

Year-end report, 2002/2003 fiscal year:

Sectra growing with profitability

Sectra's earnings for the 2002/2003 fiscal year were the best to date. Profit before taxes rose 28.8% to SEK 79.1 M (61.4), corresponding to a profit margin of 15.7%. Earnings per share amounted to SEK 1.77 (1.23). Sales were also the highest in the history of the company, increasing 19.5% to SEK 503.4 M (426.3), compared with the year-earlier period. Order bookings were up 6.5% to SEK 489.8 M (459.7).

“Our operations in medical systems and secure communications systems have continued to expand and we have strengthened our leading position in Scandinavia,” says Jan-Olof Brüer, CEO of Sectra AB. “Our international drive has resulted in increased sales in markets outside Sweden and the proportion of international sales has increased from 43% to 58%.”

Focusing on Western Europe and North America, Sectra entered into several new strategic cooperation agreements during the year. These cooperations complement existing partners for digital radiology systems and allow the company to reach a broader market. To support sales through partners, Sectra opened offices in the UK and Australia. The company now has offices in eight countries.

“Our strategy is to expand our international operations gradually,” continues Jan-Olof Brüer. “Through cooperation with global and local partners, Sectra has laid the foundation for continued international expansion.”

During the fourth quarter, Sectra signed a five-year agreement with the private healthcare provider Capiro Diagnostik AB for the digitization of radiology operations at Sweden's largest private emergency hospital, St. Görans Hospital in Stockholm. Combined with the order from Medicinsk Röntgen AB earlier in the fiscal year, this represents a major breakthrough into the private radiology sector – a market of major international importance.

Through its cooperation with Kongsberg Defence Communications of Norway, Sectra has delivered eavesdrop-secure telephones during the year to customers that included NATO's central organization and the Dutch and Czech Defenses.

“Our operations in secure communications systems have expanded considerably,” says Jan-Olof Brüer. “This is largely the result of the successful sales of Sectra's eavesdrop-secure telephones to the NATO market.

“Sectra has a strong technological platform. Our solutions are targeted at growth markets and Sectra's strong position in our home market provides us with a solid foundation for continued international expansion. Accordingly, it is our assessment that Sectra will continue to expand with favorable profitability,” concludes Jan-Olof Brüer.

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Sectra AB (publ) year-end report fiscal year 2002/2003

Since the mid-1980s, Sectra has successfully conducted development and sales of high-tech products in medical IT and telecom. The Company's operations currently include medical systems, secure communications systems and wireless information systems.

Sectra has been listed on the O-List of the Stockholm Exchange since March 3, 1999.

Further information about Sectra's operations is available at www.sectra.se

Year in brief (May 2001 – April 2002 in parentheses)

- Order bookings increased 6,5% to SEK 489.8 M (459.7).
- Sales rose 19.5% to SEK 503.4 M (426.3).
- Profit before tax rose to SEK 79.1 M (61.4), corresponding to a profit margin of 15.7%.
- Earnings per share amounted to SEK 1.77 (1.23).

Fourth quarter in brief (February 2002- April 2002 in parentheses)

- Order bookings increased 133,3% to SEK 113.4 M (48.6).
- Sales amounted to SEK 133.8 M (139.8).
- Profit before tax rose to SEK 28.1 M (22.2), corresponding to a profit margin of 21.0 %.
- Earnings per share amounted to SEK 0.71 (0.38).

Significant events during the fourth quarter

- Private health-care provider Capio Diagnostik signed a five-year agreement with Sectra for digital radiology at Sweden's largest private emergency hospital, St. Görans Hospital in Stockholm.
- Ribe County Council in Denmark ordered Sectra's radiology IT system for the four radiology departments in the county.
- As part of Sectra's increased drive in the North American market, cooperation was initiated with Eclipsys Corporation and RIS Logic.
- Sectra also entered into cooperation with InSight Oceania Pty Ltd, an Australian supplier of medical equipment, to meet the increasing demand for digital image management systems in the Australian and New Zealand markets.

Market

The market for **medical systems** is currently in a strong growth phase, with hospitals increasingly electing to modernize their radiology operations through the introduction of digital systems. Hospitals in Scandinavia have advanced the furthest in the transition to digital radiology. Today, the largest share of Sectra's installations of digital radiology systems is in Scandinavia and the US (via partners). In Scandinavia, Sectra's market share in sales of film-free radiology is about 50 %, and the Company is growing rapidly in the US – the world's largest market.

The market for **secure communications systems** within the defense sector is characterized by increased investment in IT systems, while traditional defense investments are declining. Internationally, the trend is toward a completely new defense structure with network-based information management. The flow of information in future network-based defense will require high security solutions forming an integral feature of the communication structures. This restructuring also applies to tactical radio systems. Sectra is well advanced in these fields and has strong core expertise in encryption and advanced radio design.

The market for **wireless information systems** is adversely affected by the general market situation, with low investment volumes in the financial market and the aviation industry.

Significant events during the quarter

In **medical systems**, Sectra signed a five-year agreement with private health-care supplier Capio Diagnostik for digital radiology at Sweden's largest private emergency hospital, St. Görans Hospital in Stockholm. Combined with the order from Medicinsk Röntgen earlier during the fiscal year, this order represents a major breakthrough into the private radiology sector – a market of

major international importance. With an agreement on the digitization of the four radiology departments in Ribe County, Sectra gained an important reference in the Danish market.

As part of Sectra's increased drive in the North American market, the company initiated new strategic cooperation with Eclipsys Corporation and RIS Logic. Additionally, Sectra also entered into cooperation with InSight Oceania Pty Ltd, an Australian distributor, to meet demand for digital image management systems in the Australian and New Zealand markets. These partnerships complement Sectra's existing partners, making it possible to reach a broader market.

The full year 2002/2003

In **medical systems** Sectra reinforced its market-leading position in Scandinavia. In other parts of the world, Sectra has also enjoyed considerable sales successes in cooperation with its partners. This is primarily true of the North American market. During the fiscal year, the number of installations of Sectra's digital image management systems in the US and Canada rose by 36%. Through partners, Sectra also secured a large number of orders in Germany, the Netherlands, the UK and Japan.

During the year, the successful cooperation with Philips Medical Systems in systems for digital image management was extended by five years. Sectra's international drive has also resulted in new strategic cooperation agreements that complement existing partnerships. To build a strong platform for successful business operations in coming years, these partnerships will initially focus on training of partner companies' sales organizations and the integration of systems. To support sales through partners, Sectra opened offices in the UK and Australia during the year.

In **secure communications systems**, Sectra is participating in the Swedish Defense development of systems for the network-based defense of the future. During the year, Sectra secured orders for products including high-speed encryption devices for international use. The Swedish Defense also ordered a pilot study from Sectra on the next generation of radio systems, which represents an important foothold in the market for tactical radio systems

Sales of Sectra's eavesdrop-secure GSM telephone to the NATO market increased. Through its cooperation with Kongsberg Defence Communications of Norway, Sectra delivered the NATO-approved version of the phone to NATO's central organization and to the Dutch and Czech Defenses.

In **wireless information systems**, Sectra participated in the build-out of DARC infrastructure in countries including India, France and Switzerland. Sectra also put a mobile rescue system in operation in Finland.

During the year, Sectra implemented a restructuring of its operations to limit costs and to adapt the wireless information systems operations to current market conditions.

Sectra MicroDose Mammography™

International interest in the new digital mammography system Sectra MicroDose Mammography™ is substantial. The system, which is being developed in collaboration with the associated company Mamea Imaging AB, is based on sensor technology that makes it possible to achieve the same high image quality as in today's film-based systems, but with a radiation dose that is five times lower. The quality and dose levels for the system have been verified at the St. Görans Hospital in Stockholm.

The Helsingborg Hospital will be the first to use Sectra MicroDose Mammography™. The system will be installed during the autumn of 2003.

Sales and earnings

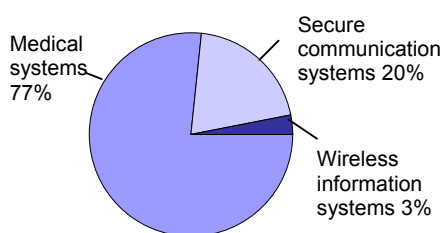
During the year, the Group's order bookings amounted to SEK 489.8 M (459.7), of which SEK 113.4 M (48.6) is attributable to Q4. Net sales rose 19.5% to SEK 503.4 M (426.3), meaning that sales amounted to SEK 133.8 M (139.8) during Q4. Profit before tax rose to SEK 79.1 M (61.4), corresponding to a profit margin of 15.7% (14.4). Profit in Q4 amounted to SEK 28.1 M (22.2).

The favorable trend of sales and earnings during the year was due to Sectra's long-term strategy to expand in international growth niches.

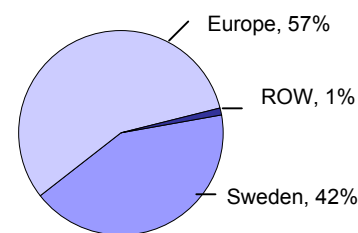
The year's sales by area of operation:

(SEK Million)	<u>2002/03</u>	<u>2002/01</u>
Medical systems	386.2	343.2
Secure communication systems	102.5	63.2
Wireless information systems	14.7	19.9

An increasing part of Sectra's sales in medical systems is being made in markets outside Scandinavia, entailing a change in the character of transactions. In direct sales, the model employed by the company in Scandinavia, a transaction normally comprises complete system deliveries including both hardware and software. Sales outside Scandinavia are largely conducted through partners and comprise solely software licenses. Generally, these transactions involve extremely short lead times, while, at the same time, offering a high level of value-added and a higher profit margin.



Net sales by area of operation



Net sales by geographical market

The year's sales by geographical market:

(SEK Million)	<u>2002/03</u>	<u>2002/01</u>
Sweden	213	250
Europe	285	141
Rest of the world	5	35

Sectra's invoicing in the preceding fiscal year to Philips Medical Systems, for supply of digital radiology systems to the North American market, was mainly done directly to Philips in North America. This invoicing principle was changed in spring 2002 to global sales being invoiced to Philips in the Netherlands. This affects the distribution of sales outside Sweden compared with a year earlier.

Financial position

The equity ratio at April 30, 2003, was 44.6 % (45.6) and liquidity was a multiple of 2.0 (2.5). The Company's interest-bearing liabilities amounted to SEK 85.0 (74.3), of which SEK 56.4 M (50.8) related to convertible debentures.

Investments

Investments in the Group during the period amounted to SEK 5.1 M (10.3), of which SEK 2.1 M (6.5) was due to Q4. The investments related mainly to computer equipment and machinery.

Personnel

The number of employees increased during the fourth quarter by 2. Accordingly, the total number of employees in Sectra at April 30, 2003, was 274 (250), of whom 25 % are women. Personnel turnover during the year amounted to 7,3 % (3.2).

The Sectra share

At April 30, 2003, Sectra's share capital amounted to SEK 33,076,511. At full conversion and exercise of the convertibles program and personnel stock options issued during 2000/2001, 2001/2002 and 2002/2003, the number of shares will increase by 3.2% and the number of votes by 1.9%. The dilution resulting from the convertible debenture loan in 2000/2001 (327,700) is expected to be zero according to the company's evaluation, since the conversion rate for these debentures amounts to SEK 84. It is therefore calculated that the loan will be repaid at the maturity date on July 1, 2003. After dilution through convertible debentures and personnel stock options, the total number of shares will amount to 33,806,261.

Outlook

Sectra has a strong technology platform. The products and system solutions that Sectra develops are aimed at markets with high growth potential. The Company's strong position in the home market provides a solid platform for ongoing international expansion. The Board's assessment that Sectra will continue to expand with favorable profitability remains valid.

Accounting principles

This report was prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20. The accounting principles presented in the 2001/2002 Annual Report are unchanged.

Annual General Meeting

The Annual General Meeting of Sectra AB will be held at 4:00 p.m. on June 26, 2003 in the Collegium building at Teknikringen 7 in Linköping.

Proposed dividend

A dividend of SEK 0.50 per share (0.40) is proposed for 2002/2003. July 1, 2003 is proposed as the record date for the dividend. If the Annual General Meeting adopts the dividend proposal, it is expected that the dividend will be paid by the Swedish Securities Register Center on July 4, 2003

Annual Report

The Annual Report will be available from the Company as of June 12, 2003, when it will also be distributed by mail to the shareholders. It will simultaneously be available on the Sectra website, www.sectra.se, and can be ordered from the following address

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Future reports

Interim report for the first quarter, May-July 2003:
September 2, 2003

Interim report for the second quarter, May-October 2003:
December 9, 2003

Interim report for the third quarter, May 2003-January 2004:
March 2, 2004

Year-end report for 2003/2004:
May 25, 2004

Financial Hearing

Sectra will present its year-end report at a financial hearing on May 22 at 12:00 noon at Operaterassen in Stockholm.

The presentation will be available at www.sectra.se from 7:00 p.m.

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This year-end report is briefly reviewed by the Company's auditor
Linköping, May 22, 2003
Sectra AB (publ)
Board of Directors

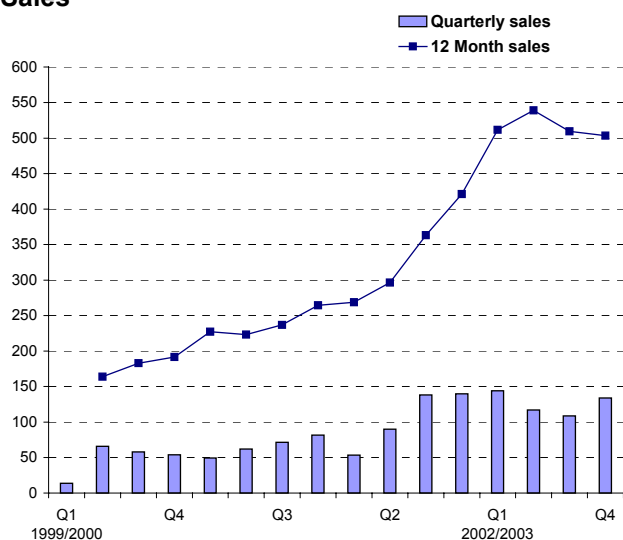
Summary Income Statement for the Group

SEK Thousands	3 month Feb - Apr 2002/2003	3 month Feb - Apr 2001/2002	Full year May-Apr 2002/2003	Full year May-Apr 2001/2002
Net sales	133 841	139 830	503 418	421 319
Operating expenses	-103 457	- 116 647	-419 808	- 354 329
Depreciation	-2 179	- 1 743	-6 598	- 6 842
Operating profit	28 205	21 440	77 012	60 148
Net financial items	-119	740	2 113	1 253
Earnings before tax	28 086	22 180	79 125	61 401
Tax on earnings for the period	-4 559	- 9 852	-20 543	- 21 113
Minority interest	1	142	97	142
Net earnings	23 528	12 470	58 679	40 430
Profit per share				
Before dilution, SEK	0.71	0.38	1.77	1.23
After dilution, SEK	0.70	0.37	1.74	1.20
No. of shares at end of period				
Before dilution	33 076 511	32 760 945	33 076 511	32 760 945
After dilution ¹⁾	33 806 261	33 554 145	33 806 261	33 554 145
Average, before dilution ²⁾	33 076 511	32 760 945	32 918 728	32 760 945
Average, after dilution ¹⁾²⁾	33 806 261	33 360 045	33 680 203	33 360 045

1) The dilution include convertible debentures issued 2001/02 (308.200) och 2002/03 (171.550) and personnel options issued 2000/01 (90.000), 2001/02 (80.000) och 2002/03 (80.000). The dilution resulting from the convertible debenture loan in 2000/2001 (327,700) is expected to be zero according to the company's evaluation, since the conversion rate for these debentures amounts to SEK 84. It is therefore calculated that the loan will be repaid at the maturity date on July 1, 2003.

2) Average number of shares adjusted for issues and split.

Sales



Earnings before tax



Summary Balance Sheet for the Group

SEK Thousands	Full year April 30 2003	Full year April 30 2002
Assets		
Intangible assets	11 202	11 033
Tangible assets	14 352	17 443
Financial assets	83 340	36 793
Total fixed assets	108 894	65 269
Other current assets	202 375	165 760
Cash and bank balances	170 479	130 439
Total current assets	372 854	296 199
Total assets	481 748	361 468
Equity and liabilities		
Equity (including profit for the period)	215 112	164 660
Provisions	15 097	11 610
Minority interests	42	- 112
Long-term liabilities	57 443	68 031
Current liabilities	194 054	117 279
Total equity and liabilities	481 748	361 468

Change in Equity

SEK Thousands	Full Year May - Apr 2002/2003	Full Year May - Apr 2001/2002
Equity at start of period	164 660	134 702
New issue/Conversion	5 460	-
Dividend	-13 104	- 9 828
Change in minority interests	-583	- 644
Net earnings for the period	58 679	40 430
Equity at end of period	215 112	164 660

Summary Cash Flow Statement for the Group

SEK Thousands	Full Year May - Apr 2002/2003	Full Year May - Apr 2001/2002
Cash flow from operations before changes in working capital	69 243	50 300
Cash flow from operations after changes in working capital	108 666	53 513
Investing activities	-5 183	- 8 719
Financing activities	-63 443	- 1 756
Change in cash and bank balances	40 040	43 038
Cash and bank balances, opening balance	130 439	87 401
Cash and bank balances, closing balance	170 479	130 439

Key Figures

	Full year April 30 2003	Full year April 30 2002
Solvency %	44.6	44.2
Liquidity, ratio	2.0	2.5
Profit margin %	15.7	14.4
Earning capacity of equity	30.9	24.6
Earning capacity of working capital	30.5	30.5
Average number of employees	262	222
Equity per share	6.50	5.03
Equity per share after dilution	6.36	4.91
Cash flow per share	2.09	1.54
Cash flow per share after dilution	2.05	1.50
P/E ratio	21.4	50.4
Share price	38.0	62.0

Koncernens resultaträkningar kvartalsvis

SEK million	2002/2003				2001/2002				2000/2001			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	133.8	108.6	117.1	143.9	139.8	138.2	89.7	53.5	81.7	71.4	62	49.3
Other operating income	-	-	-	-	-	-	-	-	0.1	-	0.4	-
Operating expenses	-103.4	-93.3	-100.3	-122.8	-116.6	-113.2	-74.5	-50.4	-60.4	-60.4	-55.5	-43.6
Depreciation	-2.2	-1.4	-1.4	-1.6	-1.7	-1.8	-1.6	-1.7	-1.9	-1.3	-1.8	-1.3
Operating profit	28.2	13.9	15.4	19.5	21.5	23.2	13.6	1.4	19.5	9.8	5.1	4.4
Net financial items	-0.1	1.4	0.6	0.3	0.7	0.1	0.2	0.6	-0.1	0.2	0.4	0.0
Earnings after financial items	28.1	15.3	16.0	19.8	22.2	23.4	13.8	2.0	19.4	10.0	5.5	4.4
Tax on earnings for the period	-4.6	-4.3	-6.0	-5.8	-9.9	-6.6	-4.0	-0.6	-5.8	-3.0	-1.6	-1.2
Minority interest	-	-	-	0.1	0.1	-	-	-	-	-	-	-
Net earnings	23.5	11.0	10.0	14.1	12.4	16.7	9.8	1.5	13.6	7.0	3.9	3.2

Definitioner nyckeltal

Solvency: Equity as a percentage of total assets.

Liquidity: Current assets divided by current liabilities.

Profit margin: Profit before tax as a percentage of sales.

Earning capacity of equity: Profit after tax as a percentage of average adjusted equity.

Capital employed: Total assets reduced by non interest-bearing debts.

Earning capacity of working capital: Profit before tax plus financial expenses as a percentage of average working capital.

Profit per share: Profit before tax reduced by actual tax divided by the average number of shares.

Equity per share: Equity divided by the number of shares at the end of the period.

Cash flow per share: Cash flow divided by the number of shares at the end of the period.