

Interim report for the May–October 2021 period:

Increased recurring revenue and profit

Sectra noted sales growth and increased operating profit for the six-month period. Strategic investments to increase sales of cloud-based services are a top priority and recurring revenue has grown. Imaging IT Solutions continued to increase its sales after an unusually strong start to the year with early deliveries in the US, which are not expected to impact the outcome for the full fiscal year. The Group's other operating areas were impacted by the pandemic to a greater extent, with significant variations between quarters and a limited ability to carry out certain product deliveries.

REPORT PRESENTATION

December 10, 2021 at 10:00 a.m. (CET)

investor.sectra.com/Q2report2122

More information on page 12.

THE PERIOD AND THE QUARTER IN BRIEF

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

Six-month period: May–October 2021

- Order bookings amounted to SEK 863.2 million (1,364.4), down 36.7% from the comparative period.
- Net sales increased 15.7% to SEK 823.9 million (712.1). Based on unadjusted exchange rates, the increase was 17.4%. Recurring revenue accounted for SEK 525.4 million (470.0) of sales for the period, up 11.8%. Based on unadjusted exchange rates, the increase was 12.6%.
- Operating profit rose 48.5% to SEK 173.8 million (117.0), corresponding to an operating margin of 21.1% (16.4). Based on unadjusted exchange rates, operating profit increased 52.6%.
- Profit after financial items amounted to SEK 176.0 million (113.9).
- Cash flow from operations amounted to SEK 49.4 million (121.8).

Second quarter: August–October 2021

- Order bookings amounted to SEK 470.0 million (752.1), down 37.5% from the comparative quarter. Of the order bookings during the quarter, 16% were recognized during the quarter and a further estimated 27% to 37% pertains to revenue within 12 months after the end of the quarter.
- Net sales increased 1.2% to SEK 418.2 million (413.2). Based on unadjusted exchange rates, the increase was 1.8%. Recurring revenue accounted for SEK 272.4 million (249.4) of sales for the quarter, up 9.2%. Based on unadjusted exchange rates, the increase was 9.4%.
- Operating profit declined 6.6% to SEK 83.7 million (89.6), corresponding to an operating margin of 20.0% (21.7). Based on unadjusted exchange rates, operating profit decreased 5.6%.
- Profit after financial items amounted to SEK 83.9 million (92.5).
- Cash flow from operations amounted to SEK 39.6 million (36.3).

Key figures

SEK million	The quarter			The period			12 months		
	Q2 21/22	Q2 20/21	Change %	Q1–Q2 21/22	Q1–Q2 20/21	Change %	Rolling 12 months	Full-year 20/21	Change %
Order bookings	470.0	752.1	-37.5	863.2	1,364.4	-36.7	2,150.4	2,651.6	-18.9
Net sales	418.2	413.2	1.2	823.9	712.1	15.7	1,744.3	1,632.4	6.8
Operating profit (EBIT)	83.7	89.6	-6.6	173.8	117.0	48.5	406.8	350.1	16.2
Operating margin, %	20.0	21.7	n/a	21.1	16.4	n/a	23.3	21.4	n/a
Profit before tax (EBT)	83.9	92.5	-9.3	176.0	113.9	54.5	410.3	348.2	17.8
Profit margin, %	20.1	22.4	n/a	21.4	16.0	n/a	23.5	21.3	n/a
Profit for the period	66.3	72.7	-8.8	139.4	89.6	55.6	325.4	275.5	18.1
Earnings per share before dilution, SEK ²	0.34	0.38	-10.5	0.72	0.47	53.2	1.69	1.43	18.2
Cash flow ¹	39.6	36.3	9.1	49.4	121.8	-59.4	299.8	372.2	-19.5
Cash flow per share before dilution ^{1,2}	0.21	0.19	10.5	0.26	0.63	-58.7	1.56	1.93	-19.2
Average no. of employees	896	818	9.5	882	811	8.8	863	828	4.2

¹ Cash flow from operations.

² Comparative figures per share have been restated due to the 5:1 share split that Sectra carried out in the second quarter of 21/22. Key figures do not include temporary redemption shares.

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. (CET) on December 10, 2021.

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

CEO'S COMMENTS

During the second quarter, we began to adjust to the new normal. In Sweden, Sectra's office is once again our primary workplace, which is important for our corporate culture and thereby our ability to deliver customer value. Travel also resumed, and I've just returned from the major radiology trade fair RSNA in Chicago, which was back to being held in person. We met with healthcare providers from several different countries and presented how Sectra can help customers manage growing workloads and increased complexity.



Torbjörn Kronander, President and CEO

The Group's operating profit rose nearly 50% from the comparative period, due in part to the strong outcome in the first quarter, which included a number of early deliveries. We delivered several medical IT systems, which contributed to the positive earnings trend for the Group and stable growth for our largest operating area, Imaging IT Solutions. At the same time, the effects of the pandemic remain evident in Business Innovation and Secure Communications, which is reflected in their financial outcomes and significant variations between quarters. Travel and trade fairs have also increased compared with the previous year's low levels, even if costs are still not close to their pre-pandemic levels. However, there is a pent-up need to travel, which will affect our costs going forward. Order bookings did not reach the record-high levels of the comparative period, but certain customer contracts are very extensive, which leads to major fluctuations.

Within Sectra Communications, we will be starting a bit of a new chapter, since the current operating area manager, Simo Pykälistö, has announced that he has decided to step down. Cybersecurity is one of the IT world's fastest growing areas, and I'm convinced that Sectra has the potential to develop with a good financial position in the security area.

Increase in recurring revenue

The pandemic has accelerated the sale of software as a service (SaaS) and cloud-based solutions, which is contributing to increased recurring revenue. We expect to increasingly deliver our software as cloud-based solutions and are therefore making investments in digitization and organizational development. Modern IT solutions consist of many components and suppliers, and we partner with others to deliver more customer value and improve our competitive strength. During the most recent quarter, for example, we deepened our partnership with Microsoft, which will provide the infrastructure to go with our specialist expertise and applications in medical imaging. Together we can deliver scalable, secure and more sustainable cloud-based solutions for healthcare providers around the world.

In conjunction with this shift toward cloud-based services, we are also transitioning to payment models based on per-use invoicing. One example is our Sectra One subscription model, primarily used in Imaging IT Solutions, which could eventually contribute to a more even performance between quarters. It has not had a significant impact yet, and we will therefore continue to see significant fluctuations in financial outcomes between quarters as extensive customer projects and project deliveries are deployed, but this variation may eventually decrease. Despite continued growth in customer volume, there will be somewhat slower increases in sales and earnings during the transition phase, since the software-based revenue will be spread over several years instead of being reported as a point-in-time revenue. But over time, we believe that this new business model will benefit both shareholders and customers.

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. Elective (planned) healthcare procedures are starting to be carried out again, and the care debt left by the pandemic must be addressed. This means that greater productivity, access to new technology and scalability are more important than ever in healthcare. When it comes to data security, altered ways of working during the pandemic accelerated the rate of digitization throughout society. Recent serious incidents demonstrate that society's infrastructure, authorities, defense departments and healthcare need to be protected from cybercrime. 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. We believe that 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.



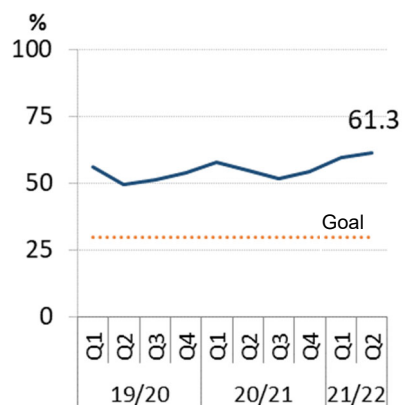
Diagrams in the financial report

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.

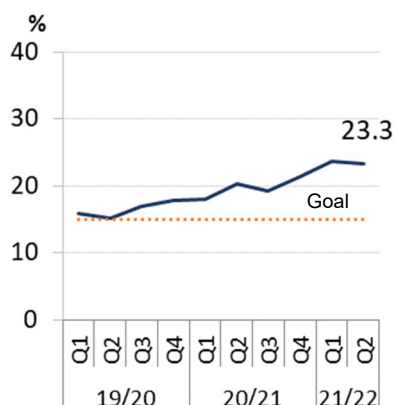
FINANCIAL GOALS

Goals in order of priority:

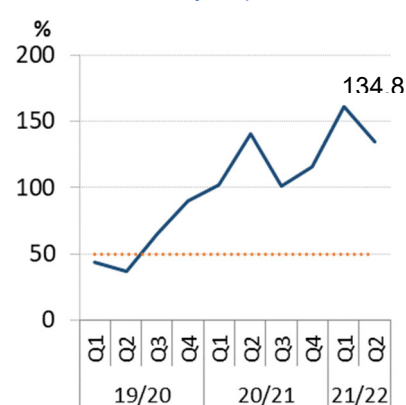
1. Equity/assets ratio $\geq 30\%$



2. Operating margin $\geq 15\%$



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



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. For further information about the Group's financial goals, refer to Sectra's [Annual and Sustainability Report for the 2020/2021 fiscal year](#).

EVENTS

Second quarter

- Sectra carried out a 5:1 share split, where each share was split into five shares of the same class.
- CFO Mats Franzén decided to transition into a new role as an industrial doctoral student and senior advisor to Sectra's company management. He will continue in his current role until a new CFO is appointed, though for no longer than until June 2022.

Imaging IT Solutions

- Order from the University Hospital Basel in Switzerland for the radiology module of Sectra's enterprise imaging solution.

Secure Communications

- The Norwegian defense forces procured additional units of the Sectra Tiger/S mobile encryption system to ensure that users can share classified information securely and efficiently.

Business Innovation

- Oslo Metropolitan University became the first in Norway to provide students with digital access to real-life clinical cases through Sectra Education Portal.
- Sectra, together with its clinical collaboration partners, won the Annual Spine Technology Award for its implant movement analysis service, Sectra Implant Movement Analysis.

After the end of the reporting period

- The Dutch Ministry of Defense, which has used Sectra's products for encrypted mobile communication since 2014, signed a new five-year framework agreement for Sectra Tiger/S and associated infrastructure.
- Simo Pykälistö, manager of the Secure Communications operating area and Executive Vice President of Sectra AB, announced that he is stepping down. A new acting manager has been appointed, Magnus Brege, bringing experience from companies such as the SAAB Group, and we are now starting the recruitment process for a new operating area manager.

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

During the second quarter, pandemic restrictions were eased in many countries, even if the pandemic wasn't yet over. 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

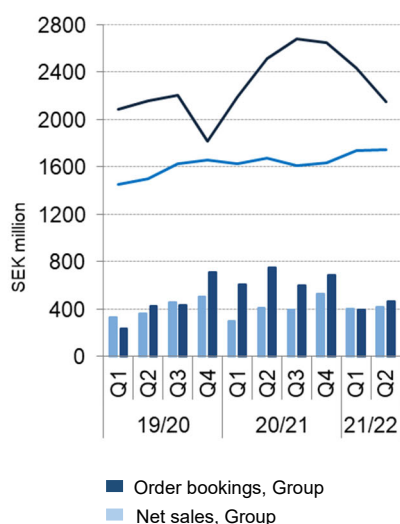
Order bookings and net sales

Order bookings decreased 36.7% to SEK 863.2 million (1,364.4), of which SEK 470.0 million (752.1) pertained to the second quarter. The outcome is lower than the record-high levels in the comparative period, but this is in line with Sectra's expectations. The strong comparative figures include several major multiyear agreements, which contribute to long-term stability, but also lead to significant variations in order bookings between individual quarters and periods. The ratio of order bookings to net sales for the latest rolling 12-month period totaled 1.23, down from 1.62 at the end of the 2020/2021 fiscal year.

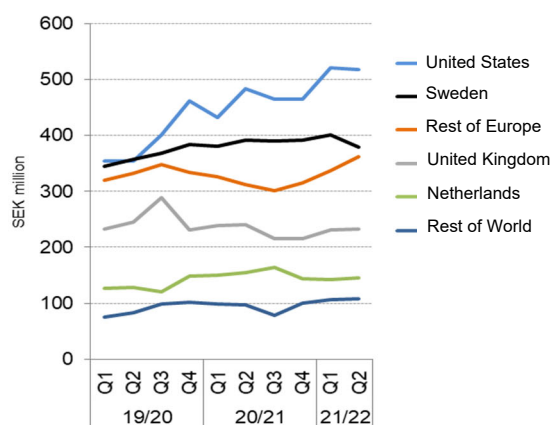
Net sales rose 15.7% to SEK 823.9 million (712.1), of which SEK 418.2 million (413.2) pertained to the second quarter. Imaging IT Solutions, whose outcome includes early deliveries to healthcare providers in the US, contributed to the sales growth during the six-month period. The other operating segments were affected by the pandemic to a greater extent. Deliveries of hardware and third-party products were lower than in the comparative period, while all operating segments posted increased sales from services and software.

The US and rest of Europe geographic markets posted the highest sales growth for the period, and sales increased in all geographic markets outside of Sweden. The outcome in Sweden compared with the year-earlier period is primarily connected to Secure Communications. Based on unadjusted exchange rates, net sales increased 17.4%. 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.

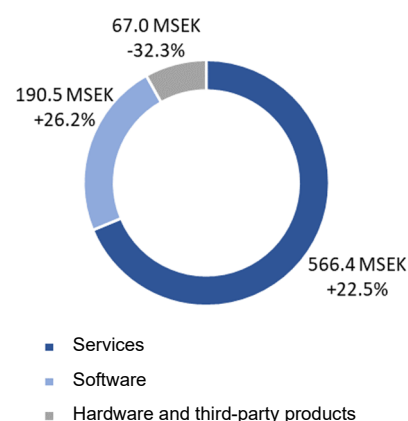
Order bookings and sales trend



Sales by geographic market trend

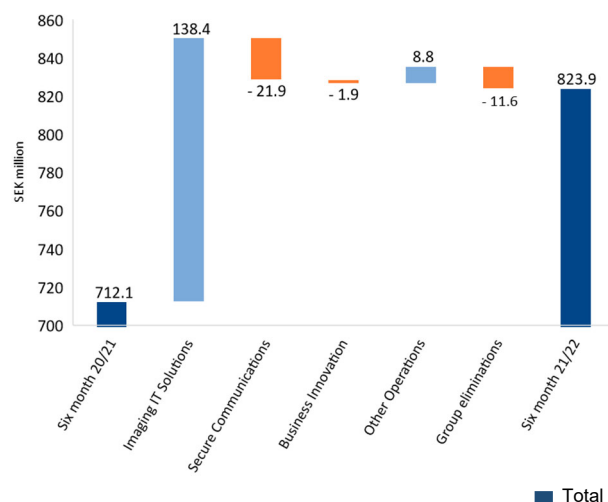


Sales by product group first half of 21/22



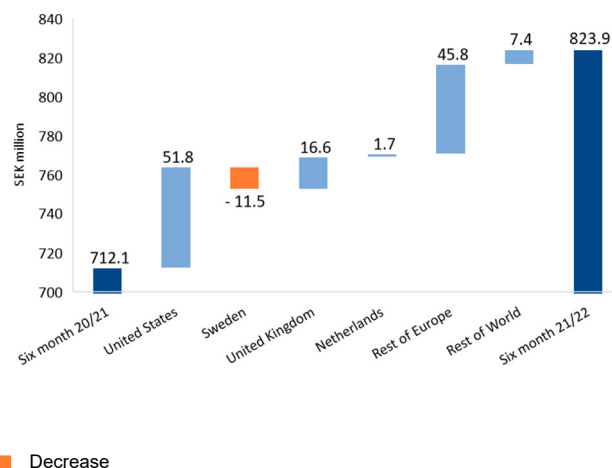
Sales trend per operating area

Compared with the corresponding period preceding fiscal year



Sales trend per geographic market

Compared with the corresponding period preceding fiscal year



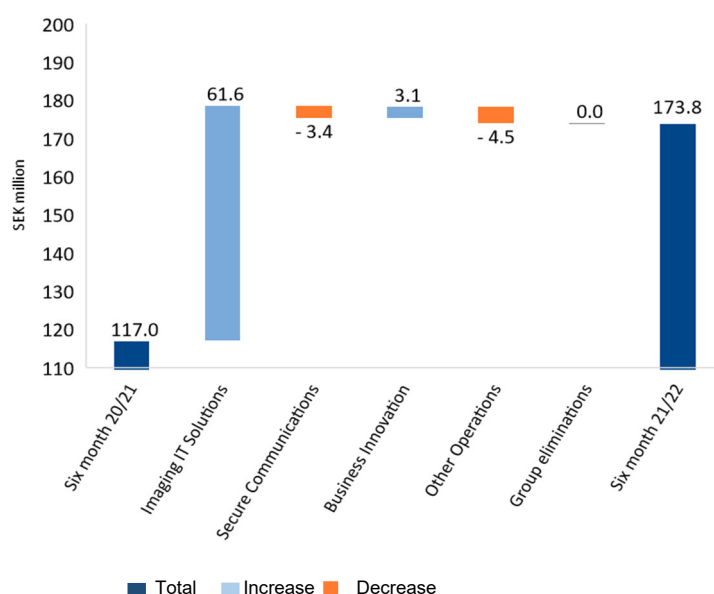
Earnings

The Group's operating profit increased 48.5% to SEK 173.8 million (117.0), of which SEK 83.7 million (89.6) pertained to the second quarter. This corresponds to an operating margin of 21.1% (16.4) for the six-month period and 20.0% (21.7) for the second quarter. Based on unadjusted exchange rates, operating profit increased 52.6% from the comparative period. The positive development in Imaging IT Solutions was the main contributor to this positive earnings trend. Operating costs in the Group were higher than the temporarily low levels in the comparative period, largely because we strengthened the organization by adding more employees. At the same time, travel and marketing activities resumed, even if costs are still well below their pre-pandemic levels.

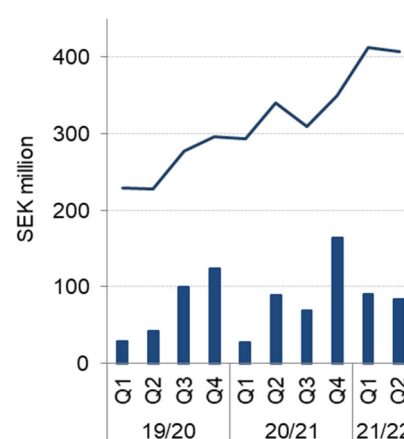
The Group's financial items amounted to SEK 2.2 million (neg: 3.1), of which SEK 0.2 million (2.9) pertained to the second quarter. Financial items improved primarily due to changes in exchange rates. Currency fluctuations in cash and cash equivalents for the six-month period had a negative impact of SEK 0.5 million (neg: 5.4) on financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact. Profit after financial items amounted to SEK 176.0 million (113.9), of which SEK 83.9 million (92.5) pertained to the second quarter. This outcome corresponds to a profit margin of 21.4% (16.0) for the six-month period and 20.1% (22.4) for the second quarter. Earnings per share before dilution totaled SEK 0.72 (0.47) for the period, of which SEK 0.34 (0.38) pertained to the second quarter.

Operating profit trend per operating area

Compared with the corresponding period preceding fiscal year



Operating profit, Group



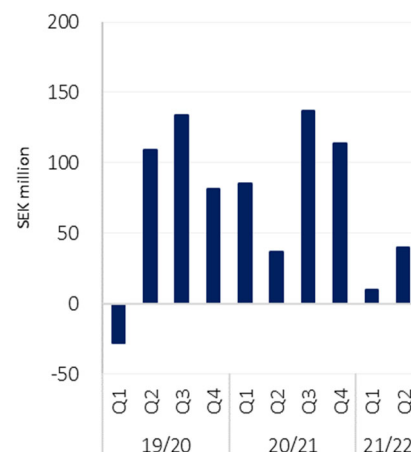
Financial position and cash flow

The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 462.3 million (248.6). The outcome for the comparative period includes a disbursement of SEK 173.3 million to the shareholders through Sectra's 2020 share redemption program. The equivalent disbursement of SEK 173.4 million pertaining to the 2021 share redemption program in the current fiscal year was carried out after the second quarter. The Group's debt/equity ratio was 0.07 (0.12) as of the balance-sheet date. Interest-bearing liabilities amounted to SEK 69.8 million (85.4), of which SEK 66.9 million (79.0) 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 49.4 million (121.8) for the period, of which SEK 39.6 million (36.3) was attributable to the second quarter. This change for the six-month period was primarily due to an increase in tied-up capital connected to current receivables. Cash flow per share amounted to SEK 0.26 (0.63) for the period, of which SEK 0.21 (0.19) pertained to the second quarter.

Cash flow from investing activities amounted to a negative SEK 29.2 million (neg: 29.0) for the period, of which a negative SEK 11.5 million (neg: 15.9) was

Cash flow after changes in working capital, Group



attributable to the second quarter. Refer to the information about investing activities below.

The Group's total cash flow for the period amounted to SEK 8.0 million (neg: 95.3).

Investments, depreciation/amortization and impairment

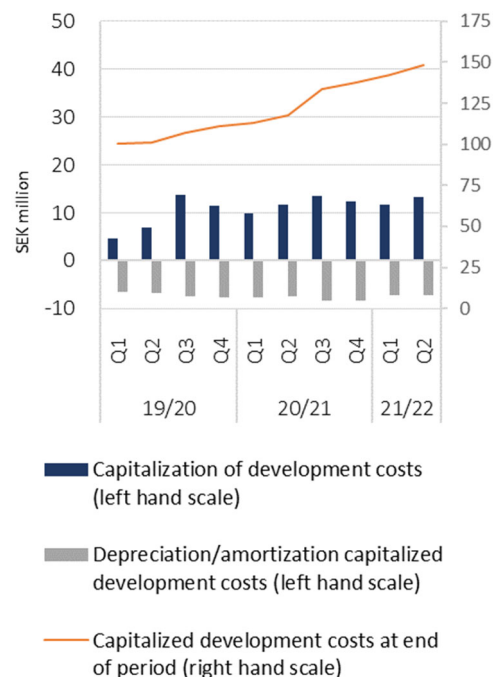
Investments for the period amounted to SEK 29.2 million (29.0), of which SEK 11.5 million (15.9) was attributable to the second quarter. These pertain primarily to capitalized work for own use, which increased 16.3% during the period to SEK 25.0 million (21.5), of which SEK 13.3 million (11.6) pertained to the second quarter. Increased activity in ongoing development projects was mainly reported in Imaging IT Solutions.

Total depreciation, amortization and impairment for the period amounted to SEK 38.1 million (40.8), of which the second quarter accounted for SEK 19.0 million (21.5). Depreciation of right-of-use assets according to IFRS 16 for the period amounted to SEK 12.2 million (12.3), of which SEK 6.2 million (6.4) pertained to the second quarter. Of the total depreciation and amortization for the period, SEK 14.4 million (15.1) pertained to capitalized development projects, of which SEK 7.2 million (7.4) pertained to the second quarter. At the end of the period, capitalized development costs totaled SEK 148.2 million (117.4).

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 is expected to gradually decrease over the next several years.

Capitalized development costs



IMAGING IT SOLUTIONS

	The quarter			The period			12 months		
	Q2 21/22	Q2 20/21	Change %	Q1–Q2 21/22	Q1–Q2 20/21	Change %	Rolling 12 month	Full-year 20/21	Change %
Sales, SEK million	374.9	338.6	10.7	737.6	599.2	23.1	1,536.1	1,397.7	9.9
Operating profit, SEK million	91.9	92.4	-0.5	189.7	128.1	48.1	439.6	378.0	16.3
Operating margin, %	24.5	27.3	n/a	25.7	21.4	n/a	28.6	27.0	n/a

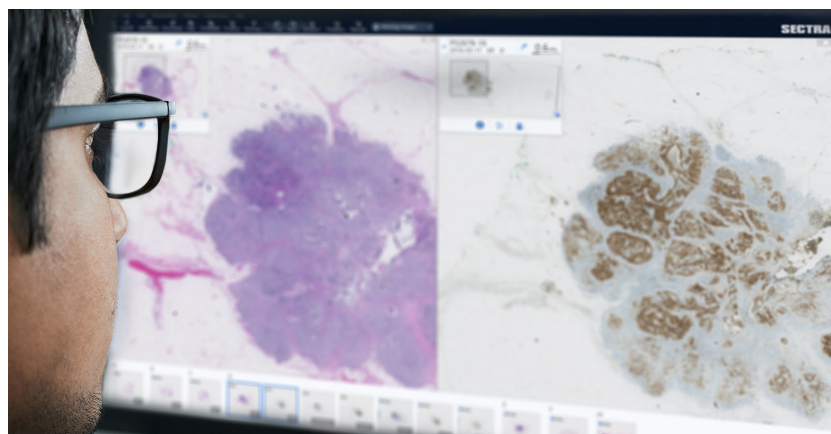
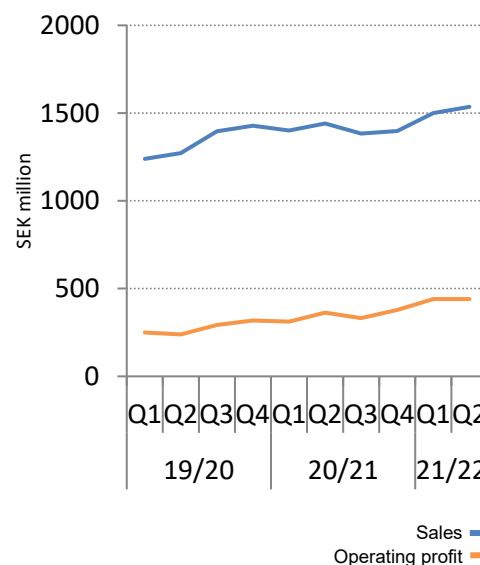
Imaging IT Solutions' record-high order bookings for the previous fiscal year have led to intense pressure when it comes to installing and deploying customer projects. We depend on our customers' ability to receive deliveries, and this was affected by the pandemic. This has meant that delivery dates have both been pushed ahead and postponed. In the first quarter of 2021/2022, for example, we had two early major deliveries of software licenses in the US, which had a significant positive impact on the financial 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 positive trend continued during the second quarter through deliveries to several customers. The operating area reported sales growth and operating profit on par with the comparative quarter. We are also continuing to recruit to strengthen our delivery capacity, which is leading to higher operating costs. At the same time, our temporarily lower costs for travel and marketing activities once again began to increase, even if costs are still far from their pre-pandemic levels. Visiting customers will be a top priority as restrictions are lifted.

The customer base is continuing to grow. Specific initiatives are ongoing in the US, where we have strengthened our position through orders from prominent customers. Sectra's offering in enterprise imaging supports all kinds of imaging, such as radiology, cardiology and digital pathology. In the digital pathology product segment, which is a quickly growing market, we received additional orders from customers in the UK and the Netherlands during the second quarter. Prominent pathology clinics around the world are choosing Sectra, which we consider to be evidence that we are a market leader in digital pathology.

More and more healthcare providers are demanding cloud services over local installations, and our cloud-based deliveries are increasing, primarily in Scandinavia, the UK and the US. This is true for both new and existing customers. Both NSW Health (Australia) and Greater Manchester (the UK), two of Sectra's largest ongoing customer projects, as well as the company's most recent installations in Sweden pertain to cloud-based services. Over the last few years, Imaging IT Solutions has been preparing for the transition to service deliveries, where all new products that are developed are designed to run efficiently in a public cloud environment. A new organization will be put in place in 2021/2022 to meet the demand for cloud-based services and to grow through increased scalability and internal efficiency. While cloud-based services will ultimately generate cost and operational benefits for Sectra, they may initially entail cost increases connected to investments, development and the organization.

Trend



Barts Health NHS Trust in the UK, a healthcare region with three million inhabitants, has initiated a digital pathology program. Sectra is helping the customer enhance patient diagnoses, speed up turnaround times and modernize pathology services. The initiative will improve clinical collaboration and access to specialists, build the foundation for the introduction of AI, and harness data to support important research.

Read more: <https://sectra.com/barts>

BUSINESS INNOVATION

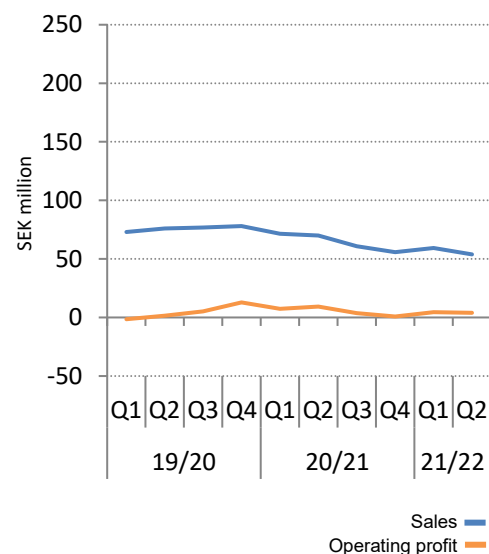
	The quarter			The period			12 months		
	Q2 21/22	Q2 20/21	Change %	Q1-Q2 21/22	Q1-Q2 20/21	Change %	Rolling 12 months	Full-year 20/21	Change %
Sales, SEK million	13.0	18.3	-29.0	25.3	27.2	-7.0	53.9	55.8	-3.4
Operating profit/loss, SEK million	0.5	1.0	-50.0	-1.0	-4.1	75.6	3.9	0.8	387.5
Operating margin, %	3.8	5.5	n/a	neg	neg	n/a	7.2	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. The pandemic has had a significant impact on the business units, which is reflected in their reduced sales and earnings. At the same time, a transition to new pay-per-use business models is under way, which will initially have a negative impact on sales in both business units. Sales from services in Business Innovation increased over the comparative period in the previous fiscal year, but not yet to the extent necessary to offset lower sales of hardware and third-party products. In the long term, this new business model will result in higher recurring revenue and thus an improved outlook going forward.

Trend



Sectra, together with its clinical collaboration partners, won an award for Sectra Implant Movement Analysis, its service for postoperative follow-up. The service uses computed tomography images to visualize movements of loose implants in patients. This helps surgeons to better decide what course of action will help the patient, thereby avoiding unnecessary and risky revision surgery in cases where no unwanted movement is found. To date, Sectra IMA has been introduced for use on hip and spine patients in Sweden and the Netherlands. In Sweden, over 400 clinical examinations have been conducted.

SECURE COMMUNICATIONS

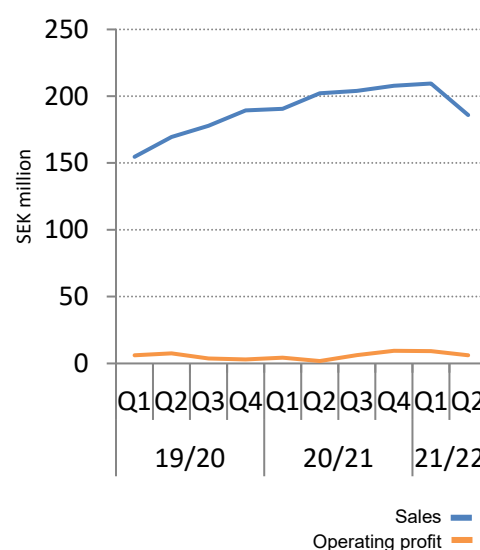
	The quarter			The period			12 months		
	Q2 21/22	Q2 20/21	Change %	Q1–Q2 21/22	Q1–Q2 20/21	Change %	Rolling 12 months	Full-year 20/21	Change %
Sales, SEK million	38.9	62.5	-37.8	77.4	99.3	-22.1	185.9	207.8	-10.5
Operating profit/loss, SEK million	-4.0	-0.8	-400.0	-3.9	-0.5	-680.0	6.1	9.5	-35.8
Operating margin, %	neg	neg	n/a	neg	neg	n/a	3.3	4.6	n/a

Secure Communications protects information and operating systems that are essential to the security of critical social functions. The need for investments in cybersecurity is growing, both in and outside Sweden. During the second quarter, for example, the Norwegian defense forces procured additional units of the Sectra Tiger/S mobile encryption system to ensure that users can share classified information securely and efficiently.

The pandemic has led to more variations than normal, and negotiations and deliveries have taken longer than desired. Although the pandemic restrictions are now less extensive in several countries, they are still making it difficult to hold physical meetings and carry out deliveries. This affected the operating area's financial outcome for the second quarter. Sales from services have increased, although not to such an extent so as to offset the effects of delayed product deliveries.

After the second quarter, we renewed a framework agreement with the Dutch Ministry of Defense, which has been using Sectra's Tiger products since 2004.

Trend



OTHER OPERATIONS

	The quarter			The period			12 months		
	Q2 21/22	Q2 20/21	Change %	Q1–Q2 21/22	Q1–Q2 20/21	Change %	Rolling 12 months	Full-year 20/21	Change %
Sales, SEK million	26.2	18.2	44.0	45.8	37.0	23.8	83.3	74.5	11.8
Operating loss, SEK million	-4.7	-2.9	-62.1	-11.1	-6.6	-68.2	-42.8	-38.3	-11.7
Operating margin, %	neg	neg	n/a	neg	neg	n/a	neg	neg	n/a

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

Increased costs in the quarter and period are primarily attributable to increased consulting costs for IT systems.

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). During the period, operations in the Orthopaedics and Medical Education business units were moved from the Parent Company to independent legal entities (refer to page 9).

THE SHARE

The share

In accordance with a resolution at the 2021 Annual General Meeting (AGM), Sectra carried out a share split whereby one existing share in Sectra was split into five shares. During the quarter, Sectra also introduced the 2021 share redemption program by issuing redemption shares. On October 31, 2021, Sectra's share capital totaled SEK 38,525,494, distributed between 385,254,940 shares. Of these, 13,103,460 are Class A shares and 179,524,010 are Class B shares, while 13,103,460 redemption shares are Class A shares and 179,524,010 redemption shares are Class B shares. Sectra redeemed all of the redemption shares after the balance-sheet date.

Recalculation of conversion price in share-based incentive programs

Due to the 5:1 share split and the share redemption program for 2021, the Board decided to recalculate the conversion prices for outstanding convertible programs. This recalculation means that the financial compensation to the holders of convertibles in relation to the shareholders is reasonable. For dilution effects and current conversion prices after the recalculation, refer to the information on <https://investor.sectra.com/the-share/share-related-incentive-programs/>.

As of the publication date of this report, on full exercise of outstanding convertibles, the number of Class B shares will increase by 39,990, 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. The next period for conversion of convertibles is January 10–14, 2022. For more information, visit: <https://investor.sectra.com/conversion2022>

2021 share redemption program and Swedish tax return help

From October to November 2021, Sectra carried out a share redemption program, whereby SEK 0.90 per share, a total of SEK 173.4 million, was distributed to the shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital.

In the Swedish tax assessment, a redemption or sale of redemption shares (designated SECT IL A and SECT IL B) is to be declared as a sale of shares on Form K4 (does not apply to shares owned through investment savings accounts). The calculation of the acquisition fees for redemption shares can be carried out in one of two ways:

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

For more information, visit <https://investor.sectra.com/redemption2021>, where the Swedish Tax Agency's general advice and tax return help will be available as soon as it has been published.

Authorization

The 2021 AGM authorized the Board, on one or more occasions during the period until the next AGM, to decide on the new issue of not more than 18,500,000 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. The authorization is intended to enable newly issued shares to be used in conjunction with the completion or financing of acquisitions of companies or operations, in full or in part, as well as in conjunction with market investments. If the authorization is fully exercised, the dilution effect will be approximately 9.6% of the share capital and approximately 6.0% of the voting rights.

The AGM also authorized the Board, on one or more occasions during the period until the next AGM, to make decisions on the acquisition and divestment of all of the company's treasury shares. Divestment can take place on Nasdaq Stockholm or in conjunction with acquisitions of companies or operations, in full or in part, in conjunction with market investments, to cover the costs arising as a result of the company's incentive programs and to continuously adapt the company's capital structure and thereby contribute to increased shareholder value. 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.

The AGM also resolved to implement long-term performance-based incentive programs for employees in the Sectra Group in Sweden and the rest of the world (LTIP 2021 SROW) and in the US and Canada (LTIP 2021 NA). In order to carry out the programs and related hedging measures, the AGM resolved:

- To authorize the Board of Directors, on one or more occasions during the period until the next AGM, to increase the company's share capital through the issue of a maximum of 1,000,000 Class C shares at a subscription price corresponding to the quota value. It will be possible for the new shares to be subscribed for by such bank with which the company signs a cooperation agreement in order to facilitate the delivery of performance shares and the financing of expenses for social security contributions as a result of the incentive programs.

- To authorize the Board of Directors, on one or more occasions during the period until the 2022 AGM, to resolve on the repurchase of all Class C shares at a price corresponding to the quota value.
- That a maximum of 780,000 Class B treasury shares may be transferred to participants in accordance with LTIP 2021 and a maximum of 220,000 Class B shares may be transferred on Nasdaq Stockholm, including by means of a financial intermediary, at a price per share that is within the registered range of share prices at the particular time, to finance the costs for social security contributions in accordance with the conditions of LTIP 2021. In total, this will entail a maximum dilution of about 0.5%.

At the time of publication of this financial report, the Board had not utilized this authorization.

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 and Sustainability Report for the 2020/2021 fiscal year](#) in the administration 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: December 10, 2021 at 10:00 a.m. (CET)

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/q2report2122

Financial calendar and 2022 AGM

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)
2022 AGM	September 8, 2022

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 October 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, December 10, 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	Andreas Örnéus Board member and employee representative	

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

GROUP

Condensed consolidated income statements

SEK thousand	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Net sales	418,245	413,173	823,944	712,066	1,744,305	1,632,427
Capitalized work for own use	13,316	11,607	24,962	21,516	50,828	47,382
Reversal of contingent consideration	0	1,070	0	1,700	1,171	2,871
Other operating income	610	490	895	506	1,550	1,161
Total income	432,171	426,340	849,801	735,788	1,797,854	1,683,841
Goods for resale	-43,645	-57,641	-89,542	-95,126	-190,583	-196,167
Personnel costs	-230,567	-211,122	-439,609	-392,459	-901,668	-854,518
Other external costs	-55,221	-46,389	-108,729	-90,384	-218,312	-199,967
Depreciation/amortization and impairment	-19,026	-21,541	-38,125	-40,787	-80,451	-83,113
Total operating expenses	-348,459	-336,693	-676,005	-618,756	-1,391,014	-1,333,765
Operating profit	83,712	89,647	173,796	117,032	406,840	350,076
Total financial items	234	2,863	2,231	-3,084	3,484	-1,831
Profit after financial items	83,946	92,510	176,027	113,948	410,324	348,245
Taxes	-17,610	-19,794	-36,579	-24,388	-84,923	-72,732
Profit for the period	66,336	72,716	139,449	89,560	325,401	275,512
Profit for the period attributable to:						
Parent Company owners	66,336	72,716	139,449	89,560	325,401	275,512
Earnings per share						
Before dilution, SEK	0.34	0.38	0.72	0.47	1.69	1.43
After dilution ¹ , SEK	0.34	0.38	0.72	0.46	1.69	1.43

1) Dilution of the number of shares, based on the convertible programs issued in 2017/2018, was 39,828 shares on October 31, 2021.

Consolidated statement of comprehensive income

SEK thousand	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Profit for the period	66,336	72,716	139,449	89,560	325,401	275,512
Translation differences	-3,926	4,075	1,483	-23,418	-2,425	-27,326
Total other comprehensive income for the period	-3,926	4,075	1,483	-23,418	-2,425	-27,326
Total comprehensive income for the period	62,410	76,791	140,932	66,142	322,976	248,186
Comprehensive income for the period attributable to:						
Parent Company owners	62,410	76,791	140,932	66,142	322,976	248,186

Condensed consolidated balance sheets

SEK thousand	Oct 31, 2021	Oct 31, 2020	Apr 30, 2021
Assets			
Intangible assets and goodwill	215,875	190,786	206,999
Tangible assets	51,430	63,715	55,660
Right-of-use assets	69,657	82,478	73,277
Other shares and participations	18	18	18
Long-term accounts receivable	123,535	143,270	140,598
Deferred tax assets	3,392	3,699	3,372
Total fixed assets	463,907	483,967	479,924
Other current assets	764,393	559,561	717,174
Cash and bank balances	462,266	248,554	454,854
Total current assets	1,226,659	808,115	1,172,028
Total assets	1,690,566	1,292,082	1,651,952
Equity and liabilities			
Equity	1,036,555	710,078	895,623
Deferred tax liabilities	3,378	3,360	3,723
Non-current lease liabilities	43,997	55,635	47,655
Other long-term liabilities	1,872	2,951	1,903
Total long-term liabilities	49,247	61,946	53,281
Provisions	4,641	12,825	6,361
Current lease liabilities	22,899	23,344	22,847
Other current liabilities	577,224	483,889	673,840
Total current liabilities	604,764	520,058	703,048
Total equity and liabilities	1,690,566	1,292,082	1,651,952

Consolidated cash-flow statements

SEK thousand	6 months May–Oct 2021	6 months May–Oct 2020	Full-year May–Apr 2020/2021
Operating activities			
Operating profit	173,796	117,032	350,076
Adjustment for non-cash items	35,690	44,176	99,293
Interest and dividends received	3,559	3,286	7,094
Interest paid	-789	-946	-1,844
Income tax paid	-37,144	-32,256	-72,476
Cash flow from operations before changes in working capital	175,112	131,292	382,143
Changes in working capital			
Change in inventories	-3,822	8,973	7,603
Change in receivables	4,597	102,066	-91,890
Change in current liabilities	-126,459	-120,511	74,331
Cash flow from operations	49,428	121,820	372,187
Investing activities			
Acquisitions of intangible assets	-24,962	-21,513	-47,304
Acquisitions of tangible assets	-10,229	-8,303	-20,351
Depreciation of tangible assets	6,029	0	0
Divestment of financial assets	0	835	835
Cash flow from investing activities	-29,162	-28,981	-66,820
Financing activities			
Repayment of lease liabilities	-12,292	-12,994	-22,490
Repayment of long-term liabilities	0	0	-998
Payment of contingent consideration	0	-1,903	-1,923
Redemption of shares	0	-173,277	-173,277
Cash flow from financing activities	-12,292	-188,174	-198,688
Cash flow for the period	7,974	-95,335	106,679
Cash and cash equivalents, opening balance	454,854	345,300	345,300
Exchange-rate difference in cash and cash equivalents	-562	-1,411	2,875
Cash and cash equivalents, closing balance	462,266	248,554	454,854

Condensed consolidated statement of changes in equity

SEK thousand	6 months May–Oct 2021	6 months May–Oct 2020	Full-year May–Apr 2020/2021
Equity at start of period	895,623	817,213	817,213
Comprehensive income for the period	140,932	66,142	248,186
Dividend/redemption of shares	0	-173,277	-173,277
Settlement of share-related payments	0	0	3,500
Equity at end of period	1,036,555	710,078	895,623

PARENT COMPANY

Condensed Parent Company income statements

SEK thousand	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Net sales	29,110	36,509	76,357	63,977	142,244	129,864
Capitalized work for own use	-	308	917	1,014	4,858	4,955
Other operating income	18	6	22	21	73	72
Total income	29,128	36,823	77,296	65,012	147,175	134,891
Goods for resale	-5,145	-2,587	-7,820	-5,043	-11,843	-9,066
Personnel costs	-11,450	-17,878	-28,866	-34,917	-66,754	-72,805
Other external costs	-16,368	-12,845	-51,738	-40,186	-102,901	-91,349
Depreciation/amortization	-414	-3,340	-1,177	-7,078	-7,981	-13,882
Total operating expenses	-33,377	-36,650	-89,601	-87,224	-189,479	-187,102
Operating profit/loss	-4,249	173	-12,305	-22,211	-42,304	-52,211
Total financial items	-200	5,560	4,802	-10,841	17,925	2,282
Profit/loss after financial items	-4,449	5,733	-7,503	-33,052	-24,379	-49,929
Appropriations	-	-	-	-	296,400	296,400
Profit/loss before tax	-4,449	5,733	-7,503	-33,052	272,021	246,471
Tax on earnings for the period	916	-1,226	1,546	7,074	-56,136	-50,608
Profit/loss for the period	-3,533	4,507	-5,957	-25,977	215,885	195,863

Parent Company statement of comprehensive income

SEK thousand	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Profit/loss for the period	-3,533	4,507	-5,957	-25,977	215,885	195,863
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-3,533	4,507	-5,957	-25,977	215,885	195,863

Condensed Parent Company balance sheets

SEK thousand	Oct 31, 2021	Oct 31, 2020	Apr 30, 2021
Assets			
Intangible assets	369	15,966	17,553
Tangible assets	3,943	21,649	22,411
Financial assets	259,186	256,670	250,748
Total fixed assets	263,498	294,285	290,712
Other current assets	331,557	255,744	495,108
Cash and bank balances	349,693	170,792	347,961
Total current assets	681,250	426,536	843,069
Total assets	944,748	720,821	1,133,781
Equity and liabilities			
Equity	627,426	408,042	633,383
Long-term liabilities	389	2,951	389
Current liabilities	316,933	309,828	500,009
Total equity and liabilities	944,748	720,821	1,133,781

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 Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
No. of common shares¹						
Before dilution	192,627,470	192,530,100	192,627,470	192,530,100	192,627,470	192,627,470
After dilution ¹	192,667,298	192,666,265	192,667,298	192,666,265	192,667,298	192,667,310
Average, before dilution	192,627,470	192,530,100	192,627,470	192,530,100	192,619,356	192,570,671
Average, after dilution ²	192,667,306	192,666,265	192,667,308	192,666,265	192,667,222	192,666,700

¹ Comparative figures have been restated due to the 5:1 share split that Sectra carried out in the second quarter of 21/22.

² Dilution of the number of shares, based on the convertible programs issued in 2017/2018, was 39,828 shares on October 31, 2021.

Note 4 Operating segments and revenue

Sales by business segment

SEK million	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Imaging IT Solutions	374.9	338.6	737.6	599.2	1,536.1	1,397.7
Secure Communications	38.9	62.5	77.4	99.3	185.9	207.8
Business Innovation	13.0	18.3	25.3	27.2	53.9	55.8
Other Operations	26.2	18.2	45.8	37.0	83.3	74.5
Group eliminations	-34.8	-24.4	-62.2	-50.6	-114.9	-103.4
Total	418.2	413.2	823.9	712.1	1,744.3	1,632.4

Operating profit/loss by business segment

SEK million	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Imaging IT Solutions	91.9	92.4	189.7	128.1	439.6	378.0
Secure Communications	-4.0	-0.8	-3.9	-0.5	6.1	9.5
Business Innovation	0.5	1.0	-1.0	-4.1	3.9	0.8
Other Operations	-4.7	-2.9	-11.1	-6.6	-42.8	-38.3
Group eliminations	0.0	-0.1	0.1	0.1	0.1	0.1
Total	83.7	89.6	173.8	117.0	406.9	350.1

Sales by geographic market

SEK million	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Sweden	87.0	108.4	175.8	187.3	379.8	391.2
United States	121.3	125.1	240.9	189.1	517.3	465.5
United Kingdom	53.9	52.1	112.0	95.4	232.7	216.2
Netherlands	36.5	34.3	67.5	65.8	144.8	143.1
Rest of Europe	96.7	71.4	181.9	136.1	361.9	316.0
Rest of World	22.8	21.9	45.8	38.4	107.8	100.4
Total	418.2	413.2	823.9	712.1	1,744.3	1,632.4

External sales by product group and operating segment

Imaging IT Solutions

SEK million	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Hardware and third-party products	22.8	25.7	48.2	44.7	112.5	109.0
Software	81.9	96.5	172.5	135.0	411.8	374.3
Services	269.1	216.8	514.8	416.9	1,006.3	908.4
Total	373.8	339.0	735.5	596.6	1,530.6	1,391.7

Secure Communications

SEK million	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Hardware and third-party products	6.0	33.4	12.6	41.0	49.6	78.0
Software	7.1	6.8	13.6	12.9	27.8	27.1
Services	25.4	21.6	50.3	44.3	107.2	101.2
Total	38.5	61.8	76.5	98.2	184.6	206.3

Business Innovation

SEK million	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Hardware and third-party products	3.4	10.2	6.2	13.2	17.3	24.3
Software	1.9	1.5	4.4	3.1	9.6	8.3
Services	0.5	0.4	1.0	0.4	1.4	0.8
Total	5.8	12.1	11.6	16.7	28.3	33.4

Other Operations

SEK million	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Hardware and third-party products	0.0	0.0	0.0	0.0	0.0	0.0
Software	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.1	0.3	0.3	0.6	0.8	1.1
Total	0.1	0.3	0.3	0.6	0.8	1.1

Group

SEK million	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Hardware and third-party products	32.2	69.3	67.0	98.9	179.3	211.2
Software	90.9	104.8	190.5	151.0	449.1	409.6
Services	295.1	239.1	566.4	462.2	1,115.9	1,011.6
Total	418.2	413.2	823.9	712.1	1,744.3	1,632.4

Share of recurring revenue

Group

SEK million	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Non-recurring revenue	145.8	163.8	298.5	242.1	721.1	664.6
Recurring revenue	272.4	249.4	525.4	470.0	1,023.2	967.8
Total external sales	418.2	413.2	823.9	712.1	1,744.3	1,632.4
Share of recurring revenue, %	65.1	60.4	63.8	66.0	58.7	59.3

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.

Comparative figures per share have been restated due to the 5:1 share split that Sectra carried out in the second quarter of 2021/2022.

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. Refer to the table on page 21.

Equity per share before dilution

	3 months Oct 31, 2021	3 months Oct 31, 2020	6 months Oct 31, 2021	6 months Oct 31, 2020	12 months Oct 31, 2021	12 months Apr 30, 2021
Adjusted equity, SEK thousand	1,036,555	710,078	1,036,555	710,078	1,036,555	895,623
Number of shares before dilution at the end of the period	192,627,470	192,530,100	192,627,470	192,530,100	192,627,470	192,627,470
Equity per share before dilution, SEK	5.38	3.69	5.38	3.69	5.38	4.65

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 Oct 31, 2021	3 months Oct 31, 2020	6 months Oct 31, 2021	6 months Oct 31, 2020	12 months Oct 31, 2021	12 months Apr 30, 2021
Adjusted equity, SEK thousand	1,036,555	710,078	1,036,555	710,078	1,036,555	895,623
Number of shares after dilution at the end of the period	192,667,298	192,666,265	192,667,298	192,666,265	192,667,298	192,667,310
Equity per share after dilution, SEK	5.38	3.69	5.38	3.69	5.38	4.65

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	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Operating profit	173,796	117,032	406,840	350,076
Personnel costs	439,609	392,459	901,668	854,518
Value added	613,405	509,491	1,308,508	1,204,594

Purpose

Shows the value of the company's production.

Calculation

Operating profit plus personnel costs.

Non-interest-bearing liabilities and interest-bearing liabilities

SEK thousand	6 months May–Oct 2021	6 months May–Oct 2020	Full-year May–Apr 2020/2021
Non-interest-bearing liabilities	584,164	496,575	682,877
Interest-bearing liabilities	69,847	85,429	73,453
Total liabilities	654,011	582,044	756,330

Purpose

Indicates the proportion of the Company's liabilities with and without interest. Included in the calculation of the debt/equity ratio and capital employed.

Calculation

Non-interest-bearing liabilities refers to liabilities without interest, such as accounts payable and tax liabilities. Interest-bearing liabilities refers to liabilities with interest, such as convertible loans and lease liabilities.

Cash flow per share before dilution

	3 months Oct 31, 2021	3 months Oct 31, 2020	6 months Oct 31, 2021	6 months Oct 31, 2020	12 months Oct 31, 2021	12 months Apr 30, 2021
Cash flow from operations, SEK thousand	39,602	36,352	49,428	121,820	299,795	372,187
Number of shares before dilution at the end of the period	192,627,470	192,530,100	192,627,470	192,530,100	192,627,470	192,627,470
Cash flow per share before dilution, SEK	0.21	0.19	0.26	0.63	1.56	1.93

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 Oct 31, 2021	3 months Oct 31, 2020	6 months Oct 31, 2021	6 months Oct 31, 2020	12 months Oct 31, 2021	12 months Apr 30, 2021
Cash flow from operations, SEK thousand	39,602	36,352	49,428	121,820	299,795	372,187
Number of shares after dilution at the end of the period	192,667,298	192,666,265	192,667,298	192,666,265	192,667,298	192,667,310
Cash flow per share after dilution, SEK	0.21	0.19	0.26	0.63	1.56	1.93

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 Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Order bookings	2,150,415	2,651,650
Net sales	1,744,305	1,632,427
Ratio of order bookings to net sales	1.23	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	6 months Oct 31, 2021	6 months Oct 31, 2020	12 months Oct 31, 2021	12 months Apr 30, 2021
Current assets	1,226,659	808,115	1,226,659	1,172,028
Unutilized overdraft facilities	15,000	15,000	15,000	15,000
Current liabilities	604,764	520,058	604,764	703,048
Liquidity	2.1	1.6	2.1	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 Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	Full-year May–Apr 2020/2021
Nominal change, %	1.2	13.7	15.7	2.3	-1.7
Exchange-rate effect, %	0.6	5.1	1.7	3.8	5.1
Change in unadjusted exchange rates, %	1.8	18.8	17.4	6.1	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

	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	Full-year May–Apr 2020/2021
Nominal change, %	-6.6	110.1	48.5	62.5	18.5
Exchange-rate effect, %	1.0	17.2	4.1	13.4	13.7
Change in unadjusted exchange rates, %	-5.6	127.3	52.6	75.9	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.

Unadjusted exchange rates – recurring revenue

	3 months Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	Full-year May–Apr 2020/2021
Nominal change, %	9.2	n/a	11.8	n/a	n/a
Exchange-rate effect, %	0.2	n/a	0.8	n/a	n/a
Change in unadjusted exchange rates, %	9.4	n/a	12.6	n/a	n/a

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 Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Share price at end of period	209.6	121.0
Earnings per share before dilution for the rolling 12-month period	1.69	1.43
P/E ratio, multiple	124.0	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 Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Profit for the period, SEK thousand	66,336	72,716	139,449	89,560	325,401	275,512
Average number of shares at the end of the period before dilution	192,627,470	192,530,100	192,627,470	192,530,100	192,619,355	192,570,670
Earnings per share before dilution, SEK	0.34	0.38	0.72	0.47	1.69	1.43

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 Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Profit for the period, SEK thousand	66,336	72,716	139,449	89,560	325,401	275,512
Average number of shares at the end of the period after dilution	192,667,306	192,666,265	192,667,308	192,666,265	192,667,222	192,666,700
Earnings per share after dilution, SEK	0.34	0.38	0.72	0.46	1.69	1.43

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 Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Profit for the period	66,336	72,716	139,449	89,560	325,401	275,512
Equity at start of period	974,145	806,564	895,623	817,213	710,078	817,213
Equity at end of period	1,036,555	710,078	1,036,555	710,078	1,036,555	895,623
Average adjusted equity	1,005,350	758,321	966,089	763,646	873,317	856,418
Return on equity, %	6.6	9.6	14.4	11.7	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 Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Profit after financial items	83,946	92,510	176,027	113,948	410,324	348,245
Financial expenses	-420	-488	-789	-946	-1,687	-1,844
Average capital employed	1,076,148	842,369	1,037,739	850,067	950,955	936,851
Return on capital employed, %	7.8	11.0	17.0	13.5	43.3	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 Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Profit after financial items	83,946	92,510	176,027	113,948	410,324	348,245
Financial expenses	-420	-488	-789	-946	-1,687	-1,844
Average total assets	1,662,532	1,340,431	1,671,259	1,401,965	1,491,324	1,581,900
Return on total capital, %	5.1	6.9	10.6	8.2	27.6	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 Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Operating profit	83,712	89,647	173,796	117,032	406,840	350,076
Net sales	418,245	413,173	823,944	712,066	1,744,305	1,632,427
Operating margin, %	20.0	21.7	21.1	16.4	23.3	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 Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Operating profit, SEK thousand	406,840	350,076
Number of shares before dilution	192,627,470	192,627,470
Operating profit per share, SEK	2.11	1.82

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	Oct 31, 2021	Oct 31, 2020
Interest-bearing liabilities	69,847	85,429
Equity	1,036,555	710,078
Debt/equity ratio	0.07	0.12

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	Oct 31, 2021	Oct 31, 2020	Apr 30, 2021
Adjusted equity	1,036,555	710,078	895,623
Total assets	1,690,566	1,292,082	1,651,952
Equity/assets ratio, %	61.3	55.0	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	Oct 31, 2021	Oct 31, 2020	Apr 30, 2021
Total assets	1,690,566	1,292,082	1,651,952
Non-interest-bearing liabilities	584,164	496,575	682,877
Capital employed	1,106,402	795,507	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 Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Operating profit per share before dilution	2.112	1.818
Operating profit per share before dilution five years earlier	0.899	0.842
Growth in operating profit per share before dilution over a five-year period, %	134.8	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 Aug–Oct 2021	3 months Aug–Oct 2020	6 months May–Oct 2021	6 months May–Oct 2020	12 months Nov 2020– Oct 2021	Full-year May–Apr 2020/2021
Profit after financial items	83,946	92,510	176,027	113,948	410,324	348,245
Net sales	418,245	413,173	823,944	712,066	1,744,305	1,632,427
Profit margin, %	20.1	22.4	21.4	16.0	23.5	21.3

Purpose

Shows a comparison of profitability regardless of corporate tax rate.

Calculation

Profit after financial items divided by net sales.

KEY FIGURES AND OTHER INFORMATION

Key figures

	6 months Oct 31, 2021	6 months Oct 31, 2020	12 months Oct 31, 2021	Full-year Apr 30, 2021
Order bookings, SEK million	863.2	1,364.4	2,150.4	2,651.6
Operating margin, %	21.1	16.4	23.3	21.4
Profit margin, %	21.4	16.0	23.5	21.3
Average no. of employees	882	811	863	828
Cash flow per share before dilution, SEK ^{1, 2}	0.26	0.63	1.56	1.93
Cash flow per share after dilution, SEK ^{1, 2}	0.26	0.63	1.56	1.93
Value added, SEK million	613.4	509.5	1,308.5	1,204.6
P/E ratio, multiple ¹	n/a	n/a	124.0	84.6
Share price at end of period, SEK ¹	209.6	108.6	209.6	121.0
Return on equity, %	14.4	11.7	37.3	32.2
Return on capital employed, %	17.0	13.5	43.3	37.4
Return on total capital, %	10.6	8.2	27.6	22.1
Equity/assets ratio, %	61.3	55.0	61.3	54.2
Liquidity ratio, multiple	2.1	1.6	2.1	1.7
Equity per share before dilution, SEK ¹	5.38	3.69	5.38	4.65
Equity per share after dilution, SEK ¹	5.38	3.69	5.38	4.65

¹ Comparative figures per share have been restated due to the 5:1 share split that Sectra carried out in the second quarter of 21/22.

² Cash flow from operations.

Condensed consolidated income statements and quarterly alternative performance measures

SEK million	2021/2022		2020/2021				2019/2020			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	418.2	405.7	526.2	394.2	413.2	298.9	507.6	457.4	363.3	332.8
Capitalized work for own use	13.3	11.6	12.3	13.5	11.6	9.9	12.1	14.3	8.9	6.4
Reversal of contingent consideration	0.0	0.0	1.2	0	1.1	0.6	0.0	8.8	0.0	0.0
Other operating income	0.6	0.3	0.1	0.6	0.5	0.0	2.0	0.7	0.2	0.8
Operating expenses ¹	-329.4	-308.4	-353.6	-319.1	-315.2	-262.8	-371.6	-355.2	-312.4	-293.7
Depreciation/amortization and impairment ¹	-19.0	-19.1	-22.3	-20.1	-21.5	-19.2	-26.5	-26.3	-17.4	-16.9
Operating profit	83.7	90.1	163.9	69.1	89.6	27.4	123.6	99.7	42.7	29.4
Total financial items	0.2	2.0	2.6	-1.3	2.9	-5.9	3.2	1.0	2.3	1.3
Profit after financial items	83.9	92.1	166.5	67.8	92.5	21.4	126.7	100.7	44.9	30.6
Tax on earnings for the period	-17.6	-19.0	-33.9	-14.5	-19.8	-4.6	-27.5	-21.5	-10.0	-6.6
Profit for the period	66.3	73.1	132.6	53.3	72.7	16.8	99.2	79.2	34.9	24.1
Order bookings, SEK million	470.0	393.2	689.2	598.0	752.1	612.3	716.2	435.4	425.7	238.7
Operating margin, %	20.0	22.2	31.1	17.5	21.7	9.2	24.3	21.8	11.8	8.8
Cash flow per share before dilution, SEK ²	0.21	0.05	0.59	0.71	0.19	0.44	0.42	0.70	0.57	-0.15
Cash flow per share after dilution, SEK ²	0.21	0.05	0.59	0.71	0.19	0.44	0.42	0.70	0.57	-0.15
Earnings per share before dilution, SEK ²	0.34	0.38	0.69	0.28	0.38	0.09	0.52	0.41	0.18	0.13
Return on equity, %	6.6	7.8	16.0	6.8	9.5	2.1	12.8	10.9	5.2	3.3
Return on capital employed, %	7.8	9.2	17.8	7.8	10.9	2.4	15.3	12.9	6.2	3.9
Equity/assets ratio, %	61.3	59.6	54.2	51.7	55.0	58.1	54.1	51.2	49.7	56.2
Equity per share, SEK ²	5.38	5.06	4.65	3.95	3.69	4.19	4.24	3.76	3.22	3.87
Share price at end of period, SEK ²	209.60	137.20	121.00	142.50	108.60	120.20	84.00	79.20	64.30	65.00

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.

² Comparative figures per share have been restated due to the 5:1 share split that Sectra carried out in the second quarter of 21/22.

Five-year summary ¹

	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, 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 ²	1.43	1.24	1.04	0.97	0.81
Earnings per share after dilution, SEK ²	1.43	1.23	1.03	0.96	0.80
Dividend/redemption program per share, SEK ²	0.90	0.90	0.90	0.90	0.90
Share price at end of year, SEK ²	121.00	84.00	64.40	38.84	32.50
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 ²	4.65	4.24	3.80	3.47	3.24
Equity per share after dilution, SEK ²	4.65	4.24	3.78	3.43	3.19
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.

² Comparative figures per share have been restated due to the 5:1 share split that Sectra carried out in the second quarter of 21/22.

Exchange rates

Currency	Average rates in SEK			Closing rates in SEK		
	Q2 2021/2022	Q2 2020/2021	Change %	Oct 31, 2021	Oct 31, 2020	Change %
US dollar, 1 USD	8.49	8.95	-5.1	8.47	8.86	-4.4
Euro, 1 EUR	10.07	10.36	-2.8	9.89	10.34	-4.4
British pound, 1 GBP	11.75	11.44	2.7	11.68	11.45	2.0

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.