

Year-end report 2018/2019:

Order bookings doubled in the fourth quarter and operating profit up 15%

Sectra is growing in the medical IT and cybersecurity markets. This success is based on high customer satisfaction and the company's corporate culture, innovation and long-term approach. Along with a focus on the company's growth areas—which are starting to gain momentum—major long-term customer contracts contributed to record-high order bookings.

All of the financial goals have been achieved. Taking into consideration this favorable performance and the company's strong financial position, the Board and the CEO have decided to propose to the Annual General Meeting (AGM) that SEK 4.50 per share be distributed to the shareholders through a share redemption program.

REPORT PRESENTATION

Time

May 28, 2019, at 12:00 noon

Location

Operaterrassen in Stockholm

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<https://investor.sectra.com/event/year-end-report-2018-2019/>

More information on page 15.

THE PERIOD AND THE QUARTER IN BRIEF

Figures in parentheses pertain to the corresponding period/quarter in the preceding year.

2018/2019 fiscal year

- Order bookings increased 42.9% to SEK 2,132.8 million (1,492.5).
- Net sales rose 16.9% to SEK 1,413.5 million (1,209.2). Adjusted for currency fluctuations, sales increased 12.0%.
- Operating profit rose 9.9% to SEK 235.5 million (214.3), corresponding to an operating margin of 16.7% (17.7). Adjusted for currency fluctuations, operating profit increased 0.7%.
- Under the previous accounting policy, operating profit would have increased 8.3% to SEK 259.0 million (239.1) (refer to Note 3 on page 24).
- Profit before tax rose 7.6% to SEK 248.8 million (231.2). Excluding nonrecurring items in the preceding year (refer to page 8), profit after net financial items rose 12.0%.
- Cash flow after changes in working capital increased to SEK 250.7 million (207.5).
- The Board and the President propose that the 2019 AGM resolve to distribute SEK 4.50 per share to the shareholders through a 2:1 share split in combination with a mandatory redemption process (refer to page 14). No ordinary dividend is proposed.

Fourth quarter, February–April 2019

- Order bookings increased 120.9% to SEK 1,104.9 million (500.3). Of the order bookings during the quarter, an estimated 13–23% pertains to invoicing within 12 months after the end of the quarter.
- Net sales increased 32.8% to SEK 474.1 million (357.1). Adjusted for currency fluctuations, sales increased 27.3%.
- Operating profit rose 15.4% to SEK 104.7 million (90.7), corresponding to an operating margin of 22.1% (25.4). Adjusted for currency fluctuations, operating profit increased 7.5%.
- Under the previous accounting policy, operating profit would have increased 29.7% to SEK 108.6 million (83.7) (refer to Note 3 on page 24).
- Profit before tax declined 9.3% to SEK 110.9 million (122.3). Excluding nonrecurring items in the preceding year (refer to page 8), profit after net financial items decreased 1.4%.
- Cash flow after changes in working capital amounted to SEK 103.8 million (114.7).

Change in accounting policies and timing of transfer of risk and restatement of consolidated financial statements and segment reporting

In conjunction with the implementation of IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases, the company performed a new analysis of its customer contracts, which resulted in a change to the view of the point in time when the transfer of risk takes place for Group-financed managed-services agreements in the UK. The consolidated financial statements and segment reporting have been retroactively restated. Read more about the impact of the change in assessment and the new accounting standards in the notes on pages 22–28. These changes will have no impact on cash flow for the year or future cash flow.

Performance measures¹

| SEK million | The quarter | | | Full-year | | |
|--------------------------------------|-------------|-----------|--------|-----------|-----------|--------|
| | Q4 | Q4 | Change | Q1–4 | Q1–4 | Change |
| | 2018/2019 | 2017/2018 | % | 2018/2019 | 2017/2018 | % |
| Order bookings | 1,104.9 | 500.3 | 120.9 | 2,132.8 | 1,492.5 | 42.9 |
| Net sales | 474.1 | 357.1 | 32.8 | 1,413.5 | 1,209.2 | 16.9 |
| Operating profit (EBIT) | 104.7 | 90.7 | 15.4 | 235.5 | 214.3 | 9.9 |
| Operating margin, % | 22.1 | 25.4 | n/a | 16.7 | 17.7 | n/a |
| Profit before tax (EBT) | 110.9 | 122.3 | -9.3 | 248.8 | 231.2 | 7.6 |
| Profit margin, % | 23.4 | 34.2 | n/a | 17.6 | 19.1 | n/a |
| Profit after tax | 90.4 | 98.2 | -7.9 | 199.0 | 184.7 | 7.7 |
| Earnings per share, SEK ² | 2.36 | 2.58 | -8.5 | 5.21 | 4.86 | 7.2 |
| Cash flow ² | 103.8 | 114.7 | -9.5 | 250.7 | 207.5 | 20.8 |
| Cash flow per share ³ | 2.71 | 3.01 | -10.0 | 6.54 | 5.44 | 20.2 |
| Average no. of employees | 731 | 661 | 10.6 | 706 | 645 | 9.5 |

¹ For information about the impact of the retroactive restatement, refer to Note 3 on page 24. ² Prior to dilution. ³ Cash flow from operations after changes in working capital.



This information constitutes information that Sectra AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and/or the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 8:15 a.m. (CET) on May 28, 2019.

Sectra AB (publ), www.sectra.com, Corporate Registration Number 556064-8304, email info@sectra.com

CEO'S COMMENTS

Every year, Sectra's products and services contribute to improved care for millions of patients across the world. We also help customers reduce the risk of eavesdropping on society's most important secrets and of unauthorized data access and disruptions to its most sensitive infrastructure.

We are continuing to grow. Particular focus is being devoted to North America, where we have a very high level of customer satisfaction and major growth potential. Our profit is also being reinvested in new geographic markets and more in-depth product offerings. Our order bookings for 2018/2019 exceeded SEK 2 billion. Nearly half of these orders were from new customers. This impressive growth was mainly attributable to major multiyear customer contracts in the Imaging IT Solutions operating area. I'm particularly pleased to report that our growth initiatives and new markets in both medical imaging IT and cybersecurity are beginning to gain momentum. Major long-term customer contracts provide us with greater stability for the coming years, but also result in significant fluctuations between quarters.

Sectra operates based on a vision of making a positive contribution to society. This approach is reflected in our mission statements as well as our operational targets and values. We are attracting more and more customers around the world. But it is not only the number that is growing. We now have more than 8,000 shareholders—giving us a position of trust that we are both pleased with and proud of—and we look forward to continuing to contribute to a healthier and safer society together with these shareholders as well as our employees and customers.

Medical IT and diagnostic imaging for diseases affecting the elderly

We have chosen to specialize in diagnostic imaging in areas that closely related to diseases affecting the elderly—neurodegenerative, cardiovascular, cancer and musculoskeletal diseases. As a result of demographic changes and longer life expectancy, the world's elderly population is accountable for a growing proportion of healthcare costs. If we are to have a chance of providing decent care for the elderly in the future, major investments must be made to improve the efficiency of healthcare in these areas—this is where we can help.

A number of years ago, our customers were radiology clinics looking for IT support for their imaging systems. Today, our customers are increasingly moving from individual department systems to larger scale solutions that meet all of their medical imaging needs. This also includes other major, image-intensive departments, such as cardiology and pathology. At the same time, the healthcare sector is undergoing a revolution—take for example the use of artificial intelligence (AI), which is helping physicians and other healthcare personnel to become more efficient by providing support for time-consuming routine tasks.

These large-scale imaging solutions are also paving the way for new components that will facilitate the sharing of resources and specialist expertise, operational analysis, clinical decision support and AI. We are therefore continuing to broaden and deepen our product portfolio with medical diagnostic imaging, with a focus on diseases affecting the elderly. For example, we have made considerable investments in digital pathology and integrated diagnostics. We are now seeing rapidly growing interest in these solutions, and we secured a number of strategically important procurements in Europe during the fiscal year. We have also developed our offering for cardiology, which—along with radiology and pathology—is one of the largest sources of image data in the healthcare sector.

While the operations conducted in Business Innovation are relatively small, our success in digital pathology clearly shows how important our incubator is. For example, we have a number of exciting products for customers in the area of orthopaedics and medical education of the future, including a follow-up service for patients experiencing pain after surgery that enables unnecessary and risky surgery to be avoided, which greatly benefits both patients and society as a whole. We also have IT solutions for medical and veterinary education programs in countries around the world, not least in Asia, where Sectra otherwise does not have a major presence.

Cybersecurity

Within our Secure Communications operating area, we are mainly focusing on secure mobile workplaces, including both phone and data communications. These products often require formal certificates and approvals, which means the market is slow-moving by nature. Close cooperation and customer-specific product development are important aspects of these operations. For example, it was our collaborations with the Swedish and Dutch authorities that originally formed the basis for Sectra Tiger, our offering within secure mobile telephony which has now been further developed to include products and



services for secure mobile workplaces. We are now working to expand the offering to additional customer segments. We sold this solution to two Swedish healthcare regions during the year—which was a good example of how we can create synergies with our medical imaging IT operations—and we also have customers in other sectors who use our secure mobile ecosystem to handle critical sensitive information.

One major future initiative within Secure Communications is to provide companies in the energy sector and process industry with security analysis and monitoring services for critical operating systems. This offering was launched three years ago, and demand is growing quickly. We have had numerous customers in Sweden since the start and have also entered the Finnish and Norwegian markets. This success is a testament to the value of Sectra's strong brand. No country would dare to entrust the data security of its most critical infrastructure to an unknown supplier. Sectra's long-standing experience of the world's most advanced data security plays an important role in this regard.

Outlook

Sectra has a strong brand in areas where trust is vital when it comes to choosing a supplier. With all of our financial goals achieved, we aim to continue growing in the long term. A high degree of customer satisfaction, favorable profitability and long-term customer contracts have laid a solid foundation for our future growth. We also have a number of exciting projects in the pipeline and new geographic markets that could eventually become significant. We are also seeing greater synergies between our operating areas as hospitals and healthcare providers increasingly become the primary targets of cybercrime. Having expertise in IT security and medical IT under the same roof is a strength and sets us apart from the competition. Sectra is unique in this regard.

When I think about where Sectra will be in five to ten years, I see a company that helps its customers to make more, faster and better diagnoses, thereby making healthcare more efficient. I see healthcare personnel receiving a higher quality, modernized education in a time when the world is moving at an ever-faster pace and the need for continuous training is on the rise. I see more efficient orthopaedists treating the right patients in the right way. I see Sectra contributing to increased stability and safety in the world by protecting critical infrastructure and nations' most sensitive information. We still have the most satisfied customers in the industry and fantastic, dedicated employees. We have grown further through close, long-standing customer relationships. We have also incorporated AI into our systems in all operating areas in order to further strengthen the customer value we offer.

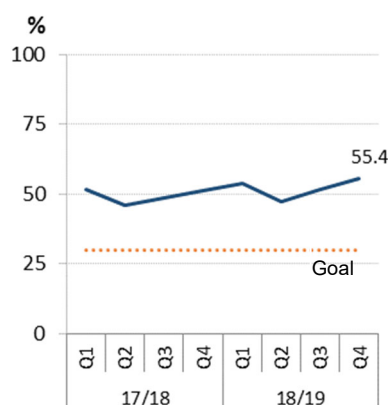
In summary, thanks to a combination of significant growth opportunities in all of our operating areas, stable development, positive underlying cash flows and profit in our core operations, I have every reason to remain optimistic about the future.

Torbjörn Kronander, President and CEO

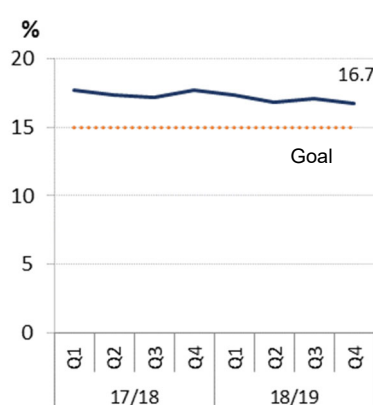
FINANCIAL GOALS

All of the financial goals have been achieved. Stability and profitability are considered hygiene factors. Once these are fulfilled, the focus shifts to the company's growth goal, and Sectra reinvests its profit in areas that have the potential to increase customer value and thereby contribute to stable and long-term returns for its shareholders. Goals in order of priority:

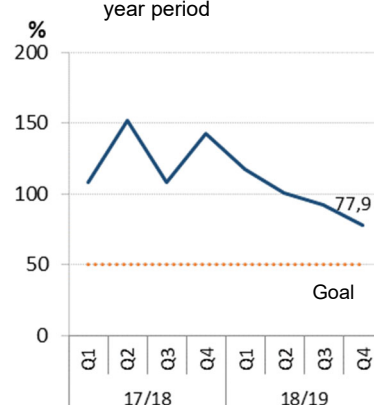
1. The equity/assets ratio is to be at least 30%



2. The operating margin is to be at least 15%



3. Operating profit per share is to grow by at least 50% over a five-year period



Diagrams

Unless otherwise stated, bars show the outcome per quarter, lines show the outcome for the rolling 12-month period and amounts are restated in SEK million.

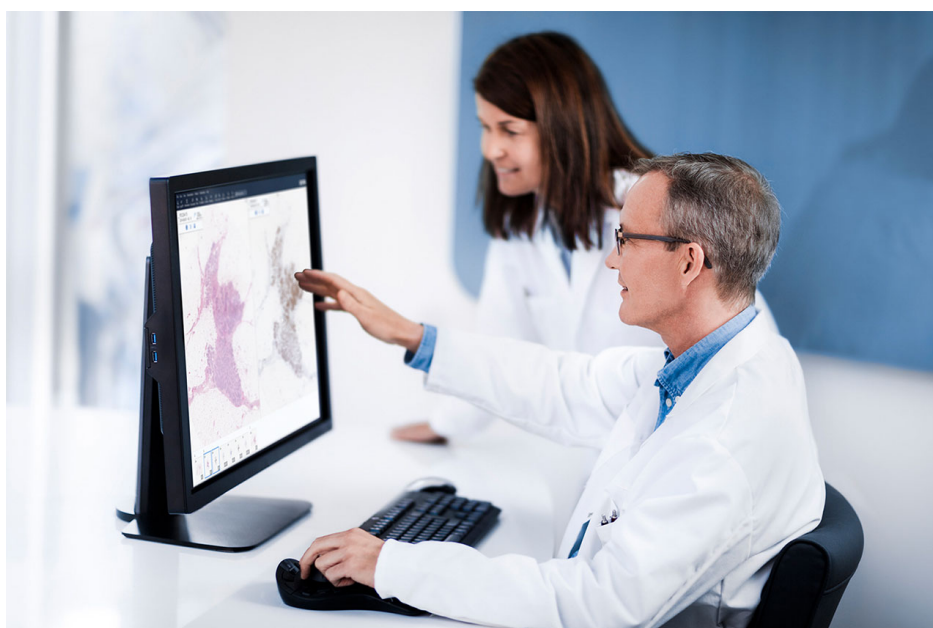
EVENTS

Fourth quarter

- The Region of Southern Denmark—the first Danish healthcare region to digitize pathology in full scale—ordered Sectra's IT solution for handling digital tissue samples, which will enable pathologists at the region's four hospitals to review and collaborate around cases.
- Sectra received an order from Radboud University Medical Center in the Netherlands—one of the most prominent university hospitals in Europe—for its IT solution for digital pathology.
- Sectra delivered a digital pathology solution to the Swedish healthcare region Skåne by extending the functionality of the customer's existing IT solution for handling medical images.
- Deventer Hospital in the Netherlands signed a ten-year customer contract with Sectra. The contract comprises Sectra's IT solution for handling radiology images, Sectra PACS, across the hospital's radiology and nuclear medicine departments.
- Sectra achieved a breakthrough in its new markets for direct sales of medical IT systems. The Canadian hospital Trillium Health Partners ordered Sectra's medical IT solutions for its radiology and breast imaging departments. Centre d'Imagerie Médicale de l'Hôpital Privé d'Antony in France also ordered Sectra's IT solution for handling radiology images.
- Sectra signed a 13-year contract with the New South Wales Ministry of Health (NSW Health) in Australia for Sectra's IT solution for handling radiology images. NSW Health is Australia's largest public health system, and the new solution will provide 11 health organizations with a shared platform for radiology images. The order value amounted to approximately SEK 560 million.
- Sectra delivered its secure smartphone, Sectra Tiger/R, to two Swedish healthcare regions. Sectra's solution will enable the regions to securely communicate sensitive or classified information within their organizations and with central government authorities.

After the end of the reporting period

No significant events took place after the balance-sheet date.



Several customers in Europe have chosen Sectra's solution for digital pathology—a major growth area where we are contributing to improved cancer care. Sectra has a unique strength thanks to its ability to handle radiology and pathology in a single system, which enables more efficient diagnostics and saves money for our customers.

SECTRA'S MARKETS

Sectra plays a key role in meeting the needs in the areas of medical imaging IT and cybersecurity, two changing, growing markets with additional scope for expansion. The combination of medical IT and information security operations in the same Group makes Sectra unique.

Sectra's customers operate in some of society's most critical functions. The company's job is to help its customers become more efficient and give them the tools to in turn make people's lives healthier, safer and more secure. By following Sectra's vision, this is how the company creates value for its customers, shareholders and society as a whole.

Imaging IT for more efficient care and medical education

Today's demographic development and increased survival rates among cancer patients are putting pressure on healthcare. To maintain a high quality of care, the healthcare sector is being forced to accomplish more with the same or fewer resources. The growing population of senior citizens is shining a spotlight on diseases affecting the elderly. The treatment of patients with cancer and skeletal diseases—some of the most costly and resource-intensive areas in the healthcare sector—entails enormous challenges. These areas are dependent on medical diagnostic imaging, a niche market in which healthcare providers across the globe use Sectra's expertise and solutions to increase productivity, improve the quality of care and coordinate their resources. Sectra also helps to raise the quality of medical education by providing solutions for interacting with medical images and sharing educational materials. Sectra's work enables hospitals across the world to become more productive, and thus take care of more patients and save more lives. This work is carried out in the Imaging IT Solutions and Business Innovation operating areas.

Cybersecurity for a more stable and safer society

The ability to safely and efficiently handle and transmit sensitive information is central to the stability and security of society, particularly when it comes to important social functions and critical infrastructure. The players in these areas rely on products and services that increase cybersecurity, a niche market where Sectra has extensive experience of protecting society's most critical communications and is a strong brand in the area of encryption and secure mobile communications. IT developments in society, political instability in the world, and the growth of cybercrime are creating a greater need for Sectra's expertise and product offerings. Sectra helps customers to provide increased security for society's most critical communication and control systems, thereby contributing to a more stable and safer society. This work is carried out in the Secure Communications operating area.

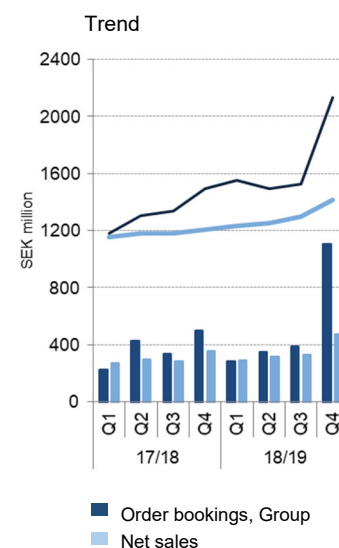


COMMENTS ON THE GROUP'S FINANCIAL OUTCOME DURING THE FISCAL YEAR AND THE QUARTER

Order bookings and net sales

Order bookings for the fiscal year increased 42.9% to SEK 2,132.8 million (1,492.5), of which SEK 1,104.9 million (500.3) pertained to the fourth quarter. The increase was attributable to major customer contracts in Imaging IT Solutions as well as new growth areas and new markets that are starting to gain momentum. In geographic terms, Australia is responsible for the largest increase as a result of the major contract signed with NSW Health in the fourth quarter. Imaging IT Solutions' sales success—for example, in Canada, Sweden and the US—also contributed to this positive trend. Major long-term agreements contribute to increased stability, but also give rise to significant variations in order bookings between individual quarters. In the US, the company is devoting particular focus to growth, and agreements with a number of prominent key customers were signed during the fiscal year.

The net sales trend was positive. Net sales rose 16.9% to SEK 1,413.5 million, of which SEK 474.1 million pertained to the fourth quarter. More than 70% of Sectra's net sales are carried out in foreign currency, primarily EUR, USD and GBP. Sectra benefited from exchange-rate movements during the fiscal year. Adjusted for currency fluctuations (refer to page 19), sales increased 12.0% year-on-year.

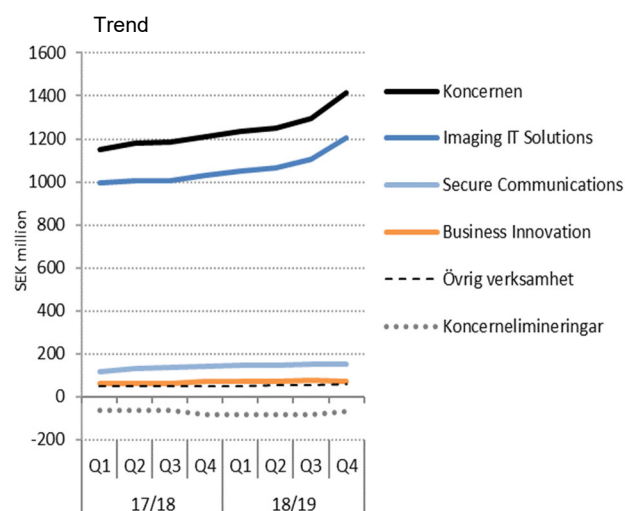
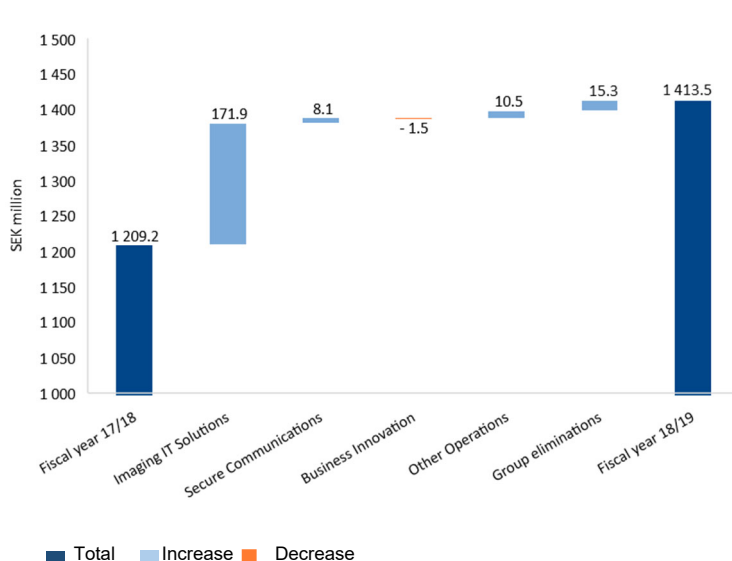


Sales per operating area and geographic market

Sectra's Imaging IT Solutions and Secure Communications operating areas reported sales growth. Geographically, the UK, the US and Rest of Europe accounted for the largest increases during fiscal year. The increase in the UK during the fourth quarter was mainly the result of deliveries of new hardware to customers, which had a lower margin than software sales. The negative trend for Sweden is linked to the outcome for Secure Communications. However, it should be noted that individual deliveries can be substantial and therefore result in major variations between quarters.

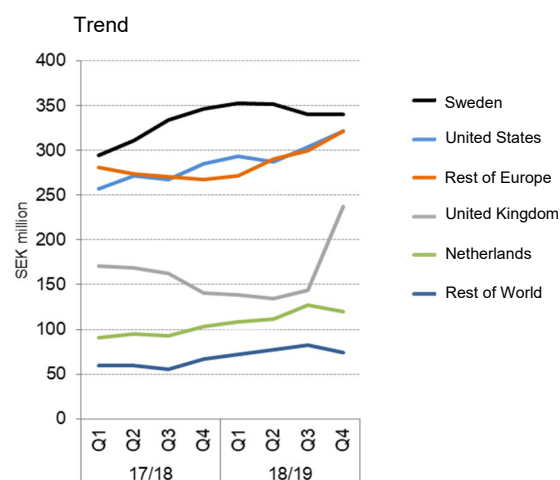
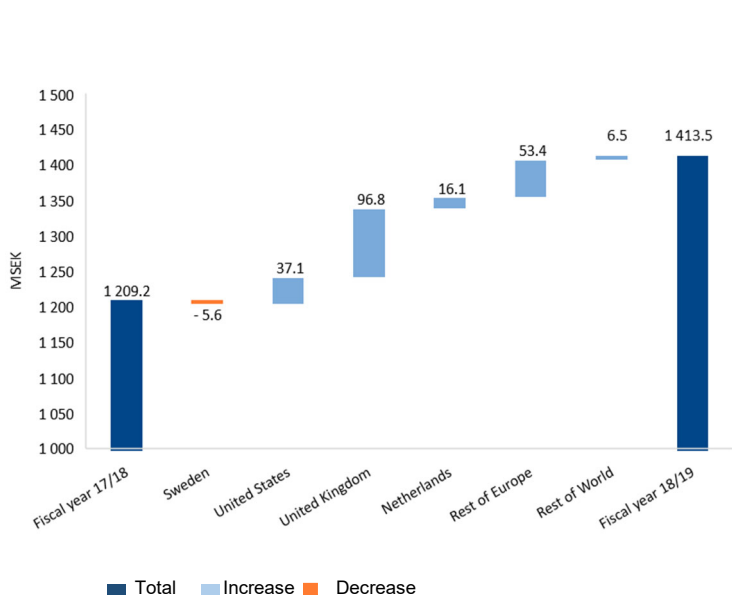
Sales trend per operating area

Compared with the preceding fiscal year



Sales trend per geographic market

Compared with the preceding fiscal year



Earnings

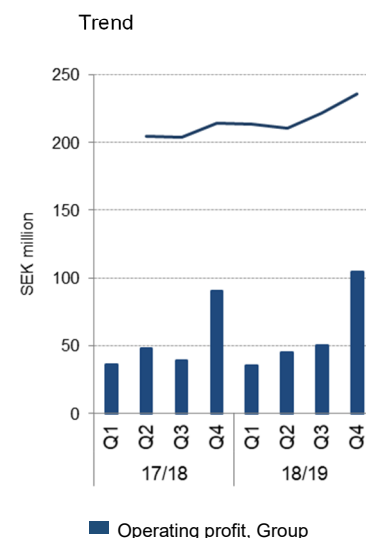
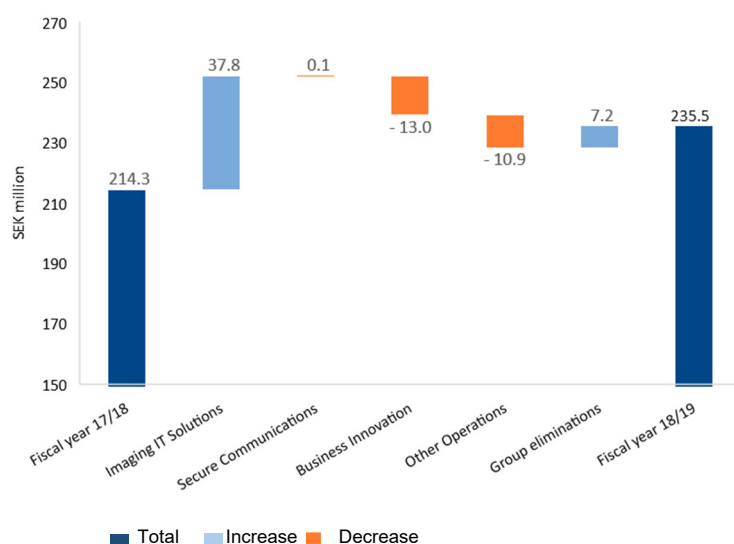
The Group's operating profit increased 9.9% to SEK 235.5 million (214.3), of which SEK 104.7 million (90.7) pertained to the fourth quarter. This corresponds to an operating margin of 16.7% (17.7) for the fiscal year and 22.1% (25.4) for the fourth quarter. Adjusted for currency fluctuations, operating profit increased 0.7% during the fiscal year. The impact of the retroactive restatement is presented in Note 3 on page 24. The Group's outcome was burdened by a higher share of third-party products and increased operating expenses, mainly due to higher personnel and consulting costs as a result of intensified growth initiatives.

The Group's net financial items declined SEK 3.5 million to SEK 13.3 million, of which SEK 6.2 million (31.6) pertained to the fourth quarter. Currency fluctuations (refer to page 19) had an impact of SEK 4.9 million (1.6) on the Group's financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact.

Profit after net financial items increased 7.6% to SEK 248.8 million (231.2), of which SEK 110.9 million (122.3) pertained to the fourth quarter. This outcome corresponds to a profit margin of 17.6% for the fiscal year and 23.4% for the quarter. These comparative figures include nonrecurring items that had a positive net impact of SEK 9.1 million on profit before tax. These items primarily pertain to the sale of 100% of the shares in the associated company Commit; Oy (fourth quarter of 2017/2018). Excluding nonrecurring items, profit after net financial items rose 12.0%. Earnings per share totaled SEK 5.21 (4.86) for the period, of which SEK 2.36 (2.58) pertained to the fourth quarter.

Operating profit trend per operating area

Compared with the preceding fiscal year



Financial position and cash flow

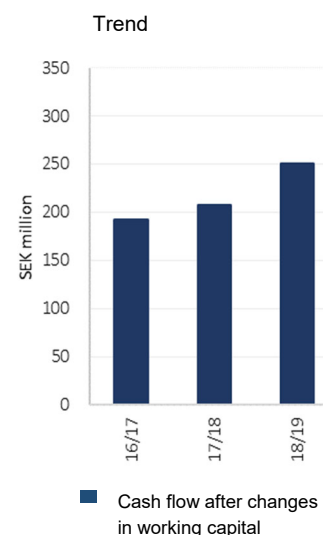
After adjustment for exchange-rate differences, the Group's cash and cash equivalents at the end of the reporting period amounted to SEK 331.9 million (282.3).

The Group's debt/equity ratio was 0.04 (0.09) as of the balance-sheet date. Interest-bearing liabilities amounted to SEK 31.5 million (56.6) and pertained to convertible loans held by employees and Board members.

Cash flow from operations after changes in working capital amounted to SEK 250.7 million (207.5) for the fiscal year. This increase was mainly attributable to a decrease in capital tied up in operating current assets. Cash flow per share for the fiscal year amounted to SEK 6.54 (5.44), of which SEK 2.71 (3.01) pertained to the fourth quarter.

Cash flow from investing activities amounted to a negative SEK 33.0 million (neg: 23.0) for the fiscal year. These investments mainly pertained to assets in development projects.

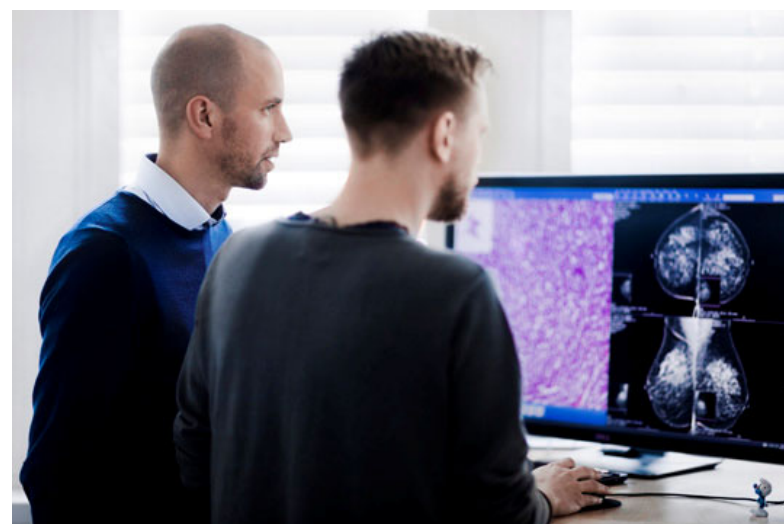
The Group's total cash flow was SEK 48.7 million (11.9). These figures include the share redemption program for shareholders, under which SEK 171.5 million (170.7) was transferred to the shareholders during the second quarter. Excluding the share redemption program, total cash flow increased to SEK 220.2 million (182.6).



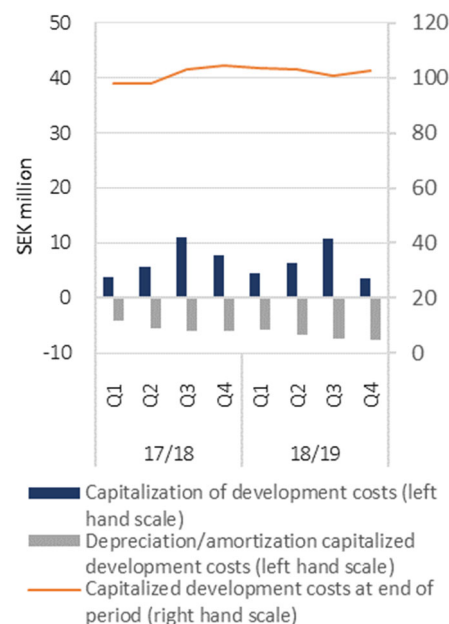
Investments and depreciation/amortization

Group investments during the fiscal year amounted to SEK 34.9 million (42.0), of which SEK 11.4 million (9.1) was attributable to the fourth quarter. Investments mainly pertained to capitalized development costs. Depreciation/amortization for the fiscal year amounted to SEK 46.8 million (39.9), of which SEK 12.5 million (10.5) pertained to the fourth quarter.

Capitalization of development costs during the fiscal year amounted to SEK 25.2 million (28.2), of which SEK 3.6 million (7.7) pertained to the fourth quarter. Amortization of capitalized development projects during the fiscal year totaled SEK 27.3 million (21.7), of which SEK 7.5 million (5.9) pertained to the fourth quarter. At the end of the period, capitalized development costs amounted to SEK 102.6 million (104.6).



Capitalized development costs



Sectra maintains a high pace of innovation and continuously invests in new and ongoing development. Development takes place in close dialogue with customers.

10–15 %

of consolidated sales are invested in research and development every year.

Seasonal variations

Sectra's seasonal variations entail that most of the company's invoicing and earnings have traditionally been generated at the end of the fiscal year. The variation in order volumes in individual quarters can also be substantial when customers sign major multiyear agreements with the company, for example, for medical IT projects or encryption systems.

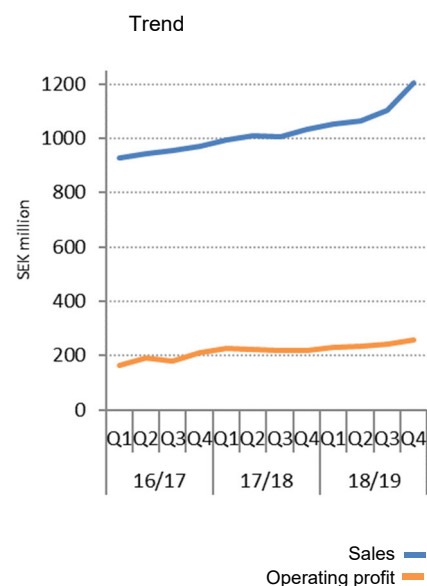
IMAGING IT SOLUTIONS

| SEK million | The quarter | | | Full-year | | |
|---------------------|-------------|-----------|--------|-----------|-----------|--------|
| | Q4 | Q4 | Change | Q1–4 | Q1–4 | Change |
| | 2018/2019 | 2017/2018 | % | 2018/2019 | 2017/2018 | % |
| Sales | 413.8 | 312.7 | 32.3 | 1,204.2 | 1,032.3 | 16.7 |
| Operating profit | 106.8 | 92.8 | 15.1 | 257.0 | 219.2 | 17.2 |
| Operating margin, % | 25.8 | 29.7 | n/a | 21.3 | 21.2 | n/a |

Sales and earnings

Imaging IT Solutions is growing by adding new customers and through renewed and expanded contracts with existing customers. Combined with currency fluctuations, increased sales contributed to a positive earnings trend. The largest increase in sales compared with the preceding fiscal year was reported by the operations in Scandinavia, the UK and the US. The increase in the fourth quarter was mainly attributable to project deliveries in the US and the UK. The margin for the quarter was burdened by a high share of third-party products in the product mix.

The operating area is implementing long-term growth initiatives in new product areas, such as digital pathology and cardiology, and expanding into additional geographic markets through the establishment of its own operations and through new distributors. In the US, where we are experiencing a highly positive trend, we have secured orders through important procurements and received high rankings in surveys of the alternatives that customers would be likely to choose in the future. Imaging IT Solutions also achieved an important breakthrough in Australia during the fiscal year as well as in France and Canada, where we have begun conducting direct sales in recent years. We are also seeing growing demand for digital pathology solutions and have secured a number of strategically important procurements in Europe over the past few quarters.



Collaboration through the sharing of resources and specialist expertise is an area where patient benefits can often be achieved very quickly. Read more about how Sectra helped physicians in Umeå, Sweden and Vaasa, Finland work together to save the lives of stroke patients: medical.sectra.com/case/modern-telemedicine-solution-enables-cross-border-collaboration/



Image source: Norrland University Hospital



More than five million

diagnostic imaging examinations are shared between healthcare providers, telemedicine companies and patients every year with the help of Sectra's network services.

BUSINESS INNOVATION

| SEK million | The quarter | | | Full-year | | |
|-----------------------|-------------|-----------|--------|-----------|-----------|--------|
| | Q4 | Q4 | Change | Q1–4 | Q1–4 | Change |
| | 2018/2019 | 2017/2018 | % | 2018/2019 | 2017/2018 | % |
| Sales | 21.2 | 26.6 | -20.3 | 68.8 | 70.3 | -2.1 |
| Operating profit/loss | 0.8 | 7.0 | -88.6 | -6.0 | 7.0 | -185.7 |
| Operating margin, % | 3.8 | 26.3 | n/a | neg | 10.0 | n/a |

Business Innovation is Sectra's incubator for early-stage business units, projects and ideas that are not yet large enough to become independent operating areas and/or are not a natural match with the existing areas. Sectra also reports the expenses for its long-term research activities in this area, which largely focus on initiatives in the field of AI for medical applications. Within Business Innovation, the company evaluates and utilizes opportunities to:

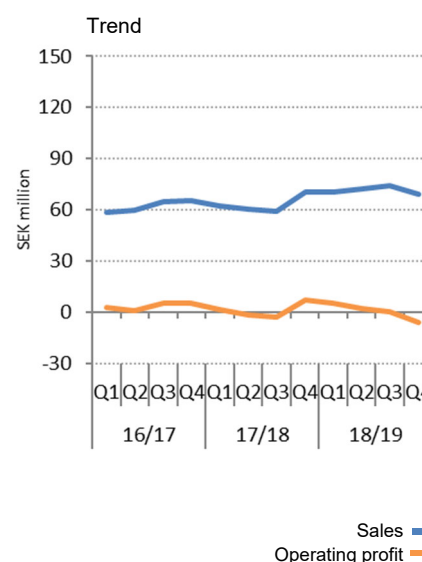
- Commercialize new technologies and new segments in the Group's core and related areas.
- Participate in research that can lead to a better quality of life for the individual as well as increased customer value and productivity in the healthcare sector.

The segment comprises the smaller Orthopaedics and Medical Education business units as well as the research department. Sectra's patent portfolio is also managed and developed within Business Innovation.

Sales and earnings

The performance of Business Innovation's two relatively small business units varies significantly between quarters and periods. Sectra is currently undergoing a generational shift in both Orthopaedics and Medical Education, with growing costs that are impacting its financial results. Operating profit for the fiscal year was also charged with provisions for doubtful accounts receivable amounting to SEK 4.2 million.

Both business units have new products that have attracted considerable market attention, and new managers were appointed during the preceding fiscal year, who are now working to accelerate the development and launch of the new products. The unit's products are increasingly being delivered as a service. This means that an order initially generates lower sales, but the total sales from the service are spread over a longer period of time, which provides greater stability for the future.



Use of Sectra Education Portal continues to grow, and the platform is currently available for healthcare personnel, medical training programs and veterinarians at roughly 400 educational institutions and hospitals in some 50 countries.

SECURE COMMUNICATIONS

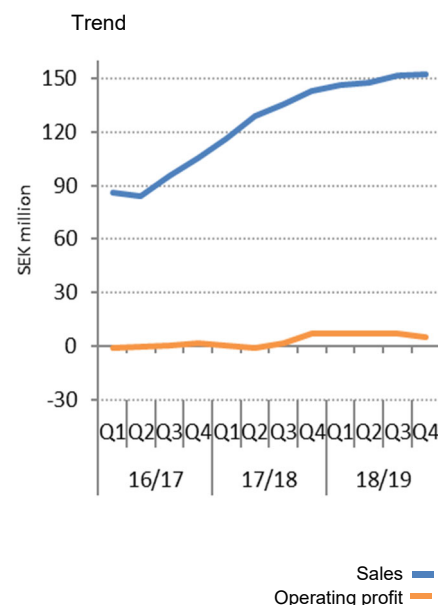
| SEK million | The quarter | | | Full-year | | |
|---------------------|-------------|-----------|--------|-----------|-----------|--------|
| | Q4 | Q4 | Change | Q1–4 | Q1–4 | Change |
| | 2018/2019 | 2017/2018 | % | 2018/2019 | 2017/2018 | % |
| Sales | 41.5 | 40.9 | 1.5 | 152.4 | 142.9 | 6.7 |
| Operating profit | 4.3 | 4.1 | 4.9 | 7.0 | 6.9 | 1.5 |
| Operating margin, % | 10.4 | 10.0 | n/a | 4.6 | 4.8 | n/a |

Sales and earnings

Secure Communications is growing, primarily through increased sales from project-based development activities and approved crypto products that protect information essential to the security of a country or critical social functions. The operations are also growing in the critical infrastructure product area, where the unit's focus on Sweden has been successful. Several risk and security analyses have been carried out on behalf of Swedish energy companies and the critical process industry, and we have now taken our first steps into Finland and Norway. In the last year, new customers have also chosen to use Sectra's monitoring services.

Sectra is also focusing on expanding its secure mobile communications offering to include secure mobile workplaces and new customer segments for government authorities and private enterprises. During the year, contracts were signed with healthcare regions and energy companies that had a need to protect their sensitive information.

Operating profit was burdened by intensified growth initiatives in critical infrastructure and costs to further strengthen the offering in the secure communications segment and expand into additional customer segments and geographic markets.



To meet customer needs, the operating area expanded its Sectra Tiger offering to include tablets for secure mobile workplaces.

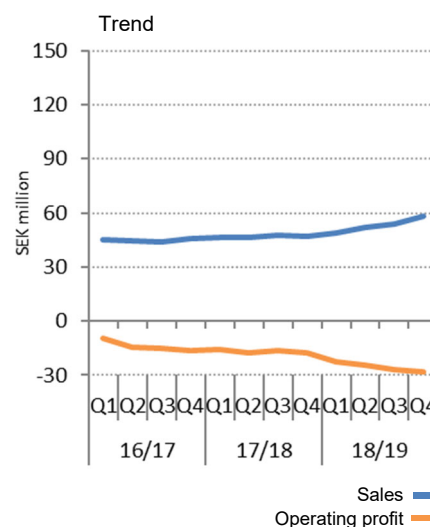
OTHER OPERATIONS

| SEK million | The quarter | | | Full-year | | |
|---------------------|-------------|-----------|--------|-----------|-----------|--------|
| | Q4 | Q4 | Change | Q1–4 | Q1–4 | Change |
| | 2018/2019 | 2017/2018 | % | 2018/2019 | 2017/2018 | % |
| Sales | 16.2 | 13.1 | 23.7 | 62.7 | 52.2 | 20.1 |
| Operating loss | -7.5 | -6.0 | -25.0 | -28.4 | -17.5 | -62.3 |
| Operating margin, % | neg | neg | | neg | neg | |

Other Operations pertain to Sectra's joint functions for administration, recruitment, Group finances, IT, regulatory affairs, marketing communications and investor relations activities. As a result of the retroactive restatement (refer to Note 3), Sectra Customer Financing is recognized in Other Operations.

Sales and earnings

The outcome for Other Operations was charged with higher consulting costs, which were largely temporary in nature, and to a lesser extent, with costs for increased resources in central functions to meet the needs for central services in the growing operational activities.



PARENT COMPANY

The Parent Company, Sectra AB, includes the Business Innovation operating segment as well as the head office's functions for Group finances, IT, regulatory affairs, marketing communications, and investor relations activities. The Parent Company's income statement and balance sheet are reported on page 21.

THE SHARE

2018 share redemption program and recalculation of conversion prices

During October 2018, Sectra carried out a share redemption program, whereby SEK 4.50 per share was distributed to the shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital. The corresponding distribution to the shareholders in the preceding year was SEK 4.50 per share.

In your Swedish tax assessment, a redemption or sale of redemption shares (designated SECT IL A and SECT IL B) is to be declared as a sale of shares on Form K4. For more information, visit investor.sectra.com/the-share/swedish-tax-return-guide/.

Due to the share redemption program for 2018, the Board decided to recalculate the conversion prices for outstanding convertible programs. This recalculation means that the financial compensation to the holders of convertibles in relation to the shareholders is reasonable. For dilution effects and current conversion prices after the recalculation, refer to the information on investor.sectra.com/the-share/share-related-incentive-programs/.

Share-related incentive programs

On the balance-sheet date, Sectra's share capital totaled SEK 38,352,871 distributed between 38,352,871 shares. Of these shares, 2,620,692 are Class A shares and 35,732,179 are Class B shares. These figures include a new share issue of 233,202 Class B shares due to conversion of the 2014/2018 and 2015/2018 convertible programs in December 2018.

The AGM, held on September 6, 2018, resolved to issue additional convertibles to the Group's employees and external Board members. The convertibles were subscribed during the period October 1–11, 2018. Employees were subsequently allocated 6,800 convertibles and external Board members were allocated 1,000 convertibles, corresponding to a total of 7,800 Class B shares at a combined nominal amount of SEK 3.0 million. The dilution effect of the two convertible programs is 0.02% of the share capital and 0.01% of the voting rights. The conversion price for convertibles to employees is SEK 376.80, and the duration is November 1, 2018–January 31, 2022. Conversion is possible during the period January 10–14, 2022. The conversion price for convertibles to external Board members is SEK 388.90, and the duration is November 1, 2018–January 31, 2023. Conversion is possible during the period January 9–13, 2023. Sectra will initiate an investigation into how the company's incentive programs should be structured in the future.

As of the publication date of this report, on full exercise of outstanding convertibles, the number of Class B shares will increase by 177,980, corresponding to 0.5% of the capital and 0.3% of the voting rights in the company.

Authorizations of new share issue and repurchase of own shares

The 2018 AGM authorized the Board, for the period until the next AGM, to decide on the new issue of not more than 3,700,000 Class B shares for consideration in the form of cash payment, offsetting of debt or contribution in kind whereby offsetting of debt and contribution in kind may deviate from shareholders' preferential rights. If the authorization is fully exercised, the dilution effect will be approximately 10% of the share capital and approximately 6% of the voting rights.

The AGM also resolved to authorize the Board, on one or more occasions, during the period until the next AGM, to make decisions on the acquisition and transfer of Class B treasury shares. A condition for the authorization is that the company's holding of treasury shares at no time exceeds 10% of all shares in the company.

At the time of publication of this year-end report, the Board had not utilized these authorizations.

2019 AGM AND PROPOSED SHARE REDEMPTION PROGRAM

Proposed share redemption program/dividend for 2019

For the 2018/2019 fiscal year, the Board and the President propose that the AGM resolve to distribute SEK 4.50 per share to the shareholders through a 2:1 share split in combination with a mandatory redemption process. No ordinary dividend is proposed. The corresponding distribution to the shareholders in the preceding year was SEK 4.50 per share. This proposal corresponds to a direct return of 1.4% based on the year-end share price. Combined with the price trend, this represents total value growth of 68.1% for the Sectra share during the fiscal year.

The proposal is in line with Sectra's dividend policy. The Board deems that the company's current balance sheet and cash flow are of adequate strength to secure the development of the business, while providing the shareholders with a high return. At the end of the fiscal year, the Group's equity/assets ratio was 55.4%. The dividend policy and Sectra's financial goals state that the equity/assets ratio is to exceed 30%, and it will continue to do so, by a healthy margin, following a resolution in favor of the Board's proposed redemption process. Additional information regarding the proposed share split and mandatory redemption process will be published in the notice of the AGM and the full proposal to the AGM.

AGM and Nomination Committee

The Nomination Committee was formed based on known shareholdings in the company on October 31, 2018. In accordance with the resolution of the AGM, the following Nomination Committee was appointed:

- Torbjörn Kronander (largest shareholder and CEO)
- Carl-Erik Ridderstråle (representing Jan-Olof Brüer, the second-largest shareholder)
- Jan Särlvik (representing Nordea Investment Funds, the fourth-largest shareholder)
- Jan-Olof Brüer (in his role as Chairman of the Board)

Carl-Erik Ridderstråle, who represents the company's second-largest shareholder in terms of votes, was appointed Chairman of the Nomination Committee. Torbjörn Kronander, the company's largest shareholder in terms of votes, decided to abstain from the chairmanship due to his role as CEO of Sectra AB.

The AGM is scheduled for September 5, 2019 in Linköping, Sweden. The Nomination Committee's proposals will be presented in the notice of the AGM and be available on the company's website not earlier than six weeks and not later than four weeks prior to the Meeting date.

The Nomination Committee will prepare and submit proposals regarding:

- election of and fees to the Chairman of the Board and other Board members, and fees for committee work
- election of and fees to the auditors and deputy auditors
- resolution on principles governing the composition of the Nomination Committee
- Chairman of the AGM

Shareholders who wish to submit proposals to the Nomination Committee may do so in writing by email: info.investor@sectra.se or by mail: Sectra AB, Attn. Nomination Committee, Teknikringen 20, SE-583 30 Linköping, Sweden.

Shareholders are entitled to have a matter addressed by the AGM. The notice of the AGM is to be issued not earlier than six weeks and not later than four weeks prior to the AGM. To ensure that the company has time to include matters in the notice, requests for matters to be addressed by the AGM must be received by the company not later than seven weeks prior to the AGM. Requests to have matters addressed by the AGM are to be submitted to the Board in writing via email: info.investor@sectra.se, or by mail: Sectra AB, Attn. Board of Directors, Teknikringen 20, SE-583 30 Linköping, Sweden.

Annual Report, Sustainability Report and Corporate Governance Report

Sectra's Annual Report, Sustainability Report and Corporate Governance Report will be announced through a press release in the week of June 24, 2019 and will be published on the company's website: www.sectra.com/investor/annual_reports

The printed version can also be ordered via:

- online form investor.sectra.com/reports/annual-reports/#order
- email: info.investor@sectra.com
- telephone: +46 13 23 52 00

RISKS AND UNCERTAINTIES

Through its operations, Sectra is exposed to such business risks as dependence on major customers and partners, the effect of exchange rates 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. A detailed description of the risks and uncertainties as well as Sectra's strategies and tactics for minimizing risk exposure and limiting adverse effects are provided in the Administration Report in the Group's Annual Report for the 2017/2018 fiscal year and in Note 30 on page 76. No significant events have occurred that would alter the conditions reported.

FOR FURTHER INFORMATION

Contact Sectra's CEO Torbjörn Kronander, telephone +46 13 23 52 27 or email info.investor@sectra.se.

Presentation of the year-end report

A presentation will be held by Torbjörn Kronander, President and CEO of Sectra AB, and Mats Franzén, CFO of Sectra AB.

The presentation will be held in English.

Time: May 28, 2019, at 12:00 noon CET

Location: Operaterrassen in Stockholm

To attend the conference, register via: financialhearings.com/event/11474/register/live_event

Follow live online: investor.sectra.com/event/year-end-report-2018-2019/

A recorded version will be available on this website after the conference.

Financial calendar and AGM

| | |
|---------------------------|--------------------------------------|
| 2019 AGM | September 5, 2019 at 3:30 p.m. (CET) |
| Six-month interim report | November 29, 2019 at 8:15 a.m. (CET) |
| Nine-month interim report | March 4, 2020 at 08:15 a.m. (CET) |
| Year-end report 2019/2020 | June 3, 2020 at 8:15 a.m. (CET) |

For other IR events, visit: investor.sectra.com/events-and-presentations/

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby assure that the year-end report for the period May 2018–April 2019 provides a true and fair view of the Parent Company's and Group's operations, financial position and earnings and describes the significant risks and uncertainties facing the Parent Company and other companies in the Group.

Linköping, May 28, 2019

Torbjörn Kronander
President, CEO and Board member

Jan-Olof Brüer
Chairman

Christer Nilsson
Board member

Ulrika Hagdahl
Board member

Anders Persson
Board member

Birgitta Hagenfeldt
Board member

Tomas Puusepp
Board member

Deborah Capello
Board member,
employee representative

Bengt Hellman
Board member,
employee representative

This report was not reviewed by the company's auditor.

GROUP FINANCIAL SUMMARY¹

Consolidated income statements

| SEK thousand | 3 months Feb–Apr 2019 | 3 months Feb–Apr 2018 | Full-year May–Apr 2018/2019 | Full-year May–Apr 2017/2018 |
|---|-----------------------------|-----------------------------|-----------------------------------|-----------------------------------|
| Net sales | 474,074 | 357,092 | 1,413,522 | 1,209,181 |
| Capitalized work for own use | 15,649 | 7,714 | 37,269 | 28,228 |
| Other operating income | 251 | 869 | 3,407 | 3,706 |
| Goods for resale | -118,745 | -38,519 | -254,457 | -180,294 |
| Personnel costs | -179,241 | -158,878 | -676,807 | -584,103 |
| Other external costs | -74,776 | -67,030 | -240,584 | -222,441 |
| Depreciation/amortization and impairment | -12,501 | -10,524 | -46,809 | -39,928 |
| Operating profit | 104,711 | 90,724 | 235,541 | 214,349 |
| Net financial items | 6,168 | 31,563 | 13,251 | 16,806 |
| Profit after net financial items | 110,879 | 122,287 | 248,792 | 231,155 |
| Taxes | -20,487 | -24,062 | -49,813 | -46,450 |
| Profit for the period | 90,392 | 98,225 | 198,979 | 184,706 |
| Profit for the period attributable to: | | | | |
| Parent Company owners | 90,392 | 98,225 | 198,979 | 184,706 |
| Non-controlling interest | 0 | 0 | 0 | 0 |
| Earnings per share | | | | |
| Before dilution, SEK | 2.36 | 2.58 | 5.21 | 4.86 |
| After dilution, SEK | 2.35 | 2.55 | 5.17 | 4.80 |
| No. of shares | | | | |
| Before dilution | 38,352,871 | 38,119,669 | 38,352,871 | 38,119,669 |
| After dilution ² | 38,530,851 | 38,515,550 | 38,530,851 | 38,515,550 |
| Average, before dilution | 38,352,871 | 38,119,669 | 38,197,403 | 38,012,454 |
| Average, after dilution | 38,530,851 | 38,515,550 | 38,523,210 | 38,506,104 |

^{1.} For information about the impact of the retroactive restatement, refer to Note 3 on page 24.

^{2.} Dilution of the number of shares is based on the convertible programs issued in 2015/2016 (26,963), 2016/2017 (143,217) and 2017/2018 (7,800). On full exercise of convertibles, the number of shares will increase by 177,980.

Consolidated statement of comprehensive income

| SEK thousand | 3 months Feb–Apr 2019 | 3 months Feb–Apr 2018 | Full-year May–Apr 2018/2019 | Full-year May–Apr 2017/2018 |
|--|-----------------------------|-----------------------------|-----------------------------------|-----------------------------------|
| Profit for the period | 90,392 | 98,225 | 198,979 | 184,706 |
| Change in translation differences for the period from translating foreign subsidiaries | 14,455 | 24,184 | 10,517 | 11,962 |
| Total other comprehensive income for the period | 14,455 | 24,184 | 10,517 | 11,962 |
| Total comprehensive income for the period | 104,847 | 122,409 | 209,496 | 196,668 |

Consolidated balance sheets

| SEK thousand | Apr 30, 2019 | Apr 30, 2018 |
|--------------------------------------|------------------|------------------|
| Assets | | |
| Intangible assets | 182,650 | 188,087 |
| Tangible assets | 40,148 | 43,150 |
| Financial assets | 170,275 | 172,120 |
| Deferred tax assets | 5,996 | 4,272 |
| Total fixed assets | 399,069 | 407,629 |
| Other current assets | 583,814 | 596,500 |
| Cash and cash equivalents | 331,935 | 282,341 |
| Total current assets | 915,749 | 878,841 |
| Total assets | 1,314,818 | 1,286,470 |
| Equity and liabilities | | |
| Equity (incl. profit for the period) | 727,909 | 660,954 |
| Provisions | 23,327 | 21,078 |
| Deferred tax liabilities | 7,395 | 5,889 |
| Long-term liabilities | 6,451 | 28,528 |
| Current liabilities | 549,736 | 570,021 |
| Total equity and liabilities | 1,314,818 | 1,286,470 |

No material changes have occurred in pledged assets and contingent liabilities since the 2017/2018 Annual Report.

Consolidated statement of changes in equity

| SEK thousand | Full-year May–Apr 2018/2019 | Full-year May–Apr 2017/2018 |
|---|-----------------------------------|-----------------------------------|
| Equity at start of period | 660,954 | 541,412 |
| Adjustment IFRS 15 (Note 2) | 916 | 0 |
| Adjustment IAS 8 (Note 3) | 0 | 72,598 |
| Adjusted equity at start of period | 661,870 | 614,010 |
| Comprehensive income for the period | 209,496 | 196,668 |
| Dividend/redemption of shares | -171,539 | -170,707 |
| Settlement of share-related payments | 28,082 | 20,983 |
| Equity at end of period | 727,909 | 660,954 |

Consolidated cash-flow statements

| SEK thousand | Full-year May–Apr 2018/2019 | Full-year May–Apr 2017/2018 |
|---|-----------------------------------|-----------------------------------|
| Cash flow from operations before changes in working capital | 209,299 | 225,355 |
| Cash flow from operations after changes in working capital | 250,696 | 207,531 |
| Investing activities | -33,029 | -22,993 |
| Financing activities | -168,933 | -172,604 |
| Total cash flow for the period | 48,734 | 11,934 |
| Change in cash and cash equivalents | | |
| Cash and cash equivalents, opening balance | 282,341 | 273,216 |
| Exchange-rate difference in cash and cash equivalents | 860 | -2,809 |
| Cash and cash equivalents, closing balance | 331,935 | 282,341 |
| Unutilized credit facilities | 15,000 | 15,000 |

Alternative performance measures for the period and full-year

| | Full-year Apr 30, 2019 | Full-year Apr 30, 2018 |
|--|------------------------------|------------------------------|
| Order bookings, SEK million | 2,132.8 | 1,492.5 |
| Operating margin, % | 16.7 | 17.7 |
| Profit margin, % | 17.6 | 19.1 |
| Average no. of employees | 706 | 645 |
| Cash flow per share, SEK | 6.54 | 5.44 |
| Cash flow per share after full dilution, SEK | 6.51 | 5.39 |
| Value added, SEK million | 912.3 | 798.5 |
| P/E ratio, multiple | 61.8 | 40.0 |
| Share price at end of period, SEK | 322.0 | 194.2 |
| Return on equity, % | 29.8 | 30.4 |
| Return on capital employed, % | 35.9 | 34.5 |
| Return on total capital, % | 19.6 | 19.0 |
| Equity/assets ratio, % | 55.4 | 51.4 |
| Liquidity, multiple | 1.7 | 1.6 |
| Equity per share, SEK | 18.98 | 17.34 |
| Equity per share after full dilution, SEK | 18.89 | 17.16 |

Exchange rates

| Currency | Average rates in SEK | | | Closing rates in SEK | | |
|----------------------|----------------------|-------------------|-------------|----------------------|-----------------|-------------|
| | Q1-4 2018/2019 | Q1-4 2017/2018 | Change % | Apr 30, 2019 | Apr 30, 2018 | Change % |
| US dollar, 1 USD | 9.01 | 8.26 | 9.1 | 9.46 | 8.82 | 7.3 |
| Euro, 1 EUR | 10.36 | 9.80 | 5.7 | 10.58 | 10.45 | 1.2 |
| British pound, 1 GBP | 11.73 | 11.07 | 6.0 | 12.24 | 11.86 | 3.2 |

Quarterly consolidated income statement and alternative performance measures

| SEK million | 2018/2019 | | | | 2017/2018 | | | |
|--|--------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 474.1 | 329.5 | 316.2 | 293.7 | 357.1 | 285.5 | 298.5 | 268.1 |
| Capitalized work for own use | 15.6 | 10.7 | 6.3 | 4.6 | 7.7 | 11.1 | 5.6 | 3.9 |
| Reversal of contingent consideration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other operating income | 0.3 | 1.1 | 1.5 | 0.5 | 0.9 | 1.4 | 0.5 | 0.9 |
| Operating expenses | -372.8 | -279.1 | -267.4 | -252.6 | -264.5 | -248.1 | -246.5 | -227.9 |
| Depreciation/amortization and impairment | -12.5 | -12.0 | -11.6 | -10.7 | -10.5 | -10.7 | -10.1 | -8.6 |
| Operating profit | 104.7 | 50.2 | 45.0 | 35.6 | 90.7 | 39.2 | 48.0 | 36.4 |
| Net financial items | 6.2 | 1.2 | 7.7 | -1.8 | 31.6 | -4.7 | 3.8 | -13.8 |
| Profit after net financial items | 110.9 | 51.4 | 52.7 | 33.7 | 122.3 | 34.5 | 51.8 | 22.6 |
| Tax on earnings for the period | -20.5 | -11.1 | -11.1 | -7.1 | -24.1 | -7.6 | -9.8 | -4.9 |
| Profit for the period | 90.4 | 40.3 | 41.7 | 26.6 | 98.2 | 26.9 | 42.0 | 17.7 |
| Order bookings, SEK million | 1,104.9 | 390.7 | 350.7 | 286.5 | 500.3 | 337.9 | 426.8 | 227.6 |
| Operating margin, % | 22.1 | 15.2 | 14.2 | 12.1 | 25.4 | 13.7 | 16.1 | 13.6 |
| Cash flow per share, SEK | 2.71 | 1.82 | 2.06 | neg | 3.01 | 0.74 | 1.02 | 0.68 |
| Cash flow per share after full dilution, SEK | 2.69 | 1.81 | 2.04 | neg | 2.98 | 0.73 | 1.01 | 0.67 |
| Earnings per share, SEK | 2.36 | 1.06 | 1.09 | 0.70 | 2.58 | 0.70 | 1.11 | 0.47 |
| Return on equity, % | 14.1 | 6.8 | 7.5 | 4.3 | 16.2 | 4.9 | 8.0 | 3.0 |
| Return on capital employed, % | 15.6 | 7.8 | 8.3 | 4.9 | 18.2 | 5.7 | 8.7 | 3.5 |
| Equity/assets ratio, % | 55.4 | 51.8 | 47.4 | 53.7 | 51.4 | 48.6 | 46.1 | 51.8 |
| Equity per share, SEK | 18.98 | 16.25 | 14.50 | 17.76 | 17.34 | 14.13 | 12.99 | 16.26 |
| Share price at end of period, SEK | 322.0 | 220.05 | 238.6 | 240.0 | 194.2 | 189.4 | 164.0 | 152.5 |

Five-year summary

| | 2018/2019 | 2017/2018 | 2016/2017 | 2015/2016 | 2014/2015 ¹⁾ |
|---|-----------|-----------|-----------|-----------|-------------------------|
| Order bookings, SEK million | 2,132.8 | 1,492.5 | 1,177.7 | 1,322.0 | 1,471.5 |
| Net sales, SEK million | 1,413.5 | 1,209.2 | 1,125.1 | 1,080.9 | 961.4 |
| Operating profit, SEK million | 235.5 | 214.3 | 195.0 | 158.0 | 150.3 |
| Profit after net financial items, SEK million | 248.8 | 231.2 | 201.1 | 154.0 | 164.4 |
| Profit for the period after tax, SEK million | 199.0 | 184.7 | 153.8 | 124.8 | 126.1 |
| Operating margin, % | 16.7 | 17.7 | 17.3 | 14.6 | 15.6 |
| Profit margin, % | 17.6 | 19.1 | 17.9 | 14.2 | 17.1 |
| Earnings per share before dilution, SEK | 5.21 | 4.86 | 4.07 | 3.33 | 3.38 |
| Earnings per share after dilution, SEK | 5.17 | 4.80 | 4.00 | 3.26 | 3.31 |
| Dividend/redemption program per share, SEK | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| Share price at end of year, SEK | 322.0 | 194.20 | 162.50 | 110.75 | 119.50 |
| P/E ratio, multiple | 61.8 | 40.0 | 39.9 | 33.3 | 35.3 |
| Return on equity, % | 29.8 | 30.4 | 26.5 | 20.5 | 20.6 |
| Return on capital employed, % | 35.9 | 34.5 | 30.9 | 23.0 | 25.1 |
| Return on total capital, % | 19.6 | 19.0 | 17.5 | 13.7 | 15.8 |
| Equity per share before dilution, SEK | 18.98 | 17.34 | 16.21 | 16.16 | 16.44 |
| Equity per share after dilution, SEK | 18.89 | 17.16 | 15.95 | 15.80 | 16.01 |
| Equity/assets ratio, % | 55.4 | 51.4 | 50.5 | 51.4 | 56.1 |

¹⁾ Figures for 2014/2015 have not been adjusted in accordance with IAS 8 since this is not practically feasible. Refer to Note 3 on page 24.

OPERATING SEGMENTS

Sales by business segment

| SEK million | Q4 Feb–Apr 2019 | Q4 Feb–Apr 2018 | Full-year May–Apr 2018/2019 | Full-year May–Apr 2017/2018 |
|-----------------------|-----------------------|-----------------------|-----------------------------------|-----------------------------------|
| Imaging IT Solutions | 413.8 | 312.7 | 1,204.2 | 1,032.3 |
| Secure Communications | 41.5 | 40.9 | 152.4 | 142.9 |
| Business Innovation | 21.2 | 26.6 | 68.8 | 70.3 |
| Other Operations | 16.2 | 13.1 | 62.7 | 52.2 |
| Group eliminations | -18.6 | -36.2 | -74.6 | -88.5 |
| Total | 474.1 | 357.1 | 1,413.5 | 1,209.2 |

Operating profit/loss by business segment

| SEK million | Q4 Feb–Apr 2019 | Q4 Feb–Apr 2018 | Full-year May–Apr 2018/2019 | Full-year May–Apr 2017/2018 |
|-----------------------|-----------------------|-----------------------|-----------------------------------|-----------------------------------|
| Imaging IT Solutions | 106.8 | 92.8 | 257.0 | 219.2 |
| Secure Communications | 4.3 | 4.1 | 7.0 | 6.9 |
| Business Innovation | 0.8 | 7.0 | -6.0 | 7.0 |
| Other Operations | -7.5 | -6.0 | -28.4 | -17.5 |
| Group eliminations | 0.3 | -7.2 | 5.9 | -1.3 |
| Total | 104.7 | 90.7 | 235.5 | 214.3 |

Sales by geographic market

| SEK million | Q4 Feb–Apr 2019 | Q4 Feb–Apr 2018 | Full-year May–Apr 2018/2019 | Full-year May–Apr 2017/2018 |
|----------------|-----------------------|-----------------------|-----------------------------------|-----------------------------------|
| Sweden | 94.7 | 94.4 | 340.6 | 346.2 |
| United States | 114.0 | 97.4 | 321.7 | 284.6 |
| United Kingdom | 123.6 | 30.1 | 237.1 | 140.3 |
| Netherlands | 26.9 | 34.7 | 119.5 | 103.4 |
| Rest of Europe | 95.4 | 72.4 | 321.0 | 267.6 |
| Rest of World | 19.5 | 28.1 | 73.6 | 67.1 |
| Total | 474.1 | 357.1 | 1,413.5 | 1,209.2 |

PARENT COMPANY

Parent Company income statements

| SEK thousand | 3 months Feb–Apr 2019 | 3 months Feb–Apr 2018 | Full-year May–Apr 2018/2019 | Full-year May–Apr 2017/2018 |
|--|-----------------------------|-----------------------------|-----------------------------------|-----------------------------------|
| Net sales | 38,530 | 39,630 | 130,600 | 121,278 |
| Capitalized work for own use | 4,127 | 2,076 | 4,368 | 6,517 |
| Other operating income | 246 | 554 | 2,450 | 2,831 |
| Goods for resale | -5,065 | -7,155 | -17,097 | -17,392 |
| Personnel costs | -15,499 | -15,042 | -66,088 | -53,287 |
| Other external costs | -22,322 | -16,062 | -70,618 | -56,373 |
| Depreciation/amortization | -2,422 | -2,175 | -9,329 | -7,651 |
| Operating profit/loss | -2,405 | 1,826 | -25,714 | -4,077 |
| Net financial items | 62,569 | 22,524 | 68,160 | 12,687 |
| Profit after net financial items | 60,164 | 24,350 | 42,446 | 8,610 |
| Appropriations | 185,497 | 226,629 | 185,497 | 226,629 |
| Profit before tax | 245,661 | 250,979 | 227,943 | 235,239 |
| Tax on earnings for the period | -42,838 | -55,397 | -39,046 | -51,934 |
| Profit for the period | 202,823 | 195,582 | 188,896 | 183,305 |
| Comprehensive income for the period | 202,823 | 195,582 | 188,896 | 183,305 |

Parent Company balance sheets

| SEK thousand | Apr 30, 2019 | Apr 30, 2018 |
|--------------------------------------|-----------------|-----------------|
| Assets | | |
| Intangible assets | 16,166 | 14,896 |
| Tangible assets | 17,858 | 19,150 |
| Financial assets | 267,447 | 258,498 |
| Total fixed assets | 301,471 | 292,544 |
| Other current assets | 395,814 | 446,655 |
| Cash and cash equivalents | 225,324 | 212,709 |
| Total current assets | 621,138 | 659,364 |
| Total assets | 922,609 | 951,908 |
| Equity and liabilities | | |
| Equity (incl. profit for the period) | 530,114 | 484,674 |
| Long-term liabilities | 6,451 | 28,528 |
| Current liabilities | 386,044 | 438,706 |
| Total equity and liabilities | 922,609 | 951,908 |

Pledged assets and contingent liabilities

| SEK thousand | Apr 30, 2019 | Apr 30, 2018 |
|---|-----------------|-----------------|
| Chattel mortgages | 11,000 | 11,000 |
| Total pledged assets | 11,000 | 11,000 |
| Guarantees on behalf of Group companies | 119,640 | 154,074 |
| Total contingent liabilities | 119,640 | 154,074 |

NOTE 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and the Swedish Securities Markets Act. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and statements from the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for application within the EU.

The Group applies the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures. In accordance with these guidelines, the Group's alternative performance measures are defined on page 29 of the interim report. The Group applies alternative performance measures since the company believes they provide valuable supplementary information for management and investors given that they play a central role when it comes to understanding and evaluating the Group's operations.

The accounting policies and calculation methods applied are consistent with those described in Sectra's 2017/2018 Annual Report, with the exception of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments (see below). A retroactive restatement of Group-financed managed-services agreements in the UK has also been carried out (refer to Note 3 on page 24).

New and amended standards and interpretations as of May 1, 2018

As of May 1, 2018, Sectra applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

IFRS 9 Financial Instruments replaces IAS 39 *Financial Instruments: Recognition and Measurement*, and application of the standard is mandatory for fiscal years starting January 1, 2018 or later. IFRS 9 contains new requirements for classification and measurement of financial instruments, derecognition, impairment and general hedge accounting. The new standard introduces a new model for impairment of accounts receivable, which entails that impairment is recognized for expected credit losses rather than credit losses that have already occurred. IFRS 9 has not had any material impact on Sectra's financial statements since its historical loss patterns, on which the IFRS 9 model is based, have a low forecast value with respect to expected credit losses. Individual circumstances, which are also considered under IFRS 9, have a much more significant impact on the assessment of expected credit losses and are already taken into account. Sectra does not apply hedge accounting.

IFRS 15 Revenue from Contracts with Customers replaces IAS 11 *Construction Contracts* and IAS 18 *Revenue*, and application of the standard is mandatory for fiscal years starting January 1, 2018 or later. IFRS 15 introduces a control-based revenue recognition model and provides more detailed guidance in many areas that were not previously described in the applicable IFRS, such as how to recognize contracts containing several performance obligations, variable consideration, the customer's right of return and repurchase rights of suppliers. The selected transition method to IFRS 15 entails that the accumulated effect of the transition is recognized against equity as of the transition date of May 1, 2018 and is presented in Note 2 on page 23 of this interim report.

Imaging IT Solutions' customer contracts include various combinations of deliveries of licenses, installation services, support and maintenance services and upgrades, hardware, and hardware support and maintenance. Significant integration and adaptation of licenses and installation services normally takes place, which is considered a distinct performance obligation and is to be recognized in revenue during the installation phase. Under IFRS 15, support and maintenance services and upgrades are considered to be distinctly separate from installations and are recognized in revenue over the contract period as a separate performance obligation. The introduction of IFRS 15 entails differences in terms of when revenue is recognized. The difference is attributable in all material respects to the fact that under the previous standards, the significant risks and benefits are considered to have been transferred for the first year of license upgrades as of the installation date, while under IFRS 15, they are considered to be separate performance obligations that are to be recognized as of the installation date and one year forward.

Secure Communications' customer contracts include various combinations of pre-studies, component deliveries, installation services, support and maintenance services and upgrades, and product deliveries. Pre-studies are considered a separate performance obligation and are recognized as revenue when the pre-study is completed. Installation services and components are delivered as a combined solution and are therefore deemed to jointly comprise a performance obligation that is recognized as revenue during the installation phase. Support and maintenance services are considered a distinct performance obligation according to the contracts and are recognized as revenue over the contract period. No material effects from the implementation of IFRS 15 have been identified.

Business Innovation's customer contracts include various combinations of licenses, hardware, upgrades and expanded warranty offerings. Licenses and hardware are considered to comprise a distinct performance obligation. Revenue is recognized at the point in time when delivery is made to the customer. Upgrades are considered a distinct performance obligation and are recognized as revenue over the contract period. Expanded warranties are considered to comprise a separate performance obligation, with revenue recognized over the expanded warranty period. No material effects from the implementation of IFRS 15 have been identified.

The Group's revenue from contracts with customers is recognized after the retroactive restatement (refer to Note 3 on page 24), in accordance with the policies of the individual segments.

New and amended standards and interpretations that have not yet come into effect

IFRS 16 Leases replaces IAS 17 *Leases* and application of the standard is mandatory for fiscal years starting January 1, 2019 or later. IFRS 16 entails that all contracts with a term of more than 12 months of a certain monetary materiality are to be recognized as assets and liabilities in the balance sheet, with depreciation, amortization and interest expenses recognized in profit or loss. Accordingly, contracts that are currently recognized as operating leases will be capitalized in the balance sheet. The process of analyzing the company's leases and assessing their effects was completed during the fourth quarter. The impact on the opening balance in the balance sheet is deemed to amount to an increase of approximately SEK 94 million.

The standard will be applied in accordance with the modified retrospective approach, meaning that upon transition to IFRS 16 the liability for remaining payments of the leased asset will be calculated with a corresponding asset in the form of a right-of-use asset, resulting in no impact on opening equity. Comparative figures will not be restated. Leases with a term of 12 months or less and leases where the underlying asset has a low value are not included in the liability and the right-of-use asset in the balance sheet.

NOTE 2 Effects of transition to IFRS 15 Revenue from Contracts with Customers

The effect on opening equity as well as other relevant balance-sheet items has been adjusted compared with previously due to the changes to the recognition of Group-financed managed-services agreements in the UK. For information about the impact of the retroactive restatement, refer to Note 3 on page 24.

Consolidated balance sheets

| SEK thousand | Apr 30, 2018 IAS 11/18 | Effect Opening balance | April 30, 2018 IFRS 15 |
|--------------------------------------|---------------------------|---------------------------|---------------------------|
| Assets | | | |
| Intangible assets | 188,087 | - | 188,087 |
| Tangible assets | 43,150 | - | 43,150 |
| Financial assets | 172,120 | - | 172,120 |
| Deferred tax assets | 4,272 | - | 4,272 |
| Total fixed assets | 407,629 | - | 407,629 |
| Other current assets | 594,865 | 1,635 | 596,500 |
| Cash and cash equivalents | 282,341 | - | 282,341 |
| Total current assets | 877,206 | 1,635 | 878,841 |
| Total assets | 1,284,835 | 1,635 | 1,286,470 |
| Equity and liabilities | | | |
| Equity (incl. profit for the period) | 660,038 | 916 | 660,954 |
| Provisions | 21,078 | - | 21,078 |
| Deferred tax liabilities | 5,889 | - | 5,889 |
| Long-term liabilities | 28,528 | - | 28,528 |
| Current liabilities | 569,302 | 719 | 570,021 |
| Total equity and liabilities | 1,284,835 | 1,635 | 1,286,470 |

Consolidated income statements

| SEK thousand | May 2018–Apr 2019 IAS 11/18 | May 2018–Apr 2019 effect | May 2018–Apr 2019 IFRS 15 |
|--|--------------------------------|-----------------------------|------------------------------|
| Net sales | 1,409,134 | 4,388 | 1,413,522 |
| Capitalized work for own use | 37,269 | - | 37,269 |
| Reversal of contingent consideration | - | - | - |
| Other operating income | 3,407 | - | 3,407 |
| Goods for resale | -254,457 | - | -254,457 |
| Personnel costs | -676,807 | - | -676,807 |
| Other external costs | -240,584 | - | -240,584 |
| Depreciation/amortization and impairment | -46,809 | - | -46,809 |
| Operating profit | 231,153 | 4,388 | 235,541 |
| Net financial items | 10,507 | 2,744 | 13,251 |
| Profit after net financial items | 241,660 | 7,132 | 248,792 |
| Taxes | -47,333 | -2,480 | -49,813 |
| Profit for the period | 194,327 | 4,652 | 198,979 |

Sales by business segment

| SEK million | May 2018– Apr 2019 IAS 11/18 | May 2018– Apr 2019 effect | May 2018– Apr 2019 IFRS 15 |
|-----------------------|------------------------------------|---------------------------------|----------------------------------|
| Imaging IT Solutions | 1,199.8 | 4.4 | 1,204.2 |
| Secure Communications | 152.4 | - | 152.4 |
| Business Innovation | 68.8 | - | 68.8 |
| Other Operations | 62.7 | - | 62.7 |
| Group eliminations | -74.6 | - | -74.6 |
| Total | 1,409.1 | 4.4 | 1,413.5 |

Operating profit/loss by business segment

| SEK million | May 2018– Apr 2019 IAS 11/18 | May 2018– Apr 2019 effect | May 2018– Apr 2019 IFRS 15 |
|-----------------------|------------------------------------|---------------------------------|----------------------------------|
| Imaging IT Solutions | 252.6 | 4.4 | 257.0 |
| Secure Communications | 7.0 | - | 7.0 |
| Business Innovation | -6.0 | - | -6.0 |
| Other Operations | -28.4 | - | -28.4 |
| Group eliminations | 5.9 | - | 5.9 |
| Total | 231.1 | 4.4 | 235.5 |

Sales by geographic market

| SEK million | May 2018– Apr 2019 IAS 11/18 | May 2018– Apr 2019 effect | May 2018– Apr 2019 IFRS 15 |
|----------------|------------------------------------|---------------------------------|----------------------------------|
| Sweden | 340.1 | 0.5 | 340.6 |
| United States | 317.9 | 3.8 | 321.7 |
| United Kingdom | 237.1 | - | 237.1 |
| Netherlands | 119.5 | - | 119.5 |
| Rest of Europe | 320.9 | 0.1 | 321.0 |
| Rest of World | 73.6 | - | 73.6 |
| Total | 1,409.1 | 4.4 | 1,413.5 |

NOTE 3 Retroactive restatement of consolidated financial statements and segment reporting in accordance with IAS 8

Sectra has changed its assessment of when the transfer of risk takes place for Group-financed managed-services agreements in the UK, meaning that the risk associated with installation is now considered to be transferred to the customer in pace with the installation process. In conjunction with the implementation of IFRS 15, the Group determined that completion of the performance obligation also takes place over the installation period. According to the Group's previous assessment, the risk was deemed to be transferred to the Sectra Customer Financing operating area in conjunction with final delivery and then subsequently transferred to the customer over the term of the contract. As a result of this reassessment, the financial statements from 2008 and onwards have been restated. While the accumulated earnings over the contract term are unchanged at the Group level, the equalization effect on Group earnings over the contract term resulting from the internal sale of the contracts has been retroactively restated and is now recognized over the installation phase rather than the contract term. According to the new assessment of when the transfer of risk takes place and when the performance obligation is completed, operating profit and sales attributable to the project portion of the contract, which were previously distributed over the contract term, will be recognized over the installation phase, while operating profit and sales pertaining to upgrades and support contracts will continue to be recognized over the contract term. This will result in earlier recognition of operating profit, but will make no difference in terms of cash flow or the customer's experience in terms of delivery or payment.

The figures presented in the year-end report have been restated for 2018/2019 and for the comparative years 2017/2018, 2016/2017 and 2015/2016. This retroactive restatement has affected the Group, Sectra Customer Financing (which is being discontinued as a business segment) and Other Operations as well as the UK geographic segment and the subsidiaries Ebberöd Capital Ltd and Sectra Ltd. As a result of the adjustment, the Group's opening unrestricted equity for the 2017/2018 fiscal year increased SEK 55 million, an amount that would have comprised operating profit for the 2018 to 2028 fiscal years under the earlier policy for revenue accrual.

With respect to the balance sheet, there was a decrease in tangible assets, which previously comprised the hardware components of an installation, as well as other current assets, which referred to capitalized time in the installed projects. The previous accounting

policy was based on material risks and benefits remaining in the Group. As a result of the change to this assessment, an item has instead arisen for financial assets, which comprises the present value of the cash flow expected to be received from the installation. The earlier items of sales and operating profit have been replaced by repayment and financial income. These changes have had no impact on customer payments and thus no impact on Sectra's cash flow.

Consolidated balance sheet, April 30, 2018

| SEK thousand | Apr 30, 2018 previous | Effect | Apr 30, 2018 restated |
|--------------------------------------|-----------------------------|----------------|-----------------------------|
| Assets | | | |
| Intangible assets | 188,087 | - | 188,087 |
| Tangible assets | 90,251 | -47,101 | 43,150 |
| Financial assets | 37 | 172,083 | 172,120 |
| Deferred tax assets | 26,061 | -21,789 | 4,272 |
| Total fixed assets | 304,436 | 103,193 | 407,629 |
| Other current assets | 647,631 | -51,131 | 596,500 |
| Cash and cash equivalents | 282,341 | - | 282,341 |
| Total current assets | 929,972 | -51,131 | 878,841 |
| Total assets | 1,234,408 | 52,062 | 1,286,470 |
| Equity and liabilities | | | |
| Equity (incl. profit for the period) | 605,998 | 54,956 | 660,954 |
| Provisions | 21,078 | - | 21,078 |
| Deferred tax liabilities | 5,889 | - | 5,889 |
| Long-term liabilities | 28,528 | - | 28,528 |
| Current liabilities | 572,915 | -2,894 | 570,021 |
| Total equity and liabilities | 1,234,408 | 52,062 | 1,286,470 |

Consolidated balance sheet, April 30, 2019

| SEK thousand | Apr 30, 2019 previous | Effect | Apr 30, 2019 restated |
|--------------------------------------|-----------------------------|-----------------|-----------------------------|
| Assets | | | |
| Intangible assets | 182,650 | - | 182,650 |
| Tangible assets | 106,978 | -66,830 | 40,148 |
| Financial assets | 37 | 170,237 | 170,274 |
| Deferred tax assets | 25,636 | -19,639 | 5,997 |
| Total fixed assets | 315,301 | 83,768 | 399,069 |
| Other current assets | 701,964 | -118,150 | 583,814 |
| Cash and cash equivalents | 331,935 | - | 331,935 |
| Total current assets | 1,033,899 | -118,150 | 915,749 |
| Total assets | 1,349,200 | -34,382 | 1,314,818 |
| Equity and liabilities | | | |
| Equity (incl. profit for the period) | 670,284 | 57,625 | 727,909 |
| Provisions | 23,327 | - | 23,327 |
| Deferred tax liabilities | 7,395 | - | 7,395 |
| Long-term liabilities | 6,451 | - | 6,451 |
| Current liabilities | 641,743 | -92,007 | 549,736 |
| Total equity and liabilities | 1,349,200 | -34,382 | 1,314,818 |

Consolidated income statement 2017/2018

| SEK thousand | May 2017– Apr 2018 previous | May 2017– Apr 2018 effect | May 2017– Apr 2018 restated |
|--|-----------------------------------|---------------------------------|-----------------------------------|
| Net sales | 1,266,496 | -57,315 | 1,209,181 |
| Capitalized work for own use | 28,228 | - | 28,228 |
| Reversal of contingent consideration | - | - | - |
| Other operating income | 3,706 | - | 3,706 |
| Goods for resale | -187,783 | 7,489 | -180,294 |
| Personnel costs | -584,103 | - | -584,103 |
| Other external costs | -222,441 | - | -222,441 |
| Depreciation/amortization and impairment | -64,999 | 25,071 | -39,928 |
| Operating profit | 239,104 | -24,755 | 214,349 |
| Net financial items | 10,167 | 6,639 | 16,806 |
| Profit after net financial items | 249,271 | -18,116 | 231,155 |
| Taxes | -51,007 | 4,558 | -46,450 |
| Profit for the period | 198,264 | -13,558 | 184,706 |

Consolidated income statement 2018/2019

| SEK thousand | May 2018– Apr 2019 previous | May 2018– Apr 2019 effect | May 2018– Apr 2019 restated |
|--|-----------------------------------|---------------------------------|-----------------------------------|
| Net sales | 1,415,463 | -1,941 | 1,413,522 |
| Capitalized work for own use | 37,269 | - | 37,269 |
| Reversal of contingent consideration | - | - | - |
| Other operating income | 3,407 | - | 3,407 |
| Goods for resale | -210,462 | -43,995 | -254,457 |
| Personnel costs | -676,807 | - | -676,807 |
| Other external costs | -240,584 | - | -240,584 |
| Depreciation/amortization and impairment | -69,287 | 22,478 | -46,809 |
| Operating profit | 258,999 | -23,458 | 235,541 |
| Net financial items | 6,926 | 6,325 | 13,251 |
| Profit after net financial items | 265,925 | -17,133 | 248,792 |
| Taxes | -53,869 | 4,056 | -49,813 |
| Profit for the period | 212,056 | -13,077 | 198,979 |

Consolidated statement of changes in equity

| SEK thousand | Apr 30, 2019 | Apr 30, 2018 |
|---|-----------------|-----------------|
| Equity (incl. profit for the period) according to previous accounting policy | 670,284 | 605,998 |
| Effect of reversed eliminations of intra-Group profit | 74,078 | 75,327 |
| Effect of adjustment of reversed intra-Group profit up to and including 16/17 (correction in 17/18 Annual Report) | 0 | 13,104 |
| Effect of adjustment of recognized service revenue (previously recognized as effect of transition to IFRS 15) | -5,020 | -20,646 |
| Earnings effect for the year of changed accounting policy for Group-financed managed-services agreements | -13,077 | -13,558 |
| Currency adjustment | 1,644 | 729 |
| Total effect of restatement compared with previous accounting policy | 57,625 | 54,956 |
| Equity (incl. profit for the period) according to restatement | 727,909 | 660,954 |

Alternative performance measures for the period and full-year according to previous accounting policy

| | Full-year April 30, 2019 | Full-year April 30, 2018 |
|--|-----------------------------|-----------------------------|
| Order bookings, SEK million | 2,132.8 | 1,492.5 |
| Operating margin, % | 18.3 | 18.9 |
| Profit margin, % | 18.8 | 19.7 |
| Average no. of employees | 706 | 645 |
| Cash flow per share, SEK | 7.56 | 5.84 |
| Cash flow per share after full dilution, SEK | 7.53 | 5.78 |
| Value added, SEK million | 935.8 | 823.2 |
| P/E ratio, multiple | 58.0 | 37.2 |
| Share price at end of period, SEK | 322.0 | 194.2 |
| Return on equity, % | 33.2 | 34.2 |
| Return on capital employed, % | 40.1 | 38.7 |
| Return on total capital, % | 20.7 | 20.9 |
| Equity/assets ratio, % | 49.7 | 49.1 |
| Liquidity, multiple | 1.6 | 1.6 |
| Equity per share, SEK | 17.48 | 15.90 |
| Equity per share after full dilution, SEK | 17.40 | 15.73 |

Quarterly consolidated income statement and alternative performance measures according to previous accounting policy

| SEK million | 2018/2019 | | | | 2017/2018 | | | |
|--|--------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 440.4 | 341.6 | 327.4 | 306.1 | 387.9 | 300.1 | 313.4 | 265.1 |
| Capitalized work for own use | 15.6 | 10.7 | 6.3 | 4.6 | 7.7 | 11.1 | 5.6 | 3.9 |
| Reversal of contingent consideration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other operating income | 0.3 | 1.1 | 1.5 | 0.5 | 0.9 | 1.5 | 0.5 | 0.9 |
| Operating expenses | -328.6 | -281.0 | -270.1 | -248.1 | -295.4 | -244.7 | -243.6 | -210.8 |
| Depreciation/amortization and impairment | -19.1 | -16.7 | -16.7 | -16.8 | -17.4 | -16.7 | -16.1 | -14.8 |
| Operating profit | 108.6 | 55.7 | 48.4 | 46.3 | 83.7 | 51.3 | 59.8 | 44.3 |
| Net financial items | 4.6 | -0.2 | 6.1 | -3.5 | 29.8 | -6.3 | 2.1 | -15.5 |
| Profit after net financial items | 113.2 | 55.5 | 54.5 | 42.8 | 113.5 | 45.0 | 61.9 | 28.8 |
| Tax on earnings for the period | -21.2 | -11.9 | -11.3 | -9.5 | -22.7 | -9.9 | -12.1 | -6.3 |
| Profit for the period | 92.0 | 43.6 | 43.2 | 33.3 | 90.8 | 35.1 | 49.8 | 22.5 |
| Order bookings, SEK million | 1,104.9 | 390.7 | 350.7 | 286.5 | 500.3 | 337.9 | 426.8 | 227.6 |
| Operating margin, % | 24.7 | 16.3 | 14.8 | 12.1 | 21.6 | 17.1 | 19.1 | 16.7 |
| Cash flow per share, SEK | 3.04 | 1.98 | 2.05 | neg | 2.68 | 1.21 | 1.33 | 0.64 |
| Cash flow per share after full dilution, SEK | 3.03 | 1.97 | 2.03 | neg | 2.65 | 1.20 | 1.31 | 0.63 |
| Earnings per share, SEK | 2.40 | 1.14 | 1.13 | 0.70 | 2.38 | 0.92 | 1.31 | 0.59 |
| Return on equity, % | 15.0 | 7.8 | 8.3 | 4.3 | 15.7 | 6.6 | 10.0 | 4.0 |
| Return on capital employed, % | 16.6 | 8.9 | 9.0 | 4.9 | 17.6 | 7.6 | 10.8 | 4.6 |
| Equity/assets ratio, % | 49.7 | 48.7 | 44.1 | 53.7 | 49.1 | 46.5 | 43.0 | 49.1 |
| Equity per share, SEK | 17.48 | 14.70 | 12.87 | 17.76 | 15.90 | 13.14 | 11.76 | 14.80 |
| Share price at end of period, SEK | 322.0 | 220.05 | 238.6 | 240.0 | 194.2 | 189.4 | 164.0 | 152.5 |

Five-year summary according to previous accounting policy

| | 2018/2019 | 2017/2018 | 2016/2017 | 2015/2016 | 2014/2015 |
|---|-----------|-----------|-----------|-----------|-----------|
| Order bookings, SEK million | 2,132.8 | 1,492.5 | 1,177.7 | 1,322.0 | 1,471.5 |
| Net sales, SEK million | 1,415.5 | 1,266.5 | 1,140.9 | 1,073.6 | 961.4 |
| Operating profit, SEK million | 259.0 | 239.1 | 200.1 | 165.5 | 150.3 |
| Profit after net financial items, SEK million | 265.9 | 249.3 | 199.7 | 154.8 | 164.4 |
| Profit for the period after tax, SEK million | 212.1 | 198.3 | 152.6 | 125.7 | 126.1 |
| Operating margin, % | 18.3 | 18.9 | 17.5 | 15.4 | 15.6 |
| Profit margin, % | 18.8 | 19.7 | 17.5 | 14.4 | 17.1 |
| Earnings per share before dilution, SEK | 5.55 | 5.22 | 4.04 | 3.35 | 3.38 |
| Earnings per share after dilution, SEK | 5.50 | 5.15 | 3.97 | 3.29 | 3.31 |
| Dividend/redemption program per share, SEK | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| Share price at end of year, SEK | 322.0 | 194.20 | 162.50 | 110.75 | 119.50 |
| P/E ratio, multiple | 58.0 | 37.2 | 40.2 | 33.0 | 35.3 |
| Return on equity, % | 33.2 | 34.2 | 28.1 | 21.7 | 20.6 |
| Return on capital employed, % | 40.1 | 38.7 | 32.5 | 24.2 | 25.1 |
| Return on total capital, % | 20.7 | 20.9 | 17.9 | 14.2 | 15.8 |
| Equity per share before dilution, SEK | 17.48 | 15.90 | 14.29 | 14.55 | 16.44 |
| Equity per share after dilution, SEK | 17.40 | 15.73 | 14.06 | 14.23 | 16.01 |
| Equity/assets ratio, % | 49.7 | 49.1 | 47.3 | 49.5 | 56.1 |

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

| | |
|---|---|
| Equity per share | Adjusted equity divided by the number of shares at the end of the period. |
| Equity per share after full dilution | Adjusted equity divided by the number of shares after full dilution. |
| Value added | Operating profit plus labor costs. |
| Adjusted equity | Recognized equity plus 78% of untaxed reserves. |
| Cash flow per share | Cash flow from operations after changes in working capital divided by the number of shares at the end of the period. |
| Cash flow per share after full dilution | Cash flow from operations after changes in working capital divided by the number of shares after full dilution. |
| Liquidity | Current assets divided by current liabilities. |
| Average no. of employees | Average number of full-time employees during the period. |
| Order bookings | Value of new orders received or changes to earlier orders during the reporting period. |
| P/E ratio | Share price at the end of the period in relation to the 12-month period's earnings per share. |
| Return on equity | Profit after tax as a percentage of average adjusted equity. |
| Return on capital employed (ROCE) | Profit before tax plus financial expenses as a percentage of average capital employed. |
| Return on total capital | Earnings after net financial items plus financial expenses as a percentage of average total assets. |
| Operating profit | Profit before net financial items and income tax. |
| Operating margin | Operating profit after depreciation/amortization as a percentage of net sales. |
| Debt/equity ratio | Interest-bearing liabilities divided by equity. |
| Equity/assets ratio | Adjusted equity as a percentage of total assets. |
| Capital employed | Total assets reduced by non-interest-bearing liabilities. |
| Growth in operating profit per share over a five-year period | Operating profit per share on the balance-sheet date less operating profit per share on the balance-sheet date five years earlier divided by operating profit per share on the balance-sheet date five years earlier. |
| Earnings per share | Profit/loss after tax divided by the average number of shares. This performance measure is defined in accordance with IFRS. |
| Earnings per share before dilution | Profit/loss after tax divided by the average number of shares at the end of the period. |
| Earnings per share after dilution | Profit/loss after tax divided by the average number of shares at the end of the period after dilution. |
| Profit margin | Earnings after net financial items as a percentage of net sales. |

GLOSSARY

Artificial intelligence (AI)

A collective term for the scientific field that studies the creation of machines and computer programs that display intelligent behavior. AI research encompasses numerous disciplines, including everything from studying philosophical issues to developing tangible technological solutions in such areas as medical diagnostics.

Integrated diagnostics

Diagnostic collaboration between different medical specialties, for example, between pathologists and radiologists for diagnosing, treating and monitoring cancer patients.

Cardiology/cardiovascular diseases

The field of medicine dealing with the functions and diseases of the heart.

Critical infrastructure

Basic infrastructure that is essential for the functioning of society, such as roads, bridges and electricity and water supply.

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. To read encrypted information, the recipient must have the correct key and algorithm.

Mammography

A radiology-based breast examination used to detect breast cancer at an early stage in asymptomatic women.

Cloud

Cloud computing, meaning that computer power is distributed over the internet or company-specific intranets and not on individual computers.

Neurodegenerative diseases

Diseases that cause progressive degeneration and/or death of nerve cells. This causes problems with movement or mental function.

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system.

Picture archiving and communication system (PACS)

A system for managing medical images, such as digital radiology images.

Pathology/histopathology/microscopy

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.

Vendor-neutral archive (VNA)

IT solution for managing and archiving files such as medical images, audio files and film sequences in a shared multimedia archive.

ABOUT SECTRA

Vision

To contribute to a healthier and safer society.

Mission statements

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

To strengthen the stability and efficiency of society's most important functions through solutions for critical IT security.

Operating areas/business models

Imaging IT Solutions helps hospitals across the world to become more efficient, enabling them to care for more patients and save more lives. Increased use of medical images and aging populations that are living longer pose huge challenges to healthcare. Sectra's IT solutions and services for medical diagnostic imaging enable greater efficiency and contribute to healthcare advancements. Sectra has more than 1,800 installations of medical IT systems, and customers include some of the largest healthcare providers in the world.

Secure Communications helps society's critical functions, government officials and diplomats to use modern technology to exchange information securely, thereby contributing to a stable and secure society. Sectra's solutions and services increase cybersecurity by protecting some of society's most sensitive information and communications. Several of the business area's products are approved by the EU, NATO, and national security authorities.

Business Innovation gathers smaller activities that could eventually lead to major growth in Sectra's main areas or related niches.

Group-wide strategies for value creation and sustainable business development

Customer value and employees

- Customers and customer satisfaction are always assigned top priority to enable long-term growth.
- Close relationships with demanding customers to ensure that Sectra's solutions meet market demands for quality, functionality, and usability.
- A corporate culture that motivates and inspires the company's employees to solve customer problems, help their fellow human beings and meet—and in many cases exceed—customer expectations.

Innovation

- Close cooperation with customers, universities and industrial partners in order to identify needs and ideas, combined with a positive corporate culture where management allows the employees to test out new ideas and projects.

Geographic expansion

- International expansion mainly in areas and regions where Sectra holds an established position. This will primarily be achieved through organic growth, in certain cases supplemented by acquisitions that strengthen the Group's organic growth.
- Expansion into new geographic markets following thorough analysis and at a controlled pace as Sectra achieves a strong position in existing markets.

For further information, visit
<https://investor@sectra.com>



Good reasons to invest in Sectra

1. Niche markets with strong growth potential

Healthcare, cybersecurity and critical infrastructure are rapidly changing markets, which creates major growth opportunities for companies such as Sectra.

2. Stability, profitability and long-term growth

Sectra has a 40-year history of growth and profitability. More than 50% of the company's sales comprise recurring revenue from long-term customer contracts.

3. Strong brand with multinational reach

Sectra is an established brand in niche areas where trust and stable products are highly important success factors. We have a multinational reach, with thousands of customers worldwide.

4. Strong, customer-focused corporate culture

A corporate culture focused on customer value and employees who are passionate about making a difference.

5. Long-standing owners and dedicated management

Principal owners dedicated to the long-term development of the company, and all members of management are shareholders.

6. Innovation

Sectra maintains a high pace of innovation and continuously invests in new and ongoing development. We also have a self-financed portfolio of exciting projects with the potential to add significant value.