheet date, the proportion of women in Sectra's Group Management was 40%. This is significantly higher than the average figure for listed companies in Sweden, where the proportion of women in management teams at the beginning of 2014 was 18.5%⁴. This has been noted in the Swedish Allbright Report.

For references see page 59.



Employees explain why they work at Sectra

“I am a trained radiographer with a degree in IT, so working with IT systems in the field of RIS/PACS was a logical choice. Sectra’s culture suits my personality and gives me an opportunity to excel in my work. Quality and the ability to get things done are the key factors here. This means that I can make a difference for our customers and therefore all the patients that benefit from our systems.”

René Grevink, Project Engineer,
Sectra in the Netherlands



“Sectra is a wonderful company with a great big impact in healthcare. We continue to make strides towards improving healthcare which improves the lives of everyman, who wouldn’t want to stand by that? My parents taught me to live my life by the Golden Rule- “Do unto others as others should do unto you” and I am proud to work for a company that embraces this concept. Do something, and do it well!”

Sarah Falconer, Customer Service Application
Specialist, Sectra in North America

“I have been working with the protection of classified information for 17 years. I first came into contact with Sectra seven years ago when I worked for the company’s distributor in Slovenia. Sectra was then, and still is, number one when it

comes to protecting classified voice communication. I remember how impressed I was when I came here to Linköping and saw the R&D lab, the high-tech equipment, the expertise and corporate culture of the people who worked here. I joined Sectra’s international sales team four years later, and I am still equally impressed every morning when I step into the office. I truly believe that we are doing something important, something that helps our customers sleep better at night. The products we work with, the interesting people I meet on my travels, the excellent working conditions, colleagues and friends – these are the reasons why I like working at Sectra.”

Marjan Skrijanc, Country Manager,
Sectra in Linköping

“The opportunity to work with medical technology, which is my academic background, and to be involved in improving healthcare was what initially led me to seek contact with Sectra when it was time to write my thesis. At Sectra, I can grow as a person and impact future healthcare. My colleagues are technical experts and always have time to help a customer or a colleague. As an industry-based doctoral student at CMIV at Linköping University, I have also been able to combine my work at Sectra with medical imaging research.”

Daniel Forsberg, Research scientist,
Sectra in Linköping

High returns on Sectra's share

In recent years, shareholders have received high direct returns on the Sectra share. On the basis of a strong financial position and solid cash flow, the Board of Directors proposes that the 2014 Annual General Meeting (AGM) resolve to transfer an additional SEK 167.7 million to shareholders, corresponding to a direct return of 5.8% based on the year-end share price.

» Dividend policy

Sectra's dividend policy is that the dividend for each year is to be adapted to the company's capital requirements for both the operation and growth, and to the shareholders' desire for direct returns. The objective is to provide shareholders with a balanced and favorable direct return over time and to adjust the dividend so that the company's equity/assets ratio is never less than 30%.

» Share redemption program and dividend

The 2013 AGM resolved to transfer SEK 4.50 per share, a total of SEK 166.9 million, to shareholders through a share redemption program. Redemption was implemented through a 2:1 share split, combined with a mandatory redemption process and a stock dividend to restore the share capital. No ordinary dividend was paid. The Board of Directors proposes that the 2014 AGM resolves to transfer SEK 4.50 per share, totaling SEK 167.7 million, to shareholders through the same type of redemption process. No ordinary dividend is proposed. More information and a schedule will be available in the Investor/General Meeting section on Sectra's website not later than three weeks prior to the AGM on September 8, 2014.

On April 30, 2014, the equity/assets ratio was 60.7% and should the AGM resolve on a share redemption program in accordance with the proposal, the comparable equity/assets ratio will amount to 52.8%. This is well above Sectra's goal, which specifies that the equity/assets ratio is to exceed 30%.

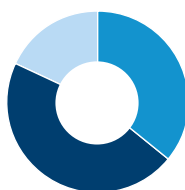
» Analysts

The following analysts monitor Sectra's performance and publish analyses:
Carnegie, Kristofer Liljeberg,
tel: +46 (0)8-676 87 63
Redeye, Klas Palin,
tel: +46 (0)8-545 01 344
Remium, Christian Lee,
tel: +46 (0)8-454 32 21

Facts

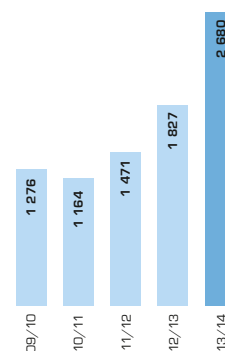
Ticker: SECT B
Market name:
NASDAQ OMX Stockholm AB
Year of listing: 1999
Segment: Mid-cap
Sector: Healthcare
Market capitalization: SEK 2 680 million

OWNERSHIP STRUCTURE

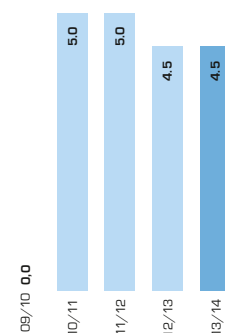


- 36 % Swedish private owners
- 46 % Swedish institutional investors/legal entities
- 18 % Foreign investors

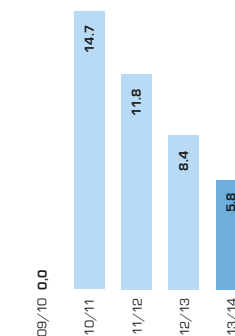
MARKET CAPITALIZATION MSEK



DIVIDEND/REDEMPTION PER SHARE SEK



DIRECT RETURN %



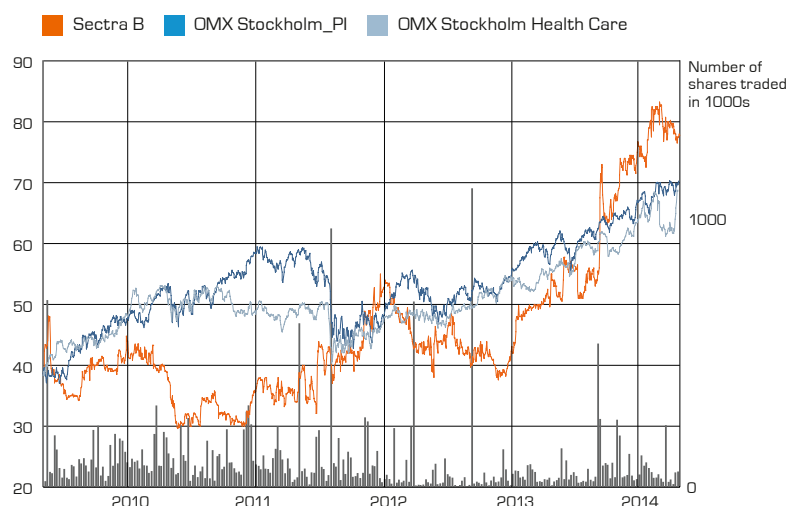
» Share capital development and number of shares 2013/2014

Date	Transaction	Change in share capital	Total share capital	Total no. of shares
2013-05-01	Share capital on balance-sheet date		37 094 978	37 094 978
2013-07-15	Redemption program – 2:1 split	0	37 094 978	74 189 956
2013-07-31	Redemption program – share redemption	-18 547 489	18 547 489	37 094 978
2013-07-31	Redemption program – stock dividend	18 547 489	37 094 978	37 094 978

The total number of shares outstanding on the balance-sheet date was 37,094,978, comprising 2,620,692 Class A shares and 34,474,286 Class B shares. A Class A share confers ten votes, while a Class B share confers one vote. All shares carry equal rights to the company's assets and profits. For more information about the share capital's development since listing, see Sectra's website under Investor/Sectra Share.

» Share price performance

During the fiscal year, the share price rose 46% to SEK 77.75 on the balance-sheet date. The Stockholm Exchange's Total Index rose 15% during the same period. The number of shares traded was 3.8 million (2.9), corresponding to a turnover rate of 0.11 times (0.09).



» Shareholder structure

The number of shares comprises direct shareholdings, holdings through related parties and legal entities at April 30, 2014.

Shareholders	A shares	B shares	Capital	Votes
Torbjörn Kronander	765 439	2 613 969	9.1%	16.9%
Jan-Olof Brüer	765 441	2 609 589	9.1%	16.9%
Nordea Investment Funds	0	6 358 273	17.1%	10.5%
Frithjof Qvigstad	262 866	1 902 519	5.8%	7.5%
IF Skadeförsäkring AB	0	4 322 927	11.7%	7.1%
Viiveke Fåk	221 700	1 088 150	3.5%	5.4%
Robert Forchheimer	202 203	1 178 104	3.7%	5.3%
Ingemar Ingemarsson	221 347	300 999	1.4%	4.1%
Fjärde AP-fonden	0	1 868 999	5.0%	3.1%
Thomas Ericson	136 329	298 197	1.2%	2.7%
Ten largest shareholders	2 575 325	22 541 725	67.7%	80.9%
Remaining 4 798 shareholders	45 367	11 932 561	32.3%	19.1%
Total	2 620 692	34 474 286	100%	100%

Five-year summary

– increased profit through growth and efficiency enhancements

» 2013/2014 Positive profit trend

Due to the structural changes, internal efficiency enhancements, business and product development implemented in recent years, the Group achieved its operating margin target of 15%. Strong growth in the UK and the Netherlands, and increased investment in product development. The Board of Directors proposes that SEK 167.7 million be transferred to shareholders through a share redemption program.

» 2012/2013 Focused growth initiatives

Efforts to strengthen the company's position in markets where Sectra holds an established position continued, including in the UK, where the medical IT services company Burnbank was acquired. Order bookings rose 30% due to successful sales in such countries as Sweden, the UK and the Netherlands. Strong financial position and solid cash flow. The company transferred SEK 166.9 million to shareholders.

» 2011/2012 Sectra's largest structural transaction

Sectra divested the operation for development and sales of the low-dose mammography product MicroDose Mammography. The capital gain was SEK 322 million and the structural transaction had a very positive impact on profitability and cash flow. In autumn 2011, Sectra transferred SEK 184 million to shareholders through a share redemption program (attributable to distributable profits in 2010/2011) and, following a decision by the Annual General Meeting, an additional SEK 185 million was transferred for 2011/2012 in a similar manner. Although the weak economic situation affected growth in many countries, order bookings rose 11% due to successful sales in northern Europe.

» 2010/2011 Launch of new-generation IT system for medical images

Sectra's sales rose nearly 4%, despite slow market growth due to the economic climate in both Europe and the US. Very few major transactions were implemented, which contributed to lower order bookings.

A development project for a new-generation IT system for medical imaging management was completed, which led to increased amortization. Earnings were negatively impacted by the strong SEK, and currency fluctuations had a negative effect of SEK 18 million on financial items. Major investments in the low-dose mammography product were charged against profit.

» 2009/2010 Product development for greater efficiency

Previously, Sectra had been relatively immune to the strained economic situation in the US and Europe but in this fiscal year, growth was affected by slowed demand. Major investments were made in the product development of a new-generation IT system for medical imaging management (PACS). The SEK was strengthened and currency fluctuations had a negative impact of SEK 9 million on net financial items. Major investments in the low-dose mammography product were charged against profit.

Sectra's new-generation IT system saves time and resources

Sectra has a growing global customer base. In the Imaging IT Solutions business area, Sectra has invested in product development and in new revised processes to streamline upgrades and installations. Sectra's latest Picture Archiving and Communication System (PACS) platform, which was launched in 2010/2011, brings significant savings in time and resources for system upgrades – a major advantage for both the customer and Sectra. Previously, an upgrade could take several days to complete.

"This was the smoothest upgrade yet. It took less than the four-hour amount of time budgeted and Sectra began the pre-fetch job at completion so our scheduled exams were available the next morning."

Diana Kissel at the Elizabeth Wende Breast Care clinic in the US, which recently upgraded its Sectra Breast Imaging PACS.



Amounts in SEK thousands unless otherwise stated.
Definition of key figures, see note 55.

	2013/2014	2012/2013	2011/2012 ¹	2010/2011	2009/2010
Sales, earnings and order bookings					
Net sales	853 796	816 954	823 090	783 691	753 857
Annual growth	4.5	-0.7	5.0	4.0	-3.0
Depreciation	-45 590	-45 955	-43 389	-41 288	-25 075
Impairment	-18 972	0	0	0	0
Operating profit (EBIT)	128 072	85 866	103 465	72 544	115 656
Average growth for operating profit per share, five-year, %	7.0	-7.2	-1.8	-9.2	0.9
Profit after financial items (EBT)	141 464	86 554	127 855	70 173	113 012
Net earnings for the year from remaining operations	103 858	62 246	92 848	48 299	83 992
Profit/loss from discontinued operations	0	0	292 967	-57 916	-66 785
Net earnings/loss for the year	103 858	62 246	385 815	-9 617	17 207
Order bookings	925 716	916 022	701 157	630 968	766 701
Profitability					
Gross margin, %	22.6	16.1	17.8	14.5	18.7
Operating margin, %	15.0	10.5	12.6	9.3	15.3
Profit margin, %	16.6	10.6	15.6	9.0	15.0
Return on total capital, incl. discontinued operations, %	13.7	7.9	40.8	-0.7	2.5
Return on working capital, incl. discontinued operations, %	21.1	11.6	59.7	-1.1	3.9
Return on equity, incl. discontinued operations, %	16.3	8.6	58.0	-1.6	2.9
Value added, SEK million	548.1	502.1	488.9	475.5	504.1
Funding and working capital					
Working capital, SEK million	661.3	691.8	822.0	592.9	642.1
of which goodwill	40.2	46.1	0.0	0.0	0.0
of which other intangible and tangible fixed assets	133.2	125.7	119.3	255.2	283.9
Liquidity ratio, multiple	2.7	2.6	3.4	2.1	2.1
Solvency, %	60.7	61.4	69.4	61	62.2
Debt ratio	0.07	0.04	0.04	0.04	0.07
Investments, SEK million	54.6	76.2	31.1	42.9	66.8
Cash flow					
Cash flow from operating activities	159 836	133 634	153 545	25 623	37 631
Operating cash flow	123 632	191 216	148 580	44 852	47 780
Cash flow from investment activity	-54 633	-76 206	-31 103	-20 547	-46 760
Cash flow from financing activity	-158 059	-182 697	-173 042	-16 898	-6 851
Cash flow for the year	-89 060	-67 687	395 530	7 407	-5 831
Employees					
No. of employees, average	523	527	500	496	484
No. of employees at fiscal year-end	536	528	502	500	497
Sales per employee, SEK million	1.6	1.6	1.6	1.6	1.6
Value added per employee, SEK million	1.0	1.0	1.0	1.0	1.0
Data per share					
Dividend per share/redemption ⁴ , SEK	4.5	4.50	5.00	5.00	0.00
Dividend yield, %	5.8	8.4	11.6	14.7	0
Earnings per share, SEK	2.8	1.68	2.52	1.31	2.28
Earnings per share incl. discontinued operations, SEK	2.8	1.68	10.47	-0.26	0.47
Earnings per share after dilution ³ , SEK	2.73	1.65	2.46	1.29	2.24
Earnings per share after dilution incl. discontinued operations ³ , SEK	2.73	1.65	10.23	-0.26	0.46
Cash flow per share, SEK	4.31	3.6	4.17	2.24	2.77
Cash flow per share, incl. discontinued operations, SEK	4.31	3.6	3.34	0.7	1.02
Cash flow per share after dilution ³ , SEK	4.19	3.53	4.05	2.19	2.73
Cash flow per share after dilution incl. discontinued operations ³ , SEK	4.19	3.53	3.24	0.68	1.01
Equity per share, SEK	16.49	17.94	21.37	15.46	16.36
Equity per share after full dilution ³ , SEK	16.05	17.55	20.77	15.13	16.11
No. of shares at fiscal year-end ²	37 094 978	37 094 978	36 842 088	36 842 088	36 842 088
Average number of shares	37 094 978	37 052 830	36 842 088	36 842 088	36 842 088
Share price at fiscal year-end, SEK	77.75	53.00	43.00	34.00	37.30
P/E ratio, multiple	27.8	31.5	17.1	26.0	16.4

¹ The 2011/2012 amounts include a nonrecurring item that had a positive impact of SEK 30 million on sales and SEK 25 million on operating profit.

² Adjusted for stock splits and bonus issues.

³ Dilution is based on the convertible debenture loan 2013/2014 (224,730), 2012/2013 (155,895), 2011/2012 (273,363) and 2010/2011 (176,052) and the employee stock option program 2011/2012 (100,000) and 2012/2013 (100,000).

⁴ 2013/2014 refers to the redemption program proposed by the Board of Directors.

Board of Directors and Auditor

Jan-Olof Brüer
Board member



Torbjörn Kronander
Board member
President and CEO Sectra AB



Anders Persson
Board member
Audit Committee member



Born/Elected	Born 1951/Elected 2013	Born 1957/Elected 1988	Born 1953/Elected 2004
Sectra holdings	765,441 Class A shares, 2,609,588 Class B shares and convertibles corresponding to 105,740 Class B shares ¹	765,439 Class A shares, 2,613,968 Class B shares and convertibles corresponding to 105,756 Class B shares ¹	16,673 Class B shares and convertibles corresponding to 16 430 Class B shares
Board fees 2013/2014	SEK 185,000	SEK 0	SEK 205,000
The Board members' independence	Independent in relation to the company, the management and the company's major shareholders	One of the company's largest shareholders with 16.9% of the votes and 9.1% of capital	Independent in relation to the company, the management and the company's major shareholders
Education	Licentiate of Science (Technology)	PhD (Technology), MBA, officer in the Naval Reserve	Doctor of Medicine, Professor, Senior Physician
Professional experience/previous assignments	Previously President of BT Industries and Vice Chairman of the Board of Seco Tools AB	Previously President of Sectra's medical operation and Executive Vice President of Sectra AB, full-time at Sectra since 1991, ship captain	Director of the Center for Medical Image Science and Visualization (CMIV) and Senior Physician in radiology
Other posts	Chairman of the Board of Hultdin System AB, Trätrappor Norsjö AB and Kåge Gjutmek AB, Board member of DIAB International AB and Valedo AB	Board member of the Center for Medical Image Science and Visualization (CMIV), Cellavision AB et.al., member of the Royal Swedish Academy of Engineering Sciences	Board member of the Center for Medical Imaging and Visualization (CMIV) and the National Supercomputer Center at Linköping University

¹ Number of shares comprises direct shareholdings, holdings through related parties and 50% of holdings through a legal entity owned jointly by Jan-Olof Brüer and Torbjörn Kronander.

Carl-Erik Ridderstråle
Chairman of the Board
Remuneration Committee Chairman



Born/Elected	Born 1942/Elected 2001
Sectra holdings	77,096 Class B shares and convertibles corresponding to 92,347 Class B shares
Board fees 2013/2014	SEK 370,000
The Board members' independence	Independent in relation to the company, the management and the company's major shareholders
Education	Licentiate of Science (Technology)
Professional experience/previous assignments	Previously President of BT Industries and Vice Chairman of the Board of Seco Tools AB
Other posts	Chairman of the Board of Hultdin System AB, Trätrappor Norsjö AB and Kåge Gjutmek AB, Board member of DIAB International AB and Valedo AB

Auditor Peter Bodin
Chief Coordinating Auditor,
Grant Thornton Sverige AB



Born/Elected	Born 1965/Elected 2009
Sectra holdings	0
Education	Authorized Public Accountant
Other posts	President of Grant Thornton Sweden AB, Chairman of the Board of Grant Thornton International Ltd

Erika Söderberg Johnson

Board member
Chairman of the Audit Committee

**Christer Nilsson**

Board member, member of the
Remuneration Committee
and the Audit Committee

**Jakob Svärdröm**

Board member



Born/Elected	Born 1970/Elected 2007	Born 1952/Elected 2008	Born 1964/Elected 2011
Sectra holdings	219 Class B shares and convertibles corresponding to 1,564 Class B shares	5,000 Class B shares and convertibles corresponding to 6,255 Class B shares	Convertibles corresponding to 2,652 Class B shares
Board fees 2013/2014	SEK 225,000	SEK 205,000	SEK 185,000
The Board members' independence	Independent in relation to the company, the management and the company's major shareholders	Independent in relation to the company, the management and the company's major shareholders	Independent in relation to the company, the management and the company's major shareholders
Education	Master of Science in Business and Economics	Master of Science in Engineering	MBA
Professional experience/previous assignments	Chief Financial Officer Biotage AB. Previously Chief Financial Officer Karo Bio AB, Affibody AB and Global Genomics AB, Investment Banking advisor SEB Enskilda	President of Vestadil AB. Previously Director of, and advisor to, 3i plc, senior positions at Datex-Ohmeda and Gambro	Managing Partner of KTH Chalmers Capital. Previously Executive Vice President and Board member of Streamserve Inc and Business Area Manager at Intenia AB
Other posts		Board member of Scandinova and others	Board member of several KTH Chalmers Capital portfolio companies

Per Elmhester

Employee representative

**Fredrik Häll**

Employee representative

**Klas Mehmeti**

Deputy employee representative



Born/Elected	Born 1972/Elected 2011	Born 1978/Elected 2013	Born 1984/Elected 2013
Sectra holdings	2,647 Class B shares and convertibles corresponding to 1,600 Class B shares	Convertibles corresponding to 600 Class B shares	0
Education	PhD (Engineering), Master of Science in Mechanical Engineering	Master of Science in Media Technology and Engineering	Master of Computer Science and Engineering
Position	Account Manager, Sectra Sverige AB	Product Owner and Technical Business Analyst, Imaging IT Solutions business area	Development Engineer, Imaging IT Solutions business area

CORPORATE GOVERNANCE

For information about matters addressed by the Board during 2013/2014, see Corporate Governance under the Investor heading on Sectra's website www.sectra.se This information is included in the Corporate Governance Report for the fiscal year.

Group Management

Torbjörn Kronander

President and CEO Sectra AB,
Board member



Simo Pykälistö

Chief Financial Officer and
Executive Vice President Sectra AB



Marie Ekström Trägårdh

President Imaging IT Solutions
business area and Executive Vice
President Sectra AB



Born/Employed	Born 1957/Employed 1985	Born 1972/Employed 2003	Born 1961/ Employed 1996
Sectra holdings	765,439 Class A shares, 2,613,968 Class B shares and convertibles corresponding to 105,756 Class B shares ¹	15,000 Class B shares and convertibles corresponding to 30,745 Class B shares	32,112 Class B shares and convertibles corresponding to 6,388 Class B shares
Education	PhD (Engineering), MBA, officer in the Naval Reserve	Master of Science in Business and Economics	Bachelor of Science in Systems Science and IT
Previous professional experience/assignments	President of Sectra's medical opera- tion and Executive Vice President Sectra AB, full-time at Sectra since 1991, ship captain	Chief Financial Officer Pronyx AB, Finance Director CDT Nordic, Group Controller M2 Engineering AB, Finance Manager Kesko Swedish AB, Econo- mist OKO Bank	President Sectra Sverige AB, Execu- tive Vice President Sectra's Medical Systems business area, and others, senior positions at Sectra, consul- tant Frontec AB, Developer/Project Manager Fujitsu ICL
Other posts	Board member of Sectra AB, Board member of the Center for Medical Image Science and Visualization (CMIV), Cellavision AB, Shannon AB and others, member of the Royal Swedish Academy of Engineering Sciences		Board member of Swedish MedTech

¹ Number of shares comprises direct shareholdings, holdings through related parties and 50% of holdings through a legal entity owned jointly by Jan-Olof Brüer and Torbjörn Kronander.

Per Andersnäs

Vice President Operational
Excellence & IT



Lisa Everhill

Market Communication and Investor
Relations Manager



Claes Lundström

Research Director Medical Systems



Born/Employed	Born 1962/Employed 1997	Born 1979/Employed 2006	Born 1973/Employed 1997
Sectra holdings	0	Convertibles corresponding to 1,147 Class B shares	11,942 Class B shares and con- vertibles corresponding to 3,257 Class B shares
Education	Master of Science in Computer Tech- nology	MBA	PhD (Technology)
Previous professional experience/assignments	Product Development Director Imaging IT Solutions business area and others, senior positions in Sectra's medical operation	Other senior positions in Sectra's medical operation	Product Development Project Manager, etc., senior positions in Sectra's medical operation
Other posts			Assistant Professor, Center for Medical Image Science and Visual- ization (CMIV)

Michael Bertilsson

President of
Secure Communications

**Maria Bolin**

General Manager Osteoporosis
business line

**Hanna Eriksson**

General Manager Orthopaedics
business line



Born/Employed	Born 1962/ Employed 1989	Born 1979/ Employed 2012	Born 1967/ Employed 2005
Sectra holdings	13,000 Class B shares and convertibles corresponding to 14,857 Class B shares	0	3,400 Class B shares
Education	PhD (Technology)	PhD (Applied physics)	Nurse with further training in surgery, MBA
Previous professional experience/ assignments	Other senior positions in Sectra's Secure Communications business area	Account Manager Sectra's Osteoporosis business line and research in sports medicine	Various senior positions at Johnson & Johnson AB
Other posts			Board member of the Swedish ICT Group

Adam Hill

Chief Medical Officer



Born/Employed	Born 1980/ Employed 2014
Sectra holdings	0
Education	Doctor of Medicine, PhD Bioengineering and Bachelor of Science in Engineering
Previous professional experience/ assignments	Advisor to multinational companies at PA Consulting through the British Government's Life Science Investment Organisation. Established and successfully operated a research center at Imperial College in London, UK, with a focus on the optimization of trauma products and systems, etc.
Other posts	

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Administration Report

The Board of Directors and the President of Sectra AB (publ), Corporate Registration Number 556064-8304, hereby submit the annual report and the consolidated financial statements for the period from May 1, 2013 to April 30, 2014. The following income statements, balance sheets, statements of changes in shareholders' equity, cash-flow statements, accounting policies and notes comprise an integrated part of the Annual Report.

STATEMENT

The information in this Annual Report is such that Sectra must publish in accordance with the Securities Market Act. Sectra published the year-end report for the 2013/2014 fiscal year on May 27, 2014 at 08:00 a.m. through a press release and on Sectra's website. The complete Annual Report will be published in a press release and on the website on June 30, 2014 at 11:00 a.m. (CET).

THE GROUP'S OPERATIONS AND STRUCTURE

Sectra conducts research, development and sales of high-tech products and services in expansive niche markets. The Group has a number of subsidiaries with offices around the world, see Note 12 for further information.

2013/2014

On May 1, 2013, Sectra introduced a new organizational structure whereby operations are reported in the following segments: Imaging IT Solutions, Secure Communications, Business Innovation and Other Operations. Imaging IT Solutions and Secure Communications, respectively, are conducted in the wholly owned subsidiaries Sectra Imaging IT Solutions AB and Sectra Communications AB. The operations in Burnbank Systems, which Sectra acquired in 2012/2013, are included in the Imaging IT Solutions business area. The acquired company develops and markets primarily IT services to the healthcare sector in the UK, see Note 13 for further information. Business Innovation, which comprises projects and smaller business operations with a potential for growth, consists of operations in orthopaedics, osteoporosis diagnosis and a research department. Business Innovation is included in the Parent Company together with Other Operations, which comprises the head office's functions for financing, asset management, finance, marketing communication, IT, regulatory affairs and investor relations activities.

2014/2015

As of May 1, 2014, Business Innovation has also included a business line for Medical Education which, until April 30, 2014, was reported in Imaging IT Solutions. At the same time, the digital pathology project in Business Innovation was transferred to Imaging IT Solutions in the same manner.

SIGNIFICANT EVENTS 2013/2014.

- The largest healthcare consortium in the UK, Barts Health NHS Trust in London, signed an extensive ten-year contract.
- Blekinge County Council in Sweden and several other healthcare customers renewed large-scale managed-services and maintenance agreements.
- The Board adopted a new growth goal and an order of priority for the financial goals, refer to page 9.
- The James Paget University Hospitals in the UK signed a ten-year managed-services agreement.
- Through a share redemption program totaling SEK 166.9 million, SEK 4.50 per share was distributed to shareholders.
- US healthcare providers awarded Sectra's system for managing and archiving medical images a top ranking in the PACS category.
- Order received from the King Faisal Specialist Hospital and Research Centre in Saudi Arabia, one of the region's most reputed hospitals.
- Sectra's smartphone app for secure voice communication and text, Panthon 3, received EU approval. The solution has also been approved by NATO, the Netherlands and the Czech Republic.
- The Department of Health, Social Services and Public Safety in Northern Ireland expanded its collaboration with Sectra.
- The Dutch Ministry of Defense ordered Sectra's secure mobile phone, Sectra Tiger 7401, and extended its framework agreement for secure communication.

For more details about these individual events, refer to www.sectra.com/news.

MARKET

The world needs more efficient healthcare and more secure communication. These niche areas offer major potential for expansion. Sectra focuses primarily on growth in countries where the company already holds an established position and through partners in carefully selected growth markets. In 2013/2014, the Group's order bookings rose 1.1% to SEK 925.7 million (916.0). The increase was attributable to long-term managed-services and maintenance agreements for region-wide medical IT systems.

Imaging IT Solutions

Sectra's largest business area, Imaging IT Solutions, offers care providers IT systems and services for medical imaging that helps to develop the healthcare sector while making it more efficient. There is a major need for systems that increase efficiency in the healthcare sector and growth is driven by additional sales to installed base customers, managed-services and maintenance agreements, replacements and new sales. The business area's largest markets are Scandinavia, the US, the UK and the Netherlands.

In 2013/2014, sales rose 13.2% to SEK 802.8 million (709.2). The business area's operations in the UK and the Netherlands account for the highest growth. Partner sales also increased in several regions, including the Middle East. Operating profit increased 73.1% to SEK 178.6 million (103.2), corresponding to an operating margin of 22.2%. Growth, the company's focus on software sales with higher margins than hardware and a more efficient organization contributed to the earnings improvement.

Secure Communications

The Secure Communications business area offers solutions and services that protect sensitive and confidential information to authorities, critical social infrastructure and defense organizations. The market is driven by the fact that it is easier than ever to eavesdrop on telephone calls and data traffic, and by changes in various regulations governing the handling of classified information. Sectra is trusted to deliver products that protect classified information at the highest levels and the company's encryption products have been approved by the EU, NATO and several national security authorities. The business area's largest markets are Sweden and the Netherlands.

In 2013/2014, sales amounted to SEK 82.8 million (99.0) and operating profit was SEK 0.9 million (1.4). Protracted customer processes led to delays in ongoing delivery and development projects in Sweden, which continued to impact the business area. A more positive trend was noted in the Netherlands and other parts of Europe and, during the fiscal year, Sectra commenced deliveries of its Tiger 7401 and Panthon 3 secure mobile phones to both existing and new customers.

Business Innovation

Society needs to take better care of age-related diseases. Sectra has several products and services that can contribute to more efficient healthcare and treatment of some of the most costly age-related diseases. Sectra's business lines in Business Innovation develop and sell methods and products that contribute to more efficient and better osteoporosis care, and IT systems for planning and monitoring prosthetic procedures. In 2013/2014, sales rose 17.5% to SEK 20.8 million (17.7) and operating loss was SEK 2.6 million (loss: 7.0).

Other operations

In 2013/2014, sales from other operations rose 37.2% to SEK 93.3 million (68.0). This increase was attributable to Sectra's operations for financing customer projects. Operating loss amounted to SEK 10.9 million (loss: 6.0).

SEASONAL VARIATIONS

Sectra experiences seasonal variations, which means that most invoicing and earnings traditionally occur at the end of the fiscal year. Order volumes can vary significantly for individual quarters, since Sectra has many large customers that hold extensive long-term contracts with the company for medical IT projects, for example, or the development of encryption systems.

FINANCIAL OVERVIEW

Consolidated sales and earnings

	2013/2014	2012/2013
Net sales, MSEK	853.8	817.0
Operating profit, MSEK	128.1	85.9
Operating margin, %	15.0	10.5
Profit before tax, MSEK	141.5	86.6
Profit margin, %	16.6	10.6
Profit after tax, MSEK	103.9	62.4

Net sales rose 4.5% to SEK 853.8 million. Growth was reported by both Imaging IT Solutions and Business Innovation business areas. Geographically, the operations in the UK and the Netherlands reported the highest sales growth. The Group's operating profit rose 49.1% to SEK 128.1 million, corresponding to an

operating margin of 15.0%. Non-recurring items had an impact of SEK 16.2 million on other income and SEK 19.0 million on depreciation, amortization and impairment. These items were mainly attributable to acquisition of the Burnbank companies in 2012 and a local acquisition of product rights for medical system software. These items pertain to:

- reversal of contingent consideration amounting to SEK 16.2 due to changes in agreement terms, see Note 13
- impairment of goodwill amounting to SEK 9.9 million associated with acquisition of the Burnbank companies due to organizational changes, which led to lower than expected synergy effects in the Sectra Group, see Note 10.
- impairment of other intangible assets and capitalized development costs amounting to SEK 9.1 million due to changes in product strategies, see Note 10.

Excluding all non-recurring items, the operating margin was 15.3%. Profit before tax amounted to SEK 141.5 million, corresponding to a profit margin of 16.6%. Exchange-rate changes had a positive impact of SEK 5.1 million (neg: 4.7) on the Group's financial items.

Cash flow and financial position

Consolidated cash flow from operating activities after changes in working capital amounted to SEK 123.6 million (191.2). Cash flow from investing activities for the period amounted to a negative SEK 54.6 million (neg: 76.2) and was partly impacted by higher tied-up capital due to a higher proportion of managed-services agreements that are financed internally by the Group. The comparative figure includes a loss of SEK 46.8 million associated with acquisition of the Burnbank companies in the UK. Cash flow from financing activities for the fiscal year amounted to a negative SEK 158.1 million (neg: 182.7). During the fiscal year, Sectra distributed SEK 166.9 million (185.5) to shareholders through a share redemption program. The Group's total cash flow for the fiscal year amounted to a negative SEK 89.1 million (neg: 67.7).

After adjustment for exchange-rate differences, the Group's cash and cash equivalents amounted to SEK 441.9 million (536.3). At the end of the fiscal year, the equity/assets ratio was 60.7% (61.4) and liquidity amounted to a multiple of 2.7 (2.6). The Group's interest-bearing liabilities amounted to SEK 43.5 million (26.5) and pertained to convertible debentures to employees and Board members, see Notes 22 and 23.

Investments, depreciation and amortization

During the fiscal year, investments in the Group amounted to SEK 54.6 million (76.2) and primarily pertained to customer projects in the Group's financing activities and capitalized development costs. The comparative figure includes acquisition of the Burnbank companies. Investments in Group-financed customer projects increased to SEK 41.4 million (16.4) due to new and extensive managed-services agreements with healthcare customers. At the end of the fiscal year, the Group's carrying amount for Group-financed customer projects totaled SEK 54.6 million (37.1). Capitalization of development costs increased to SEK 16.3 million (12.2). At the end of the fiscal year, capitalized development costs amounted to SEK 47.6 million (52.5) and primarily pertained to development projects in Imaging IT Solutions.

Depreciation and amortization amounted to SEK 45.6 million (46.0), of which SEK 17.5 million (15.8) was attributable to capitalized development costs. The fiscal year was also charged with

impairment losses totaling SEK 19.0 million (0) for goodwill, other intangible assets and capitalized development costs in minor projects.

Parent Company's sales and profit

Sales amounted to SEK 65.2 million (20.2) and the change was mainly due to increased invoicing of internal services resulting from the new organizational structure introduced in May 2013. Operating loss amounted to SEK 18.6 million (loss: 12.1). Profit after net financial items was SEK 147.2 million (62.1). Exchange-rate changes had a negative impact of SEK 1.6 million (neg: 3.4) on financial items for the fiscal year. For more information, please refer to the following income statements and balance sheets, accounting policies and notes.

RESEARCH AND DEVELOPMENT

Sectra invests 10–14% of consolidated sales in research and development (R&D) projects. It is difficult to provide a more exact figure, since many of the projects inhabit a grey zone between R&D and customer orders. R&D is conducted both in-house and in collaboration with customers and partners. During 2013/2014, SEK 16.3 million (12.2) of Sectra's development costs for standard products was capitalized as intangible assets in the balance sheet. Customer-related R&D costs for the development of new products and features are included in project costs and recognized in profit or loss. Direct research expenditures are not tangible and, accordingly, are not recognized separately.

EMPLOYEES

Sectra's personnel have extensive expertise and a solid educational background; 79% of personnel have a university degree and many have undergone postgraduate studies. On the balance-sheet date, Sectra had 536 permanent employees (528) and some 30 project employees. Employee turnover during 2013/2014 was 11.0% (13.8).

The company works proactively with occupational safety and health issues by offering health screenings, wellness programs and training opportunities. This led to very low absences due to illness, corresponding to 1.6% (1.5). Sectra works continuously to promote gender equality in order to achieve gender balance and diversity. The proportion of female employees is 30% (30) and the proportion of women in Group Management is 40% (33). The Group has employees from some 30 countries who contribute experience from different cultures and environments. For more information, please refer to Note 2.

CORPORATE RESPONSIBILITY

Working together with Sectra will be a stamp of quality for customers as well as employees and partners. Sustainable business practices and continuous improvements are an integral part of Sectra's quality-control process.

Quality

Product safety and quality control are of major significance for Sectra, since products and services can mean the difference between life and death for a human being. Sectra's operations are certified in accordance with SS-EN ISO 9001:2008 and SS-EN ISO 13485:2003 quality standards, and products that are delivered to Canada are certified according to ISO 13485:2003 under CMDCAS. This means that external consultants review the company every year to assess compliance with the requirements of the standards and notify Sectra of any need for corrective actions. The company also works with its own certi-

fication programs and internal training courses for employees and distributors.

The company's products are subject to industry-specific regulations and requirements. Sectra's crypto products are evaluated and approved by security authorities since they are used to protect highly sensitive information. Sectra's medical IT systems comply with European regulations for CE marking, the Medical Device Directive 93/42/EEC, while products sold in North America have been approved by the US Food and Drug Administration (FDA). Usage of these systems and products requires rigorous documentation.

Environment

Sectra primarily develops and sells software and services and, to a lesser extent, physical products. These are produced by European sub-contractors and destroyed after use in special facilities. The Group's activities are therefore largely comparable with working in a traditional office environment. Operations are conducted in 12 countries, and the European countries account for most sales. The company's operations are not subject to notification or permit requirements under the Swedish Environmental Code. The digital radiography systems that Sectra develops are highly advantageous from an environmental perspective. The introduction of digital technology helps to reduce the use of film and chemicals with a high environmental impact, as well as travel and transportation.

Business ethics

Sectra's Board has adopted a Code of Conduct that applies to employees, Board members, consultants and anyone else who represents the company. The code describes Sectra's values and provides guidelines for how employees should behave in various business situations. Sectra considers the corporate culture (refer to page 24) the most vital factor in ensuring that the company's business is fair, honest and complies with applicable laws. In addition, there are various policies that clarify Sectra's values and expectations in relation to employees. The aim is that these policies will also encompass external representatives of the company, such as subcontractors and distributors. To ensure that this takes place, this is regulated, as far as possible, in the agreement terms with external representatives.

RISKS, RISK MANAGEMENT AND SENSITIVITY ANALYSIS

Through its operations, Sectra is exposed to such business risks as dependence on major customers and partners, the effect of exchange rate changes on pricing in the markets in which the Group is active, and property and liability risks. Sectra is also exposed to various types of financial risks such as currency, interest-rate, credit and liquidity risks. Refer to Note 30 for more information about how the company assesses risks for the coming year.

CORPORATE GOVERNANCE

The management and control of the Sectra Group is divided between the shareholders, the Board of Directors and the President. Sectra applies the Swedish Corporate Governance Code (the Code). Sectra has prepared a Corporate Governance Report in accordance with the rules and application instructions in Swedish legislation and in the Code. The Report has been prepared as a document separate from the Annual Report and the auditor's statement is enclosed therein. The Corporate Governance Report has been published on www.sectra.se together with other information about corporate governance at Sectra.

THE SECTRA SHARE

On the balance-sheet date, Sectra's share capital totaled SEK 37,094,978 distributed between 37,094,978 shares. Of these shares, 2,620,692 were Class A and 34,474,286 Class B. All shares carry equal rights to the company's assets and profit. A Class A share carries ten votes and a Class B share one vote. After the balance-sheet date, employees redeemed convertibles (2010/2014 programs) totaling SEK 6.1 million, corresponding to 176,039 Class B shares. Sectra's share capital therefore totals 37,271,017 distributed between 37,271,017 shares.

The Articles of Association contain a pre-emption clause for the transfer of Class A shares. In addition, there are no agreements known to the company between shareholders that could result in restrictions to the right to transfer shares, nor are there any agreements to which the company is party that would have an impact if control over the company was changed as a result of public purchase offers.

Dividend/redemption program

The 2013 AGM resolved to transfer SEK 4.50 per share, a total of SEK 166.9 million, to shareholders through a share redemption program. The redemption process was implemented between July - August 2013. No ordinary dividend was paid.

For the 2013/2014 fiscal year, the Board and President propose that the 2014 AGM resolves to transfer SEK 4.50 per share, a total of SEK 167.7 million, to shareholders through a share redemption program. No ordinary dividend is proposed.

Major shareholders

On the balance-sheet date, Sectra had 4,808 shareholders. Of these, the following shareholders had direct and indirect holdings comprising more than 10% of the number of votes for the total number of shares in the company on the balance-sheet date:

- Torbjörn Kronander, who directly and indirectly through companies represents 16.9% of the votes.
- Jan-Olof Brüer, who directly and indirectly through family and companies represents 16.9% of the votes.
- Nordea Investment Funds, which directly and indirectly through companies represents 10.5% of the votes.

Share-related incentive programs

Due to the share redemption program conducted during the fiscal year, outstanding convertibles and employee stock options were recalculated following a decision by the Board. Since this recalculation, Sectra has settled 77,000 employee stock options 2010/2013, totaling SEK 2.2 million, issued to employees in North America through a cash settlement. During the fiscal year, Sectra also issued two new convertible programs, see Note 2 for further information.

As mentioned above, Sectra employees converted convertibles to shares in 2010/2014 convertible programs after the balance-sheet date.

Full conversion and exercise of the issued incentive programs would increase the number of shares by a maximum of 1,029,040, corresponding to 2.8% of the share capital and 1.7% of the voting rights.

Authorizations

The 2013 AGM granted authorization to the Board, prior to the next AGM, to resolve on a new issue of not more than 3,700,000 shares. The purpose was to facilitate an issue of new shares to

finance marketing investments and acquisitions of companies or operations, to secure the costs arising in connection with the company's incentive programs and to enable continuous adaptation of the company's capital structure. The AGM also resolved to authorize the company to repurchase not more than 10% of the company's own shares up until the next AGM. On the balance-sheet date, the Board had not utilized either of these authorizations.

The AGM also authorized the Board of Directors to issue not more than 100,000 call options to the Group's employees in North America and to decide on the issue of not more than 100,000 warrants carrying rights to subscription of not more than 100,000 Series B shares in the company in order to guarantee the performance of option commitments to employees.

At the time of publication of this interim report, the Board had not utilized either of these authorizations.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

In accordance with the guidelines prepared by the Board, the 2013 AGM adopted the following policies for remuneration and other terms of employment for company management (the President and other members of Group management). The guidelines apply to agreements signed or amended after the AGM. The Board proposes to the 2014 AGM that these guidelines continue to apply. The guidelines are:

Remuneration to company management is to be based on normal market terms, while also supporting the interests of shareholders. Remuneration primarily comprises fixed salary, variable salary, pension benefits and other benefits, such as a company car. Pension benefits are defined-contribution.

Fixed salary is established by accounting for the senior executive's experience, responsibilities and performance and is based on market conditions. Variable remuneration is proportionate to the executive's responsibilities and authority. It has a maximum limit and is based on the attainment of goals that promote the company's long-term value-creation. Where applicable, variable salary is based on pre-determined and measurable criteria. The company's costs for the variable salary portion for the President and other members of company management amount to not more than 50% of the fixed salary costs.

The notice period for terminating employment by the senior executive is a maximum of 12 months. If employment is terminated by the company, the total notice period and the time during which severance pay is received is a maximum of 24 months. Ordinary retirement age is 65. Pension terms are market-based and based on defined-contribution pension solutions. The pension premium is not more than 30% of the fixed and variable salary.

Board members with special expertise who perform services for the company beyond the scope of the Board assignment may receive a fee for such services payable at market rates. Decisions on such fees are addressed by the Board of Directors, without the participation of the relevant Board member in either the consideration or the decision.

Matters concerning remuneration to company management are addressed by the President. Remuneration to the President is resolved by the Board of Directors.

THE BOARD OF DIRECTORS' STATEMENT PERTAINING TO BUYBACK OF OWN SHARES

The Board of Directors' statement is reported under Note 32.

SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

- Region Skåne and Sectra sign a multi-year maintenance agreement valued at SEK 114 million.

For more information about the event, refer to www.sectra.com/news.

OUTLOOK

The world needs more efficient healthcare and more secure communication. Both of these areas offer major scope for expansion. Sectra plays a key role in meeting these needs by offering products and services in the areas of medical IT and secure communications.

In healthcare, there is a growing need for greater efficiency in order to take care of more patients, due to the demographic trend of aging populations living longer while birth rates are declining. Sectra develops and sells systems and services for medical imaging, which help to develop the healthcare sector while making it more efficient. Society also needs to take better care of age-related diseases. Sectra has several products and services that can contribute to more efficient healthcare and treatment of some of the most costly age-related diseases.

In terms of security, government agencies, defense organizations and the private sector are increasingly exposed to security risks and eavesdropping attempts. Heightened awareness of eavesdropping may contribute to greater interest in the type of security products that Sectra offers. Sectra is trusted to deliver products that protect classified information at the highest levels and the company's encrypted products have been approved by the EU, NATO and several national security agencies.

APPROVAL OF REPORTS

Pursuant to a Board decision on June 26, 2014, the consolidated financial statements have been approved for publication and will be presented to the AGM for adoption on September 8, 2014.

PROPOSED APPROPRIATION OF PROFITS

The following is at the disposal of the Annual General Meeting (SEK):

Fair value reserve	-10,051,756
Share premium reserve	18,243,357
Profit brought forward	79,572,593
Profit for the year	98,975,460

The Board and President propose that the profits be appropriated so that SEK 186,739,654 is carried forward. They also propose that the Annual General Meeting resolves to transfer SEK 4.50 per share to shareholders through a 2:1 stock split combined with a mandatory redemption process and a stock dividend to restore the share capital. This entails a transfer of SEK 167,719,577 to the company's shareholders. No ordinary dividend is proposed.

BOARD OF DIRECTORS' AFFIRMATION

We believe that that consolidated financial statements and the annual report were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and generally accepted accounting principles and present a true and fair view of the Group's and the Parent Company's financial position and earnings.

The Administration Report for the Group and the Parent Company presents a fair review of the Group's and the Parent Company's operations, financial position and earnings and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Linköping, Sweden, June 26, 2014

Torbjörn Kronander
President and CEO
Board Member

Carl-Erik Ridderstråle
Chairman of the Board

Anders Persson
Board Member

Christer Nilsson
Board Member

Erika Söderberg Johnson
Board Member

Jakob Svärdström
Board Member

Jan-Olof Brüer
Board Member

Fredrik Häll
Board Member
Employee Representative

Per Elmhester
Board Member
Employee Representative

Our auditor's report was submitted on
June 27, 2014
Grant Thornton Sweden AB

Peter Bodin
Authorized Public Accountant

» Consolidated income statement

Amounts in SEK thousands	Note	2013/2014	2012/2013
Operating income			
Net sales	1	853 796	816 954
Capitalized work for own use		16 310	12 210
Reversal of contingent consideration	13, 21	16 180	0
Total income		886 286	829 164
Operating expenses			
Goods for resale		-119 452	-126 833
Personnel costs	2	-419 989	-416 183
Other external costs	3, 4	-154 211	-154 327
Impairment of intangible assets	11	-18 972	0
Depreciation of tangible assets	11	-24 188	-26 719
Amortization of intangible assets	10	-21 402	-19 236
Total operating expenses		-758 214	-743 298
Operating profit		128 072	85 866
Financial investments			
Interest income and similar profit/loss items	6	14 778	8 835
Interest expenses and similar expense items	7	-1 386	-8 147
Net financial items		13 392	688
Profit after financial items		141 464	86 554
Tax	9	-37 606	-24 308
Profit for the year		103 858	62 246
Attributable to:			
Parent Company's shareholders		103 858	62 246
Non-controlling interest		0	0
Earnings per share, SEK			
Before dilution		2.80	1.68
After dilution		2.73	1.64
No. of shares at year-end			
Before dilution		37 094 978	37 094 978
After dilution	2	38 124 018	37 951 746
Average number of shares, before dilution		37 094 978	37 052 830
Average number of shares, after dilution	2	38 057 033	37 852 915

» Consolidated statement of comprehensive income

Amounts in SEK thousands	Note	2013/2014	2012/2013
Net profit for the year		103 858	62 246
Other comprehensive income			
Change in translation difference from translating foreign subsidiaries for the period		9 869	-11 191
Other comprehensive income for the period		9 869	-11 191
Total comprehensive income for the period		113 727	51 055
Attributable to:			
Parent Company's shareholders		113 727	51 055
Non-controlling interest		0	0

» Consolidated balance sheets

Amounts in SEK thousands	Note	April 30, 2014	April 30, 2013
ASSETS			
Fixed assets			
Intangible assets	10	104 859	123 157
Tangible assets	11	68 494	48 670
Long-term investments	15, 29	1 766	4 204
Deferred tax assets	9	19 920	5 593
Total fixed assets		195 039	181 624
Current assets			
Inventories	16	11 683	11 685
Accounts receivable	17, 30	187 819	188 975
Current tax assets		6 702	10 486
Other receivables		6 724	7 735
Prepaid expenses and accrued income	18	158 129	146 761
Cash and cash equivalents	19	441 945	536 291
Total current assets		813 002	901 933
TOTAL ASSETS		1 008 041	1 083 557
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		37 095	37 095
Other contributed capital		307 122	307 122
Reserves		-20 987	-19 893
Retained earnings, including net profit for the year		288 472	340 976
Total shareholders' equity		611 702	665 300
Long-term liabilities			
Provisions	21	6 000	17 575
Deferred tax liability	9, 21	37 639	27 067
Other long-term liabilities	22	37 397	26 503
Total long-term liabilities		81 036	71 145
Current liabilities			
Accounts payable		24 014	37 559
Current tax liability		17 446	17 367
Other current liabilities	23	28 641	39 974
Accrued expenses and deferred income	24	245 202	252 212
Total current liabilities		315 303	347 112
TOTAL EQUITY AND LIABILITIES		1 008 041	1 083 557

Pledged assets and contingent liabilities, see Note 25

» Consolidated cash-flow statement

Amounts in SEK thousands	Note	2013/2014	2012/2013
CURRENT OPERATIONS			
Operating profit		128 072	85 866
Adjustment for non-cash items	26	64 200	48 377
Interest received		8 007	7 925
Interest paid		-1 386	-1 252
Income tax paid		-39 057	-7 282
Cash flow from current operations before changes in working capital		159 836	133 634
Changes in working capital			
Change in inventories		-360	2 965
Change in receivables		293	21 510
Change in current liabilities		-36 137	33 107
Cash flow from current operations		123 632	191 216
INVESTMENT ACTIVITY			
Acquisitions of intangible fixed assets	10	-16 839	-12 142
Acquisitions of tangible fixed assets	11	-40 623	-17 280
Sale of financial assets		2 829	0
Acquisition of subsidiaries	13	0	-46 784
Cash flow from investment activity		-54 633	-76 206
FINANCING ACTIVITY			
Amortization of convertibles		0	-6 466
Taking up of convertibles	22	16 985	9 244
Payment of options		-2 217	0
Dividends received		239	0
Payment of contingent consideration		-6 139	0
Redemption of shares		-166 927	-185 475
Cash flow from financing activity		-158 059	-182 697
Cash flow for the year		-89 060	-67 687
Cash and cash equivalents at start of year		536 291	605 757
Exchange-rate difference in cash and cash equivalents		-5 286	-1 779
Cash and cash equivalents at year-end	19	441 945	536 291
Unutilized credit facilities	19	15 000	15 000

» Changes in Group equity

Amounts in SEK thousands	Reserves					Total equity
	Share capital	Other contributed capital	Translation reserve	Other reserves	Retained earnings	
Equity as of May 1, 2012	36 842	296 526	-22 145	3 711	472 458	787 392
Income for the year					62 246	62 246
Other comprehensive income			-189		-11 002	-11 191
Share-based payments				1 479		1 479
Overdue incentive programs				-2 749	2 749	0
Conversion to shares	253	10 596				10 849
Redemption of shares					-185 475	-185 475
Equity as of April 30, 2013	37 095	307 122	-22 334	2 441	340 976	665 300
Income for the year					103 858	103 858
Other comprehensive income					9 869	9 869
Share-based payments				1 819		1 819
Overdue incentive programs				-696	696	0
Payment of options				-2 217		-2 217
Redemption of shares					-166 927	-166 927
Equity as of April 30, 2014	37 095	307 122	-22 334	1 347	288 472	611 702

Other contributed capital comprises a statutory reserve and premiums paid in conjunction with share issues. The translation reserve includes exchange-rate differences arising in the translation of foreign subsidiaries' financial statements. Other reserves mostly include share-based remuneration related to convertibles and stock option programs.

There are no non-controlling interests in the Sectra Group.

» Income statement

Amounts in SEK thousands	Note	2013/2014	2012/2013
Operating income			
Net Sales	1	65 170	20 206
Capitalized work for own use		1 208	0
Total income		66 378	20 206
Operating expenses			
Personnel costs	2	-41 696	-10 820
Other external costs	3, 4	-42 908	-21 296
Depreciation of tangible fixed assets	11	-392	-166
Total operating expenses		-84 996	-32 282
Operating profit		-18 618	-12 076
Result from financial investments			
Income from participations in Group companies	5	154 181	66 300
Interest income and similar items	6	13 119	13 465
Interest expenses and similar items	7	-1 508	-5 598
Profit after financial items		147 174	62 091
Appropriations	8	-18 946	-1 975
Profit before tax		128 228	60 116
Tax on income for the year	9	-29 252	-16 124
Net profit for the year		98 976	43 992

» Consolidated statement of comprehensive income

Amounts in SEK thousands	Note	2013/2014	2012/2013
Net profit for the year		98 976	43 992
Other comprehensive income			
Fund for fair value		1 727	-2 725
Other comprehensive income for the period		1 727	-2 725
Total comprehensive income for the period		100 703	41 267

» Balance sheet

Amounts in SEK thousands	Note	April 30, 2014	April 30, 2013
ASSETS			
Fixed assets			
Intangible assets	10	1 208	0
Tangible assets	11	925	238
Participations in Group companies	12	5 978	13 978
Receivables from Group companies	14	145 985	88 337
Long-term investments	15	0	2 438
Deferred tax assets	9	0	1 739
Total fixed assets		154 096	106 730
Current assets			
Receivables from Group companies		179 067	165 383
Other receivables		1 092	598
Prepaid expenses and accrued income	18	7 368	2 686
Cash and cash equivalents	19	336 016	424 712
Total current assets		523 543	593 379
TOTAL ASSETS		677 639	700 109
EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted equity</i>			
Share capital		37 095	37 095
Share premium reserve		226 456	226 456
Total restricted equity		263 551	263 551
<i>Unrestricted equity</i>			
Fund for fair value		-10 052	-16 275
Share premium reserve		18 243	18 243
Retained earnings		79 573	210 314
Net profit for the year		98 976	43 992
Total unrestricted equity		186 740	256 274
Total shareholders' equity		450 290	519 825
Untaxed reserves	20	131 112	112 166
Long-term liabilities			
Other long-term liabilities	22	37 397	26 503
Total long-term liabilities		37 397	26 503
Current liabilities			
Accounts payable		1 958	812
Liabilities to Group companies		29 558	25 798
Current tax liability		6 069	9 329
Other current liabilities	23	7 160	320
Accrued expenses and deferred income	24	14 094	5 356
Total current liabilities		58 839	41 615
TOTAL EQUITY AND LIABILITIES		677 639	700 109
Pledged assets and contingent liabilities			
		April 30, 2014	April 30, 2013
Pledged assets		11 000	11 000
Total pledged assets		11 000	11 000
Guarantees on behalf of group companies		248 525	283 653
Total contingent liabilities		248 525	283 653

» Cash-flow statement

Amounts in SEK thousands	Note	2013/2014	2012/2013
CURRENT OPERATIONS			
Operating profit		-18 618	-12 076
Adjustment for non-cash items	26	3 016	-3 521
Interest received		11 112	12 555
Interest paid		-1 508	-1 253
Income tax paid		-32 204	0
Cash flow from current operations before changes in working capital		-38 202	-4 295
Changes in working capital			
Change in receivables		-20 587	17 526
Change in current liabilities		21 883	5 343
Cash flow from current operations		-36 906	18 574
INVESTMENT ACTIVITY			
Acquisitions of intangible fixed assets		-1 208	0
Acquisitions of tangible assets		-1 079	-57
Sale of financial fixed assets		9 810	0
Payment of loans to subsidiaries	14	-81 662	-596
Repayment of loans from subsidiaries	14	25 741	44 078
Cash flow from investment activity		-48 398	43 425
FINANCING ACTIVITY			
Amortization of convertibles		0	-6 466
Payment of options		-2 217	0
Dividends received		37	0
Taking up convertibles	22	16 985	9 244
Group contributions received/paid		148 800	66 300
Redemption of shares		-166 927	-185 475
Cash flow from financing activity		-3 322	-116 397
Cash flow for the year		-88 626	-54 398
Cash and cash equivalents at start of year		424 712	480 668
Exchange-rate difference in cash and cash equivalents		-70	-1 558
Cash and cash equivalents at year-end	19	336 016	424 712
Unutilized credit facilities	19	15 000	15 000

» Changes in Parent Company equity

Amounts in SEK thousands	Share capital ¹	Statutory reserve	Fund for fair value	Share premium reserve	Unrestricted equity	Total equity
Equity as of May 1, 2012	36 842	226 456	-18 465	7 647	400 704	653 184
Group contributions paid					0	0
Tax effect					0	0
Total changes in capital recognized directly in equity, excl. transactions with the company's owner	0	0	0	0	0	0
Total income					43 992	43 992
Other comprehensive income			2 190		-4 915	-2 725
Total changes in capital excl. transactions with the company's owner	0	0	2 190	0	39 077	41 267
Conversion to shares	253			10 596		10 849
Redemption of shares			0		-185 475	-185 475
Equity as of April 30, 2013	37 095	226 456	-16 275	18 243	254 306	519 825
Group contributions paid					-1 400	-1 400
Tax effect					308	308
Total changes in capital recognized directly in equity, excl. transactions with the company's owner	0	0	0	0	-1 092	-1 092
Total income					98 976	98 976
Other comprehensive income			6 223		-4 496	1 727
Total changes in capital excl. transactions with the company's owner	0	0	6 223	0	94 480	100 703
Payment of options					-2 217	-2 217
Redemption of shares					-166 927	-166 927
Equity as of April 30, 2014	37 095	226 456	-10 052	18 243	178 550	450 290

¹ On the balance-sheet date, Sectra's share capital totaled SEK 37,094,978 distributed among 37,094,978 shares. Of these, 2,620,692 were Class A and 34,474,286 were Class B.

Accounting policies

GENERAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). Changes made to existing and new standards during the year have not been applied retroactively within the Group. In addition, the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 1 "Supplemental accounting rules for groups" have been applied.

All amounts in the text and tables in the Notes are in SEK thousands, unless otherwise stated.

AMENDED ACCOUNTING POLICIES

The accounting policies and measurement methods remain unchanged compared with those applied in the Annual Report for the 2012/2013 fiscal year except that the amendments in IAS 1, Presentation of Financial Statements and IFRS 13, Fair Value Measurement, were now applied. The amendments had no significant effect on Sectra's financial statements

NEW AND AMENDED ACCOUNTING POLICIES THAT BECOME APPLICABLE FROM MAY 1, 2014

A number of new or amended standards and interpretations will become applicable from May 1, 2014 and were not applied in advance in the preparation of these financial statements. Those standards that will come into force are IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements and IFRS 12, Disclosure of interests in other entities. At present, these standards are not expected to have any significant impact on the consolidated financial statements.

PARENT COMPANY

The Parent company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. This means that the EU-approved IFRS rules and pronouncements are applied as far as possible within the framework of the Annual Accounts Act and Swedish taxation practices. The rules for valuation and clarification follow IFRS and are the same as those applied within the Group, except that the arrangement follows the Annual Accounts Act and may thus deviate from IFRS in certain cases. Untaxed reserves and appropriations are also recognized in the Parent Company in accordance with Swedish law.

BASIS FOR PREPARATION OF THE REPORTS

Assets, provisions and liabilities are measured at cost or nominal value unless otherwise stated in the notes that follow. The preparation of financial statements in accordance with IFRS requires that the Group uses accounting assumptions and estimates for the future. The most important estimates and judgments are presented in Note 28.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared using the acquisition method, and cover those companies in which the Parent Company, directly or through subsidiaries, exerts a controlling influence. A controlling influence normally applies when more than 50% of the vote-carrying shares in a subsidiary have been acquired.

The Group's internal receivables and liabilities, revenues and expenses, and unrealized gains or losses arising from transactions between Group companies have been eliminated in their entirety during preparation of the consolidated financial statements.

Non-controlling interests are the portion of net assets and earnings that belong to other joint shareholders in a subsidiary. Non-controlling interests are recognized in Group earnings after tax and the share of net assets is recognized in consolidated shareholders' equity.

Share holdings in associated companies, in which the Group holds a significant but non-controlling influence, are recognized according to the equity method. The value of the associated company's shares is adjusted based on Sectra's share of net earnings after tax. In the consolidated income statement, the change in value is recognized as "participations in the earnings of associated companies." As of the balance-sheet date, Sectra had no non-controlling interests or participations in associated companies.

ACQUISITIONS

When acquisitions are made, the acquired companies are absorbed into the Group as of their acquisition date. The cost of the subsidiary's shares is determined by means of an acquisition analysis conducted at the time of the acquisition. The compensation transferred by the Group to obtain controlling influence over subsidiaries is calculated as the total fair value of the net assets on the date of acquisition, which comprises the fair value of an asset or liability that has

arisen from an agreement on contingent consideration. The acquired net assets also comprise intangible fixed assets in the acquired company that have not previously been recognized.

The difference between the acquisition cost for the subsidiary's shares and the estimated fair value of the acquired net assets at the time of the acquisition is recognized as Group goodwill. Acquisition costs are recognized as they arise.

TRANSLATION OF FOREIGN SUBSIDIARIES

Functional currency

The consolidated accounts are presented in SEK, which is the Parent Company's functional and reporting currency. Items in the financial reports for companies in the Group are valued in the currency that is used where the company has its main operations, that is, in its functional currency.

Transactions and balance-sheet items

Transactions in functional currencies are recognized initially in the functional currency at the currency rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate prevailing on the closing date (year-end rate). Currency differences arising in payment of transactions in foreign currencies and in translation of monetary assets and liabilities at the year-end rate are recognized in profit and loss.

Financial statements of foreign operations

The assets and liabilities of Group companies are translated at the year-end rate. The income statements are translated at the average rate during the reporting period. Any exchange-rate differences that arise are applied directly to Group equity.

Translation differences that arise in the translation of current receivables and liabilities in foreign currency for which payment is planned within the foreseeable future are recognized in profit and loss. Translation differences that arise in the translation of long-term receivables in foreign currency and that constitute net investments in subsidiaries are recognized against shareholders' equity.

DISCONTINUED OPERATIONS

Profit/loss after tax for discontinued operations is recognized as a single amount in profit and loss for fiscal year 2011/2012. Net cash flow pertaining to discontinued operations is recognized as a single amount in the Group's cash flow statements. In the note for discontinued operations, net cash flow is specified for operating activities, investment activities and financing activities, respectively.

SEGMENT REPORTING

The division by operating segment is based on the areas of operation monitored by the Board of Directors and Executive Management in the internal reporting. The Group introduced a new organizational structure on May 1, 2013, in which the operations are divided into the following segments: Imaging IT Solutions, Secure Communications, Business Innovation and Other Operations. The division of operating segment is consistent with the operational structure of the Group. Other Operations mainly pertains to activities for financing customer projects and the Parent Company's invoicing for Group-wide services and asset management.

REVENUE RECOGNITION

The Group's revenues mainly derive from fixed-price projects, sales of products and licenses, and consulting work. Project-based income is recognized based on the project's degree of completion at the balance-sheet date. The degree of completion is calculated as the ratio between the expenses paid at the balance-sheet date and the estimated total expenses. In cases where a loss is expected to occur on an uncompleted project, the entire anticipated loss is applied against earnings for the year. Revenues from sales of products and licenses are recognized as income at the time of delivery unless significant risks or obligations remain after delivery. Product sales that are delivered in project form are recognized as income in accordance with the degree of completion based on the accrued hours. Ongoing consulting services are recognized as income as the work is executed.

PENSIONS AND POST-RETIREMENT BENEFITS TO EMPLOYEES

The Sectra Group has defined-contribution pensions only, which means that the Group makes payments to various pension institutions on an ongoing basis. These payments are expensed continuously and constitute the Group's pension costs for the year, which are recognized under "Personnel costs."

Sectra has no other pension obligations and is not responsible for any value changes in the paid-in premiums. This means that Sectra does not bear the risk when pensions are paid, and no pension obligations are recognized as liabilities in the balance sheet.

INTANGIBLE FIXED ASSETS

Intangible assets are recognized at cost less amortization and impairment losses for all intangible fixed assets excluding goodwill. Goodwill is recognized at cost less impairment losses. Individual assets are measured regularly to identify potential impairment loss. If the carrying amount exceeds the recoverable amount, the differences are charged against earnings for the period on an ongoing basis as they arise. For an asset that does not generate cash flows, the recoverable amount is calculated for the cash-generating unit to which the asset belongs. The recoverable amount is the higher of the asset's net-selling price and value in use. Value in use is calculated as the present value of future cash flows for specific assets. The amortization period for intangible assets exceed five years if the asset is expected to generate financial benefits, based on individual assessment, over a period exceeding five years.

CAPITALIZED DEVELOPMENT COSTS

Sectra develops proprietary software and equipment in the fields of medical equipment and secure communications. All research costs are expensed directly, and customer-related development costs are included in project costs, which are expensed at the time of revenue recognition. Internal development costs for standard products are capitalized and recognized as intangible fixed assets to the extent that they are expected to generate financial benefits in the future. Additional requirements for capitalization are that project costs can be reliably estimated, that it is technically possible to complete the project, and that the Group has the necessary resources to complete development. Capitalized project costs include all expenses directly attributable to materials, services and remuneration to employees. Capitalized development costs are subject to straight-line amortization over the period of use per individual asset, although the maximum amortization period is five years. Amortizations of capitalized development costs start when the asset is completed and sold to customer.

GOODWILL

Goodwill represents future economic benefits arising from a business acquisition that are not specifically identified and recognized separately. Refer to Business Combinations for information about how goodwill is determined the first time it is recognized. Goodwill is recognized at cost less accumulated impairment losses. Refer to Note 10 for a description of impairment testing.

OTHER INTANGIBLE ASSETS

Patents

Acquired patent rights are recognized at cost and subject to straight-line amortization over the assets' ten-year estimated period of use.

Trademarks and customer relationships

Trademarks and customer relationships pertain to acquisition-related assets. These rights are recognized at cost and subject to straight-line amortization over the assets' ten-year estimated period of use.

TANGIBLE FIXED ASSETS

Depreciation according to plan is based on the original cost and estimated financial lifetime. The following depreciation periods are applied:

Buildings	40 years
Office furniture	10 years
Equipment and office machines	5 years
Equipment at customer premises	3-10 years

LEASING

Through operational and financial leasing agreements, the company utilizes equipment, premises, computers, cars and items for onward leasing, such as mammography equipment. Since the company only has leasing agreements comprising insignificant amounts, all leasing agreements are classified as operational leasing agreements.

Costs of operational leases are charged against net earnings for the year. These costs are recognized as ongoing operating expenses in profit and loss, and are spread over the entire term of the lease.

BORROWING COSTS

Borrowing costs are expensed when they are not directly attributable to the acquisition, construction or production of a qualifying asset and are part of the cost of that asset. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. The Sectra Group had no qualifying assets on the balance sheet date.

INVENTORIES

Inventories are recognized at the lower of historical cost according to the first-in, first-out (FIFO) method or net selling price. Estimated obsolescence has thus been taken into account. Costs for internally manufactured semi-finished and finished goods consist of direct production costs plus a reasonable surcharge for indirect production costs.

RECEIVABLES

Receivables are recognized at the amount expected to be collected, based upon individual assessment.

TAX RECOGNITIONS

The Group's total tax comprises current tax and deferred tax. Deferred tax pertains to tax on temporary differences and loss carryforwards. Within the Group, deferred tax is calculated on untaxed reserves, loss carryforwards and internal profits. Current tax is calculated as the taxable surplus, including any adjustments for tax paid in previous years. Deferred tax assets pertaining to loss carryforwards are recognized only if it is likely that future profits will arise that will entail lower tax in the future.

FINANCIAL INSTRUMENTS

Financial instruments include both assets and liabilities. Securities holdings and other receivables, accounts receivable and cash and cash equivalents are recognized as assets. Financial liabilities include convertible debentures, accounts payable and other financial liabilities.

FINANCIAL ASSETS

Financial assets are recognized in the balance sheet when the company becomes party to the agreement, and are removed when the agreement expires or the company loses control over the assets. Market-listed shares are measured at market value, and value changes are recognized in profit and loss. Cash and cash equivalents and short-term investments of surplus liquidity are measured on a continuous basis at amortized cost and value changes are recognized in profit and loss. Loan receivables and accounts receivable are recognized at amortized cost. A provision for doubtful receivables is posted when there is proof that the Group will not receive payment in accordance with the original terms of the receivable.

FINANCIAL LIABILITIES

Financial liabilities are recognized in the balance sheet when the invoice is received or when the company in another manner becomes party to the contractual obligations. A financial liability is derecognized from the balance sheet when the obligation specified is discharged and all liability expires. Loan debts are initially recognized at nominal value after subtracting transaction costs. The liabilities are continuously measured at amortized cost after adjustments for any surplus/deficit, with interest accrued over the term of the loan. Interest expenses are recognized directly in profit and loss. Convertible debentures are recognized as combined financial instruments divided into a liability and an equity portion in so far as the interest paid on the convertible is not adjusted to market terms. If so, the liability portion is recognized at fair value, discounting future cash flows at the market interest rate. The equity portion is calculated as the difference between the nominal value and the fair value of the loan. The interest paid on convertible loans on the balance-sheet date is considered market-based, which is why the convertible loan is recognized in its entirety as a liability.

PROVISIONS

A provision is recognized on the balance sheet when the Group has an existing legal or informal obligation due to a past event and an outflow of economic resources may be required to regulate the obligation and a reliable estimation of the amount can be made.

DERIVATIVE INSTRUMENTS

Derivative instruments in the form of futures contracts are used within the Group to reduce risks associated with changes in exchange rates. There were no currency forwards or derivative instruments within the Sectra Group on the balance-sheet date.

FAIR VALUE

The method for calculating the fair value of financial assets and liabilities is based on three measurement levels. At measurement level one, fair value is calculated based on quoted market prices and instruments traded in an active market. At measurement level two, quoted market prices are not available, but variables for the calculation of fair value are obtained from market quotations. At measurement level three, fair value is calculated based on data that is not available in the market. The Group's financial assets and liabilities mainly belong to measurement levels two and three.

Notes

» Note 1 Operating segments

The division of operating segments was determined based on the internal reporting to the Board of Directors and the company's executive management. Information regarding the company's operational segments and geographic areas was used to evaluate sales and earnings in the Group and to allocate the Group's resources among various segments. The identified operational divisions are Imaging IT Solutions, Secure Communications, Business Innovation and Other Operations. Regarding the geographic distribution, the basis for distribution is the customer's billing address.

Imaging IT Solutions develops and sells IT systems, services and medical equipment. The largest product area in the segment is IT solutions for processing and archiving radiology images and patient information. Development is primarily carried out in Sweden, and sales are conducted through Sectra's own sales company and through external distributors.

Secure Communications develops and sells products for secure communications. The segment is divided into two product divisions: Tiger, which offers products for secure voice and data communications, and Crypto, which develops customized systems and products. Development and production occur in Sweden, and sales are conducted through Sectra's sales organization in Sweden and the Netherlands.

Sectra's business lines in Business Innovation develop and sell products and services that contribute to more efficient and better osteoporosis care, IT systems for planning and monitoring orthopaedic surgery and research projects.

Other Operations pertain to Sectra's operations for the financing of customer projects and asset management, and shared functions for administration, Group finances, marketing communication, IT, regulatory affairs and investor relations activities.

Operations

	Imaging IT Solutions		Secure Communications		Business Innovation		Other Operations ¹		Eliminations ²		Total Group ³	
	13/14	12/13	13/14	12/13	13/14	12/13	13/14	12/13	13/14	12/13	13/14	12/13
Net sales	802 815	709 156	82 842	99 015	20 807	17 692	93 256	68 125	-145 924	-77 034	853 796	816 954
Depreciation	28 401	31 967	1 634	805	0	20	15 555	13 163	0	0	45 590	45 955
Impairment losses	3 824	0	0	0	0	0	0	0	15 148	0	18 972	0
Operating profit	178 580	103 218	940	1 430	-2 575	-6 996	-10 869	-6 044	-38 004	-5 742	128 072	85 866
Assets	581 322	610 526	68 714	72 185	2 712	2 306	797 243	732 569	-441 950	-334 029	1 008 041	1 083 557
Liabilities	487 685	534 961	60 824	64 917	4 794	4 775	237 146	113 930	-394 110	-300 325	396 339	418 258
Investments	19 955	60 760	1 403	78	1 208	0	34 896	15 368	0	0	57 462	76 206

Geographic areas

	Sweden		UK		Rest of Europe		Netherlands	
	13/14	12/13	13/14	12/13	13/14	12/13	13/14	12/13
Net sales	261 217	264 756	139 800	105 007	153 166	144 858	87 159	66 772
Assets	652 801	701 134	164 092	108 847	55 845	79 141	43 089	61 763
Investments	17 490	8 386	38 280	63 482	1 025	1 432	499	188

	US		Rest of World		Total Group ³	
	13/14	12/13	13/14	12/13	13/14	12/13
Net sales	156 851	174 213	55 603	61 348	853 796	816 954
Assets	76 995	109 652	15 219	23 020	1 008 041	1 083 557
Investments	144	2 650	24	68	57 462	76 206

¹ For Other Operations, 42.8% (66.0) of sales pertain to operations for financing customer projects and 57.2% (34.0) to the Parent Company's billing of Group-wide services and asset management.

² 89.0% (100) of the Parent Company's total sales are attributable to other companies within the Group to which the company belongs. Purchases from Group companies amounted to 24.6% (5.0).

³ Sectra has no customers that individually contribute more than 10% of total net sales. Most of the Group's fixed assets are in Sweden.

» Note 2 Employees and personnel costs

Average number of employees and percentage of women

	13/14		12/13	
	Total	of whom, women	Total	of whom, women
Parent Company¹				
Sweden	47	25	13	11
Group				
Australia	10	2	11	2
Canada	3	0	2	0
Denmark	4	1	4	1
Germany	15	4	19	4
Netherlands	29	8	27	7
New Zealand	2	0	2	0
Norway	15	7	13	5
Portugal	9	3	7	3
Spain	2	0	2	0
Sweden	278	78	284	81
Switzerland	0	0	1	0
UK	75	23	72	23
US	81	26	83	26
Group total	523	152	527	152

Salaries and other remuneration

	Group		Parent Company	
	13/14	12/13	13/14	12/13
Board of Directors and President	19 306	17 735	3 111	2 494
Other employees	306 915	291 433	24 553	5 889
Total	326 221	309 168	27 664	8 383

Social costs

	Group		Parent Company	
	13/14	12/13	13/14	12/13
Board and President				
Social costs	3 408	2 510	994	778
Pension costs	1 742	1 512	393	351
Total Board and President	5 150	4 022	1 387	1 129
Other employees				
Social costs	69 784	70 687	7 313	1 990
Pension costs	17 665	17 032	1 585	529
Total other employees	87 449	87 719	8 898	2 519

The proportion of female Board members, including employee representatives on the Boards of Directors of all Group companies, amounted to 15% (13), and on the Parent Company's Board of Directors to 13% (22). The proportion of women in the Group's management groups, including company presidents, amounted to 26% (24), and in Group management to 40% (33).

¹ The reorganization that came into effect on May 1, 2013 meant that the number of employees in the Parent Company increased compared with the preceding year.

Remuneration to the Board, President and other senior executives 2013/2014

	Board fee	Basic Salary	Variable remuneration	Other remuneration	Pension premiums	Total
Carl-Erik Ridderstråle, Board Chairman	370	0	0	0	0	370
Erika Söderberg Johnson	225	0	0	0	0	225
Jan-Olof Bråer	185	0	0	0	0	185
Anders Persson	205	0	0	0	0	205
Christer Nilsson	205	0	0	94	0	299
Jakob Svändström	185	0	0	0	0	185
Total remuneration to the Board	1 375	0	0	94	0	1 469
President/CEO Torbjörn Kronander	0	1 736	0	0	393	2 129
Other senior executives (9 persons)	0	6 285	695	0	1 130	8 110
Total remuneration to the President and other senior executives	0	8 021	695	0	1 523	10 239
Total	1 375	8 021	695	94	1 523	11 708

Preparation and decision-making process

The Board fee was decided at the Annual General Meeting in accordance with the proposal of the Nomination Committee. Guidelines for remuneration to the President and other senior executives are determined at the Annual General Meeting. Remuneration to the President/CEO was considered by the Remuneration Committee and decided by the Board of directors. The President/CEO considered and decided on the remuneration to the other senior executives.

Remuneration to the Board of Directors

Fees are paid to the Board Chairman and other external members in accordance with the decision of the Annual General Meeting. Internal Board members are not paid a fee. SEK 185,000 was paid in fees to external Board members in 2013/2014 and SEK 370,000 to the Chairman. For Audit Committee work, SEK 20,000 was paid to external Board members and SEK 40,000 to the Chairman of the Audit Committee. No separate fee is paid for Remuneration Committee work. Other remuneration pertains to consultant services for assignments in which a Board member has special competence.

Remuneration to the President and other senior executives

Remuneration to the President/CEO and other senior executives is based on market terms and comprises basic salary, variable salary, other benefits and pension. The fixed salary is determined taking into account competence, areas of responsibility and performance. The variable salary is performance-based and maximized to a percentage of the fixed annual salary, which is a maximum of 50%. "Other senior executives" refers to the nine individuals who, together with the President/CEO, comprised Group management during the fiscal year.

Terms of notice and severance pay

The company must give the President/CEO 18 months' notice of termination. The President/CEO must give the company six months' notice of resignation. The notice periods for other senior executives range from three to 12 months on the part of the company, and from three to six months on the part of the executives. There are no special agreements regarding severance pay.

Pension

The retirement age for the President and other senior executives is 65 years. Pension benefits for the President and other senior executives are paid within the framework of the pension plan that applies to all employees, and which comprises defined-contribution and vested pension.

Share-based remuneration

Convertibles and stock option programs enable employees and external board members to acquire shares in the company. The fair value of the allocated convertibles and options is recognized as a personnel cost with a corresponding increase in shareholders' equity. The fair value is calculated on the allocation date and is allocated over the vesting period. The fair value of the allocated convertibles and options is calculated according to the Black & Scholes model and consideration is given to the terms and conditions that applied on the allocation date. The amount recognized as an expense is adjusted to reflect the actual number of vested convertibles and options.

During the fiscal year, share-based remuneration was expensed in an amount of SEK 1,819 thousand (1,479), of which SEK 479 thousand (343) pertained to senior executives, including the President/CEO.

Issued incentive programs

Convertible programs	2010/2014	2011/2015	2011/2016	2012/2016	2012/2017	2013/2016	2013/2017
Number of underlying Class B shares	176 052	221 430	50 933	116 177	39 719	180 761	43 969
Conversion rate, SEK	34.60	40.50	43.20	58.30	62.20	74.60	79.60
Exercise period	May 26-30, 2014	May 25-29, 2015	May 23-27, 2016	May 23-27, 2016	May 22-26, 2017	Nov. 7-10, 2016	Nov. 6-9, 2017
Time to expiration	Oct. 30, 2010 - June 15, 2014	Oct. 28, 2011 - June 15, 2015	Oct. 28, 2011 - June 15, 2016	Nov. 1, 2012 - June 15, 2016	Nov. 1, 2012 - June 15, 2017	Nov. 1, 2013 - Nov 30, 2016	Nov. 1, 2013 - Nov 30, 2017
Interest rate during time to expiration	Stibor +2.25%	Stibor +2.25%	Stibor +2.25%	Stibor +2.25%	Stibor +2.25%	Stibor +2.25%	Stibor +2.25%
Dilution upon full conversion, capital	0.5%	0.6%	0.1%	0.3%	0.1%	0.5%	0.1%

Employee stock option programs	2011/2014	2012/2015
Number of underlying Class B shares	100 000	100 000
Exercise price, SEK	40.50	46.70
Exercise period	Oct. 13-17, 2014	Nov. 16-22, 2015
Number of options exercised at April 30, 2014	0	0
Dilution at full exercise, capital	0.3%	0.3%

No. of convertibles/options	May 1, 2013	Concluded programs	New programs	Increase due to restated price	April 30, 2014
Convertibles	556 768	0	224 730	47 542	829 040
Options	300 000	-100 000	0	0	200 000
Total	856 768	-100 000	224 730	47 542	1 029 040

Recalculation occurred as a result of the redemption program. Refer also to page 37 of the Administration Report.

» Note 3 Fees to auditors

	Group		Parent Company	
	13/14	12/13	13/14	12/13
Grant Thornton				
Audit fees	1 112	1 216	384	295
Audit business in addition to the audit assignment	878	711	196	230
Tax advisory services	236	196	59	23
Other fees	167	144	60	55
Audit fees to others				
Audit fees	13	0	0	0
Other fees	27	43	0	0
Total	2 433	2 310	699	603

Audit assignments involve examination of the annual report and consolidated financial statements, accounting records and the administration of the Board of Directors and the President and other tasks performed by the company's auditor including audit consultancy. The fee for audit assignments includes the statutory revision performed in each country. Audit business in addition to the audit assignment pertains to quality-assurance services.

» Note 4 Costs for operational leases

Annual leasing fees paid for operational leases totaled SEK 22,306 thousand (19,327). Agreed future leasing fees for operational leases are payable as shown below:

Group	Parent Company			
	14/15	15/16	16/17	17/18
Rent	17 895	15 722	15 867	14 715
Cars	3 140	1 611	376	10
Other	152	65	57	36
Total	21 187	17 398	16 300	14 761

» Note 5 Income from participations in Group companies

	Parent Company	
	13/14	12/13
Group contributions	150 200	66 300
Sales of shares in subsidiaries	3 981	0
Total	154 181	66 300

» Note 6 Interest income and similar profit items

	Group		Parent Company	
	13/14	12/13	13/14	12/13
Other interest income	9 038	7 899	7 622	8 237
Interest income from Group companies	0	0	3 490	4 292
Dividend	239	26	37	26
Revaluation, securities	0	910	0	910
Capital gain, shares	391	0	391	0
Exchange difference, net	5 110	0	1 579	0
Total	14 778	8 835	13 119	13 465

Monetary assets and liabilities are recognized at the closing day rate in profit and loss.

» Note 7 Interest expenses and similar expense items

	Group		Parent Company	
	13/14	12/13	13/14	12/13
Interest expenses	1 386	1 251	1 346	1 073
Interest expenses from Group companies	0	0	162	181
Other financial expenses	0	2 236	0	0
Impairment of loans	0	0	0	916
Exchange difference, net	0	4 660	0	3 428
Total	1 386	8 147	1 508	5 598

Monetary assets and liabilities are recognized at the closing day rate in profit and loss.

» Note 8 Appropriations

	Parent Company	
	13/14	12/13
Change in accrual fund	-19 000	-2 121
Change in excess depreciation	54	146
Total	-18 946	-1 975

» Note 9 Tax on net profit for the year

	Group		Parent Company	
	13/14	12/13	13/14	12/13
Tax expenses				
Current tax	-42 777	-25 467	-28 944	-16 124
Deferred tax	5 171	1 159	-308	0
Total tax expense	-37 606	-24 308	-29 252	-16 124

Relationship between Group tax and recognized tax per applicable tax rate

	13/14	12/13	13/14	12/13
Earnings before tax	141 464	86 554	128 228	60 116
Tax per applicable tax rate for the Parent Company (22.0%)	-31 122	-22 764	-28 210	-15 811
Adjustment of tax for previous years	-1 317	-105	-555	0
Tax effect due to new tax rate	0	3 304	0	0
Tax effect of nondeductible expenses	-3 287	-1 070	-487	-333
Tax effect of nontaxable income	2 331	49	0	46
Change in temporary differences	-743	-3 869	0	-26
Effect of tax in foreign subsidiaries	-4 365	147	0	0
Effect of unutilized loss carryforwards	897	0	0	0
Tax on net profit for the year	-37 606	-24 308	-29 252	-16 124

Deferred tax liability

Deferred tax liability on untaxed reserves	29 246	24 872		
Deferred tax liability on current assets	4 860	0		
Deferred tax liability on surplus values	3 533	3 650		
Deferred tax receivable on unutilized loss carryforwards (nettable)	0	-1 455		
Net deferred tax liability	37 639	27 067		

Deferred tax assets

Deferred tax receivable on current assets	18 194	5 593		
Deferred tax receivable on current liabilities	406	0		
Deferred tax receivable on provisions	1 320	0		
Deferred tax receivable on unutilized loss carryforwards	-	-	0	1 739
Total deferred tax assets	19 920	5 593	0	1 739

Unutilized loss carryforwards pertain to foreign companies in the Group and on April 30, 2014, amounted to SEK 2,898 thousand (6,977), which corresponds to a tax value of SEK 869 thousand (2,015). There is no time limit for utilization of the foreign loss carryforwards. Unutilized loss carryforwards are not recognized for foreign companies in the Group due to the current market situation in Europe, which has led to a lower earnings trend.

In the preceding year, the Group's deferred tax liabilities and deferred tax assets were restated at the tax rate of 22.0%. Refer also to Note 21.

» Note 10 Intangible assets

Group	Capitalized development ¹	Goodwill ²	Patents	Customer relations ³	Brand ⁴	Total
Historical cost at start of year	88 789	0	4 188	23 822	4 762	121 561
Translation differences	219	-4 734	-82	-1 940	-302	-6 839
Investments for the year	12 142	0	0	0	0	12 142
Investments from acquisitions	0	50 872	0	16 804	3 348	71 024
Cumulative historical cost at April 30, 2013	101 150	46 138	4 106	38 686	7 808	197 888
Opening amortization	32 894	0	3 615	14 506	4 762	55 777
Translation differences	-19	0	-32	-231	0	-282
Amortization for the year	15 763	0	138	3 055	280	19 236
Cumulative amortization at April 30, 2013	48 638	0	3 721	17 330	5 042	74 731
Closing residual value at April 30, 2013	52 512	46 138	385	21 356	2 766	123 157
Historical cost at start of year	101 150	46 138	4 106	38 686	7 808	197 888
Translation differences	-177	4 018	239	1 604	-47	5 637
Investments for the year	16 839	0	0	0	0	16 839
Impairment for the year ⁵	-4 108	-9 917	-3 345	-10 035	0	-27 405
Cumulative historical cost at April 30, 2014⁶	113 704	40 239	1 000	30 255	7 761	192 959
Opening amortization	48 638	0	3 721	17 330	5 042	74 731
Translation differences	-163	0	-1 027	1 565	25	400
Amortization for the year	17 961	0	337	2 782	322	21 402
Reversal of amortization on impaired assets ⁵	-308	0	-2 031	-6 094	0	-8 433
Cumulative amortization at April 30, 2014	66 128	0	1 000	15 583	5 389	88 100
Closing residual value at April 30, 2014	47 576	40 239	0	14 672	2 372	104 859

¹ Capitalized development pertains to internally generated intangible assets comprising proprietary software and equipment for medical imaging and secure communications. The remaining amortization period on larger projects is one-to-three years. The largest remaining project concerns the development of IT systems in Imaging IT Solutions.

² Goodwill is attributable to acquisition of Burnbank, see Note 13.

³ Customer relations are attributable to Imaging IT Solutions segment and pertain to acquired assets from Sectra Sverige AB (formerly Radisoft AB), Sectra imaXperts BV and Burnbank Systems Ltd.

⁴ Brand pertains to acquired assets from Sectra Sverige AB and Burnbank Systems Ltd

⁵ Goodwill attributable to the acquisition of Burnbank Systems Ltd in the UK was impaired by SEK 9.9 million. Costs for capitalized development projects in the Imaging IT Solutions segment were impaired SEK 4.1 million (net 3.8). For other intangible assets, cost was impaired SEK 13.4 million (net 5.3).

⁶ Of costs at April 30, 2014, 20.5% (18.4) pertains to ongoing development projects and 79.5% (81.6) to completed projects.

Testing of intangible assets for impairment requirements

An impairment test is performed on intangible fixed assets if there is any indication that an asset may be impaired, and on ongoing development projects and goodwill at least once annually. Impairment testing is based on future value-in-use calculations. The value of the Group's intangible fixed assets is based on the value-in-use of the cash-generating development projects and acquired companies. The value-in-use is based on the cash flows that the assets are expected to generate.

The future cash flows used when calculating each unit's value-in-use is based on a detailed review of each development project. Future cash flows for goodwill are based on expected synergy effects in terms of the growth potential for sales in the UK market for Imaging IT Solutions. The present value of the forecast future cash flows for all development projects was estimated using a pre-tax rate of 15-20% (10). A pre-tax rate of 12% (10) was used when calculating cash flows associated with goodwill. The discount rate is based on a market determination of average cost of capital, taking into account the assessed risk level of the units' cash flows. Changes to the discount rate compared with previous years are due to a larger number of projects and increased risk per region. The forecast period when calculating value-in-use is determined by the asset's useful life of between five to seven years and assumed growth of 12-15% (12) over the forecast period. The forecast period in connection with the calculation of goodwill has been set at five years. The growth rate assessment is based on market trends and growth goals in the business areas.

Other assumptions regarding required returns:

Risk-free interest:	Ten-year treasury bill or an equivalent financial investment with the lowest possible risk
Market risk premium:	5%
Beta value:	The beta value is calculated at one
Interest expenses:	Sectra's assessed cost for borrowing
Tax rate:	Tax rate in Sweden

Circumstances that led to impairment and sensitivity analysis

Impairment of intangible assets

Changed local product strategies in Imaging IT Solutions led to an impairment of SEK 3.8 million in capitalized development costs, and of SEK 5.3 million. Other impairment tests per development project and other intangible assets were performed with such a margin that Executive Management deems any reasonable and possible changes in individual variables will not cause the value-in-use to fall below the carrying amount. According to the analysis, a decline in the forecast cash flows of at least 30% per development project would not provide any indication of impairment.

Impairment of goodwill

Due to organizational changes, which led to lower than expected synergy effects in the Sectra Group, goodwill associated with acquisition of the Burnbank companies was impaired by SEK 9.9 million. Following impairment of goodwill, executive management does not consider any further need for impairment to exist at present. Should there be any future changes in individual variables, the value-in-use may fall below the carrying amount which could lead to additional impairment. A decrease of 1% in cash flow would result in additional impairment of SEK 700 thousand.

Calculation of recoverable amount

The recoverable amount comprises value-in-use, meaning the present value of the future cash flows that the intangible assets are expected to generate. All assumptions described above have been approved by the Board.

Parent Company

At April 30, 2014, the Parent Company held intangible assets related to capitalized development projects in Business Innovation amounting to SEK 1.2 million.

» Note 11 Tangible assets

	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Historical cost at start of year	175 445	150 366	11 073	11 016
Translation differences	7 967	-5 431	0	0
Investments for the year	40 623	17 280	1 079	57
Sales/disposals for the year	-6 985	-496	0	0
Investments at time of acquisition	0	13 726	0	0
Cumulative historical cost at year-end	217 050	175 445	12 152	11 073
Depreciation at start of year	126 775	96 719	10 835	10 669
Translation differences	3 656	-2 527	0	0
Depreciation for the year	24 188	26 719	392	166
Sales/disposals for the year	-6 063	-214	0	0
Opening depreciation at time of acquisition	0	6 078	0	0
Cumulative depreciation at year-end	148 556	126 775	11 227	10 835
Residual value according to plan	68 494	48 670	925	238
Total carrying amount	68 494	48 670	925	238

» Note 12 Participations in Group companies

	Corp. Reg. No.	Reg. office	No. of shares	Share of capital, %	Nominal value	April 30, 2014	April 30, 2013
						Carrying amount	Carrying amount
Parent Company:							
Sectra Imaging IT Solutions AB	556250-8241	Linköping, SE	300 000	100%	3 000	2 883	2 883
Sectra Communications AB	556291-3300	Linköping, SE	3 000 000	100%	3 000	3 000	3 000
Sectra Wireless Technologies AB ²	556570-9325	Linköping, SE	3 000 000	100%	3 000	-	8 000
Sectra Secure Transmission AB	556247-1283	Linköping, SE	100 000	100%	100	95	95
Ebberöd Capital, Inc.	20-8912327	Shelton, US	1 000	100%	0	0	0
Ebberöd Capital Ltd	6707408	Milton Keynes, UK	1 000	100%	GBP 0.001	0	0
Total carrying amount						5 978	13 978
Sectra Imaging IT Solutions AB:							
Sectra Sverige AB	556483-9479	Linköping, SE	40 350	100%	100	21 016	21 016
Paxlink AB	556572-3292	Linköping, SE	1 000	100%	100	811	811
Sectra Norge AS	975 353 265	Oslo, NO	5 000	100%	NOK 500	283	283
Sectra North America, Inc.	06-1473851	Shelton, US	500	100%	USD 50	384	384
Sectra Medical Systems GmbH	HR B 8546	Cologne, DE	500	100%	EUR 26	219	219
Sectra A/S	26121361	Herlev, DK	5 000	100%	DKK 100	639	639
Sectra Ltd	4571654	Milton Keynes, UK	1	100%	GBP 0.001	0	0
Sectra Pty Ltd	105 376 190	Sydney, AU	1	100%	AUD 0.1	1	1
Sectra New Zealand Ltd	1539744	Auckland, NZ	1	100%	NZD 0.1	0	0
Sectra Medical Systems SL	884352749	Madrid, ES	500	100%	EUR 253	2 290	2 290
Sectra imaXperts BV	39069257	Almere, NL	500	100%	EUR 22.5	4 664	4 664
Burnbank Systems Ltd ¹	05968184	Ipswich, UK	1 000	100%	GBP 6 930	61 836	78 016
Burnbank Dataconnect Ltd	02860002	Ipswich, UK	1 450	100%	GBP 0.0	0	0
Burnbank Healthsystem Ltd	06502661	Ipswich, UK	2	100%	GBP 0.0	0	0
Total carrying amount						92 143	108 323
Sectra Communications AB:							
Sectra Secure Solutions AB ²	556570-9325	Linköping, SE	3 000 000	100%	6 981	6 981	-
Sectra Communications Ltd	4884887	London, UK	1	100%	GBP 0.001	0	0
Sectra Communications BV	27264295	The Hague, NL	1 800	100%	EUR 18	164	164
Total carrying amount						7 145	164

¹ Burnbank Systems Limited and Burnbank Dataconnect Limited are exempt from the requirement to have a statutory audit completed on their financial statements under section 479A of the Companies Act 2006 under UK law.

² Sectra Wireless Technologies AB has changed its name to Sectra Secure Solutions AB.

» Note 13 Acquisitions and discontinued operations

On June 6, 2012, the Group acquired 100% of the shares in Burnbank System Limited, which provides IT services for the healthcare sector in the UK. The acquisition was part of Sectra's efforts to expand the company's medical systems operation into the UK market. The transaction encompassed three companies: Burnbank Systems Limited, Burnbank Healthsystems Limited and Burnbank Dataconnect Limited. The operations were consolidated into the Sectra Group from the date of acquisition since Sectra obtained controlling influence over the acquired entities. For the 2013/2014 fiscal year, the acquired operations are included in the Sectra Group's reporting with sales of SEK 36.0 million (27.9) and an operating profit of SEK 4.4 million (6.4).

The total consideration transferred at the date of acquisition amounted to SEK 77.3 million, of which SEK 55.0 million pertained to the cash consideration and SEK 22.3 million to contingent consideration, which were recognized as a provision in the Group. In 2013/2014, a new additional-consideration agreement was concluded with the seller, entailing that SEK 6.1 million has been paid and the remaining portion of the provision totaling SEK 16.2 million has been reversed and recognized as other income in the Group at April 30, 2014.

Acquired net assets and goodwill, April 30, 2013

SEK million	Carrying amount of the acquired company	Carrying amount of the acquired company
Customer relations	0	16.8
Brand	0	3.3
Tangible assets	7.6	7.6
Current receivables	8.2	8.2
Cash and cash equivalents	8.2	8.2
Deferred tax	0	-4.4
Current liabilities	-13.3	-13.3
Total acquired net assets	10.7	26.4
Fair value of consideration transferred		77.3
Goodwill¹		50.9

Net outflow of cash and cash equivalents arising from the acquisition ²	
Cash consideration transferred	55.0
Cash and cash equivalents in the acquisition at the date of acquisition	-8.2
Total	46.8

¹ The negative change in the Goodwill item of SEK 26.9 million from the date of acquisition until April 30, 2013 pertained to allocation of the consideration in a negative amount of SEK 15.7 million and restatement of the contingent additional consideration to a negative amount of SEK 11.2 million. The contingent consideration was restated due to new information about the fair value on the date of acquisition. The change in the Goodwill item in the balance sheet since April 30, 2013 totaled SEK 5.9 million, of which a negative amount of SEK 9.9 million pertained to impairment of goodwill and SEK 4.0 million to changed exchange rates.

² Excluding acquisition-related expenses of SEK 0.7 million which were recognized as external costs in the Group 2012/2013.

Goodwill that arose in conjunction with the acquisition is attributable to expected growth opportunities for sales in the UK market for Imaging IT Solutions and to the experience and competence of the employees.

Discontinued operations, April 30, 2012

In the 2011/2012 fiscal year, Sectra divested the company's mammography operation to Royal Philips Electronics. On a debt-free basis, the cash consideration amounted to EUR 57.5 million, including the sale of assets attributable to discontinuation of the MicroDose operation. The agreement includes an additional consideration of EUR 12.5 million, which will fall due in five years should specially agreed terms be met. During the 2011/2012 fiscal year, excluding a possible additional consideration, the transaction generated a capital gain of SEK 322.6 million after tax for Sectra, based on carrying amounts.

» Not 14 Long-term receivables in Group companies

	Parent Company	
	April 30, 2014	April 30, 2013
Historical cost	88 337	135 577
New receivables	81 662	596
Amortized loans	-25 741	-44 078
Exchange-rate difference	1 727	-2 842
Impairment of loans	0	-916
Total	145 985	88 337

» Note 15 Long-term investments

	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Other shares and participations	1 766	4 204	0	2 438
Total	1 766	4 204	0	2 438

Securities holdings with maturities of less than one year are classified as short-term.

See Note 29 for valuation of securities holdings.

The investments held as fixed assets item includes participations in Commit OY, Finland, in which the Group's holding represents 13% of the capital and votes.

» Note 16 Inventories

	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Component stocks	10 472	9 885	0	0
Finished products	1 211	1 800	0	0
Total carrying amount	11 683	11 685	0	0

An impairment loss amounting to SEK 703 thousand (848) was recognized in profit and loss for 2013/2014.

Equipment and components mainly used for development were reclassified as inventories or expensed in profit and loss, depending on the estimated lifetime of the stock items in question. Of the total inventory value, 0 is measured at fair value after selling expenses. Accordingly, the entire inventory is valued at historical cost since this value is lower than fair value less selling expenses.

» Note 17 Accounts receivable

Accounts receivable per currency	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
SEK	22 928	30 077	730	0
USD	31 217	38 118	0	0
EUR	68 382	72 779	0	0
GBP	41 207	21 786	0	0
Other currencies	24 085	26 215	0	0
Total	187 819	188 975	730	0

Change for the year in the reserve for doubtful accounts receivable

	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Opening balance	9 027	9 729	0	0
Realized losses	0	-185	0	0
Reversal of unutilized amounts	-2 932	-3 269	0	0
Reserve for doubtful accounts receivable	9 496	2 973	100	0
Exchange-rate effect	137	-221	0	0
Total	15 728	9 027	100	0

See Note 30 for an age analysis

» Note 18 Prepaid expenses and accrued income

	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Prepaid rent	3 161	2 699	1 314	1 332
Accrued interest income	4 093	701	4 077	685
Prepaid support agreements	2 689	2 012	795	122
Other items	-3 156	17 225	1 182	547
Recognized non-invoiced income	151 342	124 124	0	0
Total	158 129	146 761	7 368	2 686

» Note 19 Cash and cash equivalents

	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Bank balances	360 092	461 391	254 163	349 812
Short-term securities	81 853	74 900	81 853	74 900
Total	441 945	536 291	336 016	424 712

Short-term securities recognized under cash and cash equivalents refer to bank deposits and commercial paper that can be considered as equivalent to cash and cash equivalents and have maturities within 90 days.

Bank overdraft facilities	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Credit limit granted	15 000	15 000	15 000	15 000
Unutilized portion	-15 000	-15 000	-15 000	-15 000
Utilized credit amount	0	0	0	0

» Note 20 Untaxed reserves

	Parent Company	
	April 30, 2014	April 30, 2013
Tax allocation reserves:		
Allocated to taxes 09	-	24 000
Allocated to taxes 10	26 900	26 900
Allocated to taxes 11	10 700	10 700
Allocated to taxes 13	29 950	29 950
Allocated to taxes 14	20 425	20 425
Allocated to tax year 2014	43 000	-
Excess depreciation	137	191
Total	131 112	112 166

Of the total untaxed reserves, SEK 28,844 thousand (24,676) is recognized as deferred Group tax.

» Note 21 Appropriations

	Group			
	Taxes	Guarantee commitments and other provisions	Contingent consideration	Total
Carrying amount, May 1, 2012	27 872	594	0	28 466
Effect of change in tax rate	-4 577	-	-	-4 577
Provisions made in the period	8 586	0	22 319	30 905
Reclassification to short-term liabilities	0	0	-5 060	-5 060
Amount appropriated	-4 814	-278	0	-5 092
Carrying amount, April 30, 2013	27 067	316	17 259	44 642
of which, total long-term portion of provisions	21 387	0	17 259	38 646
of which, total short-term portion of provisions	5 680	316	0	5 996

	Group			
	Taxes	Guarantee commitments and other provisions	Contingent consideration ¹	Total
Carrying amount, May 1, 2013	27 067	316	17 259	44 642
Provisions made in the period	27 677	6 000	0	33 677
Reversal of provisions	0	0	-16 180	-16 180
Amount appropriated	-17 105	-316	-1 079	-18 500
Carrying amount, April 30, 2014	37 639	6 000	0	43 639
of which, total long-term portion of provisions	31 366	6 000	0	37 366
of which, total short-term portion of provisions	6 273	0	0	6 273

The carrying amount at the end of the period is expected to be settled within six years for taxes, within one year for guarantee commitments and within three years for other provisions.

¹ See Note 13.

» Note 22 Other long-term liabilities

	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Convertible debentures 10/14	0	6 091	0	6 091
Convertible debentures 11/15	8 968	8 968	8 968	8 968
Convertible debentures 11/16	2 201	2 201	2 201	2 201
Convertible debentures 12/16	6 773	6 773	6 773	6 773
Convertible debentures 12/17	2 471	2 471	2 471	2 471
Convertible debentures 13/16	13 484	0	13 484	0
Convertible debentures 13/17	3 500	0	3 500	0
Total	37 397	26 504	37 397	26 504

During the year, two new convertible programs were issued, comprising a total of 224,730 convertibles. The assessment of whether the interest rate for convertibles is market-based, is based on Sectra's current costs for borrowing. Refer to Note 29 for information concerning maturities and terms of interest, and Note 2 for more information about the convertible programs.

» Note 23 Other current liabilities

	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Convertible debentures 10/14 reclassification from long-term liabilities	6 091	-	6 091	-
Value-added tax	8 171	16 422	0	0
Employee withholding taxes	6 226	7 977	687	303
Other liabilities	8 153	15 575	382	17
Total	28 641	39 974	7 160	320

Conditions

For information about the terms for the convertible subordinated loans, see Note 2 Salaries and other remuneration and the Sectra Share on page 37 of the Administration Report.

» Note 24 Accrued expenses and deferred income

	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Accrued social security	21 088	22 777	2 903	1 353
Accrued vacation pay	34 603	31 391	5 123	2 286
Prepaid support agreements	63 328	52 512	0	0
Accrued accounts payable	10 582	28 135	4 158	1 493
Invoiced non-recognized income	17 515	62 657	0	0
Other items	98 086	54 740	1 910	224
Total	245 202	252 212	14 094	5 356

» Note 25 Pledged assets and contingent liabilities

	Group		Parent Company	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Chattel mortgages	36 250	36 250	11 000	11 000
Total pledged assets	36 250	36 250	11 000	11 000
Guarantees on behalf of Group companies	0	0	248 525	283 943
Total contingent liabilities	0	0	248 525	283 943

» Note 26 Cash flow

Adjustment for non-cash items

	Group		Parent Company	
	13/14	12/13	13/14	12/13
Depreciation/amortization	64 562	45 956	392	166
Exchange-rate difference	3 019	942	2 624	-3 687
Reversal of contingent consideration	-16 180	0	0	0
Other provisions	6 000	0	0	0
Share-based payments	1 819	1 479	0	0
Other	4 980	0	0	0
Total	64 200	48 377	3 016	-3 521

» Note 27 Related parties

The Group's related parties comprise Group management and the Board of Directors, as well as other key persons in senior positions. The Group has no transactions with related parties, apart from what is stated in Note 2.

» Note 28 Important estimates and judgments

At year-end, certain judgments are made in regard to the application of accounting policies that affect the values reported on the reporting date. These estimates for reporting purposes may deviate from the actual outcome. The following estimates may involve a risk of changes in the values reported.

Impairment requirements relating to intangible assets including goodwill are assessed on an ongoing basis, based on the calculated recoverable amount per cash-generating unit. The recoverable amount is based on the unit's value in use, which consists of calculated future cash flows during its useful life. The calculations are based on budgeted long-term targets and anticipated growth. Group synergy effects were taken into consideration when calculating cash flow associated with goodwill. The present value of the forecast future cash flows for all development projects has been calculated using a discount rate of 15-20%.

A discount rate of 12% has been used when calculating cash flows associated with goodwill. The growth rate assessment has been set in line with market trends and growth goals in the business areas.

The useful life of intangible assets excluding goodwill is based on the average life of the asset. Amortizations of intangible assets are based on the assumed useful life per asset, which can have major significance for the Group's results and financial position.

Obligations for guarantees arise upon the delivery of a system that normally involves a guarantee period of 12 months. Assessment of future guarantee costs is based on individual projects and prior experience. Deviations between the actual guarantee cost and the provisions occur for individual projects, but at Group level these deviations are limited

» Note 29 Financial assets and liabilities

	Account receivable and loan receivables	Financial assets available for sale	Other financial assets and liabilities	Total carrying amount	Fair value	Non-financial assets and liabilities	Total balance sheet
Group April 30, 2014							
Investments held as fixed assets	0	1 766	0	1 766	1 766	0	1 766
Accounts receivable	187 819	0	0	187 819	187 819	0	187 819
Other short-term receivables	0	0	0	0	0	6 724	6 724
Cash and bank balances	0	0	441 945	441 945	441 945	0	441 945
Total financial assets	187 819	1 766	441 945	631 530	631 530	6 724	638 254
Long-term liabilities	0	0	37 397	37 397	37 397	0	37 397
Other current liabilities	0	0	6 091	6 091	6 091	22 549	28 640
Accounts payable	0	0	24 014	24 014	24 014	0	24 014
Total financial liabilities	0	0	67 502	67 502	67 502	22 549	90 051
Group April 30, 2013							
Investments held as fixed assets	0	4 204	0	4 204	4 204	0	4 204
Accounts receivable	188 975	0	0	188 975	188 975	0	188 975
Other short-term receivables	0	0	0	0	0	7 735	7 735
Cash and bank balances	0	0	536 291	536 291	536 291	0	536 291
Total financial assets	188 975	4 204	536 291	729 470	729 470	7 735	737 205
Long-term liabilities	0	0	43 762	43 762	43 762	0	43 762
Other current liabilities	0	0	0	0	0	39 974	39 974
Accounts payable	0	0	37 559	37 559	37 559	0	37 559
Total financial liabilities	0	0	81 321	81 321	81 321	39 974	121 295

Revaluation of accounts receivable recognized in profit and loss amounted to SEK 8,961 thousand (2,973). No gains or losses were recognized in any of the other categories.

For cash and cash equivalents and other receivables and liabilities with shorter lifetimes, the carrying amount is considered to correspond to the fair value. In the case of receivables or liabilities with a lifetime exceeding one year, the carrying amount has been discounted and corresponds to fair value.

Long-term financial liabilities pertain to convertible debentures and the time to expiration is one to four years. Other financial liabilities have a time to expiration of less than one year.

Calculation of fair value

The following methods were used to determine fair value:

Securities holdings that are available for sale belong to Level 2, meaning that the calculation of fair value is based on market quotations or the calculation of future cash flows for which variables are obtained from market quotations whenever possible.

The holding that can be sold amounts to SEK 1,766 thousand (4,204). Contingent consideration recognized in other financial liabilities at April 30, 2013 belongs to Level 3, which means that the calculation of fair value is based on unobservable inputs. The calculation was based on the likelihood that set goals would be achieved.

» Not 30 Risks, risk management and sensitivity analysis

Risks related to operations

Sectra's risks related to operations are limited. As a general rule, customers' operations are financed directly or indirectly with public funds and solvency is excellent, although payment practices vary between different countries. Due to the fact that Sectra is active in a large number of markets, the political and market risks, for example, for the Group as a whole are limited. The largest individual risks related to operations are described below.

Customers and partners

Sectra's five largest partners and customers jointly account for 20.2% (21.8) of Group sales. No individual partner or customer accounts for more than 10% of the Group sales. Although sales to each customer are often divided among a number of agreements, the proportion of long operating agreements has increased and, therefore, the loss of a major customer could have a significant effect on the Group's long-term earnings and financial position. Due to the continuous expansion of operations, the proportion of the Group's business volume represented by each individual partner and customer is gradually declining.

Product liability and property risks

Through its operations, Sectra assumes product liability, which means that personal injury or damage to property caused by the company's systems at the premises of a customer or third party could lead to a claim being made against Sectra. Insurance policies have been taken out for the property and liability risks to which the Group is exposed.

Intellectual property rights

Sectra is among the leaders in the areas in which the Group operates and invests substantial resources in product development. To ensure a return on these investments, Sectra works continuously to analyze the requirements for different products in terms of intellectual property rights, and to identify and protect inventions through patents.

Other business risks

The prices for medical systems in the world market are largely governed by major international companies. Accordingly, the USD and EUR exchange rates have an effect on the price structure and competitiveness. Other business risks, such as market risks, suppliers, technical development, dependence on individual persons and ethical risks are analyzed continuously. Measures are taken as needed to reduce the Group's risk exposure.

Financial risks

The Sectra Group is exposed to financial risks pertaining to currency, interest, financing and liquidity risks. Rules and authority for management of financial transactions and risks are described in the Group's finance policy, which is determined by the Board. Responsibility for management of financial transactions and risks is centralized to the Parent Company's finance department. The aim is to support the Group's business activities by identifying and limiting the Group's financial risks, providing cost-efficient financing of Group companies and managing cash and cash equivalents on market terms.

Currency exchange risks

Exchange rate exposure within the Sectra Group occurs primarily via transactions in foreign currencies, in the form of customer and supplier payments and to a lesser extent, in translating foreign subsidiaries' income statements and balance sheets. In accordance with the Group's finance policy, subsidiary financing shall be in the local currency and currency exposure pertains mainly to USD, GBP and EUR. Currency changes had a negative impact of SEK 2,769 thousand (neg: 2,419) and SEK 5,110 thousand (neg: 4,660) on consolidated financial items.

The Group's policy at present is not to hedge transaction exposure, since the potential gains to be derived from building up procedures to efficiently manage hedge contracts are not considered significant. Sectra monitors payment flows in foreign currencies on an ongoing basis, and hedging of transaction exposure may be implemented if the gains expected to be derived from exchange rate hedge contracts are deemed to be significant.

Group's revenues and expenses in various currencies

MSEK			
Currency	Revenues	Expenses	Net exposure
SEK	270.3	-332.7	-62.4
USD	161.6	-137.3	24.3
EUR	176.6	-98.8	77.8
GBP	139.5	-113.3	26.2
Other currencies	105.9	-59.9	46.0
Total	853.9	-742.0	111.9

Interest-rate risks

Interest-rate risks pertain to the impact of changes in market interest rates on earnings. The Group's interest-bearing assets are mainly short-term in nature, and pertain to securities that can be liquidated at short notice in the event of major changes in the general interest rate situation. At the closing date, the Group's interest-bearing assets exceed interest-bearing liabilities, as a result of which a decline in interest rates has an adverse impact on the Group and an increase has a positive effect.

Credit risks

The Group's credit risks can be divided into risks related to the customer's ability to pay as agreed and counterparty risks in conjunction with financial transactions.

Customer credit risk means that the customer fails to fulfill its undertaking for payment of customer invoices. The Group has set guidelines to ensure that customers have high creditworthiness. Sectra's customers consist largely of government agencies and other highly reputable customers with high creditworthiness, and whose credit risk is considered to be extremely low. To minimize customer credit risks in fixed-price projects, Sectra works to a large extent with part payments in advance.

Age analysis accounts receivable

MSEK	April 30, 2014	April 30, 2013
Accounts receivable not due for payment	107.8	99.6
Accounts receivable overdue 0 - 60 days	42.7	51.8
Accounts receivable overdue 60 days	8.5	15.5
Accounts receivable overdue 120 days	28.8	22.1
Total	187.8	189.0

Reserves amounted to SEK 15.7 million (9.0) within the group of accounts receivable overdue more than 120 days.

Counterparty risks arise in financial transactions and cash management in conjunction with the Group having claims on banks and other securities issuers. The maximum credit exposure and credit rating for approved counterparties is described in the Group's finance policy. To minimize credit risks, Sectra only uses counterparties with high creditworthiness and invests in instruments with high quality.

Liquidity risks

To minimize liquidity risks, excess liquidity is placed only in bank deposits, or in securities that can be liquidated at short notice, and which have a smoothly functioning secondary market. Unutilized bank overdraft facilities are used in the event of temporarily elevated liquidity needs. The Parent Company monitors the Group's liquidity continually by compiling liquidity forecasts as a basis for investments or short- and long-term borrowing.

At the closing date, the Group's unutilized credit facilities amounted to SEK 15,000 thousand.

Convertible loans 2010/2014, SEK 6,091 thousand, are payable in June 2014 and carry floating rates, Stibor +2.25%. Convertible loans 2011/2015, SEK 8,968 thousand, and 2011/2016, SEK 2,200 thousand, are payable in June 2015 and 2016 respectively, and carry a variable interest rate, Stibor +2.25%. Convertible loans 2012/2016, SEK 6,773 thousand, and 2012/2017, SEK 2,471 thousand, are payable in June 2016 and 2017 respectively, and carry a variable interest rate, Stibor +2.25%. Convertible loans 2013/2016, SEK 13,484 thousand, and 2013/2017, SEK 3,500 thousand, are payable in November 2016 and 2017 respectively, and carry a variable interest rate, Stibor +2.25%. Other loans carry floating rates, which varied between 3 and 5% during the fiscal year. Financial leasing contracts and convertibles have terms of zero to four years. Refer to Notes 2, 22 and 23 for further information about convertibles issued.

Sensitivity analysis

The Group's earnings depend mainly on product sales and the cost of personnel and materials. The analysis below is based on the figures from the 2013/2014 fiscal year and how the variables named would have affected profit/loss after net financial income/expense if no measures such as hedging or adaptation of resources had been taken. Each variable is treated individually, provided the others remain unchanged. The analysis is not claimed to be precise, but is merely indicative.

Variable	Change	Effect on earnings after financial items
Net sales	+/- 1%	+/- 6.8 MSEK
Cost of materials	+/- 1%	+/- 1.2 MSEK
Personnel costs	+/- 1%	+/- 4.2 MSEK
Interest rate level	+/- 1%	+/- 4.9 MSEK
Exchange-rate changes:		
USD exchange rate	+/- 1%	+/- 0.7 MSEK
EUR exchange rate	+/- 1%	+/- 1.4 MSEK
GBP exchange rate	+/- 1%	+/- 1.7 MSEK

In the event that the SEK weakens by 1% against the USD, GBP or EUR, profit after net financial items would improve by SEK 3.8 million

» Note 31 Asset management

The Group's financial goals have been determined by the Board. The goal is to have a favorable and flexible capital structure so that it can be changed if the conditions for operations or for different borrowing alternatives change and maintain financial stability. The Group's equity ratio goal is 30%. In the 2013/2014 fiscal year, the Group's equity/assets ratio was 60.7%.

The Group's capital is defined as total shareholders' equity less any positive unrealized value changes and amounted to SEK 611,702 thousand (665,300) at April 30, 2014. The Group's equity ratio at the closing date was 60.7% (61.4). Sectra's operations have large seasonal variations during the operating year and, accordingly, it is the Board's ambition to retain a sound capital structure with a low debt/equity ratio.

» Note 32 Board's statement concerning repurchase and transfer the company's own shares

The Board of Directors' reasons for the authorization to repurchase and transfer the company's own Class B shares are in accordance with the provisions of Chapter 17, Section 3, paragraph 2 and 3 of the Swedish Companies Act.

The company's objects, scope, and risks

The company's objects and scope of business are specified in the Articles of Association and the Annual Reports provided. The business conducted by the company does not entail any risks in excess of those that exist or may be deemed to exist in the industry or those risks that are generally associated with operating a business.

The financial position of the company and the Group

The company's objects and scope of business are specified in the Articles of Association and the Annual Reports provided. The business conducted by the company does not entail any risks in excess of those that exist or may be deemed to exist in the industry or those risks that are generally associated with operating a business.

The Annual Report states that the debt/equity ratio is 60.7%. The proposed authorization to purchase and transfer the company's own Class B shares does not endanger the completion of any necessary investments.

The company's financial position does not give rise to any other conclusion than that the company can continue its business and that the company can be expected to fulfill its obligations on both a short- and long-term basis.

In the opinion of the Board of Directors, the amount of shareholders' equity as reported in the most recent Annual Report is in reasonable proportion to the scope of the company's operations and the risks associated with conducting operations in consideration of the now proposed and the authorization to repurchase the company's own Class B shares.

Justification for dividend and repurchase

With reference to the above and to what has otherwise come to the knowledge of the Board of Directors, the Board is of the opinion that, after a comprehensive review of the financial position of the company and of the Group, it follows that the proposed authorization to repurchase and transfer the company's own Class B shares is justified according to the provisions of Chapter 17, Section 3, paragraph 2 and 3 of the Swedish Companies Act, that is, with reference to the requirements that the objects of the business, its scope and the risks placed on the size of the company's and Group's equity and the company's and the Group's consolidating requirements, liquidity and financing needs in general.

» Note 33 Definitions of key ratios

Added value

Operating profit plus labor costs.

Added value per employee

Operating profit plus labor costs divided by average number of employees.

Adjusted equity

Recognized equity plus 78.0% of untaxed reserves.

Capital employed

Total assets reduced by non-interest-bearing debts.

Cash flow per share

Cash flow from current operations before changes in working capital divided by the number of shares at the end of the period.

Debt/equity ratio

Interest-bearing debts divided by equity.

Earnings per share

Profit after tax divided by average number of shares.

Equity

Equity includes 78.0% of untaxed reserves.

Equity per share

Equity divided by the number of shares at the end of the period.

Equity ratio

Equity as a percentage of total assets.

Gross margin

Operating profit before depreciation as a percentage of sales.

Liquidity ratio

Current assets divided by current liabilities.

Operating margin

Operating profit after depreciation as a percentage of sales.

P/E ratio

Share price at the end of the year divided by earnings per share.

Profit margin

Profit after net financial items as a percentage of sales.

Return on equity

Income after net financial items reduced by actual tax as a percentage of average adjusted equity.

Return on total capital

Profit after net financial items plus financial expenses as a percentage of average total assets.

Return on capital employed

Profit after net financial items plus financial expenses as a percentage of average capital employed.

Yield

Dividend as a percentage of share price on the balance-sheet date.

Auditor's report

TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF SECTRA AB (PUBL),
CORPORATE IDENTITY NUMBER 556064-8304

» Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Sectra AB (publ) for the financial year 2013-05-01–2014-04-30. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 34–55.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of

material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of April 30, 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of April 30, 2014 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

» Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit and the administration of the Board of Directors and the Managing Director of Sectra AB (publ) for the financial year 2013-05-01–2014-04-30.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Linköping, June 27, 2014
Grant Thornton Sweden AB

Peter Bodin
Authorized Public Accountant

Annual General Meeting and dividend 2014

Date	September 8, 2014
Time	15:30 p.m.
Place	Collegium, Teknikringen 7, Linköping, Sweden

Notice

Official notice will be distributed not earlier than six weeks and not later than four weeks prior to the Annual General Meeting in the form of a press release and publication on the company's website. The notice will also be announced in PoIT and information that notice has been given will be published in the Swedish daily newspaper Svenska Dagbladet.

Dividend/redemption program

For the 2013/2014 fiscal year, the Board and the President propose that the Annual General Meeting resolves to transfer SEK 4.50 per share to shareholders through a share redemption program. No ordinary dividend is proposed.

Attendance

Shareholders wishing to attend the meeting must be recorded in the shareholder register maintained by Euroclear Sweden by not later than September 2, 2014, and notify the company via the e-mail address below or by mail Sectra AB, AGM 2014, Teknikringen 20, SE-583 30 Linköping, Sweden not later than September 2, 16:00 CET. The notification should include the shareholder's name, personal or corporate registration number and daytime telephone number. Where applicable, the number of advisors should be specified. If shareholders intend to be represented by proxy, a power of attorney and other authorization documents must be included with the notification.

Trustee-registered shares

Shareholders whose shares are registered with a trustee must temporarily re-register their shares in their own name with Euroclear Sweden. Such registration is to be carried out via the administrator and completed not later than September 2, 2014.

Documents

A copy of the notice, complete proposals for decisions and forms for notification and authorization will be available not later than three weeks prior to the Annual General Meeting in the Investor/General Meetings section of the company's website www.sectra.se and from Sectra's office in Linköping. Shareholders who wish to receive these documents by mail should contact the company by phone +46 (0)13-23 52 00 or by e-mail info@sectra.se.

Interim Reports 2014/2015

September 8, 2014	Three-month Report
December 9, 2014	Six-month Report
March 10, 2015	Nine-month Report
June 2, 2015	Year-end Report

Subscription

Financial reports and corporate governance information is available on the Group's website www.sectra.se under the Investor heading. To subscribe and receive information by e-mail, go to Subscribe under the Investor heading on Sectra's website www.sectra.com and fill in your contact information. Financial reports and other information can also be ordered by phone or via the email address above.

Distribution of the Annual Report

This Annual Report will be announced in a press release on June 30, 2014, and be published on the company's website. It will be distributed by mail to new shareholders and to those shareholders who have notified their wish to continue receiving it by mail.

Shareholder contact

For IR-related information, please contact:
Helena Pettersson, Chief Investor Relations Officer
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Glossary

Crypto

Equipment that uses mathematical manipulations (algorithms and keys) to encrypt information, so that it can be interpreted or read only by the intended recipient. In order to read encrypted information, the recipient must have the correct key and algorithm.

Mammography

Mammography is an examination procedure used to detect breast cancer at an early stage in asymptomatic women.

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system.

Osteoporosis

Commonly referred to as "brittle bone disease," a skeletal disease that causes increased brittleness of the bones and a risk for fractures.

PACS (Picture Archiving and Communication System)

A system for managing and archiving digital radiology images.

Pathology

A specialized medical area that uses tissues and body fluids for diagnostic purposes.

Radiology

A health science discipline and medical specialty that uses technologies for imaging the human body, such as X-ray, magnetic resonance imaging (MRI) and ultrasound.

Rheumatology

A medical specialty that focuses on treating diseases of the joints and muscles.

RIS (Radiology Information System)

A system for managing radiology patient data, such as appointment bookings, patient information and dictation at radiology clinics.

Smartphone

A mobile telephone with PC-like functionality that offers higher memory capacity than normal mobile telephones and is used for Internet services, handling e-mail and other purposes.

The Sectra Group Headquarters and the business lines in Business Innovations

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List of references

¹page 18: Osteoporosis: Burden, Health Care Provision and Opportunities in the European Union. Report launched in June 2011 by the International Osteoporosis Foundation (IOF) in collaboration with the European Federation of Pharmaceutical Industry Associations (EFPIA).

²page 18: Calculation based on open comparisons by the Swedish Association of Local Authorities and Regions.

³page 19: Sectra's Visualization Table has been developed in cooperation with researchers at the Center for Medical Image Science and Visualization, the Interactive Institute and Visualization Center C.

⁴page 24: A new norm – One woman in the management, The Allbright Report, March 2014.

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Eight good reasons for owning shares in Sectra

- » Stable, profitable company with a strong cash flow and high proportion of long-term customer contracts.
- » Established position in growing niche markets, and global reach.
- » Portfolio of exciting future projects with major growth potential.
- » High level of customer satisfaction.
- » Products and services that contribute to improved quality of life and a more secure society.
- » Unique cutting-edge expertise in medical IT and encryption.
- » Dedicated and experienced employees with a strong drive to solve customer challenges.
- » Management and employees are shareholders.

Are you already a Sectra shareholder?

We would like to know why you chose to buy shares in Sectra and what you think of your investment and the company. Please help us by answering the eight questions in Sectra's shareholder survey at sectra.com/shareholder2014. Your views are important for Sectra!



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RESEARCH