

Three-month interim report 2020/2021:

Sectra begins the fiscal year with strong growth in order bookings and cash flow

Sectra's highest priority is to help customers give patients the best possible care and to protect critical infrastructure and communication where society is the most vulnerable. Demand for our services and products remained high during the first quarter and order bookings more than doubled compared with the year-earlier period. Aside from the typical seasonal effects, sales and profit were affected by the ongoing pandemic. With a strong financial position, positive cash flow and significant share of recurring revenue, Sectra is relatively well equipped to continue managing the pandemic but will, like others, be affected by it.

REPORT PRESENTATION

September 4, 2020
at 10:00 a.m. CEST

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More information on page 12.

THE QUARTER IN BRIEF

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

First quarter, May–July 2020

- Order bookings increased 156.5% to SEK 612.3 million (238.7). Of the order bookings during the quarter, 12% were recognized during the quarter and a further estimated 24% to 34% pertains to revenue within 12 months after the end of the quarter.
- Net sales amounted to SEK 298.9 million (332.8). Adjusted for currency fluctuations, net sales amounted to SEK 306.8 million.
- Operating profit totaled SEK 27.4 million (29.4), corresponding to an operating margin of 9.2% (8.8). Adjusted for currency fluctuations, operating profit amounted to SEK 29.8 million.
- Profit before tax amounted to SEK 21.4 million (30.6).
- Cash flow improved and after changes in working capital amounted to SEK 85.5 million (neg: 28.0).

Key figures

SEK million	The quarter			12 months		
	Q1 20/21	Q1 19/20	Change %	Rolling 12 months	Full-year 19/20	Change %
Order bookings	612.3	238.7	156.5	2,189.6	1,816.0	20.6
Net sales	298.9	332.8	-10.2	1,627.2	1,661.1	-2.0
Operating profit (EBIT)	27.4	29.4	-6.8	293.3	295.3	-0.7
Operating margin, %	9.2	8.8	n/a	18.0	17.8	n/a
Profit before tax (EBT)	21.4	30.6	-30.1	293.8	303.0	-3.0
Profit margin, %	7.2	9.2	n/a	18.1	18.2	n/a
Profit after tax	16.8	24.1	-30.3	230.1	237.4	-3.1
Earnings per share, SEK ¹	0.44	0.63	-30.2	5.98	6.18	-3.2
Cash flow ³	85.5	-28.0	n/a	409.8	296.3	38.3
Cash flow per share ^{1, 2}	2.22	-0.73	n/a	10.66	7.69	38.6
Average no. of employees	805	766	5.1	790	780	1.3

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 in the press release, at 08:15 a.m. (CET) on September 4, 2020.

Sectra AB (publ), <https://sectra.com>, Corporate Registration Number 556064-8304, email info@sectra.com

CEO'S COMMENTS

Our customers and employees are doing a fantastic job maintaining society's critical functions and meeting the needs arising during the difficult circumstances brought about by the pandemic. New working methods have been introduced and, on several occasions, we have delivered new functionality that helps customers meet their challenges.

The coronavirus is still spreading around the world. In some countries and regions, the situation remains difficult. In parallel, infections and mortality are dropping in other regions. Uncertainty over developments in our markets is therefore high and, as we have previously communicated, some customers within healthcare have imposed a freeze on investments. This especially applies to the US, where private healthcare, with elective care as its primary income source, is the prevailing model. A model that has shrunk drastically in the COVID-19 era. At the same time, expenses for travel and visits to customers have been sharply curtailed. We are doing our best to manage the situation without losing focus on what is most important—our customers and their ability to, in turn, do their job for society and their patients, as well as our own employees' well-being and health.



Nonetheless, the pandemic has not stopped us from expanding the Sectra family with new customers during the quarter. Both Imaging IT Solutions and Secure Communications reported significantly increased order bookings, which contributed to more than doubling the Group's order bookings compared with the year-earlier quarter. As expected, our sales volume was lower than the comparative period, primarily due to delays caused by the pandemic. Additionally, a stronger Swedish krona contributed to a weaker outcome. The pandemic and currency fluctuations have had the largest effect on the results of Imaging IT Solutions and Business Innovation, while Secure Communications reported sales growth. However, reduced travel, among other factors, entailed reductions in certain expense items. The Group reported a currency-neutral operating profit on par with the comparative quarter, which we are pleased with given the current situation.

Somewhat higher levels of uncertainty than usual, but minimal effect on recurring revenue

We have had major sales successes and secured several important transactions, in the US as well as Europe. Due to the pandemic, however, we do not know exactly when deliveries can take place, since restrictions are the rule of the day and can change on short notice. Several projects are extensive, which may lead to broad fluctuations between quarters since a significant portion of earnings is recognized in conjunction with deployment and project deliveries. These fluctuations might become even larger than usual moving forward, depending on when we can deliver. This applies especially in markets such as the US where we are mainly growing with new customers and where we have not yet seen the effects of our new sales model, with payments for software as a service. But there are also opportunities in difficulties. We are learning from the situation—for example, we have carried out major deployments of medical imaging systems entirely remotely for the first time. Know-how and working methods like this will be very advantageous even after the pandemic.

For the fiscal year, we still expect that a significant proportion of customer deliveries and deployments will take place in our fourth quarter (February–April), when hopefully restrictions will have eased somewhat. But uncertainty regarding when we can recognize earnings is greater than in a normal year and the pandemic can lead to additional delays in sales, projects and deliveries.

Outlook

Recent customer satisfaction surveys conducted in the US established that Sectra has performed well during the pandemic, further increasing its already-high levels of customer satisfaction. This shows that our corporate culture is strong and that we have fantastic employees. With satisfied customers, a strong balance sheet, a positive cash position and significant recurring revenue, we are relatively well equipped to manage the high level of uncertainty in the world.

We have several exciting projects in the pipeline as well as new geographic markets that could eventually become significant. Our possibilities for growth are strong in all operating areas for the foreseeable future. And even if COVID-19 will entail a temporarily suppressed demand in some markets and areas, we also have new opportunities in other product areas. With our long-term work and investments in the field as well as innovation, we are creating value for our customers both today and tomorrow and are thus helping to make society healthier and safer. This customer value is the foundation of our success, and determines how we successfully create shareholder value and returns for our owners.

Torbjörn Kronander, President and CEO, Sectra AB



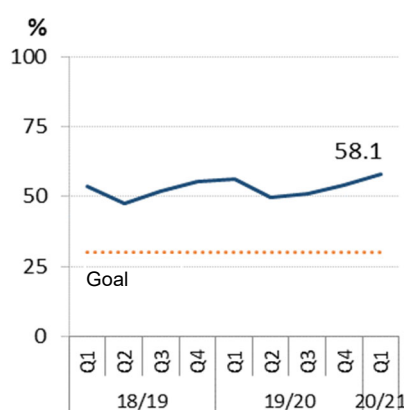
Diagram in the financial report

Amounts are restated in SEK million unless otherwise indicated. Bars show the outcome per quarter and lines show the outcome for the rolling 12-month period.

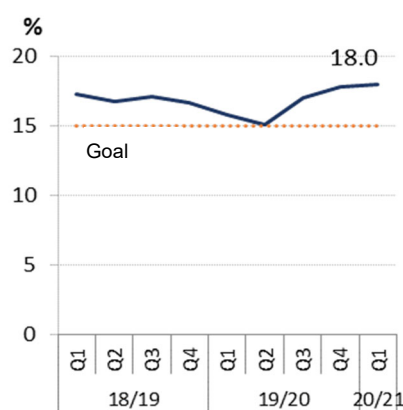
FINANCIAL GOALS

The rolling 12-month performance exceeded the levels for the Group-wide financial goals. Stability and profitability are considered hygiene factors. Once these goals have been met, the focus shifts to our growth goal, where we reinvest Sectra's profit in areas that have the potential to increase customer value and thereby contribute to stable and long-term returns for our shareholders. Goals in order of priority:

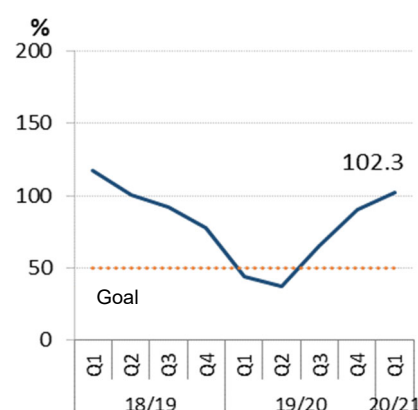
1. Equity/assets ratio $\geq 30\%$



2. Operating margin $\geq 15\%$



3. Growth for operating profit/share $\geq 50\%$ over a five-year period



EVENTS

First quarter

- The healthcare provider CHRISTUS Health in the US ordered Sectra's enterprise imaging solution for 30 hospitals and multiple imaging centers. This will be one of Sectra's largest installations yet in the US market.
- The US healthcare provider Michigan Medicine ordered Sectra's enterprise imaging solution.
- Sanford Health, one of the largest healthcare providers in the US, is expanding its Sectra solution for medical imaging IT through an order for our cardiology module.
- A ten-year contract was signed with the St. Claraspital hospital in Switzerland for an IT solution for medical imaging.
- The US healthcare provider Mayo Clinic is implementing Sectra's digital pathology solution across its entire healthcare system. This gives pathologists easier access to images and information, simplifying partnerships with colleagues around the world. Several ranking institutions consider Mayo Clinic the premier hospital system in the US.
- Region Västmanland in Sweden is expanding its IT solution from Sectra through an order for a digital pathology module.
- Two of the leading healthcare providers in Israel, Hadassah Medical Center and Assuta Medical Center, ordered Sectra's digital pathology solution for full-scale primary diagnostics. These customers are the first in the country to implement Sectra's digital pathology solution and agreements were signed through our distribution partner in Israel.
- A ten-year framework agreement was signed with the European External Action Service, the Council of the European Union and the European Commission. The framework agreement allows these organizations to upgrade their infrastructure and purchase additional units of Sectra's approved crypto products for secure mobile communications.
- Sectra received several orders from the Swedish Defense Materiel Administration (FMV). The total order value is approximately SEK 63 million. The orders cover the further development of existing systems and solutions for secure communication.

After the end of the reporting period

- The British health consortium SWASH ordered a region-wide archive for images and multimedia as a cloud service, which is expected to improve how the hospital shares and accesses medical images and information. This is the second contract we have signed with SWASH over the past year.

SECTRA'S MARKETS

We play a key role in meeting the needs of medical imaging IT and cybersecurity—two changing, growing markets with additional scope for expansion, where the underlying societal trends mean these areas must grow.

Sectra's customers operate in some of society's most critical functions. Our job is to help our customers become more efficient and give them the tools needed to make people's lives healthier, safer and more secure. As stated in 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

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 and coordinate their resources as well as to improve efficiency in orthopaedic surgery through better planning. We also help to raise the quality of medical education by providing solutions for interacting with medical images and sharing educational materials. We enable customers across the world to take care of more patients and save more lives at a long-term sustainable cost. This work is carried out in our 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 critical social functions and critical infrastructure. The players in these areas rely on products and services that increase cybersecurity, a niche market where we have extensive experience of protecting society's most critical communications and are 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. We help 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.

Effects of COVID-19

The pandemic has affected Sectra's markets and actions. To reduce the spread, many customers have shifted work to employees' home offices. This applies to customers active in the area of healthcare as well as government agencies and defense organizations. Home workspaces place increased demand on data security and require supplementing existing installations with new functions specifically aimed at online collaboration. For Sectra, this has led to a temporary upswing in demand for our solutions. This includes mobile crypto solutions as well as IT systems that permit radiologists and pathologists to review and collaborate on cases remotely, and also for solutions that enable education for medical students to continue remotely when universities close.

Customer prioritization of the most necessary measures now has led, in some cases, to postponement of planned projects or to purchasing departments putting ongoing procurements on hold. Though this entails delays, we also have projects that have progressed more rapidly than planned. In addition, the sharp downturn in elective healthcare in certain cases has led to a drastic loss of revenue for customers, primarily in privately run hospitals. This ultimately affects their investment capacity and several healthcare providers have imposed temporary freezes on investments. The effects are smaller in publicly financed markets, but lower tax income can have consequences in a few years.

Despite the great tragedy society is experiencing owing to the pandemic, the long-term changes mean increased need for enhancing efficiency and business development. Both we and our customers are acquiring know-how for new ways of working remotely, and we are seeing new product opportunities. In our opinion, much of this will lead to changed and more efficient approaches after COVID-19 as well.

Overall, this promotes greater uncertainty than normal, which means that it is difficult to predict what effects COVID-19 will have on Sectra's financial performance going forward.

COMMENTS ON THE GROUP'S FINANCIAL OUTCOME FOR THE QUARTER

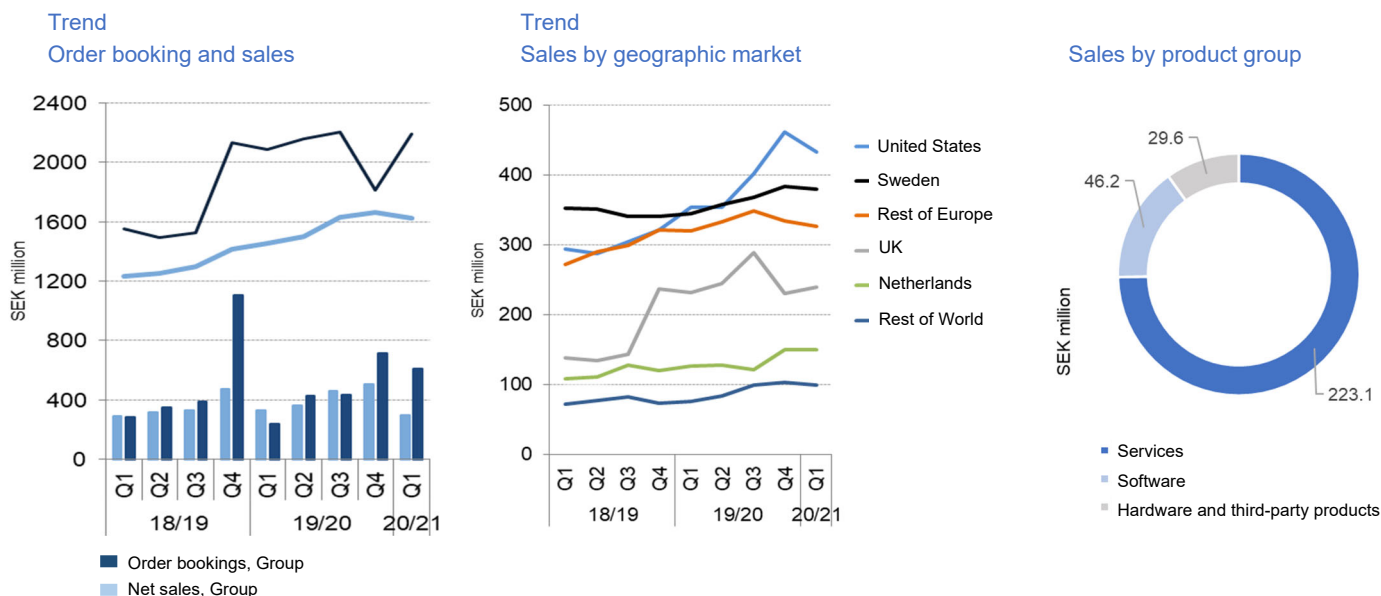
Order bookings and net sales

The Group's order bookings for the quarter rose 156.5% to SEK 612.3 million (238.7). Both Imaging IT Solutions and Secure Communications contributed to the growth. Geographically, it is primarily operations in the UK, Sweden and the US that stood for the increase compared with the year-earlier period, in the form of new sales as well as supplementary sales and extending support and upgrade agreements.

The ratio of order bookings to net sales for the latest rolling 12-month period totaled 1.35, up from 1.09 at the end of the 2019/2020 fiscal year. A large portion of the order bookings pertain to multiyear customer contracts. Major long-term agreements contribute to increased stability, but also give rise to significant variations in order bookings between individual quarters.

Net sales amounted to SEK 298.9 million (332.8). The outcome is affected by currency fluctuations and temporary delivery postponements due to the pandemic, primarily affecting Imaging IT Solutions and Business Innovation. Service sales increased 3.5% over the year-earlier quarter but did not compensate for the delivery postponements that contributed to lower sales from license sales (software).

Currency fluctuations (refer to page 17) had a negative impact of SEK 7.9 million on net sales. More than 70% of our net sales are carried out in foreign currency, primarily EUR, GBP and USD, which entails a relatively large sensitivity to exchange rates.

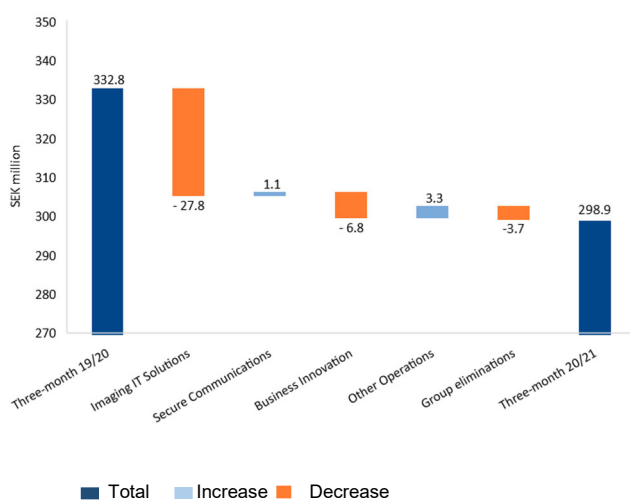


Sales per operating area and geographic market

The pandemic had the largest effect on Imaging IT Solutions' operations in the US, which has a high share of new sales. Deployment for new customers was affected by the pandemic to a greater extent than deliveries to existing customers, which entails larger variation between quarters in countries such as the US. Sales in markets where we have a high share of recurring revenue, for example, the Netherlands, the UK and Sweden, is not affected to the same extent.

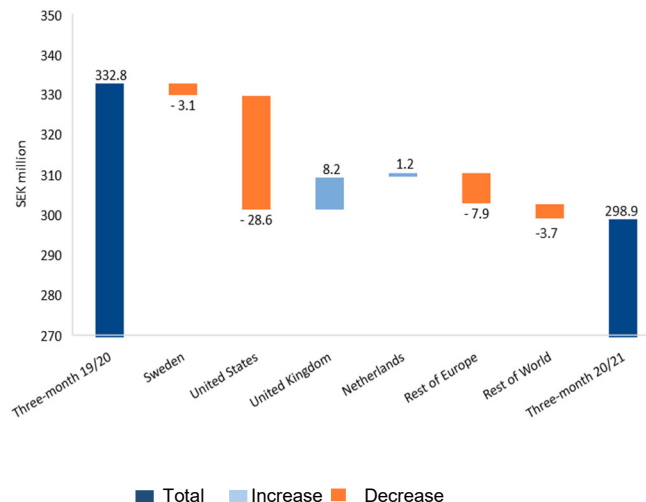
Sales trend per operating area

Compared with the corresponding period in the preceding fiscal year



Sales trend per geographic market

Compared with the corresponding period in the preceding



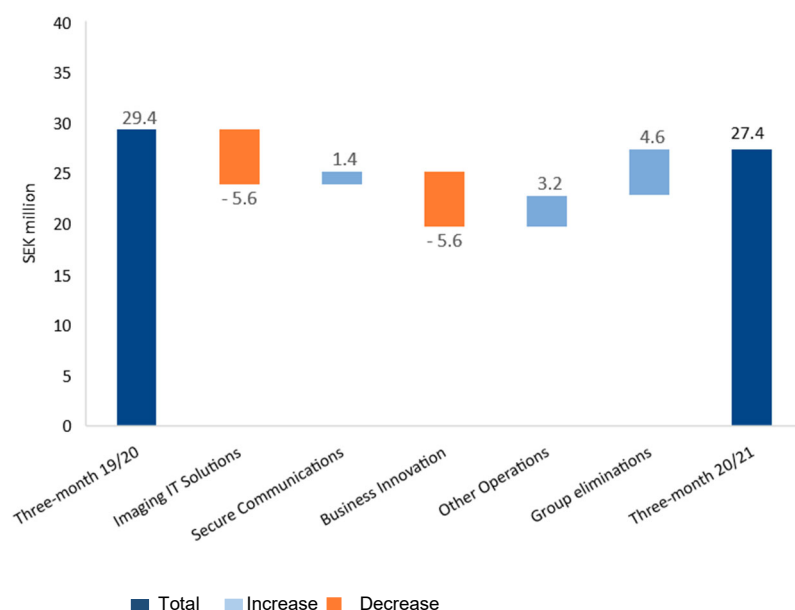
Earnings

Despite lower sales, a share of profit was recovered through reduced operating expenses during the quarter, where expenses for travel and trade fairs were lower than the comparative period. The Group's operating profit for the quarter totaled SEK 27.4 million (29.4), corresponding to an operating margin of 9.2% (8.8). Currency fluctuations had a negative effect of SEK 2.4 million on the operating profit, and in comparable currencies the operating profit for the quarter is on par with the comparative period.

The Group's net financial items amounted to an expense of SEK 5.9 million (income: 1.3). Currency fluctuations for the quarter in cash and cash equivalents had a negative impact of SEK 6.9 million (pos: 0.1) on financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact. Profit after net financial items was SEK 21.4 million (30.6), corresponding to a profit margin of 7.2% (9.2). Earnings per share totaled SEK 0.44 (0.63).

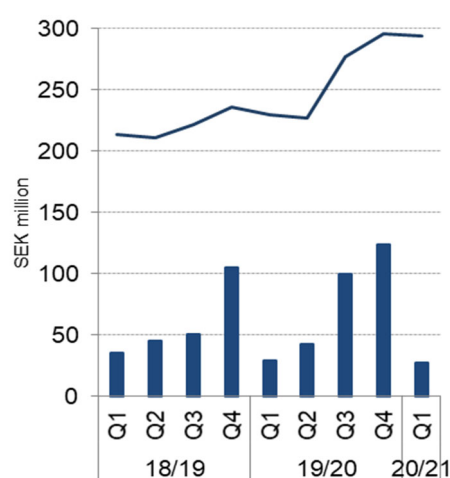
Operating profit trend per operating area

Compared with the corresponding period in the preceding fiscal year



Trend

Operating profit, Group



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 405.8 million (271.2).

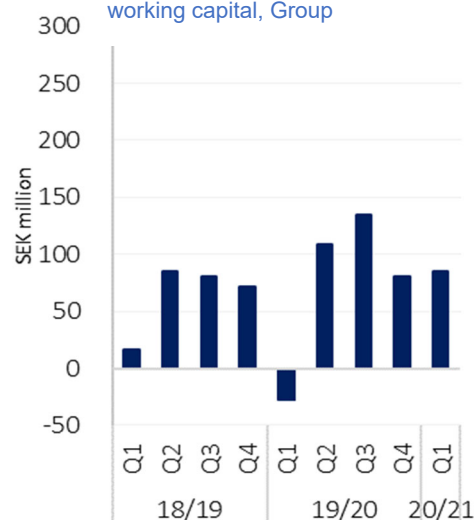
The Group's debt/equity ratio was 0.10 (0.16) as of the balance-sheet date. Interest-bearing liabilities amounted to SEK 82.7 million (116.2), of which SEK 76.2 million (84.7) pertained to lease liabilities according to IFRS 16 and SEK 6.5 million (31.5) pertained to convertible loans held by employees and Board members.

Cash flow from operations after changes in working capital increased during the quarter to SEK 85.5 million (neg: 28.0). The outcome is due primarily to a positive cash flow from accounts receivable during the first quarter. Cash flow per share amounted to SEK 2.22 (neg: 0.73) for the period.

Cash flow from investing activities amounted to a negative SEK -13.0 million (neg: -27.2) for the quarter. Refer to the information about investing activities below.

The Group's total cash flow was SEK 65.6 million (neg: 61.5).

Cash flow after changes in working capital, Group



Investments and depreciation/amortization

Group investments during the quarter amounted to SEK 13.0 million (27.2). Investments pertain primarily to capitalized development costs and infrastructure for cloud solutions for medical imaging. The comparative quarter's results include purchasing rights for software and the acquisition of assets in Columbitech AB.

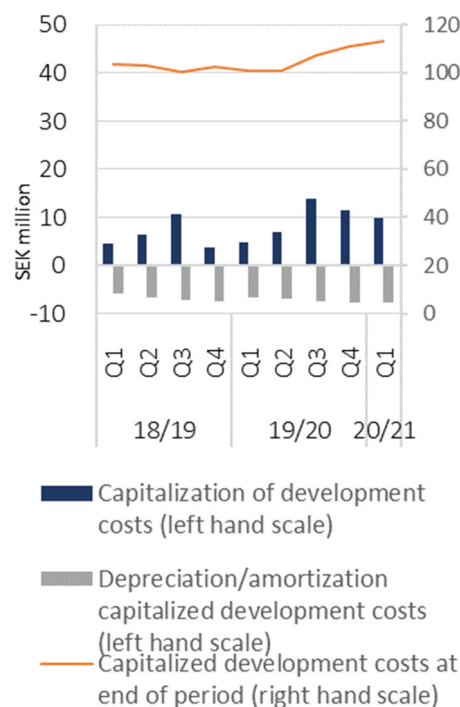
Capitalized work for own use during the quarter increased to SEK 9.9 million (6.4), of which capitalized development costs accounted for SEK 9.9 million (4.7). Increased activity in ongoing development projects was reported mainly in Imaging IT Solutions. Of the total depreciation/amortization for the quarter, SEK 7.7 million (6.6) was attributable to capitalized development projects. At the end of the period, capitalized development costs totaled SEK 113.2 million (100.7).

Depreciation/amortization for the quarter amounted to SEK 19.2 million (16.9), of which SEK 5.8 million (5.1) pertained to right-of-use assets according to IFRS 16.

10–15%

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

Capitalized development costs



Seasonal variations

Sectra experiences seasonal variations stemming from many customers wanting to go live before the relatively calm summer period. These 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 historical seasonal pattern, refer to the additional information in [Sectra's 2019/2020 Annual Report](#). Over the long term, our new subscription model for software licenses will enable more balance between quarters, but it is believed this will not have a major effect over the next few years. 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

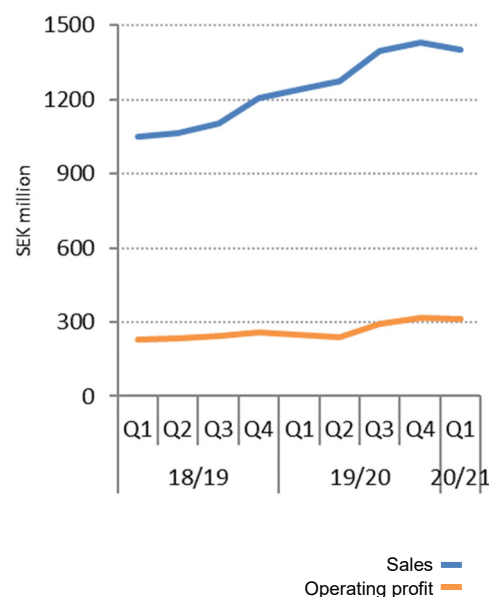
	The quarter			12 months		
	Q1	Q1	Change	Rolling	Full-year	Change
	20/21	19/20	%	12 months	19/20	%
Sales, SEK million	260.6	288.4	-9.6	1,400.4	1,428.2	-1.9
Operating profit, SEK million	35.7	41.3	-13.6	312.0	317.6	-1.8
Operating margin, %	13.7	14.3	n/a	22.3	22.2	n/a

We experienced healthy demand for Sectra's products and Imaging IT Solutions noted increased order bookings. Demand encompasses medical imaging IT (or "enterprise imaging") as well as cardiology and digital pathology. It is primarily our largest markets (the UK, Sweden and the US) that contributed to the increase in order bookings compared with the year-earlier period. We are also experiencing demand from healthcare providers in other markets. For example, agreements have been signed with customers in Switzerland and via distribution partners in Israel (refer to page 3) and we have received additional orders from customers in Germany.

During the quarter, we deployed medical imaging systems for several customers, including Deaconess Health System in the US and NSW Health in Australia. The project in Australia is one of Sectra's largest, a 13-year [customer contract that was signed in 2019](#), where we have reached an important milestone with two out of a total of eleven healthcare organizations operational. Sales and expenses related to the project are allocated across the entire contract period, with a ramping up of volumes to full production when the solution will be brought into operation in stages at the remaining healthcare organizations.

Additional major installation projects are ongoing and are expected to be deployed to customers during the coming fiscal year and onwards. The pandemic means that we and our customers have needed to find new ways to operate and during the quarter we have performed several installations remotely. However, restrictions due to the pandemic have entailed delays in some installation projects. This affects the financial outcome, which is lower than the comparative quarter. The change is primarily related to operations in the US, which accounted for significant growth in the preceding fiscal year in the form of many new customers. Reduced operating expenses for such items as travel and canceled trade fairs and events compensated, to some extent, for the lower level of sales.

Trend



Digitalization in pathology is significant for the development of cancer diagnostics and creates better, safer healthcare for patients. The **Hospital for Special Surgery in New York City** is one of the customers that uses our solution. The pandemic has really given them a kickstart. Read more: <https://medical.sectra.com/case/HSS>

BUSINESS INNOVATION

	The quarter			12 months		
	Q1	Q1	Change	Rolling	Full-year	Change
	20/21	19/20	%	12 months	19/20	%
Sales, SEK million	8.8	15.6	-43.6	71.3	78.1	-8.7
Operating profit/loss, SEK million	-5.1	0.5	n/a	7.3	12.9	-43.4
Operating margin, %	neg	3.2	n/a	10.2	16.5	n/a

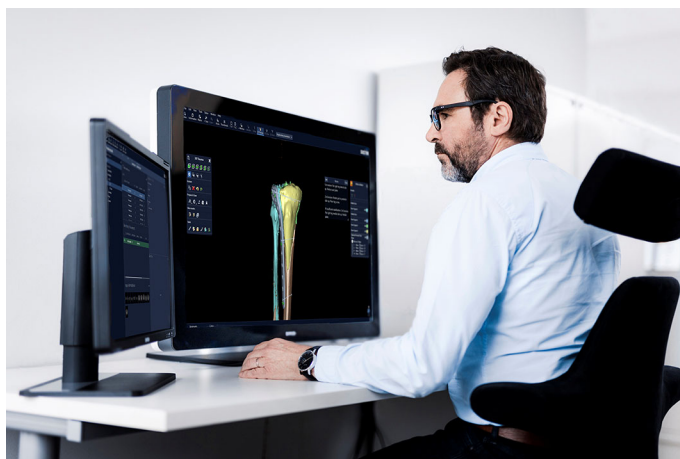
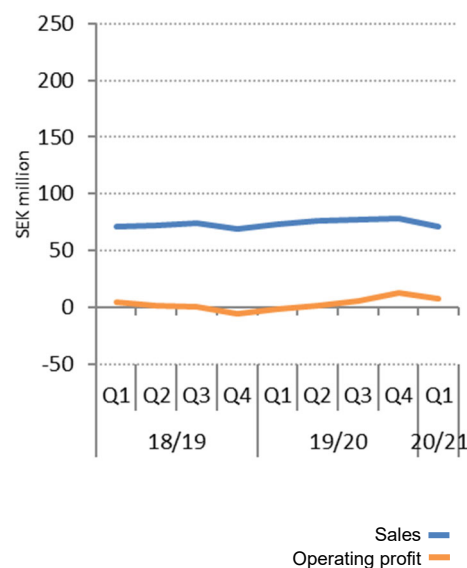
Business Innovation is an incubator for early-stage business units, projects and ideas that are not yet large enough to become independent operating areas and are not deemed to match with the existing areas. We also report the expenses for our long-term research activities in this area, which currently largely focus on initiatives in the field of AI for medical applications. Within Business Innovation, the Group 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.

The results in Business Innovation's two relatively small business units vary significantly between quarters and periods. We are currently undergoing a product generation shift in both Orthopaedics and Medical Education. The business units have new products that have attracted considerable market attention. However, sales were temporarily affected by the pandemic, which among other things has led to a sharp downturn in elective healthcare. For some customers, particularly private operators within orthopaedics, this has entailed reduced volumes and, consequently, significant loss of revenue. Neither was an upswing in sales of solutions and services that enable remote medical education able to compensate for the dampened sales caused by the pandemic in markets like Asia and South America.

Trend



SECURE COMMUNICATIONS

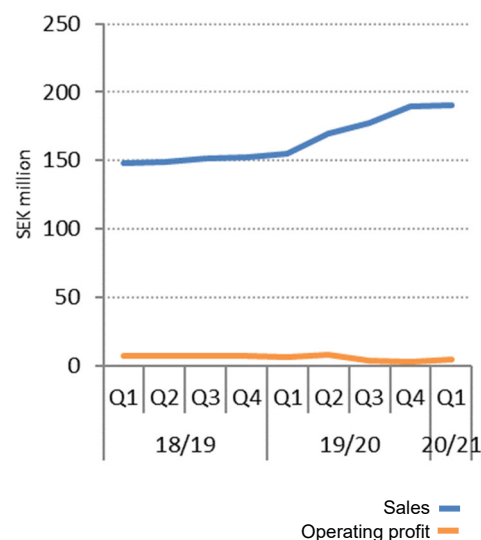
	The quarter			12 months		
	Q1 20/21	Q1 19/20	Change %	Rolling 12 months	Full-year 19/20	Change %
Sales, SEK million	36.8	35.7	3.1	190.4	189.3	0.6
Operating profit/loss, SEK million	0.4	-1.0	n/a	4.3	2.9	48.3
Operating margin, %	1.1	neg	n/a	2.3	1.5	n/a

Demand for Secure Communications' services and products remains strong. Order bookings during the quarter increased compared with the corresponding period in the preceding fiscal year. The increase is primarily due to orders for project-based development from one of our main customers. During the quarter, we also signed a ten-year framework agreement with EU authorities, allowing them to place orders for our products for secure mobile communications.

The operating area is growing, primarily through increased sales from project-based development activities and approved crypto products that protect information essential to the security of critical social functions. This project-based development is partially paid for by customers and will eventually lead to product delivery, which has an increased operating margin compared with the development project.

Our long-term growth initiatives continue to burden operating profit. During the quarter, we continued to invest in, for example, development of our offerings for critical infrastructure and information security in conjunction with mobile working for government agencies and private business. Growth for the critical infrastructure area is progressing slower than planned, due to the pandemic and customers' priorities, among other factors. Customers' underlying needs for surveillance and monitoring in OT systems have not decreased, nor have we lost any major procurements in the product segment.

Trend



OTHER OPERATIONS

	The quarter			12 months		
	Q1 20/21	Q1 19/20	Change %	Rolling 12 months	Full-year 19/20	Change %
Sales, SEK million	18.8	15.5	21.3	71.9	68.6	4.8
Operating profit/loss, SEK million	-3.7	-6.9	46.4	-23.2	-26.4	12.1
Operating margin, %	neg	neg	n/a	neg	neg	n/a

Other Operations pertain to Sectra's joint functions for administration, recruitment, Group finance, IT, regulatory affairs, people and brand, and investor relations activities as well as the Group's financing activities.

PARENT COMPANY

The Parent Company's income statement and balance sheet are reported on page 19. The Parent Company, Sectra AB, includes the Business Innovation operating segment as well as the head office's joint functions for administration, recruitment, Group finance, IT, regulatory affairs, people and brand, and investor relations activities as well as the Group's financing activities.

2020 AGM AND PROPOSED SHARE REDEMPTION PROGRAM

The Annual General Meeting (AGM) is scheduled for 3:30 p.m. (CEST) on September 8, 2020, at Collegium, Teknikringen 7 in Linköping, Sweden. The last day to register and vote in advance was September 2, 2020. The CEO's address to the AGM was pre-recorded and is available on Sectra's website: investor.sectra.com/agm2020

PROPOSED SHARE REDEMPTION PROGRAM/DIVIDEND

For the 2019/2020 fiscal year, the Board and the President propose that the AGM resolve to distribute SEK 4.50 per share to the shareholders through a 2:1 share split in combination with a mandatory redemption process. No ordinary dividend is proposed. The corresponding distribution to the shareholders in the preceding year was SEK 4.50 per share. The proposal was announced in [Sectra's Year-end report 2019/2020](#) published on June 3, 2020.

Timetable for share redemption program 2020

Sep 8	Resolution by the AGM
Oct 2	Final day of trading in the Sectra share before the split, including right to redemption shares
Oct 5	First day of trading in the Sectra share after the split, excluding the right redemption shares
Oct 6	Record date for the share split. Each share to be divided into two shares, one of which is a redemption share
Oct 7–16	Trading in redemption shares
Oct 20	Record date to revoke redemption shares
Oct 23	Preliminary date for payment of redemption settlement from Euroclear

For further information on the share redemption program, visit investor.sectra.com/agm2020.

THE SHARE

Share-related incentive programs and recalculation of conversion prices

On the balance-sheet date, Sectra's share capital totaled SEK 38,506,020, distributed between 38,506,020 shares. Of these shares, 2,620,692 are Class A shares and 35,885,328 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 27,233, corresponding to 0.0% of the share capital and 0.0% of the voting rights in the company.

Authorizations of new share issue and repurchase of own shares

The 2019 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.

RISKS AND UNCERTAINTIES

Through its operations, Sectra is exposed to such business risks as dependence on major customers and partners, the effect of currency fluctuations 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 2019/2020 fiscal year in the administration report on page 65 and in Note 30 on page 95. No significant events have occurred that would alter the conditions reported.

For COVID-19 risks and uncertainty factors, refer to page 4 of this interim report as well as Sectra's 2019/2020 Annual and Sustainability Report.

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 with in-depth information on the new subscription model

Time: September 4, 2020 at 10:00 a.m. (CEST)

Torbjörn Kronander, President and CEO of Sectra AB, and Mats Franzén, CFO of Sectra AB, will present the financial report and answer questions. The presentation will be held in English.

To participate, follow along on the website or call one of the following numbers 10 to 15 minutes before the scheduled start time:

SE +46850558374

UK +443333009031

US +18335268397

Follow live or listen to the recording afterward: investor.sectra.com/q1report2021

Financial calendar and AGM

2020 AGM	September 8, 2020 at 3:30 p.m. (CEST)
Six-month interim report	November 27, 2020 at 08:15 a.m. (CET)
Nine-month report	March 12, 2021, at 08:15 a.m. (CET)
Year-end report 2020/2021	June 2, 2021 at 08:15 a.m. (CEST)

For other IR events, visit:

investor.sectra.com/events-and-presentations/

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby assure that the interim report for the period May to July 2020 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, 2020

Torbjörn Kronander
President, CEO and Board member

Jan-Olof Brüer
Chairman

Christer Nilsson
Board member

Jonas Yngvesson
Board member

Anders Persson
Board member

Birgitta Hagenfeldt
Board member

Tomas Puusepp
Board member

Deborah Capello
Board member and
employee representative

Bengt Hellman
Board member and
employee representative

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



Annual report and Sustainability report 2019/2020

Read it on our website:
investor.sectra.com/annual-reports

GROUP FINANCIAL SUMMARY

Consolidated income statements

SEK thousand	3 months May–July 2020	3 months May–July 2019	12 months Aug 2019– July 2020	Full-year May–Apr 2019/2020
Net sales	298,893	332,842	1,627,189	1,661,138
Capitalized work for own use	9,909	6,370	45,296	41,757
Reversal of contingent consideration	630	0	9,503	8,873
Other operating income	16	802	2,928	3,714
Goods for resale	-37,485	-47,682	-238,108	-248,305
Personnel costs	-181,338	-182,364	-814,150	-815,176
Other external costs	-43,995	-63,665	-257,308	-276,978
Depreciation/amortization and impairment	-19,246	-16,926	-81,995	-79,675
Operating profit	27,384	29,377	293,355	295,348
Net financial items	-5,946	1,250	493	7,689
Profit after net financial items	21,438	30,627	293,848	303,037
Taxes	-4,594	-6,573	-63,704	-65,683
Profit for the period	16,844	24,054	230,144	237,354
Profit for the period attributable to:				
Parent Company owners	16,844	24,054	230,144	237,354
Non-controlling interest	0	0	0	0
Earnings per share				
Before dilution, SEK	0.44	0.63	5.98	6.18
After dilution, SEK	0.44	0.62	5.97	6.16
No. of shares				
Before dilution	38,506,020	38,352,871	38,506,020	38,506,020
After dilution ¹	38,533,253	38,530,851	38,533,253	38,533,253
Average, before dilution	38,506,020	38,352,871	38,454,970	38,416,683
Average, after dilution	38,533,253	38,530,851	38,532,452	38,531,852

1) Dilution of the number of shares is based on the convertible programs issued in 2016/2017 (19,325) and 2017/2018 (7,908). On full exercise of convertibles, the number of shares will increase by 27,233.

Consolidated statement of comprehensive income

SEK thousand	3 months May–July 2020	3 months May–July 2019	12 months Aug 2019– July 2020	Full-year May–Apr 2019/2020
Profit for the period	16,844	24,054	230,144	237,354
Change in translation differences for the period from translating foreign subsidiaries	-27,493	-10,690	-17,278	-475
Total other comprehensive income for the period	-27,493	-10,690	-17,278	-475
Total comprehensive income for the period	-10,649	13,364	212,866	236,879

Consolidated balance sheets

SEK thousand	Jul 31, 2020	Jul 31, 2019	Apr 30, 2020
Assets			
Intangible assets	189,219	190,967	193,368
Tangible assets	63,656	46,910	66,297
Right-of-use assets	79,450	88,486	84,275
Financial assets	139,749	159,662	161,452
Deferred tax assets	3,699	6,828	4,226
Total fixed assets	475,773	492,853	509,618
Other current assets	507,224	554,005	656,929
Cash and cash equivalents	405,782	271,191	345,300
Total current assets	913,006	825,196	1,002,229
Total assets	1,388,779	1,318,049	1,511,847
Equity and liabilities			
Equity (incl. profit for the period)	806,564	741,273	817,213
Provisions	15,077	27,965	17,469
Deferred tax liabilities	4,389	5,495	4,799
Long-term liabilities	53,603	64,116	58,561
Other long-term liabilities	2,951	6,451	2,951
Current liabilities	22,612	20,601	22,402
Other current liabilities	483,583	452,148	588,452
Total equity and liabilities	1,388,779	1,318,049	1,511,847

No material changes have occurred in pledged assets and contingent liabilities since the 2019/2020 Annual Report.

Consolidated statement of changes in equity

SEK thousand	3 months May–Jul 2020	3 months May–Jul 2019	Full-year May–Apr 2019/2020
Equity at start of period	817,213	727,909	727,909
Comprehensive income for the period	-10,649	13,364	236,879
Dividend/redemption of shares	0	0	-172,588
Settlement of share-related payments	0	0	25,013
Equity at end of period	806,564	741,273	817,213

Consolidated cash-flow statements

SEK thousand	3 months May–Jul 2020	3 months May–Jul 2019	Full-year May–Apr 2019/2020
Operating activities			
Operating profit	27,384	29,377	295,348
Adjustment for non-cash items	12,724	27,189	102,686
Interest and dividends received	1,422	1,944	6,785
Interest paid	-458	-694	-2,748
Income tax paid	-12,995	-45,804	-74,797
Cash flow from operations before changes in working capital	28,077	12,012	327,274
Changes in working capital			
Change in inventories	-5,127	-2,058	8,546
Change in receivables	161,430	55,035	-83,365
Change in current liabilities	-98,912	-93,001	43,817
Cash flow from operations	85,468	-28,012	296,272
Investing activities			
Acquisitions of intangible assets	-9,906	-26,379	-44,775
Acquisitions of tangible assets	-3,865	0	-32,967
Sale of financial assets	740	0	0
Acquisition of financial assets	0	-812	-812
Divestment of financial assets	0	0	18
Cash flow from investing activities	-13,031	-27,191	-78,536
Financing activities			
Raising of convertibles	0	0	0
Repayment of lease liabilities	-4,949	-4,884	-21,018
Payment of contingent consideration	-1,903	-1,385	-2,937
Redemption of shares	0	0	-172,588
Cash flow from financing activities	-6,852	-6,269	-196,543
Cash flow for the year	65,585	-61,472	21,193
Cash and cash equivalents, opening balance	345,300	331,935	331,935
Exchange-rate difference in cash and cash equivalents	-5,103	728	-7,828
Cash and cash equivalents, closing balance	405,782	271,191	345,300
Unutilized credit facilities	15,000	15,000	15,000

Alternative performance measures for the period and full-year

	3 months Jul 31, 2020	3 months Jul 31, 2019	12 months Jul 31, 2020	Full-year Apr 30, 2020
Order bookings, SEK million	612.3	238.7	2,189.6	1,816.0
Operating margin, %	9.2	8.8	18.0	17.8
Profit margin, %	7.2	9.2	18.1	18.2
Average no. of employees	805	766	790	780
Cash flow per share, SEK	2.22	-0.73	10.66	7.69
Cash flow per share after full dilution, SEK	2.22	-0.73	10.63	7.69
Value added, SEK million	208.7	211.7	1,107.5	1,110.5
P/E ratio, multiple	n/a	n/a	100.4	68.0
Share price at end of period, SEK	601.0	325.0	601.0	420.0
Return on equity, %	2.1	3.3	28.3	30.7
Return on capital employed, %	2.4	3.9	33.0	36.8
Return on total capital, %	1.6	2.4	20.4	21.6
Equity/assets ratio, %	58.1	56.2	58.1	54.1
Liquidity ratio, multiple	1.9	1.9	1.9	1.7
Equity per share, SEK	20.95	19.33	20.95	21.22
Equity per share after full dilution, SEK	20.93	19.24	20.93	21.21

Exchange rates

Currency	Average rates in SEK			Closing rates in SEK		
	Q1 2020/2021	Q1 2019/2020	Change %	Jul 31, 2020	Jul 31, 2019	Change %
US dollar, 1 USD	9.10	9.41	-3.3	8.60	9.51	-9.6
Euro, 1 EUR	10.37	10.56	-1.8	10.24	10.61	-3.5
British pound, 1 GBP	11.43	11.74	-2.6	11.30	11.57	-2.3

Quarterly consolidated income statement and alternative performance measures¹

SEK million	2020/2021	2019/2020				2018/2019			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	298.9	507.6	457.4	363.3	332.8	474.1	329.5	316.2	293.7
Capitalized work for own use	9.9	12.1	14.3	8.9	6.4	15.6	10.7	6.3	4.6
Reversal of contingent consideration	0.6	0.0	8.8	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	0.0	2.0	0.7	0.2	0.8	0.3	1.1	1.5	0.5
Operating expenses ²	-262.8	-379.0	-355.2	-312.4	-293.7	-372.8	-279.1	-267.4	-252.6
Depreciation/amortization and impairment ²	-19.2	-19.1	-26.3	-17.4	-16.9	-12.5	-12.0	-11.6	-10.7
Operating profit	27.4	123.6	99.7	42.7	29.4	104.7	50.2	45.0	35.6
Net financial items	-5.9	3.2	1.0	2.3	1.3	6.2	1.2	7.7	-1.8
Profit after net financial items	21.4	126.7	100.7	44.9	30.6	110.9	51.4	52.7	33.7
Tax on earnings for the period	-4.6	-27.5	-21.5	-10.0	-6.6	-20.5	-11.1	-11.1	-7.1
Profit for the period	16.8	99.2	79.2	34.9	24.1	90.4	40.3	41.7	26.6
Order bookings, SEK million	612.3	716.2	435.4	425.7	238.7	1,104.9	390.7	350.7	286.5
Operating margin, %	9.2	24.3	21.8	11.8	8.8	22.1	15.2	14.2	12.1
Cash flow per share, SEK	2.22	2.10	3.48	2.85	-0.73	1.88	2.08	2.21	0.41
Cash flow per share after full dilution, SEK	2.22	2.10	3.48	2.83	-0.73	1.87	2.08	2.19	0.41
Earnings per share, SEK	0.44	2.58	2.06	0.91	0.63	2.36	1.06	1.09	0.70
Return on equity, %	2.1	12.8	10.9	5.2	3.3	14.1	6.8	7.5	4.3
Return on capital employed, %	2.4	15.3	12.9	6.2	3.9	15.6	7.8	8.3	4.9
Equity/assets ratio, %	58.1	54.1	51.2	49.7	56.2	55.4	51.8	47.4	53.7
Equity per share, SEK	20.95	21.22	18.81	16.10	19.33	18.98	16.25	14.50	17.76
Share price at end of period, SEK	601.00	420.00	396.00	321.50	325.00	322.00	220.05	238.60	240.00

Five-year summary¹

	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
Order bookings, SEK million	1,816.0	2,132.8	1,492.5	1,177.7	1,322.0
Net sales, SEK million	1,661.1	1,413.5	1,209.2	1,125.1	1,080.9
Operating profit, SEK million	295.3	235.5	214.3	195.0	158.0
Profit after net financial items, SEK million	303.0	248.8	231.2	201.1	154.0
Profit for the period after tax, SEK million	237.4	199.0	184.7	153.8	124.8
Operating margin, %	17.8	16.7	17.7	17.3	14.6
Profit margin, %	18.2	17.6	19.1	17.9	14.2
Earnings per share before dilution, SEK	6.18	5.21	4.86	4.07	3.33
Earnings per share after dilution, SEK	6.16	5.17	4.80	4.00	3.26
Dividend/redemption program per share, SEK	4.50	4.50	4.50	4.50	4.50
Share price at end of year, SEK	420.00	322.00	194.20	162.50	110.75
P/E ratio, multiple	68.0	61.8	40.0	39.9	33.3
Return on equity, %	30.7	29.8	30.4	26.5	20.5
Return on capital employed, %	36.8	35.9	34.5	30.9	23.0
Return on total capital, %	21.6	19.6	19.0	17.5	13.7
Equity per share before dilution, SEK	21.22	18.98	17.34	16.21	16.16
Equity per share after dilution, SEK	21.21	18.89	17.16	15.95	15.80
Equity/assets ratio, %	54.1	55.4	51.4	50.5	51.4

1) Comparative years have been restated. Refer to the accounting policies in Note 1 on page 23.

2) In the fourth quarter of 2019/2020, an item of SEK 7.4 million was reported in depreciation/amortization instead of in operating expenses. The amounts have been corrected in the above table. The quarter's operating profit and all items for the 2019/2020 fiscal year were reported accurately.

OPERATING SEGMENTS

Sales by business segment

SEK million	3 months May–July 2020	3 months May–July 2019	12 months Aug 2019– July 2020	Full-year May–Apr 2019/2020
Imaging IT Solutions	260.6	288.4	1,400.4	1,428.2
Secure Communications	36.8	35.7	190.4	189.3
Business Innovation	8.8	15.6	71.3	78.1
Other Operations	18.8	15.5	71.9	68.6
Group eliminations	-26.1	-22.4	-106.8	-103.1
Total	298.9	332.8	1,627.2	1,661.1

Operating profit/loss by business segment

SEK million	3 months May–July 2020	3 months May–July 2019	12 months Aug 2019– July 2020	Full-year May–Apr 2019/2020
Imaging IT Solutions	35.7	41.3	312.0	317.6
Secure Communications	0.4	-1.0	4.3	2.9
Business Innovation	-5.1	0.5	7.3	12.9
Other Operations	-3.7	-6.9	-23.2	-26.4
Group eliminations	0.1	-4.5	-7.1	-11.7
Total	27.4	29.4	293.3	295.3

Sales by geographic market

SEK million	3 months May–July 2020	3 months May–July 2019	12 months Aug 2019– July 2020	Full-year May–Apr 2019/2020
Sweden	78.9	82.0	380.1	383.2
United States	64.0	92.6	432.8	461.4
UK	43.4	35.2	238.9	230.7
Netherlands	31.5	30.3	150.3	149.1
Rest of Europe	64.6	72.5	326.5	334.4
Rest of World	16.5	20.2	98.6	102.3
Total	298.9	332.8	1,627.2	1,661.1

Sales by product group

SEK million	3 months May–July 2020	3 months May–July 2019	12 months Aug 2019– July 2020	Full-year May–Apr 2019/2020
Hardware and third-party products	29.6	32.5	249.0	251.9
Software	46.2	84.7	417.0	455.4
Services	223.1	215.6	961.2	953.8
Total	298.9	332.8	1,627.2	1,661.1

PARENT COMPANY

Parent Company income statements

SEK thousand	3 months May–July 2020	3 months May–July 2019	12 months Aug 2019– July 2020	Full-year May–Apr 2019/2020
Net sales	27,468	30,995	142,083	145,610
Capitalized work for own use	706	173	5,406	4,873
Other operating income	16	352	544	880
Goods for resale	-2,456	-3,200	-14,096	-14,840
Personnel costs	-17,039	-14,965	-69,571	-67,497
Other external costs	-27,340	-15,187	-81,506	-69,353
Depreciation/amortization	-3,738	-2,765	-13,235	-12,262
Operating loss	-22,383	-4,597	-30,375	-12,589
Net financial items	-16,401	-4,527	15,862	27,736
Profit/loss after net financial items	-38,784	-9,124	-14,513	15,147
Appropriations	0	0	267,250	267,250
Profit/loss before tax	-38,784	-9,124	252,737	282,397
Tax on earnings for the period	8,300	1,953	-51,293	-57,640
Profit/loss for the period	-30,484	-7,171	201,444	224,757
Comprehensive income for the period	-30,484	-7,171	201,444	224,757

Parent Company balance sheets

SEK thousand	Jul 31, 2020	Jul 31, 2019	Apr 30, 2020
Assets			
Intangible assets	16,793	15,565	17,383
Tangible assets	23,500	25,287	23,506
Financial assets	249,027	260,075	266,587
Total fixed assets	289,320	300,927	307,476
Other current assets	394,066	378,739	465,924
Cash and cash equivalents	312,512	169,801	246,077
Total current assets	706,578	548,540	712,001
Total assets	995,898	849,467	1,019,477
Equity and liabilities			
Equity (incl. profit for the period)	576,813	522,943	607,297
Long-term liabilities	2,951	6,451	2,951
Current liabilities	416,134	320,073	409,229
Total equity and liabilities	995,898	849,467	1,019,477

Pledged assets and contingent liabilities

SEK thousand	Jul 31, 2020	Jul 31, 2019	Apr 30, 2020
Chattel mortgages	11,000	11,000	11,000
Total pledged assets	11,000	11,000	11,000
Guarantees on behalf of Group companies	87,044	97,486	92,599
Total contingent liabilities	87,044	97,486	92,599

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 21 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 2019/2020 Annual Report](#).

Restatement of comparative periods 2017/2018 and earlier periods

Comparative periods were restated in the 2018/2019 year-end report as a result of a change in the assessment of when the transfer of risk takes place for Group-financed managed-services agreements in the UK. For more information, please refer to Note 5 on page 76 of [Sectra's 2018/2019 Annual Report](#).

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.

Elective healthcare

Healthcare planned in advance, which in contrast to acute care can be postponed for a period of time without serious medical consequences.

Integrated diagnostics

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

Cardiology/cardiovascular diseases

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

Critical infrastructure

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

Crypto

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

The cloud/cloud solution

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

Neurodegenerative diseases

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

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system.

Picture archiving and communication system (PACS)

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

Pathology/histopathology/microscopy

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

Radiology

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

Vendor-neutral archive (VNA)

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

VPN

A technology used to create a secure connection or "tunnel" between two points along an unsecured data network.

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 the healthcare sector. Sectra's IT solutions and services for medical diagnostic imaging enable greater efficiency and contribute to healthcare advancements. Sectra has more than 2,000 installations of medical IT systems, and customers include some of the largest healthcare providers in the world.

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

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

Group-wide strategies for value creation and sustainable business development

Customer value

- Customers and customer satisfaction are always assigned top priority to enable long-term growth.
- Close relationships with demanding customers to ensure that Sectra's solutions meet market demands for quality, functionality, and usability.

Corporate culture and employees

- A corporate culture that motivates and inspires the company's employees to solve customer problems, help their fellow human beings and meet—and in many cases exceed—customer expectations.

Innovation

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

Geographic expansion

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

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



Seven good reasons to invest in Sectra

International niche markets with strong growth potential

IT for healthcare, cybersecurity and critical infrastructure are rapidly evolving markets. This creates major growth opportunities for companies such as Sectra.

Stability, profitability and long-term growth

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

Strong, customer-focused corporate culture

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

Strong brand with multinational reach

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

Innovation

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

Sustainable business model

Contributing to a better world is the foundation of Sectra's operations and business model. Helping our customers improve the efficiency and quality of patient care and increase cybersecurity in critical social functions is our most significant contribution to a sustainable society.

Long-standing owners and dedicated management

Principal owners who have been part of the company since the 1980s have firm dedication to the long-term development of the company, and all members of management are shareholders.