

Interim report for the May 2018–January 2019 period:

Sectra is growing with satisfied customers— tops ranking for sixth consecutive year

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. With all of its financial goals met, Sectra is currently prioritizing growth in existing product areas and markets.

REPORT PRESENTATION

with President Torbjörn Kronander and CFO Mats Franzén. The presentation will be held in English.

Time:

March 6, 2019 at 10:00 a.m.

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More information on page 13.

THE PERIOD AND THE QUARTER IN BRIEF

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

Nine-month period, May–January 2019

- Order bookings increased 3.6% to SEK 1,027.9 million (992.3).
- Net sales increased 11.0% to SEK 975.1 million (878.6). Adjusted for currency fluctuations, sales increased 6.1%.
- Operating profit totaled SEK 150.4 million (155.4), corresponding to an operating margin of 15.4% (17.7). Adjusted for currency fluctuations, operating profit decreased 11.5%.
- Profit before tax rose 12.5% to SEK 152.7 million (135.7).
- Cash flow after changes in working capital increased to SEK 173.5 million (120.8).

Third quarter, November–January 2019

- Order bookings increased 15.6% to SEK 390.7 million (337.9). Of the order bookings during the quarter, an estimated 60–70% pertains to invoicing within 12 months after the end of the quarter.
- Net sales increased 13.8% to SEK 341.6 million (300.1). Adjusted for currency fluctuations, sales increased 9.0%.
- Operating profit rose 8.6% to SEK 55.7 million (51.3), corresponding to an operating margin of 16.3% (17.1). Adjusted for currency fluctuations, operating profit increased 0.2%.
- Profit before tax rose 23.3% to SEK 55.5 million (45.0).
- Cash flow after changes in working capital increased to SEK 75.8 million (46.1).

| SEK million | The quarter | | | The period | | | 12 months | | |
|--------------------------------------|-------------|-------------|-------------|---------------|---------------|-------------|----------------------|--------------------|-------------|
| | Q3 18/19 | Q3 17/18 | Change % | Q1–3 18/19 | Q1–3 17/18 | Change % | Rolling 12 months | Full-year 17/18 | Change % |
| Order bookings | 390.7 | 337.9 | 15.6 | 1,027.9 | 992.3 | 3.6 | 1,528.1 | 1,492.5 | 2.4 |
| Net sales | 341.6 | 300.1 | 13.8 | 975.1 | 878.6 | 11.0 | 1,363.0 | 1,266.5 | 7.6 |
| Operating profit (EBIT) | 55.7 | 51.3 | 8.6 | 150.4 | 155.4 | -3.2 | 234.1 | 239.1 | -2.1 |
| Operating margin, % | 16.3 | 17.1 | n/a | 15.4 | 17.7 | n/a | 17.2 | 18.9 | n/a |
| Profit before tax (EBT) | 55.5 | 45.0 | 23.3 | 152.7 | 135.7 | 12.5 | 266.3 | 249.3 | 6.8 |
| Profit margin, % | 16.2 | 15.0 | n/a | 15.7 | 15.4 | n/a | 19.5 | 19.7 | n/a |
| Profit after tax | 43.6 | 35.1 | 24.2 | 120.1 | 107.4 | 11.8 | 211.0 | 198.3 | 6.4 |
| Earnings per share, SEK ¹ | 1.14 | 0.92 | 23.9 | 3.15 | 2.83 | 11.3 | 5.53 | 5.22 | 6.1 |
| Cash flow ² | 75.8 | 46.1 | 64.4 | 173.5 | 120.8 | 43.6 | 275.4 | 222.7 | 23.7 |
| Cash flow per share ² | 1.98 | 1.21 | 63.6 | 4.52 | 3.18 | 42.1 | 7.22 | 5.84 | 23.6 |
| Average no. of employees | 715 | 639 | 11.9 | 697 | 640 | 8.9 | 688 | 645 | 6.7 |

¹ Prior to dilution. ² 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 March 6, 2019.

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

CEO'S COMMENTS



Our financial focus on long-term growth continues, and we consider two of our goals—the equity/assets ratio and operating margin—to be hygiene factors. Any profit we generate above a 15% operating margin will be reinvested in growth opportunities—a strategy that has proved successful for Sectra's shareholders in the past.

We are growing as a company by making our customers successful. With all of our financial goals fulfilled and a strong cash flow, our aim is to continue growing in the long term. High customer satisfaction, favorable profitability and long-term customer contracts have laid a solid foundation for our future growth.

One highly positive trend for Sectra is the growing synergies between IT security and medical IT. Hospitals and healthcare are facing an increasing risk of data breaches and intrusions. Having both of these operating areas under the same roof is a strength and sets us apart from the competition. Sectra is unique in this regard. We are also seeing an increasing interest in digital pathology—which is growing fast—and we recently secured a number of strategically important orders in Europe. Sectra also has a unique strength in this area, because we can deliver systems that can handle both radiology and pathology in a single system. This increases efficiency and saves money for our customers.

A corporate culture for satisfied customers

Sectra is an established brand in niche markets where trust and stable products are vital success factors. We develop and sell products and services for critical operations. The disclosure of a nation's most important state secrets or a long-term power outage could have serious consequences. The same would apply if a hospital's radiology operations or medical imaging system stopped working. Building trust and developing stable solutions requires a focus on understanding and creating value for customers. Our success is, therefore, directly linked to Sectra's corporate culture, where we put the customer and individuals first. A culture where we are on the customer's side should anything go wrong, and do everything we can to solve the problem and get the customer's system up and running again. A culture characterized by employees with sound values and a strong drive to truly make a positive difference. All companies and products make mistakes sometimes. What sets a company apart is how it responds when mistakes happen.

Our customer satisfaction surveys show continued high results. For the sixth consecutive year, major US customers have given our IT solution for managing radiology images, Sectra PACS, a top ranking. Satisfied customers are a testament to our success and I am extremely proud of this distinction. We may have outstanding products, but our main strength lies in how our customers perceive the stability of our products, our employees and our corporate culture.

Outlook

Helping customers to improve the efficiency and quality of patient care and increase cybersecurity in critical social functions is Sectra's most significant contribution to our society. Healthcare and cybersecurity are growing and rapidly changing markets, where numerous opportunities are being created for companies like Sectra. Underlying operations with favorable profitability, a strong cash flow and a growing share of recurring revenue have laid a solid foundation for continued growth. In the US, where we are now experiencing our fastest growth in order bookings, 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. This has provided us with favorable conditions for sustained growth in the US market. We also have a number of exciting projects in the pipeline in such areas as digital pathology and cybersecurity for critical infrastructure and new geographic markets that could eventually become significant.

Our high customer satisfaction, our fantastic employees—who make a difference in society and for their fellow human beings—and our exciting future initiatives will serve as the basis for our long-term success. I am therefore optimistic when it comes to our ability to continue this positive trend going forward.

Torbjörn Kronander, President and CEO



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

Third quarter

- For the sixth consecutive year, Sectra was awarded the prestigious “Best in KLAS” award for the highest level of customer satisfaction among healthcare providers in the US. The award was given to Sectra’s IT solution for managing radiology images, Sectra PACS. Due to the growing number of customers using Sectra’s vendor-neutral archive (VNA), Sectra was also included in the VNA report issued by the market research company KLAS. Sectra had the highest average score of all VNA vendors, but was not included in the formal ranking since the number of customers is still too small to be considered sufficiently significant.
- US-based Charlotte Radiology in North Carolina has chosen Sectra’s breast imaging solution (Sectra PACS) for its 15 breast centers.
- Sectra is providing Northern Pathology Imaging Co-operative (NPIC), a major UK research project in cancer diagnostics, with a vendor-neutral platform for artificial intelligence (AI).
- Sectra initiated a partnership in South Korea, signing a distribution agreement for digital pathology with HuminTec.

After the end of the reporting period

- Sectra received an order from Radboud University Medical Center in the Netherlands for its IT solution for digital pathology.

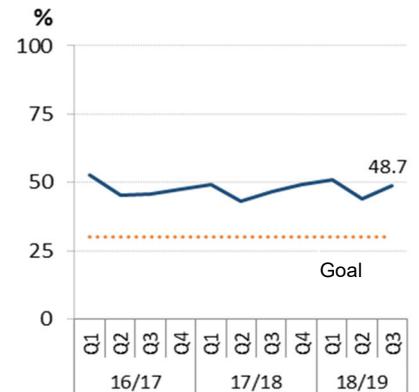


In January 2019, Sectra arranged a Capital Markets Day. The event commenced with an update on where the Group stands today. Afterwards, the focus shifted to our largest business area, Imaging IT Solutions. The program concluded with a review of the possibilities for AI within radiology and pathology as well as how Sectra is positioning itself to meet future changes within imaging diagnostics and medicine. View recorded presentations here: <https://bit.ly/2HgYybh>

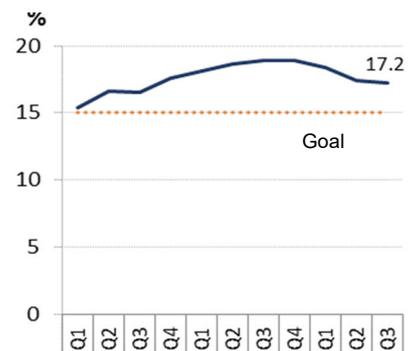
FINANCIAL GOALS

All of the financial goals have been achieved. Goals in order of priority:

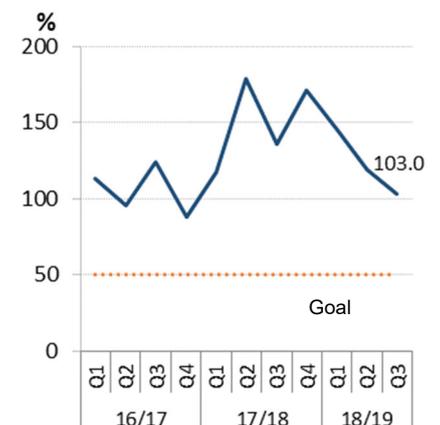
1. The equity/assets ratio is to be at least 30%



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



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 the company unique.

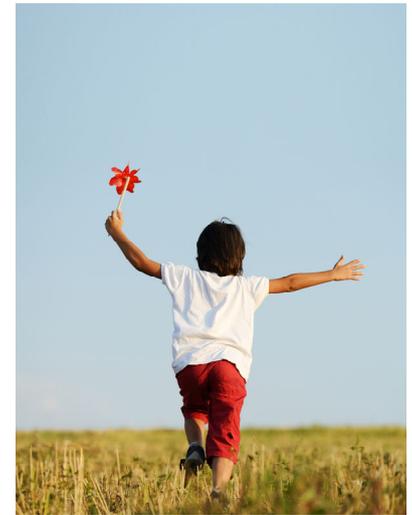
Sectra's customers operate in some of society's most critical functions. The company's job is to help its customers become more efficient and give them the tools to—in turn—make people's lives healthier, safer and more secure. By following Sectra's vision, this is how the company creates value for its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



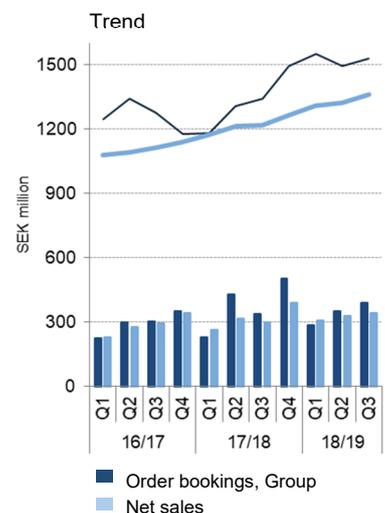
Read more about the Group's markets, financial position and focus activities in Sectra's 2017/2018 Annual Report: www.sectra.com/annual_report

COMMENTS ON THE GROUP'S FINANCIAL OUTCOME FOR THE PERIOD AND THE QUARTER

Order bookings and net sales

Order bookings for the period increased to SEK 1,027.9 million (992.3), of which SEK 390.7 million (337.9) pertained to the third quarter. In the most recent quarter, several operations, including Imaging IT Solutions in Germany and the UK, reported higher order bookings. During the period, lower order bookings in Secure Communications and in Imaging IT Solutions' operations in the Netherlands, where Sectra secured orders through a number of major procurements in the preceding fiscal year, had a negative impact on the trend curve. However, significant variations between individual quarters are common in all operating areas. In the US—where Sectra so far has a low market share but the highest customer satisfaction in the market—the company is devoting particular focus to growth. After several successful procurements in the US, Sectra has doubled its order bookings in this market compared with the year-earlier period.

The net sales trend remains positive, and Sectra benefited from exchange-rate movements during the period. Net sales rose 11.0% to SEK 975.1 million, of which SEK 341.6 million pertained to the third quarter. More than 70% of Sectra's net sales are carried out in foreign currency, primarily EUR, USD and GBP. Adjusted for currency fluctuations (refer to page 17), sales increased 6.1% year-on-year.

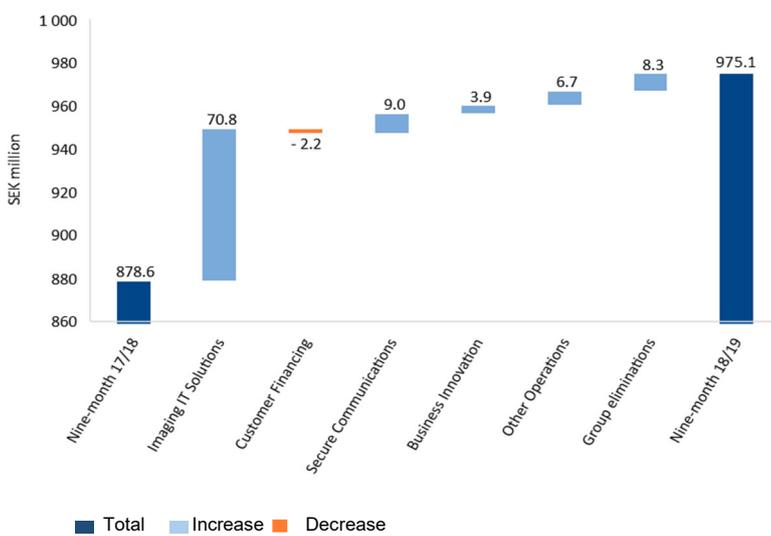


Sales per operating area and geographic market

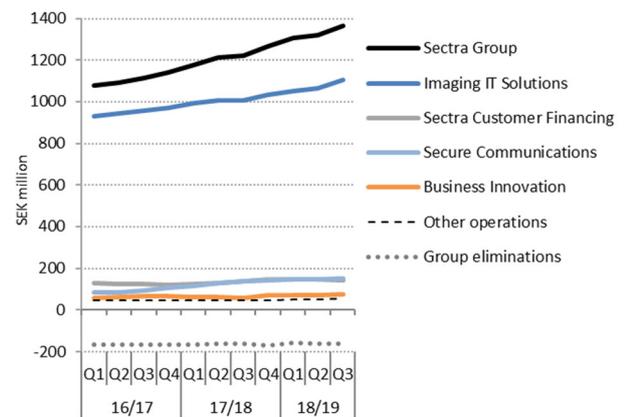
All operating segments except for Customer Financing reported increased sales compared with the year-earlier period. Geographically, the Netherlands, the US and Rest of Europe accounted for the largest increases during the nine-month period. The negative trend for Sweden is linked to the outcome for Secure Communications. However, it should be noted that individual deliveries can be substantial and therefore result in major variations between quarters. Sales-related Group eliminations amounted to a negative SEK 118.3 million (neg: 126.6). Eliminations primarily pertained to ongoing internal sales and Group-financed managed-services agreements with customers. At the Group level, sales from these managed-services agreements will be recognized as revenue over the duration of the agreements, which is normally between five and ten years.

Sales trend per operating area

Compared with the corresponding period in the preceding fiscal year

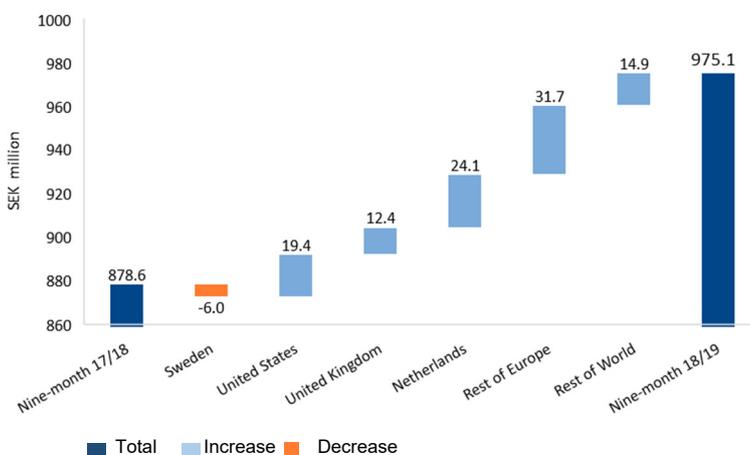


Trend

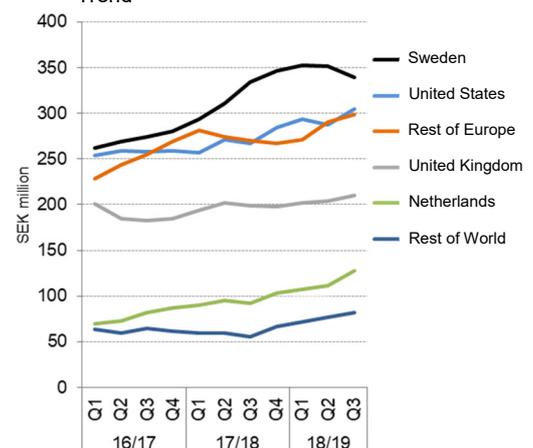


Sales trend per geographic market

Compared with the corresponding period in the preceding fiscal year



Trend



Earnings

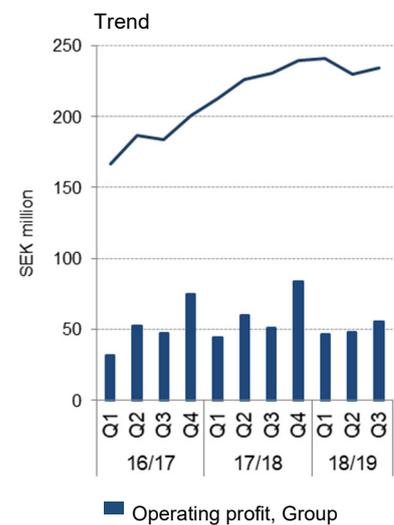
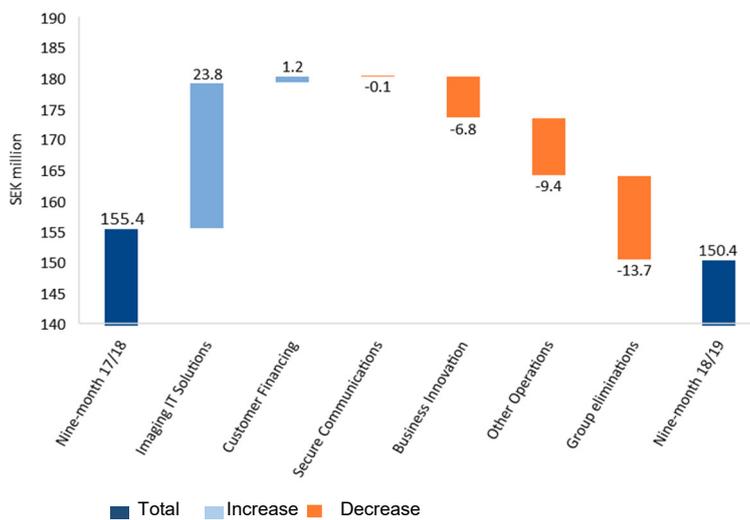
The Group's operating profit amounted to SEK 150.4 million (155.4), of which SEK 55.7 million (51.3) pertained to the third quarter. This corresponds to an operating margin of 15.4% (17.7) for the period and 16.3% (17.1) for the third quarter. Adjusted for currency fluctuations, operating profit decreased 11.5% during the period. Operating expenses increased 14.3% during the period, mainly due to higher personnel and consulting costs as a result of intensified growth initiatives. Adjusted for currency fluctuations, operating expenses increased 10.3% during the period. The net change in eliminations related to operating profit amounted to SEK 21.1 million (34.8) and was partly attributable to Group-financed managed-services agreements.

The Group's net financial items increased SEK 22.0 million from an expense of SEK 19.7 million to income of SEK 2.4 million, of which an expense of SEK 0.2 million (expense: 6.3) pertained to the third quarter. Currency fluctuations (refer to page 17) had an impact of SEK 0.7 million (neg: 18.7) on the Group's financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact.

Profit for the period after net financial items increased 12.5% to SEK 152.7 million, of which SEK 55.5 million pertained to the third quarter. This outcome corresponds to a profit margin of 15.7% for the period and 16.2% for the quarter. Earnings per share totaled SEK 3.15 (2.83) for the period, of which SEK 1.14 (0.92) pertained to the third quarter.

Operating profit trend per operating area

Compared with the corresponding period in the preceding fiscal year



Financial position and cash flow

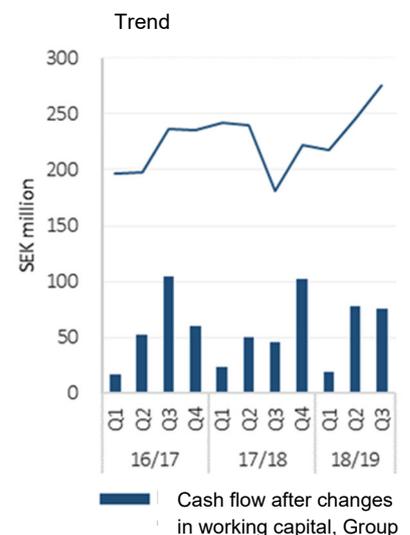
After adjustment for exchange-rate differences, the Group's cash and cash equivalents at the end of the reporting period amounted to SEK 265.9 million (195.8). During the second quarter, Sectra distributed SEK 171.5 million (170.7) to its shareholders through a share redemption program.

The Group's debt/equity ratio was 0.06 (0.11) 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 173.5 million (120.8) for the period. This increase was mainly attributable to a decrease in capital tied up in operating current assets. Cash flow per share amounted to SEK 4.52 (3.18) for the period, of which SEK 1.98 (1.21) pertained to the third quarter.

Cash flow from investing activities amounted to a negative SEK 23.3 million (neg: 32.9) for the period. These investments mainly pertained to assets in development projects.

The Group's total cash flow was a negative SEK 18.8 million (neg: 84.7). These figures include the share redemption program for shareholders. Excluding the share redemption program, total cash flow increased to SEK 152.7 million (86.0).

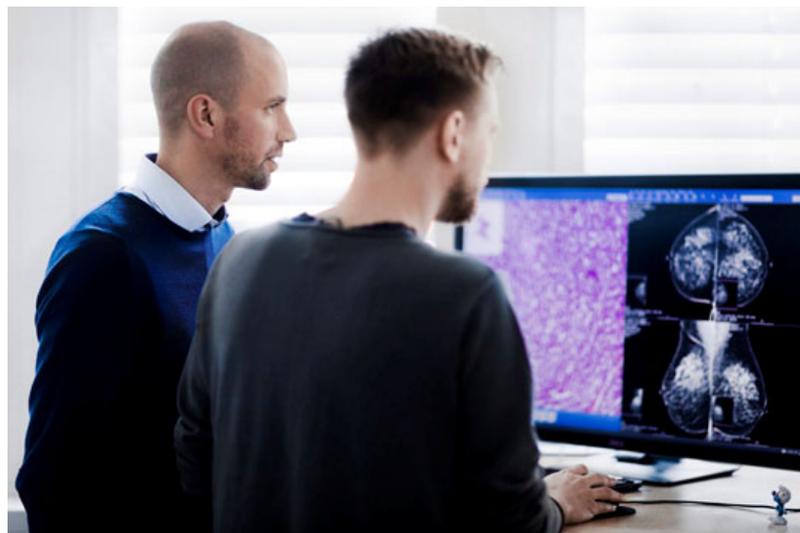


Investments and depreciation/amortization

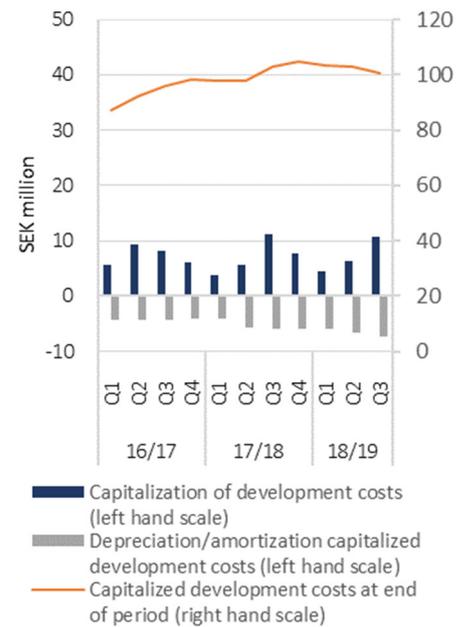
Group investments during the period amounted to SEK 23.3 million (32.9), of which SEK 9.4 million (11.8) was attributable to the third quarter. Investments mainly pertained to capitalized development costs. Depreciation/amortization for the period totaled SEK 50.2 million (47.6), of which SEK 16.7 million (14.6) pertained to the third quarter.

Hardware-related investments in Group-financed customer projects during the period amounted to SEK 4.1 million (10.5), of which SEK 1.5 million pertained to the third quarter. At the end of the period, the net carrying amount for Group-financed customer projects totaled SEK 88.5 million (134.1).

Capitalization of development costs during the period amounted to SEK 21.6 million (20.5), of which SEK 10.7 million (11.1) pertained to the third quarter. Amortization of capitalized development projects during the period totaled SEK 19.8 million (15.7), of which SEK 7.3 million (6.0) pertained to the third quarter. At the end of the period, capitalized development costs amounted to SEK 100.6 million (102.9).



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

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. For the Group as a whole, these seasonal variations have diminished in recent years since a major portion of sales is derived from pay-per-use or pay-by-month agreements with long durations. In many cases, however, the equalization effect does not impact the individual operating areas where the completion of major customer projects can still have a significant impact on the outcome for the individual quarter. 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.

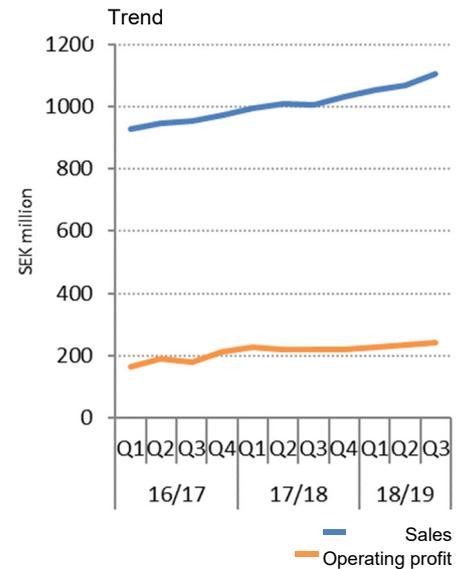
IMAGING IT SOLUTIONS

| | The quarter | | | The period | | | 12 months | | |
|-------------------------------|-------------|-------|--------|------------|-------|--------|-----------|-----------|--------|
| | Q3 | Q3 | Change | Q1-3 | Q1-3 | Change | Rolling | Full-year | Change |
| | 18/19 | 17/18 | % | 18/19 | 17/18 | % | 12 months | 17/18 | % |
| Sales, SEK million | 272.4 | 234.9 | 16.0 | 790.4 | 719.6 | 9.9 | 1,103.1 | 1,032.3 | 6.9 |
| Operating profit, SEK million | 49.6 | 39.4 | 25.9 | 150.2 | 126.4 | 18.8 | 243.0 | 219.2 | 10.9 |
| Operating margin, % | 18.2 | 16.8 | n/a | 19.0 | 17.6 | n/a | 22.0 | 21.2 | n/a |

Sales and earnings

An expanded customer base and continued confidence among existing customers contributed to the trend in terms of Imaging IT Solutions' sales and profitability. The largest increase in sales compared with the year-earlier period was reported by the operations in the Netherlands, the US and Scandinavia. Combined with currency fluctuations, increased sales contributed to a positive earnings trend and a higher operating margin.

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. The operating area aims to reduce the amount of hardware resales wherever this is permitted by customers. This is resulting in lower sales but higher margins. Although these initiatives and activities are a burden on operating profit and, to a certain extent, are resulting in less sales, they are necessary to enable continued favorable growth going forward.



Read more about Sectra's "Best in KLAS" distinction here: www.sectra.com/klas



“Sectra has an amazing PACS, and they listen to their clients about their needs.”

Selected commentary collected about Sectra PACS by KLAS, US Manager, December 2018. For a complete view www.klasresearch.com



SECTRA CUSTOMER FINANCING

| | The quarter | | | The period | | | 12 months | | |
|-------------------------------|-------------|-------------|-------------|---------------|---------------|-------------|----------------------|--------------------|-------------|
| | Q3 18/19 | Q3 17/18 | Change % | Q1–3 18/19 | Q1–3 17/18 | Change % | Rolling 12 months | Full-year 17/18 | Change % |
| Sales, SEK million | 31.2 | 35.6 | -12.4 | 102.7 | 104.9 | -2.1 | 142.8 | 145.0 | -1.5 |
| Operating profit, SEK million | 0.9 | 0.6 | 50.0 | 3.5 | 2.3 | 52.2 | 6.1 | 4.9 | 24.5 |
| Operating margin, % | 2.9 | 1.7 | n/a | 3.4 | 2.2 | n/a | 4.3 | 3.4 | n/a |

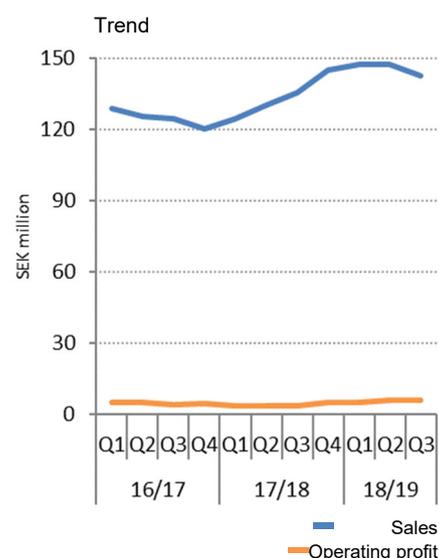
Sectra Customer Financing is Sectra's unit for the financing of major managed-services agreements with healthcare customers and asset management.

Sales and earnings

Adjusted for currency fluctuations, the segment's sales decreased 7.8% year-on-year. Certain individual agreements are based on costs incurred with mark-ups, for which the activity level was lower during the period compared with the preceding year. The majority of sales come from long-term customer contracts in the UK. Accordingly, the segment has a significant currency exposure to the GBP and the movement of the GBP in relation to the SEK has a major impact on the operating area's future revenue.

The growth of the area in recent years is linked to Imaging IT Solutions' successful sales of multiyear managed-services agreements for medical IT systems, particularly in the UK in 2014–2016. Financing of major managed-services agreements is usually handled by Sectra Customer Financing, which takes over projects after deployment and thereafter recognizes revenue and earnings over the duration of the managed-services agreement. Within Imaging IT Solutions, most of the revenue and expenses for managed-services agreements are recognized in conjunction with installation and deployment at the customer's site, which are then eliminated at the Group level. For more information, visit:

www.sectra.com/customerfinancing.



BUSINESS INNOVATION

| | The quarter | | | The period | | | 12 months | | |
|------------------------------------|-------------|-------------|-------------|---------------|---------------|-------------|----------------------|--------------------|-------------|
| | Q3 18/19 | Q3 17/18 | Change % | Q1–3 18/19 | Q1–3 17/18 | Change % | Rolling 12 months | Full-year 17/18 | Change % |
| Sales, SEK million | 19.5 | 17.4 | 12.1 | 47.6 | 43.7 | 8.9 | 74.2 | 70.3 | 5.6 |
| Operating profit/loss, SEK million | 1.0 | 2.7 | -63.0 | -6.9 | -0.1 | -690.0 | 0.2 | 7.0 | -97.1 |
| Operating margin, % | 5.1 | 15.5 | n/a | neg | neg | n/a | 0.3 | 10.0 | n/a |

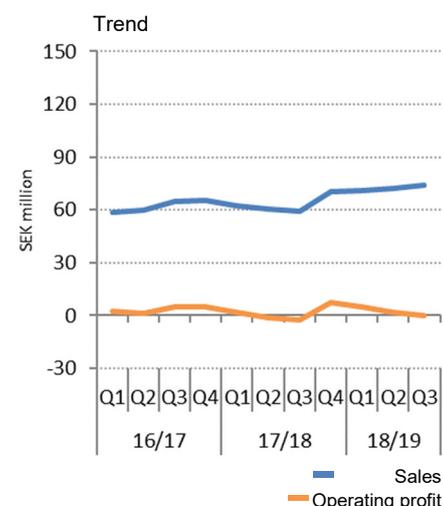
Business Innovation is Sectra's incubator for early-stage business units, projects and ideas that are not yet large enough to become independent operating areas and/or are not a natural match with the existing areas. Sectra also reports the expenses for its long-term research activities in this area, 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, which is impacting its financial results. 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 units' products are increasingly being sold 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.



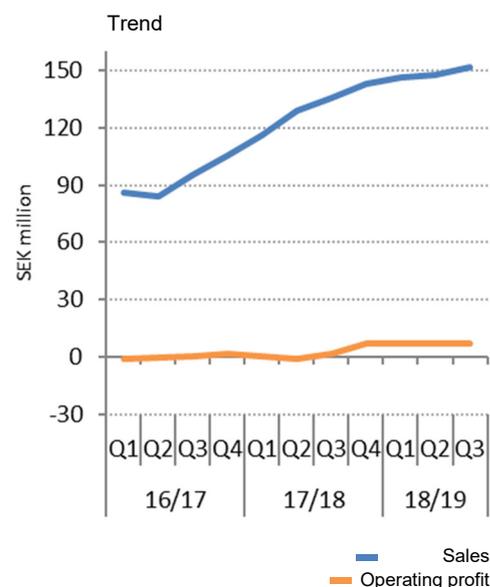
SECURE COMMUNICATIONS

| | The quarter | | | The period | | | 12 months | | |
|-------------------------------|-------------|-------------|-------------|---------------|---------------|-------------|----------------------|--------------------|-------------|
| | Q3 18/19 | Q3 17/18 | Change % | Q1-3 18/19 | Q1-3 17/18 | Change % | Rolling 12 months | Full-year 17/18 | Change % |
| Sales, SEK million | 41.4 | 38.5 | 7.5 | 110.9 | 101.9 | 8.8 | 151.9 | 142.9 | 6.3 |
| Operating profit, SEK million | 2.5 | 2.5 | 0.0 | 2.7 | 2.8 | -3.6 | 6.8 | 6.9 | -1.5 |
| Operating margin, % | 6.0 | 6.5 | n/a | 2.4 | 2.7 | n/a | 4.5 | 4.8 | n/a |

Sales and earnings

Secure Communications is continuing to grow. The operating area's increase in sales was attributable to products and development assignments in the secure communications product area and to increased service sales in critical infrastructure.

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



Seen here is Simo Pykälistö, President of Sectra's Secure Communications business area, speaking at *Dagens industri's* energy conference. This year's theme was "Good business practice in future energy systems". The energy supply is vulnerable and exposed to various cyber threats. Extended outages could have serious consequences for society. Sectra supports the energy sector's efforts to maintain and increase the security of supply. Read more about our offering here: <https://communications.sectra.com/solutionarea/critical-infrastructure/>



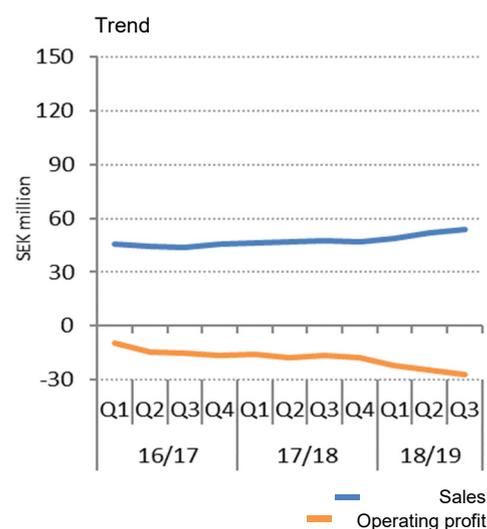
OTHER OPERATIONS

| | The quarter | | | The period | | | 12 months | | |
|-----------------------------|-------------|-------------|-------------|---------------|---------------|-------------|----------------------|--------------------|-------------|
| | Q3 18/19 | Q3 17/18 | Change % | Q1-3 18/19 | Q1-3 17/18 | Change % | Rolling 12 months | Full-year 17/18 | Change % |
| Sales, SEK million | 14.1 | 12.2 | 15.6 | 41.8 | 35.1 | 19.1 | 53.7 | 47.0 | 14.3 |
| Operating loss, SEK million | -5.1 | -2.6 | -96.2 | -20.2 | -10.8 | -87.0 | -26.9 | -17.5 | -53.7 |
| Operating margin, % | neg | neg | n/a | neg | neg | n/a | neg | neg | n/a |

Other Operations pertain to Sectra's joint functions for administration, recruitment, Group finances, IT, regulatory affairs, marketing communications and investor relations activities.

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 operating segments Business Innovation and Sectra Customer Financing 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 19.

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. The calculation of the acquisition fees for redemption shares can be carried out in one of two ways:

- According to the general advice issued by the Swedish Tax Agency, which entails that you allot a certain portion of the relevant acquisition fees for the original shares to redemption shares.
- Alternatively, the standard rule can be applied if the transaction pertains to Class B redemption shares.

How to
declare Sectra
redemption
shares



According to the general advice issued by the Swedish Tax Agency regarding the redemption program, 98.2% of the acquisition fees for an original Class A or Class B share in Sectra AB should be attributed to remaining shares and 1.8% to redemption shares of the respective class. For more information, visit www.sectra.com/redemption.

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 https://www.sectra.com/investor/sectra_share/share-based_incentive_programs.html.

Share-based 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. The low subscription volumes were attributable to a significant deterioration in subscription terms due to circumstances that are beyond the company's control. Accordingly, 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 interim report, the Board had not utilized these authorizations.

2019 AGM AND NOMINATION COMMITTEE

The 2018 AGM resolved to appoint a Nomination Committee comprising four members, one of whom is the Chairman of the Board and three of whom represent the largest shareholders in the company based on the number of votes. 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 Särilvik (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.

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 interim report

A teleconference 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: March 6, 2019 at 10:00 a.m. (CET).

To participate, call:

SE +46850558354

UK +443333009271

US +16467224902

The report presentation can also be followed live online: www.sectra.com/irwebcast. A recorded version will be available via this link after the conference.

Financial calendar and AGM

| | |
|----------------------------|--------------------------------------|
| Year-end report 2018/2019 | May 28, 2019 at 8:15 a.m. (CET) |
| Three-month interim report | September 3, 2019 at 8:15 a.m. (CET) |
| 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 2, 2020 at 8:15 a.m. (CET) |

For other IR events, visit: <http://www.sectra.com/investor/calendar/>

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby assure that the interim report for the May 2018 to January 2019 period 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, March 6, 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

AUDITOR'S REVIEW REPORT

Introduction

We have reviewed the condensed interim financial information for Sectra AB (publ) 556064-8304 at January 31, 2019 and for the nine-month period ended on that date. The Board of Directors and the President are responsible for the preparation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the interim financial information based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different direction and is substantially more limited in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed on the basis of a review does not provide the same level of assurance as an opinion expressed on the basis of an audit.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not, in all material aspects, been compiled for the Group in accordance with IAS 34 Interim Reporting and the Swedish Annual Accounts Act and for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, March 6, 2019

Grant Thornton Sweden AB
Mia Rutenius, Authorized Public Accountant

GROUP FINANCIAL SUMMARY

Consolidated income statements

| SEK thousand | 3 months Nov 2018– Jan 2019 | 3 months Nov 2017– Jan 2018 | 9 months May 2018– Jan 2019 | 9 months May 2017– Jan 2018 | 12 months Feb 2018– Jan 2019 | Full-year May–Apr 2017/2018 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| Net sales | 341,635 | 300,113 | 975,063 | 878,640 | 1,362,919 | 1,266,496 |
| Capitalized work for own use | 10,655 | 11,054 | 21,620 | 20,514 | 29,334 | 28,228 |
| Other operating income | 1,105 | 1,466 | 3,156 | 2,837 | 4,025 | 3,706 |
| Goods for resale | -47,535 | -34,782 | -135,865 | -118,330 | -205,318 | -187,783 |
| Personnel costs | -173,465 | -146,588 | -497,566 | -425,225 | -656,444 | -584,103 |
| Other external costs | -60,003 | -63,213 | -165,800 | -155,412 | -232,829 | -222,441 |
| Depreciation/amortization and impairment | -16,687 | -16,731 | -50,238 | -47,635 | -67,602 | -64,999 |
| Operating profit | 55,705 | 51,319 | 150,370 | 155,389 | 234,085 | 239,104 |
| Net financial items | -245 | -6,292 | 2,380 | -19,665 | 32,212 | 10,167 |
| Profit after net financial items | 55,460 | 45,027 | 152,750 | 135,724 | 266,297 | 249,271 |
| Taxes | -11,867 | -9,936 | -32,687 | -28,292 | -55,402 | -51,007 |
| Profit for the period | 43,593 | 35,091 | 120,063 | 107,432 | 210,895 | 198,264 |
| Profit for the period attributable to: | | | | | | |
| Parent Company owners | 43,593 | 35,091 | 120,063 | 107,432 | 210,895 | 198,264 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Earnings per share | | | | | | |
| Before dilution, SEK | 1.14 | 0.92 | 3.15 | 2.83 | 5.53 | 5.22 |
| After dilution, SEK | 1.13 | 0.91 | 3.12 | 2.79 | 5.47 | 5.15 |
| No. of shares | | | | | | |
| Before dilution | 38,352,871 | 38,119,669 | 38,352,871 | 38,119,669 | 38,352,871 | 38,119,669 |
| After dilution ¹ | 38,530,851 | 38,515,550 | 38,530,851 | 38,515,550 | 38,530,851 | 38,515,550 |
| Average, before dilution | 38,197,403 | 38,075,119 | 38,145,580 | 37,976,716 | 38,139,103 | 38,012,454 |
| Average, after dilution | 38,530,889 | 38,510,590 | 38,520,663 | 38,502,955 | 38,519,385 | 38,506,104 |

¹ 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 Nov 2018– Jan 2019 | 3 months Nov 2017– Jan 2018 | 9 months May 2018– Jan 2019 | 9 months May 2017– Jan 2018 | 12 months Feb 2018– Jan 2019 | Full-year May–Apr 2017/2018 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| Profit for the period | 43,593 | 35,091 | 120,063 | 107,432 | 210,895 | 198,264 |
| Change in translation differences for the period from translating foreign subsidiaries | 1,844 | -1,065 | -3,011 | -11,251 | 24,288 | 16,048 |
| Total other comprehensive income for the period | 1,844 | -1,065 | -3,011 | -11,251 | 24,288 | 16,048 |
| Total comprehensive income for the period | 45,437 | 34,026 | 117,052 | 96,181 | 235,183 | 214,312 |

Consolidated balance sheets

| SEK thousand | Jan 31, 2019 | Jan 31, 2018 | Apr 30, 2018 |
|--------------------------------------|------------------|------------------|------------------|
| Assets | | | |
| Intangible assets | 179,372 | 181,767 | 188,087 |
| Tangible assets | 70,943 | 86,240 | 90,251 |
| Financial assets | 36 | 1,799 | 37 |
| Deferred tax assets | 25,364 | 19,428 | 26,061 |
| Total fixed assets | 275,715 | 289,234 | 304,436 |
| Other current assets | 617,353 | 593,065 | 647,631 |
| Cash and cash equivalents | 265,921 | 195,779 | 282,341 |
| Total current assets | 883,274 | 788,844 | 929,972 |
| Total assets | 1,158,989 | 1,078,078 | 1,234,408 |
| Equity and liabilities | | | |
| Equity (incl. profit for the period) | 563,968 | 500,971 | 605,998 |
| Provisions | 22,191 | 19,031 | 21,078 |
| Deferred tax liabilities | 7,196 | 25,899 | 5,889 |
| Long-term liabilities | 6,451 | 28,528 | 28,528 |
| Current liabilities | 559,183 | 503,649 | 572,915 |
| Total equity and liabilities | 1,158,989 | 1,078,078 | 1,234,408 |

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 | 9 months May 2018– Jan 2019 | 9 months May 2017– Jan 2018 | Full-year May–Apr 2017/2018 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Equity at start of period | 605,998 | 554,515 | 541,412 |
| Adjustment IFRS 15 (Note 2) | -15,625 | 0 | 0 |
| Adjusted equity at start of period | 590,373 | 554,515 | 541,412 |
| Comprehensive income for the period | 117,052 | 96,181 | 214,312 |
| Dividend/redemption of shares | -171,539 | -170,707 | -170,707 |
| Settlement of share-related payments | 28,082 | 20,983 | 20,983 |
| Equity at end of period | 563,968 | 500,972 | 605,998 |

Consolidated cash-flow statements

| SEK thousand | 9 months May 2018– Jan 2019 | 9 months May 2017– Jan 2018 | Full-year May–Apr 2017/2018 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Cash flow from operations before changes in working capital | 128,409 | 136,753 | 253,344 |
| Cash flow from operations after changes in working capital | 173,497 | 120,773 | 222,692 |
| Investing activities | -23,347 | -32,900 | -41,974 |
| Financing activities | -168,933 | -172,604 | -172,604 |
| Total cash flow for the period | -18,783 | -84,731 | 8,114 |
| Change in cash and cash equivalents | | | |
| Cash and cash equivalents, opening balance | 282,341 | 273,216 | 273,216 |
| Exchange-rate difference in cash and cash equivalents | 2,363 | 7,294 | 1,011 |
| Cash and cash equivalents, closing balance | 265,921 | 195,779 | 282,341 |
| Unutilized credit facilities | 15,000 | 15,000 | 15,000 |

Alternative performance measures for the period and full-year

| | 9 months Jan 31, 2019 | 9 months Jan 31, 2018 | 12 months Jan 31, 2019 | Full-year Apr 30, 2018 |
|--|-----------------------------|-----------------------------|------------------------------|------------------------------|
| Order bookings, SEK million | 1,027.9 | 992.3 | 1,528.1 | 1,492.5 |
| Operating margin, % | 15.4 | 17.7 | 17.2 | 18.9 |
| Profit margin, % | 15.7 | 15.4 | 19.5 | 19.7 |
| Average no. of employees | 697 | 640 | 688 | 645 |
| Cash flow per share, SEK | 4.52 | 3.18 | 7.22 | 5.84 |
| Cash flow per share after full dilution, SEK | 4.50 | 3.14 | 7.15 | 5.78 |
| Value added, SEK million | 647.9 | 580.6 | 890.5 | 823.2 |
| P/E ratio, multiple | n/a | n/a | 39.8 | 37.2 |
| Share price at end of period, SEK | 220.05 | 189.4 | 220.05 | 194.2 |
| Return on equity, % | 20.5 | 20.4 | 36.1 | 34.2 |
| Return on capital employed, % | 25.0 | 23.0 | 42.5 | 38.7 |
| Return on total capital, % | 12.8 | 12.2 | 22.4 | 20.9 |
| Equity/assets ratio, % | 48.7 | 46.5 | 48.7 | 49.1 |
| Liquidity, multiple | 1.6 | 1.6 | 1.6 | 1.6 |
| Equity per share, SEK | 14.70 | 13.14 | 14.70 | 15.90 |
| Equity per share after full dilution, SEK | 14.64 | 13.01 | 14.64 | 15.73 |

Exchange rates

| Currency | Average rates in SEK | | | Closing rates in SEK | | |
|----------------------|----------------------|-----------------|-------------|----------------------|-----------------|-------------|
| | Q3 2018/2019 | Q3 2017/2018 | Change % | Jan 31, 2019 | Jan 31, 2018 | Change % |
| US dollar, 1 USD | 8.91 | 8.20 | 8.7 | 8.96 | 7.79 | 15.0 |
| Euro, 1 EUR | 10.32 | 9.65 | 6.9 | 10.31 | 9.70 | 6.3 |
| British pound, 1 GBP | 11.58 | 10.88 | 6.4 | 11.78 | 11.06 | 6.5 |

Quarterly consolidated income statement and alternative performance measures

| SEK million | 2018/2019 | | | 2017/2018 | | | | 2016/2017 | | | |
|--|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 341.6 | 327.4 | 306.1 | 387.9 | 300.1 | 313.4 | 265.1 | 340.8 | 294.2 | 275.4 | 230.5 |
| Capitalized work for own use | 10.7 | 6.3 | 4.6 | 7.7 | 11.1 | 5.6 | 3.9 | 6.2 | 8 | 9.4 | 5.7 |
| Reversal of contingent consideration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12.4 | 0 | 0 |
| Other operating income | 1.1 | 1.5 | 0.5 | 0.9 | 1.5 | 0.5 | 0.9 | 0.8 | 1.1 | 0.1 | 0.4 |
| Operating expenses | -281.0 | -270.1 | -248.1 | -295.4 | -244.7 | -243.6 | -210.8 | -258.4 | -241.3 | -224.1 | -190.1 |
| Depreciation/amortization and impairment | -16.7 | -16.7 | -16.8 | -17.4 | -16.7 | -16.1 | -14.8 | -14.6 | -27.1 | -14.4 | -14.4 |
| Operating profit | 55.7 | 48.4 | 46.3 | 83.7 | 51.3 | 59.8 | 44.3 | 74.8 | 47.1 | 46.4 | 32.1 |
| Net financial items | -0.2 | -6.1 | -3.5 | 29.8 | -6.3 | 2.1 | -15.5 | 3.9 | -1.3 | -2 | -0.9 |
| Profit after net financial items | 55.5 | 54.5 | 42.8 | 113.5 | 45.0 | 61.9 | 28.8 | 78.7 | 45.8 | 44.4 | 31.2 |
| Tax on earnings for the period | -11.9 | -11.3 | -9.5 | -22.7 | -9.9 | -12.1 | -6.3 | -19.8 | -10.8 | -9.8 | -6.9 |
| Profit for the period | 43.6 | 43.2 | 33.3 | 90.8 | 35.1 | 49.8 | 22.5 | 58.8 | 35 | 34.6 | 24.3 |
| Order bookings, SEK million | 390.7 | 350.7 | 286.5 | 500.3 | 337.9 | 426.8 | 227.6 | 349.6 | 302.9 | 299.6 | 225.5 |
| Operating margin, % | 16.3 | 14.8 | 15.1 | 21.6 | 17.1 | 19.1 | 16.7 | 21.9 | 16 | 16.8 | 13.9 |
| Cash flow per share, SEK | 1.98 | 2.05 | 0.51 | 2.68 | 1.21 | 1.33 | 0.64 | 1.59 | 2.76 | 1.40 | 0.47 |
| Cash flow per share after full dilution, SEK | 1.97 | 2.03 | 0.50 | 2.65 | 1.20 | 1.31 | 0.63 | 1.56 | 2.72 | 1.37 | 0.46 |
| Earnings per share, SEK | 1.14 | 1.13 | 0.87 | 2.38 | 0.92 | 1.31 | 0.59 | 1.55 | 0.92 | 0.92 | 0.65 |
| Return on equity, % | 7.8 | 8.3 | 5.7 | 15.7 | 6.6 | 10 | 4 | 10.7 | 6.8 | 7 | 4.1 |
| Return on capital employed, % | 8.9 | 9.0 | 6.5 | 17.6 | 7.6 | 10.8 | 4.6 | 12.6 | 7.8 | 7.9 | 4.8 |
| Equity/assets ratio, % | 48.7 | 44.1 | 51.1 | 49.1 | 46.5 | 43 | 49.1 | 47.7 | 45.8 | 45.4 | 52.7 |
| Equity per share, SEK | 14.70 | 12.87 | 16.09 | 15.9 | 13.14 | 11.76 | 14.8 | 14.63 | 12.87 | 11.73 | 15.37 |
| Share price at end of period, SEK | 220.05 | 238.6 | 240 | 194.2 | 189.40 | 164.00 | 152.50 | 162.50 | 153.00 | 139.50 | 133.00 |

Five-year summary

| | 2017/2018 | 2016/2017 | 2015/2016 | 2014/2015 | 2013/2014 |
|---|-----------|-----------|-----------|-----------|-----------|
| Order bookings, SEK million | 1,492.5 | 1,177.7 | 1,322.0 | 1,471.5 | 925.7 |
| Net sales, SEK million | 1,266.5 | 1,140.9 | 1,073.6 | 961.4 | 853.8 |
| Operating profit, SEK million | 239.1 | 200.1 | 165.5 | 150.3 | 128.1 |
| Profit after net financial items, SEK million | 249.3 | 199.7 | 154.8 | 164.4 | 141.5 |
| Profit for the period after tax, SEK million | 198.3 | 152.6 | 125.7 | 126.1 | 103.9 |
| Operating margin, % | 18.9 | 17.5 | 15.4 | 15.6 | 15.0 |
| Profit margin, % | 19.7 | 17.5 | 14.4 | 17.1 | 16.6 |
| Earnings per share before dilution, SEK | 5.22 | 4.04 | 3.35 | 3.38 | 2.80 |
| Earnings per share after dilution, SEK | 5.15 | 3.97 | 3.29 | 3.31 | 2.73 |
| Dividend/redemption program per share, SEK | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| Share price at end of year, SEK | 194.20 | 162.50 | 110.75 | 119.50 | 77.75 |
| P/E ratio, multiple | 37.2 | 40.2 | 33.0 | 35.3 | 27.8 |
| Return on equity, % | 34.2 | 28.1 | 21.7 | 20.6 | 16.3 |
| Return on capital employed, % | 38.7 | 32.5 | 24.2 | 25.1 | 21.1 |
| Return on total capital, % | 20.9 | 17.9 | 14.2 | 15.8 | 13.7 |
| Equity per share before dilution, SEK | 15.90 | 14.29 | 14.55 | 16.44 | 16.49 |
| Equity per share after dilution, SEK | 15.73 | 14.06 | 14.23 | 16.01 | 16.05 |
| Equity/assets ratio, % | 49.1 | 47.3 | 49.5 | 56.1 | 60.7 |

OPERATING SEGMENTS

Sales by business segment

| SEK million | 3 months Nov 2018– Jan 2019 | 3 months Nov 2017– Jan 2018 | 9 months May 2018– Jan 2019 | 9 months May 2017– Jan 2018 | Rolling 12 months | Full-year May–Apr 2017/2018 |
|---------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|-----------------------------------|
| Imaging IT Solutions | 272.4 | 234.9 | 790.4 | 719.6 | 1,103.1 | 1,032.3 |
| Sectra Customer Financing | 31.2 | 35.6 | 102.7 | 104.9 | 142.8 | 145.0 |
| Secure Communications | 41.4 | 38.5 | 110.9 | 101.9 | 151.9 | 142.9 |
| Business Innovation | 19.5 | 17.4 | 47.6 | 43.7 | 74.2 | 70.3 |
| Other Operations | 14.1 | 12.2 | 41.8 | 35.1 | 53.7 | 47.0 |
| Group eliminations | -37.0 | -38.5 | -118.3 | -126.6 | -162.7 | -171.0 |
| Total | 341.6 | 300.1 | 975.1 | 878.6 | 1,363.0 | 1,266.5 |

Operating profit by business segment

| SEK million | 3 months Nov 2018– Jan 2019 | 3 months Nov 2017– Jan 2018 | 9 months May 2018– Jan 2019 | 9 months May 2017– Jan 2018 | Rolling 12 months | Full-year May–Apr 2017/2018 |
|---------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|-----------------------------------|
| Imaging IT Solutions | 49.6 | 39.4 | 150.2 | 126.4 | 243.0 | 219.2 |
| Sectra Customer Financing | 0.9 | 0.6 | 3.5 | 2.3 | 6.1 | 4.9 |
| Secure Communications | 2.5 | 2.5 | 2.7 | 2.8 | 6.8 | 6.9 |
| Business Innovation | 1.0 | 2.7 | -6.9 | -0.1 | 0.2 | 7.0 |
| Other Operations | -5.1 | -2.6 | -20.2 | -10.8 | -26.9 | -17.5 |
| Group eliminations | 6.8 | 8.7 | 21.1 | 34.8 | 4.9 | 18.6 |
| Total | 55.7 | 51.3 | 150.4 | 155.4 | 234.1 | 239.1 |

Sales by geographic market

| SEK million | 3 months Nov 2018– Jan 2019 | 3 months Nov 2017– Jan 2018 | 9 months May 2018– Jan 2019 | 9 months May 2017– Jan 2018 | Rolling 12 months | Full-year May–Apr 2017/2018 |
|----------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|-----------------------------------|
| Sweden | 83.1 | 93.3 | 245.7 | 251.7 | 340.2 | 346.2 |
| US | 73.6 | 56.0 | 207.6 | 188.2 | 304.0 | 284.6 |
| UK | 47.1 | 48.9 | 149.2 | 136.8 | 210.0 | 197.6 |
| Netherlands | 40.1 | 23.9 | 92.6 | 68.5 | 127.5 | 103.4 |
| Rest of Europe | 78.7 | 65.1 | 225.9 | 194.2 | 299.3 | 267.6 |
| Rest of World | 19.0 | 12.9 | 54.1 | 39.2 | 82.0 | 67.1 |
| Total | 341.6 | 300.1 | 975.1 | 878.6 | 1,363.0 | 1,266.5 |

PARENT COMPANY

Parent Company income statements

| SEK thousand | 3 months Nov 2018– Jan 2019 | 3 months Nov 2017– Jan 2018 | 9 months May 2018– Jan 2019 | 9 months May 2017– Jan 2018 | 12 months Feb 2018– Jan 2019 | Full-year May–Apr 2017/2018 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| Net sales | 34,544 | 30,695 | 92,070 | 81,648 | 131,700 | 121,278 |
| Capitalized work for own use | 0 | 3,343 | 241 | 4,441 | 2,317 | 6,517 |
| Other operating income | 909 | 1,531 | 2,204 | 2,277 | 2,758 | 2,831 |
| Goods for resale | -4,062 | -3,649 | -12,032 | -10,237 | -19,187 | -17,392 |
| Personnel costs | -16,008 | -12,249 | -50,590 | -38,245 | -65,632 | -53,287 |
| Other external costs | -16,483 | -15,872 | -48,296 | -40,311 | -64,358 | -56,373 |
| Depreciation/amortization | -2,367 | -2,074 | -6,907 | -5,476 | -9,082 | -7,651 |
| Operating profit/loss | -3,467 | 1,725 | -23,310 | -5,903 | -21,484 | -4,077 |
| Net financial items | 4,165 | -496 | 5,590 | -9,838 | 28,114 | 12,686 |
| Profit/loss after net financial items | 698 | 1,229 | -17,720 | -15,741 | 6,630 | 8,609 |
| Appropriations | 0 | 0 | 0 | 0 | 226,629 | 226,629 |
| Profit/loss before tax | 698 | 1,229 | -17,720 | -15,741 | 233,259 | 235,238 |
| Tax on earnings for the period | -149 | -270 | 3,792 | 3,463 | -51,605 | -51,934 |
| Profit/loss for the period | 549 | 959 | -13,928 | -12,278 | 181,655 | 183,305 |
| Comprehensive income for the period | 549 | 959 | -13,928 | -12,278 | 181,655 | 183,305 |

Parent Company balance sheets

| SEK thousand | Jan 31, 2019 | Jan 31, 2018 | Apr 30, 2018 |
|--------------------------------------|-----------------|-----------------|-----------------|
| Assets | | | |
| Intangible assets | 12,814 | 13,574 | 14,896 |
| Tangible assets | 17,722 | 19,158 | 19,150 |
| Financial assets | 257,154 | 241,887 | 258,498 |
| Total fixed assets | 287,690 | 274,619 | 292,544 |
| Other current assets | 323,385 | 342,758 | 446,655 |
| Cash and cash equivalents | 161,283 | 127,395 | 212,709 |
| Total current assets | 484,668 | 470,153 | 659,364 |
| Total assets | 772,358 | 744,772 | 951,908 |
| Equity and liabilities | | | |
| Equity (incl. profit for the period) | 327,291 | 289,092 | 484,674 |
| Untaxed reserves | 0 | 87,629 | 0 |
| Long-term liabilities | 6,451 | 28,528 | 28,528 |
| Current liabilities | 438,616 | 339,523 | 438,706 |
| Total equity and liabilities | 772,358 | 744,772 | 951,908 |

Pledged assets and contingent liabilities

| SEK thousand | Jan 31, 2019 | Jan 31, 2018 | Apr 30, 2018 |
|---|-----------------|-----------------|-----------------|
| Chattel mortgages | 11,000 | 11,000 | 11,000 |
| Total pledged assets | 11,000 | 11,000 | 11,000 |
| Guarantees on behalf of Group companies | 122,982 | 147,308 | 154,074 |
| Total contingent liabilities | 122,982 | 147,308 | 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 22 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).

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 21 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.

Sectra Customer Financing's customer contracts primarily include operations for financing major managed-services agreements with healthcare customers and are considered to comprise a coherent distinct performance obligation. Revenue is recognized over the contract period. No material effects on opening equity had been identified as of May 1, 2018.

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 is ongoing, and the company intends to present the effects in the fourth quarter. The disclosures provided in Note 4 of the Annual Report with respect to operating lease expenses give an indication of the scope of the leases that existed on April 30, 2018.

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

Consolidated balance sheets

| SEK thousand | Apr 30, 2018 IAS 11/18 | Effect Opening balance | Apr 30, 2018 IFRS 15 |
|--------------------------------------|------------------------------|------------------------------|----------------------------|
| Assets | | | |
| Intangible assets | 188,087 | - | 188,087 |
| Tangible assets | 90,251 | - | 90,251 |
| Financial assets | 37 | - | 37 |
| Deferred tax assets | 26,061 | - | 26,061 |
| Total fixed assets | 304,436 | - | 304,436 |
| Other current assets | 647,631 | -19,089 | 628,542 |
| Cash and cash equivalents | 282,341 | - | 282,341 |
| Total current assets | 929,972 | -19,089 | 910,883 |
| Total assets | 1,234,408 | -19,089 | 1,215,319 |
| Equity and liabilities | | | |
| Equity (incl. profit for the period) | 605,998 | -15,625 | 590,373 |
| Provisions | 21,078 | - | 21,078 |
| Deferred tax liabilities | 5,889 | - | 5,889 |
| Long-term liabilities | 28,528 | - | 28,528 |
| Current liabilities | 572,915 | -3,464 | 569,451 |
| Total equity and liabilities | 1,234,408 | -19,089 | 1,215,319 |

Consolidated income statements

| SEK thousand | May 2018– Jan 2019 IAS 11/18 | May 2018– Jan 2019 effect | May 2018– Jan 2019 IFRS 15 |
|--|------------------------------------|---------------------------------|----------------------------------|
| Net sales | 969,150 | 5,913 | 975,063 |
| Capitalized work for own use | 21,620 | - | 21,620 |
| Reversal of contingent consideration | - | - | - |
| Other operating income | 5,795 | -2,639 | 3,156 |
| Goods for resale | -135,865 | - | -135,865 |
| Personnel costs | -497,566 | - | -497,566 |
| Other external costs | -165,800 | - | -165,800 |
| Depreciation/amortization and impairment | -53,244 | 3,006 | -50,238 |
| Operating profit | 144,090 | 6,280 | 150,370 |
| Net financial items | 343 | 2,037 | 2,380 |
| Profit after net financial items | 144,433 | 8,317 | 152,750 |
| Taxes | -30,157 | -2,530 | -32,687 |
| Profit for the period | 114,276 | 5,787 | 120,063 |

Sales by business segment

| SEK million | May 2018– Jan 2019 IAS 11/18 | May 2018– Jan 2019 effect | May 2018– Jan 2019 IFRS 15 |
|---------------------------|------------------------------------|---------------------------------|----------------------------------|
| Imaging IT Solutions | 784.8 | 5.6 | 790.4 |
| Sectra Customer Financing | 102.4 | 0.3 | 102.7 |
| Secure Communications | 110.9 | - | 110.9 |
| Business Innovation | 47.6 | 0.0 | 47.6 |
| Other Operations | 41.8 | - | 41.8 |
| Group eliminations | -118.3 | - | -118.3 |
| Total | 969.2 | 5.9 | 975.1 |

Operating profit by business segment

| SEK million | May 2018– Jan 2019 IAS 11/18 | May 2018– Jan 2019 effect | May 2018– Jan 2019 IFRS 15 |
|---------------------------|------------------------------------|---------------------------------|----------------------------------|
| Imaging IT Solutions | 144.6 | 5.6 | 150.2 |
| Sectra Customer Financing | 2.8 | 0.7 | 3.5 |
| Secure Communications | 2.7 | - | 2.7 |
| Business Innovation | -6.9 | 0.0 | -6.9 |
| Other Operations | -20.2 | - | -20.2 |
| Group eliminations | 21.1 | - | 21.1 |
| Total | 144.1 | 6.3 | 150.4 |

Sales by geographic market

| SEK million | May 2018– Jan 2019 IAS 11/18 | May 2018– Jan 2019 effect | May 2018– Jan 2019 IFRS 15 |
|----------------|------------------------------------|---------------------------------|----------------------------------|
| Sweden | 245.3 | 0.4 | 245.7 |
| US | 204.1 | 3.5 | 207.6 |
| UK | 147.2 | 2.0 | 149.2 |
| Netherlands | 92.6 | - | 92.6 |
| Rest of Europe | 225.9 | 0.0 | 225.9 |
| Rest of World | 54.1 | 0.0 | 54.1 |
| Total | 969.2 | 5.9 | 975.1 |

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.

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.

Machine learning

A discipline within AI (see above) where algorithms (computer programs) learn to solve tasks using analyzed data. One example involves allowing a program to train on a large sampling of test images, where information is provided about which images show healthy or sick patients, after which the program can also make accurate predictions regarding unfamiliar images.

Cloud

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

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.

Sectra Customer Financing is where the company's strong financial position is used to finance major managed-services agreements with healthcare customers.

Group-wide strategies

- Customers and customer satisfaction are always assigned top priority to enable long-term growth.
- International expansion mainly in areas and regions where Sectra holds an established position. This will primarily be achieved through organic growth, 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.
- Close relationships with demanding customers to ensure that Sectra's solutions meet market demands for quality, functionality, and usability.
- A strong, innovative corporate culture to attract and retain talented employees with the ability to solve our customers' problems and meet—and in many cases, exceed—their expectations.
- Close collaboration with universities and research institutions to capture ideas and new product areas that Sectra's customers may find useful.

For further information, visit

www.sectra.com/investor

Are you a Sectra shareholder?

Your feedback is important to us! Please take the time to answer nine questions in Sectra's shareholder survey at:

www.sectra.com/irsurvey



Ten good reasons to invest in Sectra

- Growth potential in the healthcare, secure communications, and critical infrastructure sectors.
- Established brand in niche areas, where customer confidence is a critical success factor.
- Stable, profitable company, with more than 50% of sales comprising recurring revenue from long-term customer contracts.
- Multinational reach and thousands of customers worldwide.
- High level of customer satisfaction and the aim to make customers even more satisfied.
- Products and services that contribute to improved quality of life and a safer society.
- Self-financed portfolio of exciting innovation projects with reported and controlled costs. While some of these projects are unlikely to succeed, a single success story would be sufficient to add significant value.
- Members of management are shareholders.
- Principal owner dedicated to the long-term development of the company.
- A very strong corporate culture based on the employees' expertise and attitudes and their drive to solve customer problems.