

Interim report for the May–July 2021 period:

Early deliveries have a positive effect on the period—not expected to affect the full year

Sectra has significant variations in financial outcomes between periods and its earnings have traditionally been low during the first quarter of the year. This year, some deliveries, primarily in the US, were carried out earlier than planned and operating profit subsequently increased to SEK 90.1 million, which is high for a first quarter. This strong start to the year is not expected to affect the company's outcome for the fiscal year as a whole. In the long term, the ongoing transition to new business models with cloud services and per-use payments could gradually reduce the variations between quarters.

REPORT PRESENTATION

September 3, 2021 at 10:00 a.m. CEST

investor.sectra.com/Q1report2122

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 2021

- Order bookings amounted to SEK 393.2 million (612.3), down 35.8% from the comparative quarter. Of the order bookings during the quarter, 15.1% 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 increased 35.7% to SEK 405.7 million (298.9) compared with the unusually weak outcome for the corresponding quarter in the previous year. Based on unadjusted exchange rates, the increase was 38.8%. Recurring revenue accounted for SEK 253.0 million (220.7) of sales for the quarter, up 14.8%. Based on unadjusted exchange rates, the increase was 16.3%.
- Operating profit rose 228.8% to SEK 90.1 million (27.4), corresponding to an operating margin of 22.2% (9.2). Based on unadjusted exchange rates, operating profit increased 243.0%.
- Profit before tax amounted to SEK 92.1 million (21.4).
- Cash flow after changes in working capital amounted to SEK 9.8 million (85.5).

Key figures

SEK	The quarter			12 months		
	Q1 21/22	Q1 20/21	Change %	Rolling 12 months	Full-year 20/21	Change %
Order bookings	393.2	612.3	-35.8	2,432.5	2,651.6	-8.3
Net sales	405.7	298.9	35.7	1,739.2	1,632.4	6.5
Operating profit (EBIT)	90.1	27.4	228.8	412.8	350.1	17.9
Operating margin, %	22.2	9.2	n/a	23.7	21.4	n/a
Profit before tax (EBT)	92.1	21.4	330.4	418.9	348.2	20.3
Profit margin, %	22.7	7.2	n/a	24.1	21.3	n/a
Profit after tax	73.1	16.8	335.1	331.8	275.5	20.4
Earnings per share before dilution, SEK	1.90	0.44	331.8	8.61	7.15	20.4
Cash flow ¹	9.8	85.5	-88.5	296.5	372.2	-20.3
Cash flow per share before dilution ¹	0.26	2.22	-88.3	7.70	9.66	-20.3
Average no. of employees	867	805	7.7	844	828	1.9

¹ 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 8:15 a.m. (CEST) on September 3, 2021.

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

CEO'S COMMENTS

We reported an unusually strong first quarter. This outcome was primarily due to two customer projects in the US being delivered ahead of schedule. We do not expect this to have a significant effect on the outcome for the fiscal year.



Torbjörn Kronander, President and CEO

Operations in Imaging IT Solutions have grown quickly in the North American market in recent years, and for the first time, sales in the US exceeded half a billion Swedish kronor for the rolling 12-month period. Our market share in the US is still relatively small, but our reference customers include some of the country's most prominent and innovative healthcare providers. In July, U.S. News and World Report presented its annual ranking¹ of American hospitals, and six of the top 20 healthcare providers use Sectra's solutions in one or several diagnostic imaging areas, such as radiology, cardiology and digital pathology.

But we are not only growing in the US. More healthcare providers around the world are starting to appreciate the advantages of our unique offerings, not least within pathology, where a transition to digital microscopic images is under way. Gathering all medical imaging in a shared solution reduces complexity and saves money and time for our customers. Our investments in scalable solutions, integrated diagnostics, cloud services, the Sectra One subscription model and a marketplace for supporting the introduction of AI into the healthcare sector are allowing us to meet healthcare's growing needs within medical imaging.

The COVID-19 pandemic is continuing and the risk of fluctuations thus remains, especially in markets where we have a high share of new sales. However, both we and our customers have learned to work in entirely new ways, and the long-term effects are difficult to predict. Although our travel and marketing activities involving physical meetings with our customers increased compared with the very low levels in the comparative quarter, these activities and expenses are significantly lower than they were before the pandemic. Some trade fairs and international meetings have started to be held again, while several planned events in the last few months have been canceled or held digitally.

Sales of software as a service are increasing, which may boost our recurring revenue in the long term. On the other hand, order bookings will continue to vary significantly since individual orders can be very large.

Outlook

We believe that our possibilities for growth are favorable in all operating areas. However, the pandemic has resulted in increased variation and temporary shifts in markets and product areas. In healthcare, elective (planned) healthcare procedures are starting to be carried out again, and the care debt left by procedures not performed during the pandemic must be addressed. This means that greater productivity, access to new technology and scalability are more important than ever.

When it comes to data security, altered ways of working during the pandemic accelerated the rate of digitization throughout society, and it is becoming increasingly clear that society's infrastructure, authorities, defense departments and healthcare need to be protected from cybercrime—a need that has only grown stronger given recent serious incidents. As a result, we are experiencing increased interest in cybersecurity, both in Sweden and abroad.

These trends are global, and are driving underlying growth in Sectra's niche areas.

Our customers are incredibly important for functioning societies. Our role is to provide our customers with business-critical solutions and services that help them provide patients with the best possible care and increase cybersecurity in areas where society's critical functions are the most vulnerable. High levels of customer satisfaction are the ultimate proof that we deliver customer value. Through our long-term work, investments in existing customer offerings, innovation and strong corporate culture, we create value for our customers and employees as well as for society.

To grow and maintain a high level of customer satisfaction, it is important that we retain key skills in different parts of the organization and recruit outstanding employees who can contribute to the Group's favorable performance. In addition to our strong corporate culture and competitive remuneration, our share-based incentive programs are important for increasing employees' sense of investment in the company and for attracting new personnel. Sectra employees have been encouraged to become owners through various programs since the company started. We therefore propose that the 2021 Annual General Meeting (AGM) resolve to introduce performance-based incentive programs, where future outcomes are linked to customer satisfaction. Having satisfied and dedicated employees is closely connected with customer satisfaction and, therefore, Sectra's long-term success.

¹ <https://health.usnews.com/health-care/best-hospitals/articles/best-hospitals-honor-roll-and-overview>



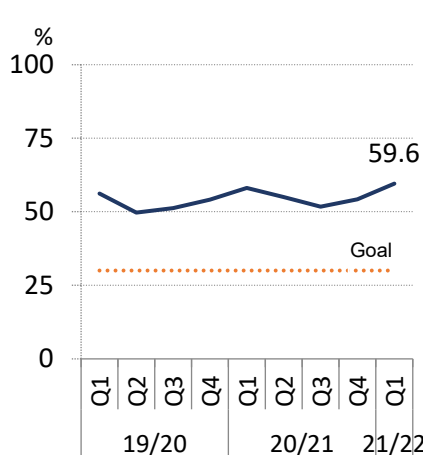
Diagrams in the financial report

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.

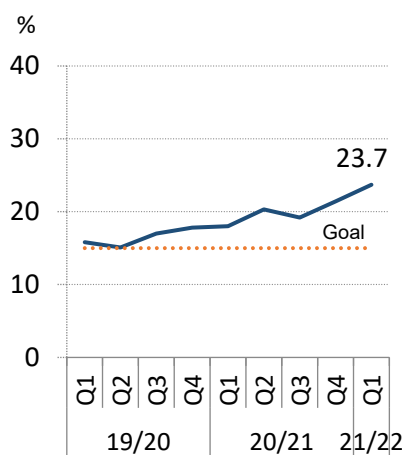
FINANCIAL GOALS

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:

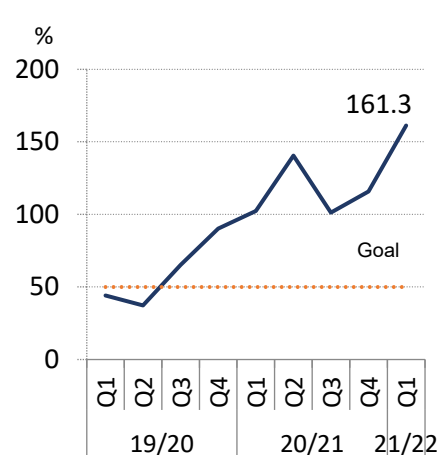
1. Equity/assets ratio $\geq 30\%$



2. Operating margin $\geq 15\%$



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



EVENTS

First quarter

Imaging IT Solutions

- Order from the largest academic health system in North Carolina, UNC Health, which chose to consolidate its radiology imaging systems through Sectra.
- Order for Sectra's enterprise imaging solution from the University of Texas (UT) Southwestern Medical Center. UT Southwestern is one of the premiere academic medical centers in the US.
- Maastricht University Medical Center, Laurentius Hospital and VieCuri MC in the Netherlands are creating a regional network to make it easier to share pathology cases and expertise—including an agreement with Sectra to supply a joint digital pathology solution.
- UMC Utrecht, a Dutch pioneer in digital pathology, and Sectra extended their partnership through a new ten-year contract.
- Sectra is accelerating the clinical use of AI by expanding its marketplace, Sectra Amplifier Store, to include apps for digital pathology.

Secure Communications

- With expertise within security and risk detection, Sectra will participate in a new project financed by Vinnova, Sweden's Innovation Agency, aimed at increasing the share of renewable energy and improving energy efficiency.

After the end of the reporting period

- There were no events after the balance-sheet date that had a material impact on Sectra's operations.

SECTRA'S MARKETS

We play a key role in meeting the needs of medical imaging IT and cybersecurity—two changing and growing markets with additional scope for expansion, where the underlying societal trends mean these areas must grow. Our customers operate in some of society's most critical functions. Our job is to help 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. The aging population of the industrialized world entails major challenges, and the proportion of people of working age is decreasing. In order to maintain high quality of care with fewer people taking care of more patients, particularly more elderly patients with growing needs, healthcare must become more efficient. 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. We are seeing increasing synergies between our operating areas since healthcare is increasingly subject to cybercrime, resulting in, for example, the authorities in the US issuing a particular warning to healthcare providers.

Effects of the COVID-19 pandemic

Regional and national restrictions continue to apply to various extents. These restrictions entail an increased risk of delivery fluctuations, which could lead to significant variations in financial outcomes between quarters. Overall, the pandemic has promoted greater uncertainty than normal, which means that predicting what effects it will have on Sectra's financial performance going forward will be unusually difficult. Sectra has neither needed nor received any support in the form of reduced rent, furlough assistance or business transition support. No need for impairment is deemed to exist owing to the pandemic. Sectra is relatively well equipped to manage the uncertainty based on a strong financial position, positive cash flows and a significant share of recurring revenue. For further information, refer to Sectra's [Annual and Sustainability Report for the 2020/2021 fiscal year](#).



Sectra has more than **2,000 installations** of medical IT systems worldwide, including several of the world's top-ranked hospitals. High customer satisfaction is an important factor underlying this growing customer base.

COMMENTS ON THE GROUP'S FINANCIAL OUTCOME

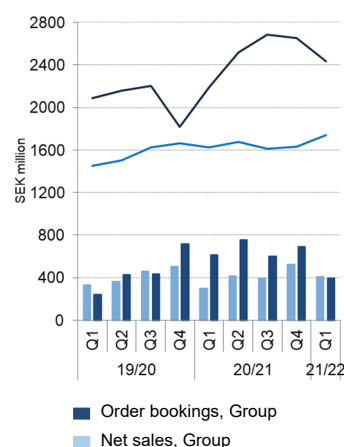
Order bookings and net sales

The Group's order bookings for the quarter declined 35.8% to SEK 393.2 million (612.3). Operations in several of Sectra's major geographic markets did not reach the same high volumes as in the comparative quarter. This outcome includes several major multiyear agreements, which contribute to long-term stability, but also lead to significant variations in order bookings between individual quarters. The ratio of order bookings to net sales for the latest rolling 12-month period totaled 1.40, down from 1.62 at the end of the 2020/2021 fiscal year.

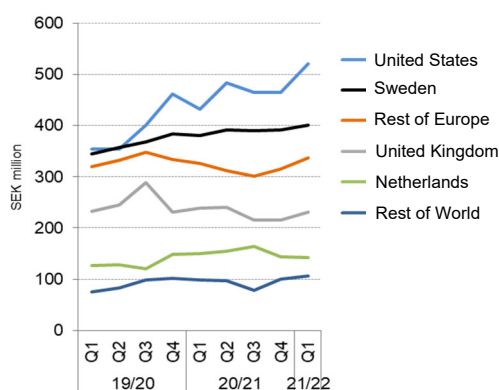
Net sales increased 35.7% to SEK 405.7 million (298.9). All operating segments reported increased sales. The outcome, particularly in the US, was not affected by the pandemic to the same extent as in the weaker comparative quarter. Imaging IT Solutions accounted for the largest increase in sales, thanks in part to successful early deliveries to new customers in the US. Based on unadjusted exchange rates, net sales increased 38.8%. 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 currency fluctuations.

All geographic segments reported either an increase in sales or an outcome on par with the comparative quarter. Markets with a high share of new sales have been affected by the pandemic restrictions to a greater extent, which entails larger variations between quarters in countries such as the US, the Netherlands and the rest of Europe. Markets where Sectra has a higher share of recurring revenue, such as Sweden, have not been affected to the same degree.

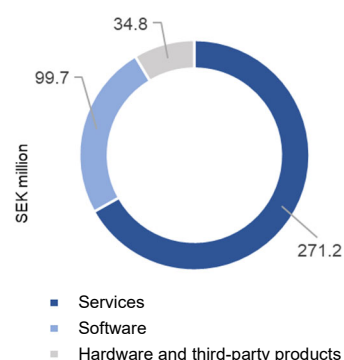
Order bookings and sales trend



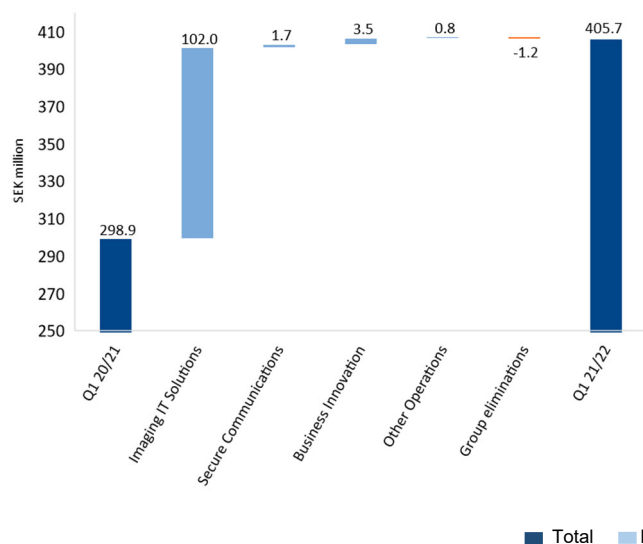
Sales by geographic market trend



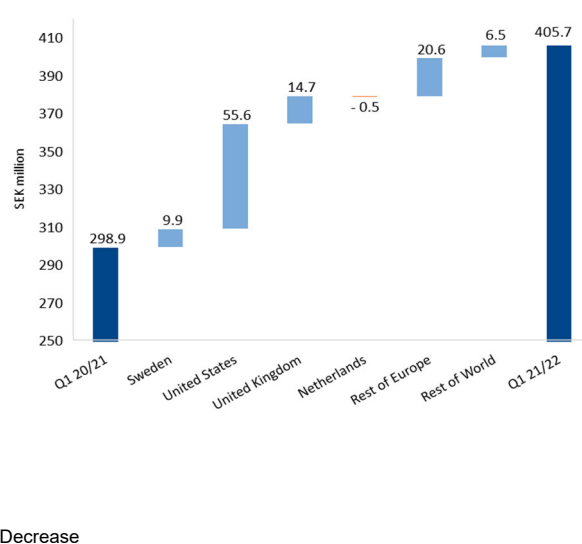
Sales by product group first quarter



Sales trend per operating area
Compared with the preceding fiscal year



Sales trend per geographic market
Compared with the preceding fiscal year



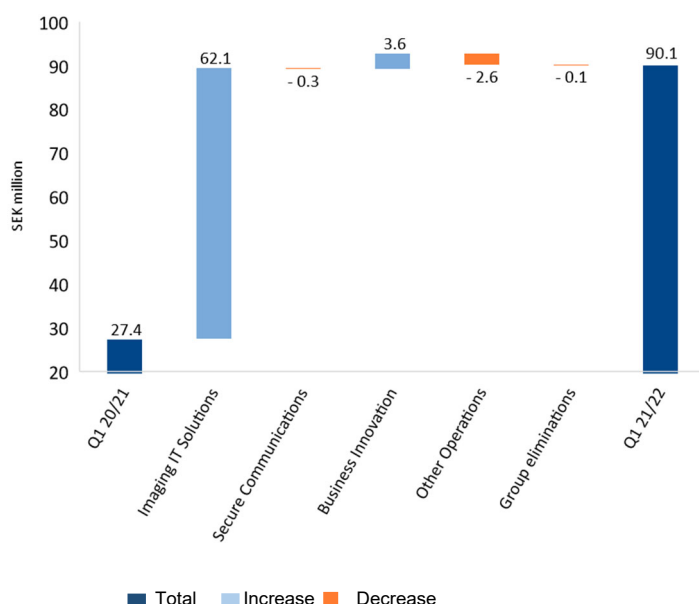
Earnings

The Group's operating profit for the quarter rose 228.8% to SEK 90.1 million (27.4). This corresponds to an operating margin of 22.2% (9.2). Based on unadjusted exchange rates, operating profit increased 243.0% from the comparative quarter. Earnings were positively affected by temporarily lower operating expenses in combination with higher sales volumes from the Software product group, which more than doubled over the comparative quarter, and the Services product group. Imaging IT Solutions made the largest contribution to this increase.

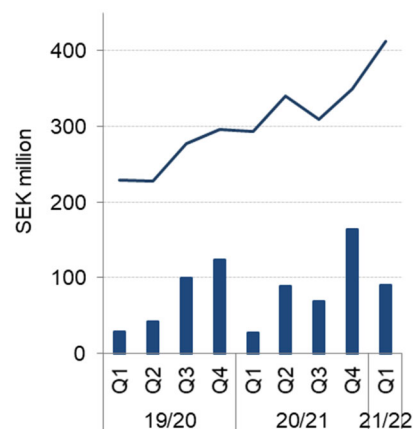
The Group's financial items amounted to SEK 2.0 million (neg: 5.9) and profit after financial items totaled SEK 92.1 million (21.4). This corresponds to a profit margin of 22.7% (7.2). Earnings per share before dilution amounted to SEK 1.90 (0.44). The improvement in net financial items was primarily due to changes in exchange rates (see page 18). Currency fluctuations in cash and cash equivalents for the quarter had an impact of SEK 0.5 million (neg: 6.9) on financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact.

Operating profit trend per operating area

Compared with the preceding fiscal year



Operating profit, Group



Financial position and cash flow

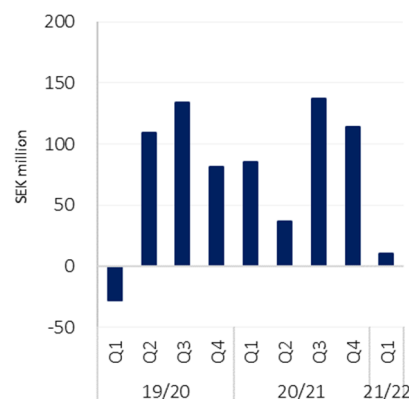
The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 439.2 million (405.8). The Group's debt/equity ratio was 0.07 (0.10) as of the balance-sheet date. Interest-bearing liabilities amounted to SEK 71.8 million (82.7), of which SEK 68.8 million (76.2) pertained to lease liabilities according to IFRS 16 and SEK 2.9 million (6.5) pertained to convertible loans held by employees and Board members.

Cash flow from operations amounted to SEK 9.8 million (85.5). This change was primarily due to an increase in tied-up capital connected to current receivables due to strong invoicing at the end of the quarter. Cash flow per share amounted to SEK 0.26 (2.22) for the period.

Cash flow from investing activities amounted to a negative SEK 17.7 million for the period (neg: 13.0). Refer to the information about investing activities on page 7.

The Group's total cash flow amounted to a negative SEK 13.9 million (pos: 65.6).

Cash flow after changes in working capital, Group



Investments, depreciation/amortization and impairment

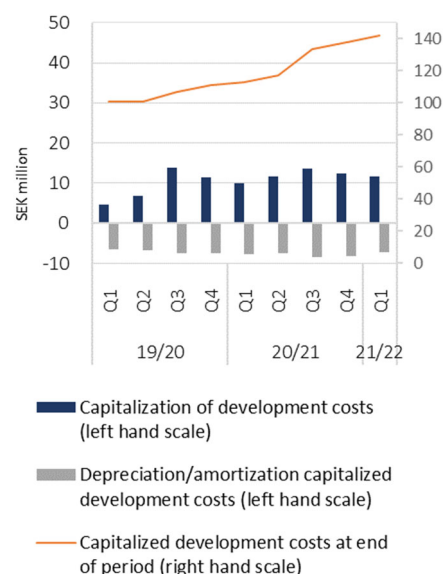
Investments during the quarter amounted to SEK 17.7 million (13.0). These primarily pertained to capitalized work for own use, which increased 17.2% during the quarter to SEK 11.6 million (9.9). Increased activity in ongoing development projects was mainly reported in Imaging IT Solutions.

Depreciation, amortization and impairment totaled SEK 19.1 million (19.2). Depreciation of right-of-use assets according to IFRS 16 amounted to SEK 6.1 million (5.8). Of the total depreciation and amortization for the quarter, SEK 7.2 million (7.7) was attributable to capitalized development projects. At the end of the period, capitalized development costs totaled SEK 142.1 million (113.2).

Seasonal variations

Sectra has historically experienced major seasonal variations, since individual projects can be very large relative to Sectra's sales. This applies for both medical systems and encryption systems. As a result, the beginning of the fiscal year is usually weaker, since many customers prefer not to put systems into operation during the summer. During the pandemic, this seasonal pattern is being affected by when customers are able to accept deliveries, which has entailed something of a break in the traditional pattern. The significant variation in order volumes between individual quarters is expected to continue. As Sectra transitions to selling products as a service, which increases recurring revenue, this variation could gradually decrease over the next several years.

Capitalized development costs



Annual report & Sustainability report 2020/2021

investor.sectra.com/annual_reports

IMAGING IT SOLUTIONS

	The quarter			12 months		
	Q1 21/22	Q1 20/21	Change %	Rolling 12 months	Full-year 20/21	Change %
Sales, SEK million	362.6	260.6	39.1	1,499.7	1,397.7	7.3
Operating profit, SEK million	97.8	35.7	173.9	440.1	378.0	16.4
Operating margin, %	27.0	13.7	n/a	29.3	27.0	n/a

Imaging IT Solutions posted sales growth and a strong performance compared with the year-earlier quarter, when the pandemic had a larger impact on the outcome. Deliveries increased during the first quarter, and a majority of the country organizations reported increased sales. The pandemic has meant that delivery dates have both been pushed ahead and postponed. Two early major deliveries of software licenses in the US had a significant positive impact on the outcome. This is a quarterly fluctuation and is not expected to affect the anticipated outcome for Imaging IT Solutions for the full fiscal year. The operating area's record-high order bookings for 2020/2021 have led to intense pressure when it comes to installing and deploying customer projects. We depend on customers' ability to receive deliveries, which was significantly affected by the pandemic and can lead to fluctuations in both directions.

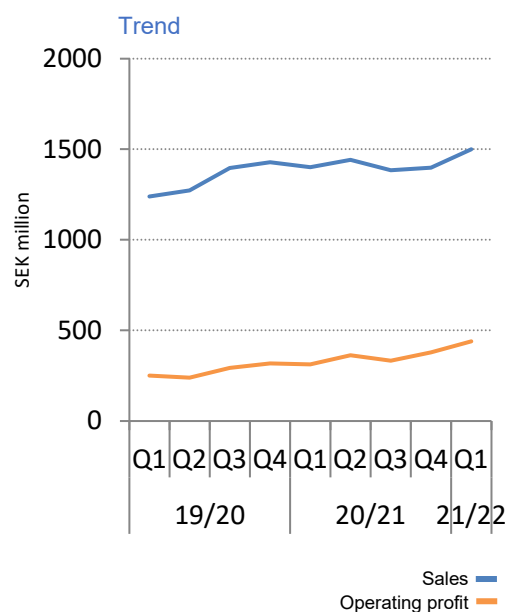
The high share of software licenses sales during the quarter led to an increased operating margin. Operating costs remain at a temporarily low level as a result of travel limitations and reduced trade fair activities due to pandemic restrictions, although activities increased somewhat compared with the comparative quarter.

The customer base is continuing to grow. Specific initiatives are ongoing in the US, where Sectra is strengthening its position through orders from prominent customers such as the major academic medical centers UNC Health and UT Southwestern. Sectra's offering in enterprise imaging supports digital pathology, a quickly growing market. In this product segment, UMC Utrecht university hospital extended its agreement with Sectra for another ten years and we received orders from several new customers in the Netherlands (see page 3). The fact that prominent pathology clinics around the world are choosing Sectra is evidence that we are seen as a market leader in digital pathology.

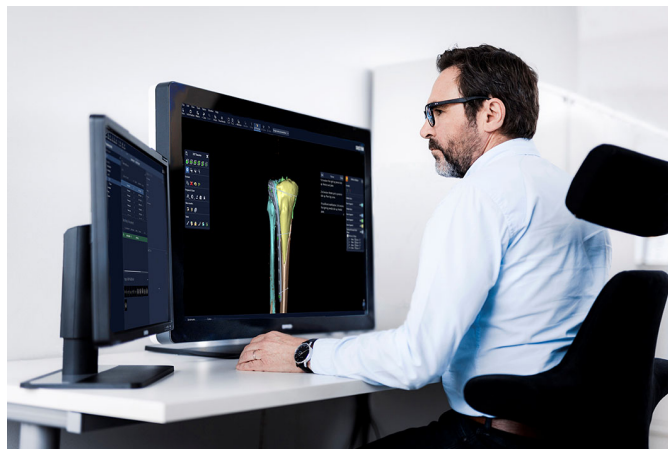
Increased demand for cloud services

More and more healthcare providers are demanding cloud services over local installations, and Sectra's deliveries are increasing, primarily in Scandinavia, the UK and the US. This is true for both new and existing customers. For the last few years, Sectra has been preparing for a transition to service deliveries. All new products that are developed are designed to run efficiently in a public cloud environment, and a new organization will be put in place in 2021/2022 to meet the demand for cloud services and to grow through increased scalability and internal efficiency. While cloud services will ultimately generate cost and operational benefits for Sectra, they may initially entail cost increases connected to investments, development and the organization.

During the first quarter, Region Västernorrland in Sweden put a cloud service from Sectra into operation to manage radiology images. Sectra has been a supplier of the region in the area of mammography since 2012 and digital pathology since 2017. In late summer 2020, Region Västernorrland chose to further expand its partnership with Sectra to include managing images and information from its approximately 200,000 examinations per year in radiology and clinical physiology.



BUSINESS INNOVATION

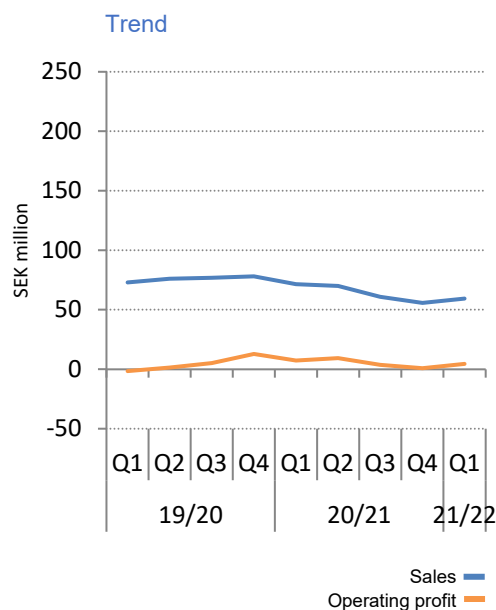


	The quarter			12 months		
	Q1 21/22	Q1 20/21	Change %	Rolling 12 months	Full-year 20/21	Change %
Sales, SEK million	12.3	8.8	39.8	59.3	55.8	6.3
Operating profit/loss, SEK million	-1.5	-5.1	70.6	4.4	0.8	450.0
Operating margin, %	neg	neg	n/a	7.4	1.4	n/a

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 a natural 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.

The segment comprises the Orthopaedics and Medical Education business units as well as the research department. These were included in the Parent Company in the previous fiscal year. From May 1, 2021, the Orthopaedics and Medical Education business units are independent legal entities, although they will still be reported in the Business Innovation segment.

The results in Business Innovation's two relatively small business units vary significantly between quarters and periods. In the most recent quarter, the operating segment reported positive growth compared with the end of the 2020/2021 fiscal year. The business units are being significantly affected by the pandemic, which led to reduced sales and earnings during the previous fiscal year.



SECURE COMMUNICATIONS

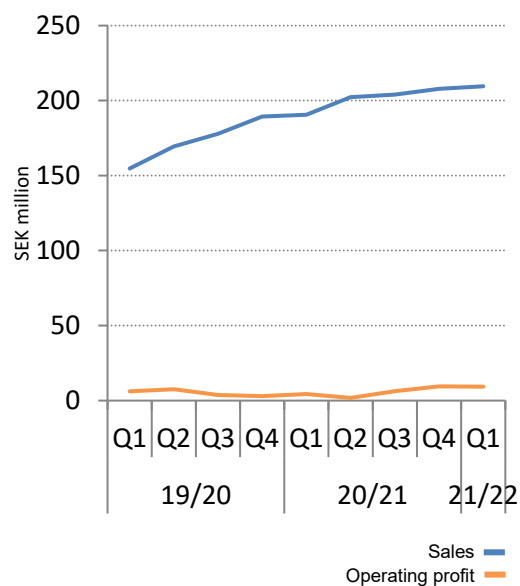
	The quarter			12 months		
	Q1 21/22	Q1 20/21	Change %	Rolling 12 months	Full-year 20/21	Change %
Sales, SEK million	38.5	36.8	4.6	209.5	207.8	0.8
Operating profit, SEK million	0.1	0.4	-75.0	9.2	9.5	-3.2
Operating margin, %	0.3	1.1	n/a	4.4	4.6	n/a

Secure Communications continues to grow by helping customers protect information and operating systems that are essential to the security of critical social functions. Although the pandemic restrictions are less extensive in several countries, they are still making it difficult to hold physical meetings and carry out deliveries, which has had something of a dampening effect on growth in the operating area.

Growth in the quarter was primarily attributable to increased sales in cybersecurity for critical infrastructure and secure mobile information retrieval for authorities and private businesses. We have initiated business in these customer segments, but we are still in the investment and establishment phase.

Within critical infrastructure, there is growing interest in cybersecurity and sustainability investments, such as a new project financed by Vinnova, Sweden's Innovation Agency, aimed at increasing the share of renewable energy and improving energy efficiency. This will be achieved through the ongoing digital transformation in the energy industry. Sectra has chosen to participate in the project and will contribute its security expertise and risk detection to enable the secure digitization of the industry.

Trend



During the last few years, the energy sector has undergone a transformation, using digital services and cloud-based platforms with increasing frequency. There is a great need to strengthen cybersecurity since production interruptions can have major consequences for society. That is why Sectra is participating in a project financed by Vinnova to create more efficient and robust systems for sustainable energy as well as new digital services.



OTHER OPERATIONS

	The quarter			12 months		
	Q1 21/22	Q1 20/21	Change %	Rolling 12 months	Full-year 20/21	Change %
Sales, SEK million	19.6	18.8	4.3	75.3	74.5	1.1
Operating profit/loss, SEK million	-6.3	-3.7	-70.3	-40.9	-38.3	-6.8
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.

PARENT COMPANY

The Parent Company's income statement and balance sheet are reported on page 16. The Parent Company Sectra AB includes the research department for medical imaging IT and the head office's joint functions (see Other Operations).

THE SHARE

The share and ongoing share-based incentive programs

On July 31, 2021, Sectra's share capital totaled SEK 38,525,494, distributed between 38,525,494 shares. Of these shares, 2,620,692 are Class A shares and 35,904,802 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 7,968, corresponding to less than 0.1% of the share capital and 0.1% of the voting rights in the company. For more information, refer to Note 3.

Authorizations of new share issue and repurchase of own shares

The 2020 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 payment through offsetting of debt 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 financial report, the Board had not utilized this authorization.

2021 AGM AND PROPOSALS

The AGM will be held on September 14, 2021. Sectra seeks to safeguard the health of its shareholders and endeavors to help limit the spread of coronavirus in the best possible way. The AGM will therefore be held without physical attendance and shareholders may only exercise their voting rights through postal voting ahead of the Meeting. The last day to register and vote in advance is September 13, 2021. The CEO's address to the AGM will be prerecorded and published on Sectra's website no later than September 9. Visit investor.sectra.com/agm2021 for further information and documents for the meeting.

Proposed share split and redemption program/dividend

The Board has proposed that the AGM resolve to carry out a share split, whereby one existing share in Sectra would be split into five shares. For the 2020/2021 fiscal year, the Board also proposed that the AGM resolve to distribute SEK 0.90 per share (after accounting for the share split proposed by the Board) to the shareholders through a mandatory redemption process. No ordinary dividend is proposed. The proposals were announced in Sectra's year-end report published on June 2, 2021. The corresponding distribution to the shareholders in the preceding year was SEK 0.90 per share (after accounting for the share split proposed by the Board). For further information on the share redemption program, visit <https://investor.sectra.com/agm2021>.

Timetable for 2021 share redemption program:

Sep 14	AGM
Oct 15	Final day of trading in the Sectra share, including rights to redemption shares
Oct 18	First day of trading in the Sectra share, excluding rights to redemption shares
Oct 19	Record date for the share split
Oct 20–29	Trading in redemption shares
Nov 2	Record date to revoke redemption shares
Nov 5	Preliminary date for payment of redemption settlement from Euroclear

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 [2020/2021 Annual and Sustainability Report](#) on page 76 and in Note 30 on page 105. No significant events have occurred that would alter the conditions reported.

The COVID-19 pandemic

For risks and uncertainties related to the COVID-19 pandemic, refer to page 4 of this interim report as well as pages 64 and 78 of Sectra's [2020/2021 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

Time: September 3, 2021 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.

For information about participating online or to listen to the recording afterwards, visit: investor.sectra.com/q1report2122

Financial calendar and 2021 AGM

AGM	September 14, 2021 at 3:30 p.m. (CEST)
Six-month interim report	December 10, 2021 at 8:15 a.m. (CET)
Nine-month interim report	March 9, 2022 at 8:15 a.m. (CET)
Year-end report 2021/2022	June 3, 2022 at 8:15 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 2021 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 3, 2021

Torbjörn Kronander President, CEO and Board member	Jan-Olof Brüer Chairman	Christer Nilsson Board member	Birgitta Hagenfeldt Board member
Jonas Yngvesson Board member	Anders Persson Board member	Tomas Puusepp Board member	Fredrik Robertsson Board member
	Filip Klintenstedt Board member and employee representative	Bengt Hellman Board member and employee representative	

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

GROUP

Condensed consolidated income statements

SEK thousand	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Net sales	405,699	298,893	1,739,233	1,632,427
Capitalized work for own use	11,646	9,909	49,119	47,382
Reversal of contingent consideration	0	630	2,241	2,871
Other operating income	285	16	1,430	1,161
Total income	417,630	309,448	1,792,023	1,683,841
Goods for resale	-45,897	-37,485	-204,579	-196,167
Personnel costs	-209,042	-181,338	-882,222	-854,518
Other external costs	-53,508	-43,995	-209,480	-199,967
Depreciation/amortization and impairment	-19,100	-19,246	-82,967	-83,113
Total operating expenses	-327,547	-282,064	-1,379,248	-1,333,765
Operating profit	90,083	27,384	412,775	350,076
Total financial items	1,998	-5,946	6,113	-1,831
Profit after financial items	92,081	21,438	418,888	348,245
Taxes	-18,969	-4,594	-87,107	-72,732
Profit for the period	73,112	16,844	331,781	275,512
Profit for the period attributable to:				
Parent Company owners	73,112	16,844	331,781	275,512
Earnings per share				
Before dilution, SEK	1.90	0.44	8.61	7.15
After dilution ¹ , SEK	1.90	0.44	8.61	7.15

- 1) Dilution of the number of shares is based on the convertible programs issued in 2017/2018. On full exercise of convertibles, the number of shares will increase by 7,968.

Consolidated statement of comprehensive income

SEK thousand	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Profit for the period	73,112	16,844	331,781	275,512
Translation differences	5,410	-27,493	5,577	-27,326
Total other comprehensive income for the period	5,410	-27,493	5,577	-27,326
Total comprehensive income for the period	78,522	-10,649	337,358	248,186

Condensed consolidated balance sheets

SEK thousand	Jul 31, 2021	Jul 31, 2020	Apr 30, 2021
Assets			
Intangible assets	212,108	189,219	206,999
Tangible assets	57,405	63,656	55,660
Right-of-use assets	71,597	79,450	73,277
Other shares and participations	18	18	18
Long-term accounts receivable	134,020	139,731	140,598
Deferred tax assets	3,411	3,699	3,372
Total fixed assets	478,559	475,773	479,924
Other current assets	716,773	507,224	717,174
Cash and bank balances	439,165	405,782	454,854
Total current assets	1,155,938	913,006	1,172,028
Total assets	1,634,497	1,388,779	1,651,952
Equity and liabilities			
Equity	974,145	806,564	895,623
Deferred tax liabilities	3,545	4,389	3,723
Non-current lease liabilities	46,037	53,603	47,655
Other long-term liabilities	1,907	2,951	1,903
Total long-term liabilities	51,489	60,943	53,281
Provisions	5,387	15,077	6,361
Current lease liabilities	22,762	22,612	22,847
Other current liabilities	580,714	483,583	673,840
Total current liabilities	608,863	521,272	703,048
Total equity and liabilities	1,634,497	1,388,779	1,651,952

Consolidated cash-flow statements

SEK thousand	3 months May-Jul 2021	3 months May-Jul 2020	Full-year May-Apr 2020/2021
Operating activities			
Operating profit	90,082	27,384	350,076
Adjustment for non-cash items	16,106	12,724	99,293
Interest and dividends received	1,866	1,422	7,094
Interest paid	-369	-458	-1,844
Income tax paid	-13,761	-12,995	-72,476
Cash flow from operations before changes in working capital	93,924	28,077	382,143
Changes in working capital			
Change in inventories	-4,346	-5,127	7,603
Change in receivables	30,455	161,430	-91,890
Change in current liabilities	-110,207	-98,912	74,331
Cash flow from operations	9,826	85,468	372,187
Investing activities			
Acquisitions of intangible assets	-11,646	-9,906	-47,304
Acquisitions of tangible assets	-6,058	-3,865	-20,351
Sale of financial assets	0	740	0
Divestment of financial assets	0	0	835
Cash flow from investing activities	-17,704	-13,031	-66,820
Financing activities			
Repayment of lease liabilities	-5,999	-4,949	-22,490
Repayment of long-term liabilities	0	0	-998
Payment of contingent consideration	0	-1,903	-1,923
Redemption of shares	0	0	-173,277
Cash flow from financing activities	-5,999	-6,852	-198,688
Cash flow for the year	-13,877	65,585	106,679
Cash and cash equivalents, opening balance	454,854	345,300	345,300
Exchange-rate difference in cash and cash equivalents	-1,813	-5,103	2,875
Cash and cash equivalents, closing balance	439,165	405,782	454,854

Condensed consolidated statement of changes in equity

SEK thousand	3 months May-Jul 2021	3 months May-Jul 2020	Full-year May-Apr 2020/2021
Equity at start of period	895,623	817,213	817,213
Comprehensive income for the period	78,522	-10,649	248,186
Dividend/redemption of shares	0	0	-173,277
Settlement of share-related payments	0	0	3,500
Equity at end of period	974,145	806,564	895,623

PARENT COMPANY

Condensed Parent Company income statements

SEK thousand	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Net sales	47,247	27,468	149,643	129,864
Capitalized work for own use	917	706	5,166	4,955
Other operating income	4	16	60	72
Total revenue	48,168	28,190	154,869	134,891
Goods for resale	-2,675	-2,456	-9,285	-9,066
Personnel costs	-17,416	-17,039	-73,182	-72,805
Other external costs	-35,370	-27,340	-99,379	-91,349
Depreciation/amortization	-763	-3,738	-10,907	-13,882
Total operating expenses	-56,224	-50,573	-192,753	-187,102
Operating loss	-8,056	-22,383	-37,884	-52,211
Total financial items	5,002	-16,401	23,685	2,282
Loss after financial items	-3,054	-38,784	-14,199	-49,929
Appropriations	0	0	296,400	296,400
Profit/loss before tax	-3,054	-38,784	282,201	246,471
Tax on earnings for the period	630	8,300	-58,278	-50,608
Profit/loss for the period	-2,424	-30,484	223,923	195,863
Comprehensive income for the period	-2,424	-30,484	223,923	195,863

Condensed Parent Company balance sheets

SEK thousand	Jul 31, 2021	Jul 31, 2020	Apr 30, 2021
Assets			
Intangible assets	2,388	16,793	17,553
Tangible assets	4,031	23,500	22,411
Financial assets	252,878	249,027	250,748
Total fixed assets	259,297	289,320	290,712
Other current assets	494,943	394,066	495,108
Cash and bank balances	332,535	312,512	347,961
Total current assets	827,478	706,578	843,069
Total assets	1,086,775	995,898	1,133,781
Equity and liabilities			
Equity	630,959	576,813	633,383
Long-term liabilities	389	2,951	389
Total long-term liabilities	389	2,951	389
Current liabilities	455,427	416,134	500,009
Total current liabilities	455,427	416,134	500,009
Total equity and liabilities	1,086,775	995,898	1,133,781

KEY FIGURES AND OTHER INFORMATION

Key figures

	3 months Jul 31, 2021	3 months Jul 31, 2020	12 months Jul 31, 2021	Full-year Apr 30, 2021
Order bookings, SEK million	393.2	612.3	2,432.5	2,651.6
Operating margin, %	22.2	9.2	23.7	21.4
Profit margin, %	22.7	7.2	24.1	21.3
Average no. of employees	867	805	844	828
Cash flow per share before dilution, SEK	0.26	2.22	7.70	9.66
Cash flow per share after dilution, SEK	0.25	2.22	7.70	9.66
Value added, SEK million	299.1	208.7	1,295.0	1,204.6
P/E ratio, multiple	n/a	n/a	79.7	84.6
Share price at end of period, SEK	686.0	601.0	686.0	605.0
Return on equity, %	7.8	2.1	37.3	32.2
Return on capital employed, %	9.2	2.4	43.5	37.4
Return on total capital, %	5.6	1.5	27.8	22.1
Equity/assets ratio, %	59.6	58.1	59.6	54.2
Liquidity ratio, multiple	1.9	1.8	1.9	1.7
Equity per share before dilution, SEK	25.29	20.95	25.29	23.25
Equity per share after dilution, SEK	25.28	20.93	25.28	23.24

Condensed consolidated income statements and quarterly alternative performance measures

SEK million	2021/2022	2020/2021				2019/2020			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	405.7	526.2	394.2	413.2	298.9	507.6	457.4	363.3	332.8
Capitalized work for own use	11.6	12.3	13.5	11.6	9.9	12.1	14.3	8.9	6.4
Reversal of contingent consideration	0.0	1.2	0	1.1	0.6	0.0	8.8	0.0	0.0
Other operating income	0.3	0.1	0.6	0.5	0.0	2.0	0.7	0.2	0.8
Operating expenses ¹	-308.4	-353.6	-319.1	-315.2	-262.8	-371.6	-355.2	-312.4	-293.7
Depreciation/amortization and impairment ¹	-19.1	-22.3	-20.1	-21.5	-19.2	-26.5	-26.3	-17.4	-16.9
Operating profit	90.1	163.9	69.1	89.6	27.4	123.6	99.7	42.7	29.4
Net financial items	2.0	2.6	-1.3	2.9	-5.9	3.2	1.0	2.3	1.3
Profit after net financial items	92.1	166.5	67.8	92.5	21.4	126.7	100.7	44.9	30.6
Tax on earnings for the period	-19.0	-33.9	-14.5	-19.8	-4.6	-27.5	-21.5	-10.0	-6.6
Profit for the period	73.1	132.6	53.3	72.7	16.8	99.2	79.2	34.9	24.1
Order bookings, SEK million	393.2	689.2	598.0	752.1	612.3	716.2	435.4	425.7	238.7
Operating margin, %	22.2	31.1	17.5	21.7	9.2	24.3	21.8	11.8	8.8
Cash flow per share, SEK	0.26	2.95	3.55	0.94	2.22	2.10	3.48	2.85	-0.73
Cash flow per share after full dilution, SEK	0.25	2.95	3.55	0.94	2.22	2.10	3.48	2.83	-0.73
Earnings per share, SEK	1.90	3.44	1.38	1.89	0.44	2.58	2.06	0.91	0.63
Return on equity, %	7.8	16.0	6.8	9.5	2.1	12.8	10.9	5.2	3.3
Return on capital employed, %	9.2	17.8	7.8	10.9	2.4	15.3	12.9	6.2	3.9
Equity/assets ratio, %	59.6	54.2	51.7	55.0	58.1	54.1	51.2	49.7	56.2
Equity per share, SEK	25.29	23.25	19.77	18.44	20.95	21.22	18.81	16.10	19.33
Share price at end of period, SEK	686.00	605.00	712.50	543.00	601.00	420.00	396.00	321.50	325.00

1) In the year-end report for 2019/2020, an item of SEK 7.4 million was reported in depreciation/amortization for the fourth quarter 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.

Five-year summary¹

	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
Order bookings, SEK million	2,651.6	1,816.0	2,132.8	1,492.5	1,177.7
Net sales, SEK million	1,632.4	1,661.1	1,413.5	1,209.2	1,125.1
Operating profit, SEK million	350.1	295.3	235.5	214.3	195.0
Profit after financial items, SEK million	348.2	303.0	248.8	231.2	201.1
Profit for the period after tax, SEK million	275.5	237.4	199.0	184.7	153.8
Operating margin, %	21.4	17.8	16.7	17.7	17.3
Profit margin, %	21.3	18.2	17.6	19.1	17.9
Earnings per share before dilution, SEK	7.15	6.18	5.21	4.86	4.07
Earnings per share after dilution, SEK	7.15	6.16	5.17	4.80	4.00
Dividend/redemption program per share, SEK	4.50	4.50	4.50	4.50	4.50
Share price at end of year, SEK	605.00	420.00	322.00	194.20	162.50
P/E ratio, multiple	84.6	68.0	61.8	40.0	39.9
Return on equity, %	32.2	30.7	29.8	30.4	26.5
Return on capital employed, %	37.4	36.8	35.9	34.5	30.9
Return on total capital, %	22.1	21.6	19.6	19.0	17.5
Equity per share before dilution, SEK	23.25	21.22	18.98	17.34	16.21
Equity per share after dilution, SEK	23.24	21.21	18.89	17.16	15.95
Equity/assets ratio, %	54.2	54.1	55.4	51.4	50.5

1) The comparative years 2017/2018 and earlier have been restated. Refer to Note 5 on page 76 of Sectra's 2018/2019 Annual Report.

Exchange rates

Currency	Average rates in SEK			Closing rates in SEK		
	Q1 2021/2022	Q1 2020/2021	Change %	Jul 31, 2021	Jul 31, 2020	Change %
US dollar, 1 USD	8.41	9.10	-7.6	8.51	8.60	-1.0
Euro, 1 EUR	10.09	10.37	-2.7	10.12	10.24	-1.2
British pound, 1 GBP	11.76	11.43	2.9	11.88	11.30	5.1

Share of recurring revenue

Group

SEK million	3 months May-Jul 2021	3 months May-Jul 2020	12 months Aug 2020 -Jul 2021	Full-year May-Apr 2020/2021
Non-recurring revenue	152.7	78.2	739.1	664.7
Recurring revenue	253.0	220.7	1,000.0	967.8
Total external sales	405.7	298.9	1,739.2	1,632.4
Share of recurring revenue, %	62.4	73.8	57.5	59.3

NOTES

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 accounting policies and calculation methods applied are consistent with those described in Sectra's [2020/2021 Annual and Sustainability Report](#).

Note 2 Related-party transactions

No significant transactions with related parties took place in the reporting period.

Note 3 Number of shares

	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
No. of shares				
Before dilution	38,525,494	38,506,020	38,525,494	38,525,494
After dilution ¹	38,533,462	38,533,253	38,533,462	38,533,462
Average, before dilution	38,525,494	38,506,020	38,519,003	38,514,134
Average, after dilution ¹	38,533,462	38,533,253	38,533,392	38,533,340

1) Dilution of the number of shares is based on the convertible programs issued in 2017/2018. On full exercise of convertibles, the number of shares will increase by 7,968.

Note 4 Operating segments and revenue

Sales by business segment

SEK million	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Imaging IT Solutions	362.6	260.6	1,499.7	1,397.7
Secure Communications	38.5	36.8	209.5	207.8
Business Innovation	12.3	8.8	59.3	55.8
Other Operations	19.6	18.8	75.3	74.5
Group eliminations	-27.3	-26.1	-104.6	-103.4
Total	405.7	298.9	1,739.2	1,632.4

Operating profit/loss by business segment

SEK million	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Imaging IT Solutions	97.8	35.7	440.1	378.0
Secure Communications	0.1	0.4	9.2	9.5
Business Innovation	-1.5	-5.1	4.4	0.8
Other Operations	-6.3	-3.7	-40.9	-38.3
Group eliminations	0.0	0.1	0.0	0.1
Total	90.1	27.4	412.8	350.1

Sales by geographic market

SEK million	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Sweden	88.8	78.9	401.1	391.2
United States	119.6	64.0	521.1	465.5
United Kingdom	58.1	43.4	230.9	216.2
Netherlands	31.0	31.5	142.6	143.1
Rest of Europe	85.2	64.6	336.6	316.0
Rest of World	23.0	16.5	106.9	100.4
Total	405.7	298.9	1,739.2	1,632.4

External sales by product group and operating segment**Imaging IT Solutions**

SEK million	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Hardware and third-party products	25.4	19.2	115.2	109.0
Software	90.6	38.4	426.5	374.3
Services	245.7	200.1	954.0	908.4
Total	361.7	257.7	1,495.7	1,391.7

Secure Communications

SEK million	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Hardware and third-party products	6.6	7.5	77.1	78.0
Software	6.5	6.2	27.4	27.1
Services	24.9	22.7	103.4	101.2
Total	38.0	36.4	207.9	206.3

Business Innovation

SEK million	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Hardware and third-party products	2.8	2.9	24.2	24.3
Software	2.6	1.6	9.3	8.3
Services	0.5	0.0	1.3	0.8
Total	5.9	4.5	34.8	33.4

Other Operations

SEK million	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Hardware and third-party products	0.0	0.0	0.0	0.0
Software	0.0	0.0	0.0	0.0
Services	0.1	0.3	0.9	1.1
Total	0.1	0.3	0.9	1.1

Group

SEK million	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Hardware and third-party products	34.8	29.6	216.4	211.2
Software	99.7	46.2	463.1	409.6
Services	271.2	223.1	1,059.7	1,011.6
Total	405.7	298.9	1,739.2	1,632.4

Note 5 Financial definitions and alternative performance measures

The Group applies the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures (see below). 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.

Share of recurring revenue

Purpose

Shows the portion of external sales that is recurring. "Recurring" refers to revenue where the long-term revenue stream is predictable with relatively high certainty and is not project-based.

Calculation

Recurring revenue divided by total external sales.

Equity per share before dilution

	3 months Jul 31, 2021	3 months Jul 31, 2020	12 months Jul 31, 2021	12 months Apr 30, 2021
Adjusted equity, SEK thousand	974,145	806,564	974,145	895,623
Number of shares before dilution at the end of the period	38,525,494	38,506,020	38,525,494	38,525,494
Equity per share before dilution, SEK	25.29	20.95	25.29	23.25

Purpose

Measures the company's net value per share and shows if a company is increasing shareholder capital over time given currently available participations.

Calculation

Adjusted equity divided by the number of shares before dilution at the end of the period.

Equity per share after dilution

	3 months Jul 31, 2021	3 months Jul 31, 2020	12 months Jul 31, 2021	12 months Apr 30, 2021
Adjusted equity, SEK thousand	974,145	806,564	974,145	895,623
Number of shares after dilution at the end of the period	38,533,462	38,533,253	38,533,462	38,533,462
Equity per share after dilution, SEK	25.28	20.93	25.28	23.24

Purpose

Measures the company's net value per share and shows if a company is increasing shareholder capital over time given the maximum number of available participations.

Calculation

Adjusted equity divided by the number of shares after dilution at the end of the period.

Value added

SEK thousand	3 months May-Jul 2021	3 months May-Jul 2020	12 months Aug 2020 -Jul 2021	Full-year May-Apr 2020/2021
Operating profit	90,083	27,384	412,775	350,076
Personnel costs	209,042	181,338	882,222	854,518
Value added	299,125	208,722	1,294,997	1,204,594

Purpose

Shows the value of the company's production.

Calculation

Operating profit plus personnel costs.

Cash flow per share before dilution

	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Cash flow from operations, SEK thousand	9,826	85,468	296,545	372,187
Number of shares before dilution at the end of the period	38,525,494	38,506,020	38,525,494	38,525,494
Cash flow per share before dilution, SEK	0.26	2.22	7.70	9.66

Purpose

Shows the cash flow the company generated per share before capital investments and financing.

Calculation

Cash flow from operations divided by the number of shares before dilution at the end of the period.

Cash flow per share after dilution

	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Cash flow from operations, SEK thousand	9,826	85,468	296,545	372,187
Number of shares after dilution at the end of the period	38,533,462	38,533,253	38,533,462	38,533,462
Cash flow per share after dilution, SEK	0.25	2.22	7.70	9.66

Purpose

Shows the cash flow the company generated per share before capital investments and financing.

Calculation

Cash flow from operations divided by the number of shares after dilution at the end of the period.

Ratio of order bookings to net sales

SEK thousand	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Order bookings	2,432,480	2,651,650
Net sales	1,739,233	1,632,427
Ratio of order bookings to net sales	1.40	1.62

Purpose

Provides an indication of demand for the company's products and services.

Calculation

Order bookings divided by net sales.

Liquidity

SEK thousand	3 months Jul 31, 2021	3 months Jul 31, 2020	12 months Jul 31, 2021	12 months Apr 30, 2021
Current assets	1,155,938	913,006	1,155,938	1,172,028
Unutilized overdraft facilities	15,000	15,000	15,000	15,000
Current liabilities	608,863	521,272	608,863	703,048
Liquidity	1.9	1.8	1.9	1.7

Purpose

Shows the company's current ability to pay.

Calculation

Current assets plus overdraft facility divided by current liabilities.

Average no. of employees**Purpose**

Shows the number of full-time positions in a certain period.

Calculation

Average number of full-time employees during the period.

Unadjusted exchange rates – sales

	3 months May–Jul 2021	3 months May–Jul 2020	Full-year May–Apr 2020/2021
Nominal change, %	35.7	-10.2	-1.7
Exchange-rate effect, %	3.1	2.4	5.1
Change in unadjusted exchange rates, %	38.8	-7.8	3.4

Purpose

Provides an indication of changes in financial measures for unadjusted exchange rates.

Calculation

Amounts for the current year restated at last year's average exchange rates less last year's amounts at last year's average exchange rates, divided by last year's amounts at last year's rates.

Unadjusted exchange rates – operating profit

SEK	3 months May–Jul 2021	3 months May–Jul 2020	Full-year May–Apr 2020/2021
Nominal change, %	229.0	-6.8	18.5
Exchange-rate effect, %	14.0	8.1	13.7
Change in unadjusted exchange rates, %	243.0	1.3	32.2

Purpose

Provides an indication of changes in financial measures for unadjusted exchange rates.

Calculation

Amounts for the current year restated at last year's average exchange rates less last year's amounts at last year's average exchange rates, divided by last year's amounts at last year's rates.

Order bookings**Purpose**

Indicates future revenue in the company.

Calculation

Value of orders received or changes to earlier orders during the reporting period.

P/E ratio

SEK	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Share price at end of period, SEK	686	605
Earnings per share for the rolling 12-month period before dilution	8.61	7.15
P/E ratio, multiple	79.7	84.6

Purpose

Shows how highly the market values the company's profits and how long it will take for the shareholders to get a return on their investment.

Calculation

Share price at the end of the period divided by earnings per share for the most recent rolling 12-month period before dilution.

Earnings per share before dilution

	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Profit after tax, SEK thousand	73,112	16,844	331,781	275,512
Average number of shares at the end of the period before dilution	38,525,494	38,506,020	38,519,003	38,514,134
Earnings per share before dilution, SEK	1.90	0.44	8.61	7.15

Purpose

Shows each share's participation in the company's earnings during the reporting period.

Calculation

Profit/loss after tax divided by the average number of shares before dilution at the end of the period. This performance measure is defined in accordance with IFRS.

Earnings per share after dilution

	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Profit after tax, SEK thousand	73,112	16,844	331,781	275,512
Average number of shares at the end of the period after dilution	38,533,462	38,533,253	38,533,392	38,533,340
Earnings per share after dilution, SEK	1.90	0.44	8.61	7.15

Purpose

Shows each share's participation in the company's earnings during the reporting period, taking potential shares that may arise after conversion into account.

Calculation

Profit/loss after tax divided by the average number of shares at the end of the period after dilution. This performance measure is defined in accordance with IFRS.

Return on equity

SEK thousand	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Profit for the period	73,112	16,844	331,781	275,512
Equity at start of period	895,623	817,213	806,564	817,213
Equity at end of period	974,145	806,564	974,145	895,623
Average adjusted equity	934,884	811,889	890,355	856,418
Return on equity, %	7.8	2.1	37.3	32.2

Purpose

Shows the return on capital attributable to the Parent Company owners.

Calculation

Profit for the period divided by average adjusted equity.

Return on capital employed (ROCE)

SEK thousand	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Profit after financial items	92,081	21,438	418,888	348,245
Financial expenses	-369	-458	-1,754	-1,844
Average capital employed	1,007,485	896,929	967,562	936,851
Return on capital employed, %	9.2	2.4	43.5	37.4

Purpose

Shows profitability based on how much capital is used in the operations.

Calculation

Profit after financial items plus financial expenses divided by average capital employed.

Return on total capital

SEK thousand	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Profit after financial items	92,081	21,438	418,888	348,245
Financial expenses	-369	-458	-1,754	-1,844
Average total assets	1,643,225	1,450,313	1,511,638	1,581,900
Return on total capital, %	5.6	1.5	27.8	22.1

Purpose

Shows the return on total assets.

Calculation

Profit after financial items plus financial expenses divided by average total assets.

Operating margin

SEK thousand	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Operating profit	90,083	27,384	412,775	350,076
Net sales	405,699	298,893	1,739,233	1,632,427
Operating margin, %	22.2	9.2	23.7	21.4

Purpose

Measures operational profitability. This measure is used for the purpose of management by objectives in the operations.

Calculation

Operating profit divided by net sales.

Operating profit per share

	12 months Aug 2020 –Jul 2021	Full-year May–Apr 2020/2021
Operating profit, SEK thousand	412,775	350,076
Number of shares before dilution	38,525,494	38,525,494
Operating profit per share, SEK	10.71	9.09

Purpose

Shows earnings per share before interest and taxes.

Calculation

Operating profit divided by the number of shares before dilution on the balance-sheet date.

Debt/equity ratio

SEK thousand	Jul 31, 2021	Jul 31, 2020
Interest-bearing liabilities	71,750	82,665
Equity	974,145	806,564
Debt/equity ratio	0.07	0.10

Purpose

Shows to what extent the operations are financed by loans and describes the company's financial risk.

Calculation

Interest-bearing liabilities divided by equity.

Equity/assets ratio

SEK thousand	3 months Jul 31, 2021	3 months Jul 31, 2020	12 months Jul 31, 2021	Full-year Apr 30, 2021
Adjusted equity	974,145	806,564	974,145	895,623
Total assets	1,634,497	1,388,779	1,634,497	1,651,952
Equity/assets ratio, %	59.6	58.1	59.6	54.2

Purpose

Shows the portion of assets financed with equity. This measure is used for the purpose of management by objectives in the operations.

Calculation

Adjusted equity divided by total assets on the balance-sheet date.

Capital employed

SEK thousand	3 months Jul 31, 2021	3 months Jul 31, 2020	12 months Jul 31, 2021	Full-year Apr 30, 2021
Total assets	1,634,497	1,388,779	1,634,497	1,651,952
Non-interest-bearing liabilities	588,603	499,549	588,603	682,877
Capital employed	1,045,894	889,230	1,045,894	969,075

Purpose

Shows the portion of the company's assets that has been borrowed from, for example, the company's owners or external lenders, and shows the company's profitability in relation to externally financed capital and equity.

Calculation

Total assets reduced by non-interest-bearing liabilities.

Growth in operating profit per share over a five-year period

SEK thousand	12 months Aug 2020 Jul 2021	Full-year May–Apr 2020/2021
Operating profit per share before dilution	10.71	9.09
Operating profit per share before dilution five years earlier	4.10	4.21
Growth in operating profit per share before dilution over a five-year period, %	161.3	115.7

Purpose

Shows the growth of the operations over a five-year period. This measure is used for the purpose of management by objectives in the operations.

Calculation

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.

Profit margin

SEK thousand	3 months May–Jul 2021	3 months May–Jul 2020	12 months Aug 2020 Jul 2021	Full-year May–Apr 2020/2021
Profit after financial items	92,081	21,438	418,888	348,245
Net sales	405,699	298,893	1,739,233	1,632,427
Profit margin, %	22.7	7.2	24.1	21.3

Purpose

Shows a comparison of profitability regardless of corporate tax rate.

Calculation

Profit after financial items divided by net sales.

GLOSSARY**Elective healthcare**

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

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.

Cloud/cloud solutions

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

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system.

Picture archiving and communication system (PACS)

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

Pathology/histopathology/microscopy

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

Radiology

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

Vendor-neutral archive (VNA)

Also normally called a hospital-wide 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 healthcare. 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/>



7 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.