

Interim report for the May–July 2018 period:

US success contributes to increased order bookings

Sectra reports increased order bookings, net sales and earnings. Collaborations with new and existing customers contribute to a favorable performance and financial key figures exceed the Group's goals. At the same time, future ventures being carried out in new markets and product areas have been charged to earnings but are expected to make a positive contribution within the next few years.

REPORT PRESENTATION

by telephone with President Torbjörn Kronander and CFO Mats Franzén.

The presentation will be held in English.

Time:

September 4, 2018 at 10:00 a.m.

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THE PERIOD IN BRIEF

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

First quarter, May–July 2018

- Order bookings increased 25.9% to SEK 286.5 million (227.6). Of the order bookings during the quarter, an estimated 48–58% pertains to invoicing within 12 months after the end of the quarter.
- Net sales rose 15.5% to SEK 306.1 million (265.1). Adjusted for currency fluctuations, sales increased 11.5%.
- Operating profit rose 4.5% to SEK 46.3 million (44.3), corresponding to an operating margin of 15.1% (16.7). Adjusted for currency fluctuations, operating profit decreased 1.6%.
- Profit before tax rose 48.6% to SEK 42.8 million (28.8). The outcome was impacted by improvements in net financial items due to currency fluctuations, primarily in USD.
- Cash flow after changes in working capital amounted to SEK 19.4 million (24.3).

SEK million	The period			12 months		
	Q1 18/19	Q1 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Order bookings	286.5	227.6	25.9	1,551.4	1,492.5	3.9
Net sales	306.1	265.1	15.5	1,307.5	1,266.5	3.2
Operating profit (EBIT)	46.3	44.3	4.5	241.1	239.1	0.8
Operating margin, %	15.1	16.7	n/a	18.4	18.9	n/a
Profit before tax (EBT)	42.8	28.8	48.6	263.3	249.3	5.6
Profit margin, %	14.0	10.9	n/a	20.1	19.7	n/a
Profit after tax	33.3	22.5	48.0	209.1	198.3	5.4
Earnings per share, SEK ¹	0.87	0.59	47.4	5.49	5.22	5.2
Cash flow ²	19.4	24.3	-20.2	217.6	222.7	-2.3
Cash flow per share ²	0.51	0.64	-20.3	5.71	5.84	-2.2
Average no. of employees	680	640	6.3	655	645	1.6

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 8:00 a.m. CET on September 4, 2018.

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

CEO'S COMMENTS

The trend with respect to order bookings and sales remained positive. The order book is healthy and all operating areas reported an increase in sales. We are also benefiting from exchange-rate movements compared with the corresponding quarter in the preceding year, which has impacted our financial items. We intensified our focus on North America and on new product areas and geographic markets. The cost for this work was charged to earnings but is ultimately expected to generate a positive return. Cash flow was burdened by the signing of several major agreements with customers in Imaging IT Solutions and Secure Communications over the past year, which are initially generating more expenditures than income.

Within Imaging IT Solutions, the US is currently our most exciting growth market and we kicked off the fiscal year with orders from new, reputable customers in the country, including Stanford University Hospital in California and Sanford Health, a hospital chain primarily operating in North and South Dakota. Agreements with such large, respected customers strengthen Sectra's market position and will provide the company with solid future references.

In the Netherlands, we completed a unique national telepathology solution that will play a key role in the country's efforts to improve cancer care through more extensive, improved national cooperation. We also initiated negotiations with one of Australia's largest healthcare regions in New South Wales. This collaboration is currently in the proof-of-concept phase, which aims to demonstrate that the solutions provided by Sectra and its sub-suppliers work in the customer's environment. Provided we achieve the desired result and a successful arrangement can be reached in the final negotiations, I firmly believe we will be able to grow quickly in Australia.

When it comes to Secure Communications, the market is being driven by the rapidly growing need for cybersecurity. Within secure mobile communications, we help customers to protect sensitive information, often pertaining to society's critical functions or to national security in Sweden or other countries. In the critical infrastructure product area, we are continuing to build up a customer base for our analysis and monitoring services for companies in the energy sector. Although the costs associated with an increased focus on this product area will be charged to the operating area's earnings during the fiscal year, they are expected to result in favorable growth in the long term.

While the operations conducted in Business Innovation are relatively small, we have a number of highly exciting products in the pipeline for our customers in the Orthopaedics business unit. Our products for medical and veterinary education are also attracting considerable interest in many countries, not least in Asia, where Sectra otherwise does not have a major presence.

Outlook

Healthcare and cybersecurity are growing and rapidly changing markets, where numerous opportunities are being created for companies like Sectra. With stable underlying operations with favorable profitability and long-term customer contracts, we have laid a solid foundation for continued growth. We also have a number of exciting projects in the pipeline that could eventually become major endeavors, although, as always, there are no guarantees with such projects. Our high customer satisfaction, benefits for society and 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.

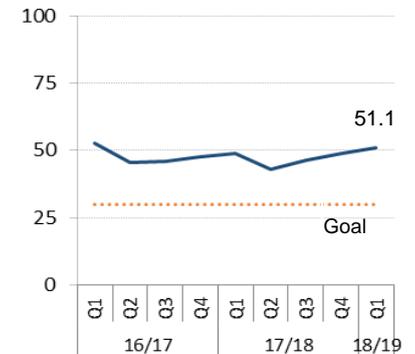


*Torbjörn Kronander
President and CEO*

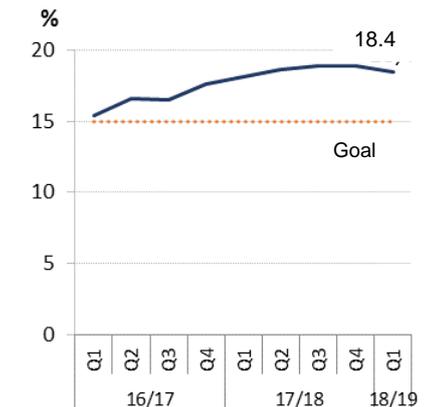
FINANCIAL GOALS

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

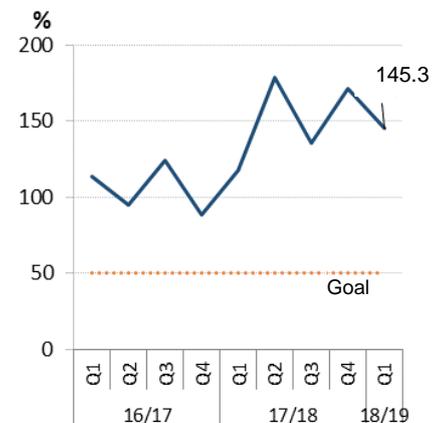
1. The equity/assets ratio is to be at least 30%



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



EVENTS

First quarter

- Sectra completed a unique nationwide telepathology solution in the Netherlands. The project was initiated in 2017 and pathology laboratories all over the Netherlands can now connect to the solution to improve the quality and speed of cancer diagnostics and enable treatment to commence more quickly, thereby improving the chances of survival.
- Sectra received orders for its IT solutions for medical imaging from Sanford Health, a major US hospital chain primarily operating in North and South Dakota, and Texas Scottish Rite Hospital for Children in Dallas, Texas, renowned for its treatment of paediatric orthopaedic conditions.
- Memorial Hermann Health System in the US ordered Sectra's cloud-based solution for radiation dose monitoring, Sectra DoseTrack. The multiyear agreement will include dose monitoring services for 16 hospitals and 17 imaging centers in the health network.
- Sectra entered into a proof-of-concept agreement with NSW Health in Australia. The agreement marks the first phase of negotiations with NSW Health, which has selected Sectra as a preferred supplier in its procurement of a complete medical image management solution for the state of New South Wales.
- The Portuguese hospital Instituto Português de Oncologia de Lisboa ordered Sectra's IT solution for digital pathology. The customer is renowned for its cancer care and is the first hospital in Portugal to include digital pathology in its existing VNA.
- The Board and the President propose that the 2018 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.

After the end of the reporting period

- Sectra signed an agreement with the world-renowned university hospital Stanford Health Care and Lucile Packard Children's Hospital in the US. The healthcare providers ordered Sectra's solutions for medical image management to support the clinical and research imaging needs of the organization.
- Sectra's medical IT operations received "Cyber Essentials" national cybersecurity certification in the UK.
- The Nomination Committee has submitted proposals to the AGM. Carl-Erik Ridderstråle and Jakob Svärdröm have declined re-election. The proposal includes the re-election of the other Board members, the election of Birgitta Hagenfeldt as a new Board member, and the election of Jan-Olof Brüer as the new Chairman of the Board.



At the end of the quarter, the Group had a total of 690 permanent employees, an increase of 2.3% compared with the 2017/2018 fiscal year end.

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 makes the Group unique.

Its 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.

IT support for more efficient care and medical education

To maintain a high quality of care despite today's demographic development, 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 efficient, 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.

IT solutions 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.



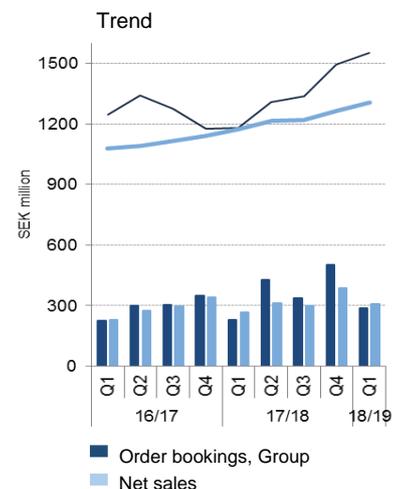
Read more about the Group's markets, financial position and focus activities in Sectra's 2017/2018 Annual Report: www.sectra.com/annual_report

COMMENTS ON THE GROUP'S FINANCIAL OUTCOME FOR THE QUARTER

Order bookings and net sales

The trend in order bookings remained positive. Order bookings for the first quarter increased SEK 286.5 million, up 25.9% on the comparative quarter. The increase compared with the corresponding quarter in the preceding year was attributable to the Imaging IT Solutions business area. Geographically, the increase in order bookings was mainly attributable to Sectra's operations in Sweden, the US and Australia.

Net sales rose 15.5% to SEK 306.1 million. More than 70% of Sectra's annual net sales pertains to revenue in foreign currency, primarily EUR, USD and GBP. Adjusted for currency fluctuations (refer to page 16), sales increased 11.5% compared with the corresponding quarter in the preceding year.



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.

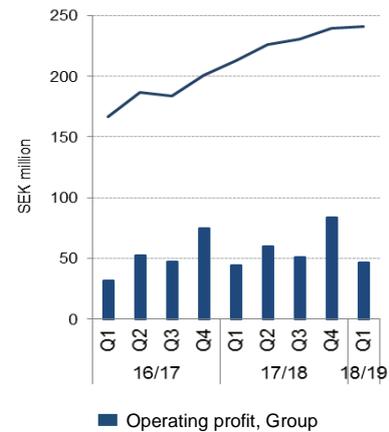
Earnings

The Group's operating profit rose 4.5% to SEK 46.3 million, driven by the increased sales in Imaging IT Solutions. Adjusted for currency fluctuations, operating profit decreased 1.6%. Operating profit was charged with increased consultant and personnel costs, which impacted the operating margin of 15.1% (16.7). The net change in eliminations related to operating profit amounted to SEK 8.2 million (8.6) and was partly attributable to Group-financed managed-services agreements.

The Group's net financial items increased SEK 12.0 million from an expense of SEK -15.5 million to an expense of SEK -3.5 million. Currency fluctuations (refer to page 16) had an impact of SEK 11.3 million (neg: 15.5) on the Group's financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact on financial figures rather than over time.

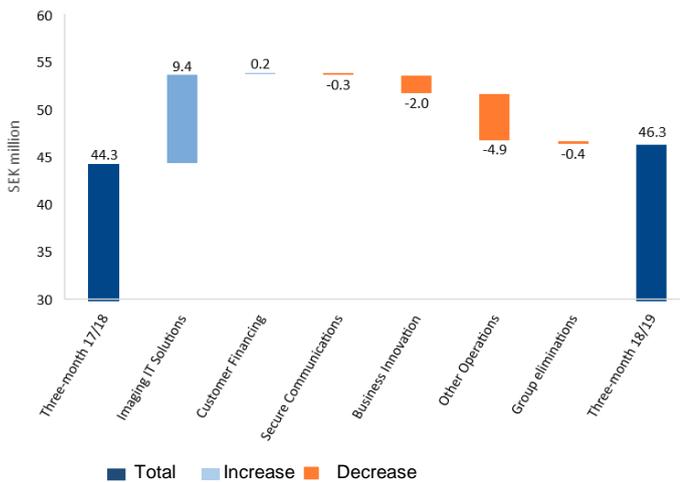
Profit after net financial items increased 48.6% to SEK 42.8 million, corresponding to a profit margin of 14.0%. Earnings per share totaled SEK 0.87 (0.59).

Trend



Operating profit trend per operating area

Compared with the corresponding quarter in the preceding fiscal year



Financial position and cash flow

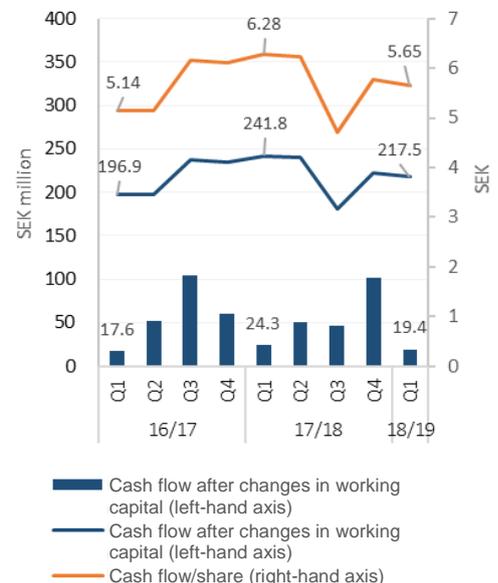
After adjustment for exchange-rate differences, the Group's cash and cash equivalents at the end of the reporting period amounted to SEK 292.0 million (278.0). The Group's debt/equity ratio was 0.09 (0.13). Interest-bearing liabilities amounted to SEK 56.6 million (75.1) and pertained to convertible loans held by employees and Board members.

Cash flow from operations after changes in working capital amounted to SEK 19.4 million (24.3). Cash flow per share amounted to SEK 0.51 (0.64) for the quarter. This change is mainly attributable to the fact that Sectra has signed several major customer contracts over the past year. These contracts tie up considerable capital during the installation and start-up phase, which initially places a greater burden on cash flow.

Cash flow from investing activities amounted to a negative SEK 4.9 million (neg: 10.6). These investments mainly pertained to assets in long-term Group-financed customer and development projects.

The Group's total cash flow was SEK 14.2 million (12.2).

Trend



Investments and depreciation/amortization

Group investments during the quarter amounted to SEK 4.9 million (10.6). Investments primarily pertained to capitalized development costs. Depreciation/amortization totaled SEK 16.8 million (14.8).

Hardware-related investments in Group-financed customer projects during the quarter totaled SEK 0.3 million (6.5). At the end of the period, the net carrying amount for Group-financed customer projects totaled SEK 90.8 million (132.2).

Capitalization of development costs during the quarter amounted to SEK 4.6 million (3.9). Amortization of capitalized development projects during the quarter totaled SEK 5.8 million (4.1). At the end of the period, capitalized development costs totaled SEK 103.4 million (97.8).



Capitalized development costs



Sectra maintains a high pace of innovation and continuously invests in the 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

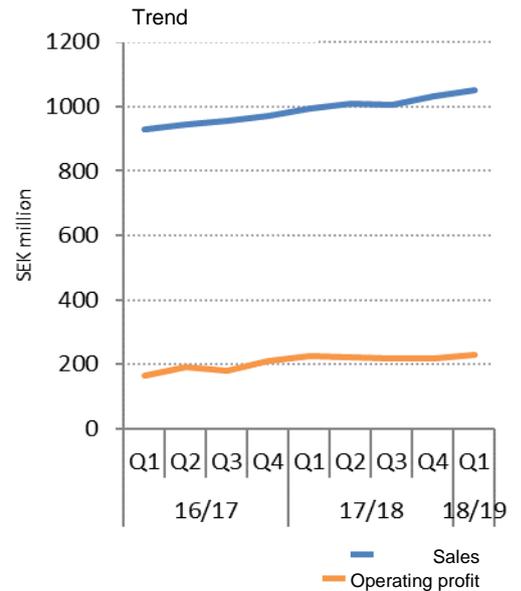
Sectra's seasonal variations entail that most of the company's invoicing and earnings are traditionally generated at the end of the fiscal year. For the Group as a whole, these seasonal variations have diminished in recent years since a major portion of sales is derived from pay-per-use or pay-by-month 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 variations 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 period			12 months		
	Q1	Q1	Change	Rolling 12	Full-year	Change
	18/19	17/18	%	months	17/18	%
Net sales, SEK million	253.4	233.8	8.4	1,051.9	1,032.3	1.9
Operating profit, SEK million	48.4	39.0	24.1	228.6	219.2	4.3
Operating margin, %	19.1	16.7	n/a	21.7	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 direct sales operations in the US and the Netherlands, and partner sales in Italy and Finland, accounted for the most significant sales increase compared with the year-earlier period. Combined with a lower share of third-party products, increased partner sales contributed to a positive earnings trend and a higher operating margin, despite an increase in personnel and consultant costs. The operating area is implementing long-term growth initiatives in new product areas, such as digital pathology, and an expansion into additional geographic markets through the establishment of its own operations and through new distributors. These activities were charged to operating profit but have the potential to contribute to a positive performance moving forward.



Medical image management in cancer diagnostics is a key part of the operating area's strategy for the future. Sectra's IT solutions facilitate integrated diagnostics by allowing images and information from various diagnostic specialties to be archived and viewed in a single system. This enables better collaboration between, for example, radiologists and pathologists, who play a key role in efficient cancer care.



SECTRA CUSTOMER FINANCING

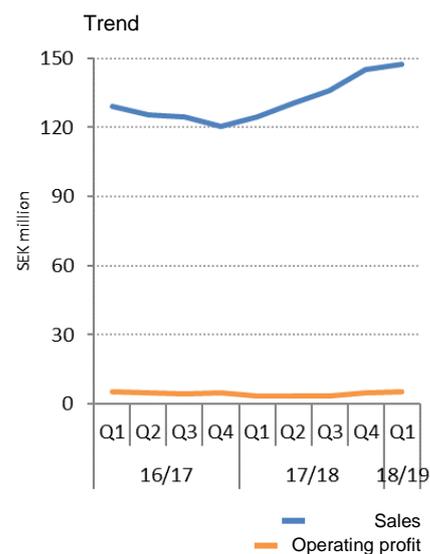
	The period			12 months		
	Q1 18/19	Q1 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Net sales, SEK million	37.2	34.8	6.9	147.4	145.0	1.7
Operating profit, SEK million	0.9	0.7	28.6	5.1	4.9	2.0
Operating margin, %	2.4	2.0	n/a	3.5	3.4	n/a

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

Sales and earnings

The segment reported continued sales growth. Adjusted for currency fluctuations, sales increased 0.9% compared with the corresponding quarter in 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, which has had a negative impact on its results since the Brexit referendum in 2016. This also means that the movement of the GBP in relation to the SEK also has a major impact on the operating area's forecast 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 period			12 months		
	Q1 18/19	Q1 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Net sales, SEK million	11.5	11.2	2.7	70.6	70.3	0.4
Operating loss, SEK million	-4.0	-2.0	n/a	5.0	7.0	28.6
Operating margin, %	-34.8	-17.9	n/a	7.1	10.0	n/a

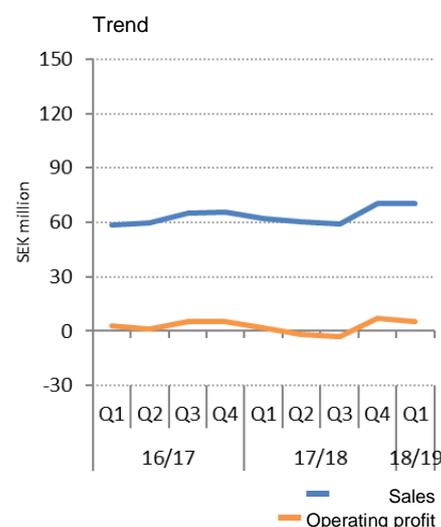
Business Innovation is Sectra's incubator for early-stage business units, projects and ideas that are not yet large enough to become independent operating areas or are not a natural match with the existing areas. Within Business Innovation, the company evaluates and utilizes opportunities to:

- 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, increased customer value, and cost savings for healthcare and society.

The segment comprises the smaller Orthopaedics and Medical Education business units as well as Sectra's 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's offerings in both business Orthopaedics and Medical Education are currently undergoing a generational shift, which is impacting the 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.

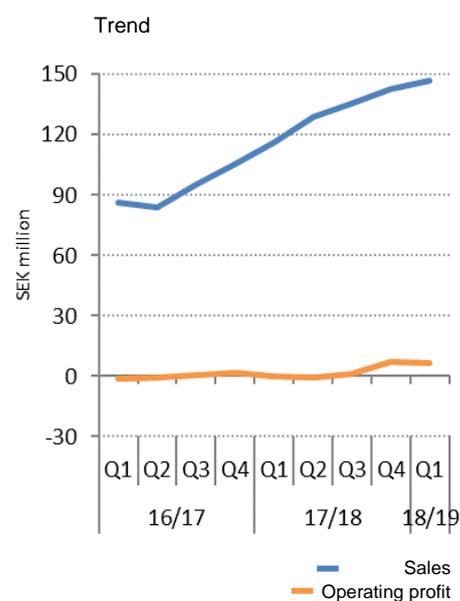


SECURE COMMUNICATIONS

	The period			12 months		
	Q1 18/19	Q1 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Net sales, SEK million	32.1	28.4	13.0	146.6	142.9	2.6
Operating profit/loss, SEK million	-0.1	0.2	-1.5	6.6	6.9	-4.3
Operating margin, %	-0.3	0.7	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 both products and development assignments in the secure communications product area and 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.



Sectra was nominated for the title of "Security Vendor of the Year" in the Netherlands by the industry magazine *Computable*.

The motivation letter stated:

"Sectra is an expert in secure voice communication, with a large offering of products and services to secure state secrets. With over 15 years of experience in servicing the Dutch ministries, Sectra has become the key player in securing governmental communications."

Read more: <https://bit.ly/2OCv32J>



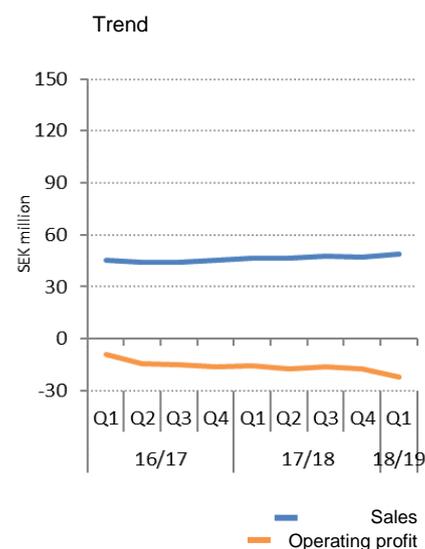
OTHER OPERATIONS

	The period			12 months		
	Q1 18/19	Q1 17/18	Change %	Rolling 12 months	Full-year 17/18	Change %
Net sales, SEK million	13.3	11.6	14.7	52.2	47.0	11.1
Operating profit/loss, SEK million	-7.1	-2.2	n/a	-22.4	-17.5	n/a
Operating margin, %	-53.4	-19.0	n/a	-42.9	-37.2	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 costs for consultants, which were largely temporary in nature.



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 18.

THE SHARE

Share-related incentive programs

On the balance-sheet date, Sectra's share capital totaled SEK 38,119,669, distributed between 38,119,669 shares. Of these shares, 2,620,692 are Class A shares and 35,498,977 are Class B shares. As of the publication date of this report, on full exercise of outstanding convertibles, the number of Class B shares will increase by 395,881, corresponding to 1.0% of the share capital and 0.6% of the voting rights in the company.

Authorizations

The 2017 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.

2018 AGM AND PROPOSED SHARE REDEMPTION PROGRAM

Proposed share redemption program/dividend for 2018

For the 2017/2018 fiscal year, the Board and the President have proposed 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. The corresponding distribution to the shareholders in the preceding year was SEK 4.50 per share. No ordinary dividend is proposed. Further information about the proposal is presented in the notice of the AGM and the full proposal to the AGM is available at www.sectra.com/aggm.

Timetable for 2018 share redemption program:

Sep 6	Resolution by the AGM
Oct 2	Final day of trading in the Sectra share before the split, including redemption shares
Oct 3	First day of trading in the Sectra share after the split, excluding redemption shares
Oct 4	Record date for the share split. Each share to be divided into two shares, one of which is a redemption share
Oct 5–16	Trading in redemption shares
Oct 18	Record date to revoke redemption shares
Oct 23	Preliminary date for payment of redemption settlement from Euroclear

2018 AGM and Nomination Committee

The 2017 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, 2017. In accordance with the resolution of the AGM, the following Nomination Committee was appointed:

- Carl-Erik Ridderstråle (Chairman of the Board)
- Torbjörn Kronander (largest shareholder and CEO)
- Jan-Olof Brüer (second-largest shareholder and Board member)
- Jan Särilvik (representing Nordea Investment Funds, the fourth-largest shareholder)

Jan-Olof Brüer, who is 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 will be held on September 6, 2018 in Linköping. The Nomination Committee's proposals and explanatory statement were presented in the notice of the AGM and all documentation is available on the company's website www.sectra.com/aggm.

Annual Report, Sustainability Report and Corporate Governance Report

Sectra's Annual Report for 2017/2018, Sustainability Report and Corporate Governance Report were announced on June 28, 2018 through a press release and have been published on the company's website:

www.sectra.com/investor/annual_reports

The printed version can also be ordered via:

- Sectra's website: www.sectra.com/investor/subscribe/reports/
- Email: info.investor@sectra.com
- Telephone: +46 13 23 52 00

To reduce the company's environmental impact, mail distribution will be limited exclusively to Europe; other stakeholders should refer to the digital version.

Annual Report
2017/2018



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.com.

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: September 4, 2018 at 10:00 a.m. (CET)

To participate, call:

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

Financial calendar and AGM

2018 AGM	September 6, 2018 at 3:30 p.m. (CET) in Linköping, Sweden
Six-month interim report	December 7, 2018 at 8:15 a.m. (CET)
Nine-month interim report	March 6, 2019 at 08:15 a.m. (CET)
Year-end report	May 28, 2019 at 08:15 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 period May to July 2018 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, September 4, 2018

Torbjörn Kronander
President, CEO and Board member

Carl-Erik Ridderstråle
Chairman

Ulrika Hagdahl
Board member

Anders Persson
Board member

Christer Nilsson
Board member

Jakob Svärdröm
Board member

Jan-Olof Brüer
Board member

Tomas Puusepp
Board member

Deborah Capello
Board member and
employee representative

Bengt Hellman
Board member and
employee representative

Review

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

GROUP FINANCIAL SUMMARY

Consolidated income statements

SEK thousand	3 months May–Jul 2018	3 months May–Jul 2017	12 months Aug–Jul 2017/2018	Full-year May–Apr 2017/2018
Net sales	306,068	265,120	1,307,444	1,266,496
Capitalized work for own use	4,626	3,899	28,955	28,228
Other operating income	536	857	3,385	3,706
Goods for resale	-41,879	-35,357	-194,305	-187,783
Personnel costs	-152,663	-132,467	-604,299	-584,103
Other external costs	-53,605	-42,997	-233,049	-222,441
Depreciation/amortization and impairment	-16,811	-14,781	-67,029	-64,999
Operating profit	46,272	44,274	241,102	239,104
Net financial items	-3,474	-15,498	22,191	10,167
Profit after net financial items	42,798	28,776	263,293	249,271
Taxes	-9,489	-6,273	-54,223	-51,007
Profit for the period	33,309	22,503	209,070	198,264
Profit for the period attributable to:				
Parent Company owners	33,309	22,503	209,070	198,264
Non-controlling interest	0	0	0	0
Earnings per share				
Before dilution, SEK	0.87	0.59	5.49	5.22
After dilution, SEK	0.86	0.58	5.43	5.15
No. of shares				
Before dilution	38,119,669	37,935,001	38,119,669	38,119,669
After dilution ¹	38,515,550	38,499,139	38,515,550	38,515,550
Average, before dilution	38,119,669	37,920,029	38,062,364	38,012,454
Average, after dilution	38,515,550	38,499,139	38,510,207	38,506,104

¹ Dilution of the number of shares is based on the convertible programs issued in 2014/2015 (29,190), 2015/2016 (226,150) and 2016/2017 (140,541). On full exercise of convertibles, the number of shares will increase by 395,881.

Consolidated statement of comprehensive income

SEK thousand	3 months May–Jul 2018	3 months May–Jul 2017	12 months Aug–Jul 2017/2018	Full-year May–Apr 2017/2018
Profit for the period	33,309	22,503	209,070	198,264
Change in translation differences for the period from translating foreign subsidiaries	-10,286	-17,877	23,639	16,048
Total other comprehensive income for the period	-10,286	-17,877	23,639	16,048
Total comprehensive income for the period	23,023	4,626	232,709	214,312

Consolidated balance sheets

SEK thousand	Jul 31, 2018	Jul 31, 2017	Apr 30, 2018
Assets			
Intangible assets	182,735	176,231	188,087
Tangible assets	79,562	96,229	90,251
Financial assets	36	1,799	37
Deferred tax assets	23,423	27,291	26,061
Total fixed assets	285,756	301,550	304,436
Other current assets	622,171	564,832	647,631
Cash and cash equivalents	291,974	277,997	282,341
Total current assets	914,145	842,829	929,972
Total assets	1,199,901	1,144,379	1,234,408
Equity and liabilities			
Equity (incl. profit for the period)	613,395	561,611	605,998
Provisions	21,552	28,459	21,078
Deferred tax liabilities	2,180	26,215	5,889
Long-term liabilities	28,528	56,611	28,528
Current liabilities	534,246	471,483	572,915
Total equity and liabilities	1,199,901	1,144,379	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	3 months May–Jul 2018	3 months May–Jul 2017	Full-year May–Apr 2017/2018
Equity at start of period	605,998	554,515	541,412
Comprehensive income for the period	23,023	4,626	214,312
Dividend/redemption of shares	0	0	-170,707
Settlement of share-related payments	0	2,470	20,983
Adjustment IFRS 15 (Note 2)	-15,626	0	0
Equity at end of period	613,395	561,611	605,998

Consolidated cash-flow statements

SEK thousand	3 months May–Jul 2018	3 months May–Jul 2017	Full-year May–Apr 2017/2018
Cash flow from operations before changes in working capital	37,042	49,666	253,344
Cash flow from operations after changes in working capital	19,435	24,256	222,692
Investing activities	-4,877	-10,596	-41,974
Financing activities	-346	-1,504	-172,604
Total cash flow for the period	14,212	12,156	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	-4,579	-7,375	1,011
Cash and cash equivalents, closing balance	291,974	277,997	282,341
Unutilized credit facilities	15,000	15,000	15,000

Alternative performance measures for the period and full-year

	3 months Jul 31, 2018	3 months Jul 31, 2017	12 months Jul 31, 2018	Full-year Apr 30, 2018
Order bookings, SEK million	286.5	227.6	1,551.4	1,492.5
Operating margin, %	15.1	16.7	18.4	18.9
Profit margin, %	14.0	10.9	20.1	19.7
Average no. of employees	680	640	655	645
Cash flow per share, SEK	0.51	0.64	5.71	5.84
Cash flow per share after full dilution, SEK	0.50	0.63	5.65	5.78
Value added, SEK million	198.9	176.7	846.5	823.2
P/E ratio, multiple	n/a	n/a	43.6	37.2
Share price at end of period, SEK	240.0	152.5	240.0	194.2
Return on equity, %	5.7	4.0	33.9	34.2
Return on capital employed, %	6.5	4.6	39.3	38.7
Return on total capital, %	3.6	2.6	21.6	20.9
Equity/assets ratio, %	51.1	49.1	50.1	49.1
Liquidity, multiple	1.7	1.8	1.7	1.6
Equity per share, SEK	16.09	14.80	16.51	15.90
Equity per share after full dilution, SEK	15.93	14.59	16.34	15.73

Exchange rates

Currency	Average rates in SEK			Closing rates in SEK		
	Q1 2018/2019	Q1 2017/2018	Change	Jul 31, 2018	Jul 31, 2017	Change
US dollar, 1 USD	8.82	8.41	4.9%	8.70	8.10	7.4%
Euro, 1 EUR	10.26	9.64	6.4%	10.21	9.52	7.2%
British pound, 1 GBP	11.58	10.91	6.1%	11.43	10.62	7.6%

Quarterly consolidated income statement and alternative performance measures

SEK million	2018/2019					2017/2018					2016/2017				
	Q1	Q2	Q3	Q4	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Net sales	306.1	313.4	300.1	387.9	265.1	340.8	294.2	275.4	340.8	294.2	275.4	340.8	294.2		
Capitalized work for own use	4.6	5.6	11.1	7.7	3.9	6.2	8.0	9.4	6.2	8.0	9.4	6.2	8.0		
Reversal of contingent consideration	0	0	0	0	0	0	12.4	0	0	12.4	0	0	12.4		
Other operating income	0.5	0.5	1.5	0.9	0.9	0.8	1.1	0.1	0.8	1.1	0.1	0.4	0.4		
Operating expenses	-248.1	-243.6	-244.7	-295.4	-210.8	-258.7	-241.3	-224.1	-258.7	-241.3	-224.1	-258.7	-241.3		
Depreciation/amortization and impairment	-16.8	-14.8	-16.7	-17.4	-14.8	-14.6	-27.1	-14.4	-14.6	-27.1	-14.4	-14.4	-14.4		
Operating profit	46.3	44.3	51.3	83.7	44.3	74.5	47.1	46.4	74.5	47.1	46.4	74.5	47.1		
Net financial items	-3.5	-15.5	-6.3	29.8	-15.5	3.9	-1.3	-2.0	3.9	-1.3	-2.0	3.9	-1.3		
Profit after net financial items	42.8	28.8	45.0	113.5	28.8	78.4	45.8	44.4	78.4	45.8	44.4	78.4	45.8		
Tax on earnings for the period	-9.5	-6.3	-9.9	-22.7	-6.3	-19.8	-10.8	-9.8	-19.8	-10.8	-9.8	-19.8	-10.8		
Profit for the period	33.3	22.5	35.1	90.8	22.5	58.6	35.0	34.6	58.6	35.0	34.6	58.6	35.0		
Order bookings, SEK million	286.5	426.8	337.9	500.3	227.6	349.6	302.9	299.6	349.6	302.9	299.6	349.6	302.9		
Operating margin, %	15.1	16.7	17.1	21.6	16.7	21.9	16.0	16.8	21.9	16.0	16.8	21.9	16.0		
Cash flow per share, SEK	0.51	1.33	1.21	2.68	0.64	1.59	2.76	1.40	1.59	2.76	1.40	1.59	2.76		
Cash flow per share after full dilution, SEK	0.50	1.31	1.20	2.65	0.63	1.56	2.72	1.37	1.56	2.72	1.37	1.56	2.72		
Earnings per share, SEK	0.87	1.31	0.92	2.38	0.59	1.55	0.92	0.92	1.55	0.92	0.92	1.55	0.92		
Return on equity, %	5.7	10.0	6.6	15.7	4.0	10.8	6.8	7.0	10.8	6.8	7.0	10.8	6.8		
Return on capital employed, %	6.5	10.8	7.6	17.6	4.6	12.6	7.8	7.9	12.6	7.8	7.9	12.6	7.8		
Equity/assets ratio, %	51.1	49.1	46.5	49.1	49.1	47.3	45.8	45.4	47.3	45.8	45.4	47.3	45.8		
Equity per share, SEK	16.09	14.80	13.14	15.90	14.80	14.29	12.87	11.73	14.29	12.87	11.73	14.29	12.87		
Share price at end of period, SEK	240.0	152.5	164.0	194.2	152.5	162.5	153.0	139.5	162.5	153.0	139.5	162.5	153.0		

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	Q1 May-Jul 2018	Q1 May-Jul 2017	Rolling 12 months	Full-year May-Apr 2017/2018
Imaging IT Solutions	253.4	233.8	1,051.9	1,032.3
Sectra Customer Financing	37.2	34.8	147.4	145.0
Secure Communications	32.1	28.4	146.6	142.9
Business Innovation	11.5	11.2	70.6	70.3
Other Operations	13.3	11.6	52.2	47.0
Group eliminations	-41.4	-54.7	-161.2	-171.0
Total	306.1	265.1	1,307.5	1,266.5

Operating profit by business segment

SEK million	Q1 May-Jul 2018	Q1 May-Jul 2017	Rolling 12 months	Full-year May-Apr 2017/2018
Imaging IT Solutions	48.4	39.0	228.6	219.2
Sectra Customer Financing	0.9	0.7	5.1	4.9
Secure Communications	-0.1	0.2	6.6	6.9
Business Innovation	-4.0	-2.0	5.0	7.0
Other Operations	-7.1	-2.2	-22.4	-17.5
Group eliminations	8.2	8.6	18.2	18.6
Total	46.3	44.3	241.1	239.1

Sales per geographic market

SEK million	Q1 May-Jul 2018	Q1 May-Jul 2017	Rolling 12 months	Full-year May-Apr 2017/2018
Sweden	78.0	70.6	353.6	346.2
US	60.3	51.4	293.5	284.6
UK	52.6	47.8	202.4	197.6
Netherlands	23.6	19.2	107.8	103.4
Rest of Europe	73.7	64.0	277.3	267.6
Rest of World	17.9	12.1	72.9	67.1
Total	306.1	265.1	1,307.5	1,266.5

PARENT COMPANY

Parent Company income statements

SEK thousand	3 months May–Jul 2018	3 months May–Jul 2017	12 months Aug–Jul 2017/2018	Full-year May–Apr 2017/2018
Net sales	25,031	23,339	122,970	121,278
Capitalized work for own use	241	0	6,758	6,517
Other operating income	950	366	3,415	2,831
Goods for resale	-3,351	-2,815	-17,928	-17,392
Personnel costs	-14,979	-11,288	-56,978	-53,287
Other external costs	-15,864	-11,687	-60,550	-56,373
Depreciation/amortization	-2,251	-1,554	-8,348	-7,651
Operating loss	-10,223	-3,639	-10,661	-4,077
Net financial items	-5,144	-16,115	23,657	12,686
Profit/loss after net financial items	-15,367	-19,754	12,996	8,609
Appropriations	0	0	226,629	226,629
Profit/loss before tax	-15,367	-19,754	239,625	235,238
Tax on earnings for the period	3,381	4,404	-52,957	-51,934
Profit/loss for the period	-11,986	-15,350	186,668	183,305
Comprehensive income for the period	-11,986	-15,350	186,668	183,305

Parent Company balance sheets

SEK thousand	Jul 31, 2018	Jul 31, 2017	Apr 30, 2018
Assets			
Intangible assets	14,362	10,334	14,896
Tangible assets	18,355	18,040	19,150
Financial assets	251,970	238,285	258,498
Total fixed assets	284,687	266,659	292,544
Other current assets	317,121	443,886	446,655
Cash and cash equivalents	205,445	217,872	212,709
Total current assets	522,566	661,758	659,364
Total assets	807,253	928,417	951,908
Equity and liabilities			
Equity (incl. profit for the period)	472,689	438,214	484,674
Untaxed reserves	0	87,629	0
Long-term liabilities	28,528	56,611	28,528
Current liabilities	306,036	345,963	438,706
Total equity and liabilities	807,253	928,417	951,908

Pledged assets and contingent liabilities

SEK thousand	Jul 31, 2018	Jul 31, 2017	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	138,277	168,094	154,074
Total contingent liabilities	138,277	168,094	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 20 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 Leasing 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. During the spring, the Group initiated an assessment of the impact of the standard on the financial statements. 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-Jul 2018 IAS 11/18	Effect Q1 2018	May-Jul 2018 IFRS 15
Net sales	306,535	-467	306,068
Capitalized work for own use	4,626		4,626
Reversal of contingent consideration	0		0
Other operating income	1,373	-837	536
Goods for resale	-41,879		-41,879
Personnel costs	-152,663		-152,663
Other external costs	-53,605		-53,605
Depreciation/amortization and impairment	-17,749	938	-16,811
Operating profit	46,638	-366	46,272
Net financial items	-4,147	672	-3,474
Profit after net financial items	42,491	306	42,798
Taxes	-9,503	14	-9,489
Profit for the period	32,989	320	33,309

Sales by business segment

SEK million	May-Jul 2018 IAS 11/18	Effect Q1 2018	May-Jul 2018 IFRS 15
Imaging IT Solutions	254.0	-0.6	253.4
Sectra Customer Financing	37.1	0.1	37.2
Secure Communications	32.1	-	32.1
Business Innovation	11.5	0.0	11.5
Other Operations	13.3	-	13.3
Group eliminations	-41.4	-	-41.4
Total	306.6	-0.5	306.1

Operating profit by business segment

SEK million	May-Jul 2018 IAS 11/18	Effect Q1 2018	May-Jul 2018 IFRS 15
Imaging IT Solutions	49.0	-0.6	48.4
Sectra Customer Financing	0.7	0.2	0.9
Secure Communications	-0.1	-	-0.1
Business Innovation	-4.0	0.0	-4.0
Other Operations	-7.1	-	-7.1
Group eliminations	8.6	-	8.2
Total	44.7	-0.4	46.3

Sales per geographic market

SEK million	May-Jul 2018 IAS 11/18	Effect Q1 2018	May-Jul 2018 IFRS 15
Sweden	78.0	0.0	78.0
US	61.4	-1.1	60.3
UK	52.0	0.6	52.6
Netherlands	23.6	-	23.6
Rest of Europe	73.7	0.0	73.7
Rest of World	17.9	0.0	17.9
Total	306.6	-0.5	306.1

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.

Cloud

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

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.

Integrated diagnostics

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

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.

Mammography

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

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system.

Operational technology (OT)

Operating systems that control and monitor devices, such as valves and pumps, that are part of a physical process.

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.

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

For further information, visit

www.sectra.com/investor



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.