

Interim report for the May 2021–January 2022 period:

## The industry's most satisfied customers for the ninth consecutive year

Sectra's radiology module for enterprise imaging, Sectra PACS, received a top ranking in customer satisfaction surveys in the US, Canada and Asia/Oceania. Satisfied customers are the foundation for the Group's growth and the positive trend in the Imaging IT Solutions operations. The other operating segments are affected by the pandemic to a greater extent, particularly Secure Communications. The consequences of the pandemic and the ongoing investments in the field of cybersecurity are expected to continue to have a negative impact on the earnings trend toward the end of the fiscal year, but have the potential to contribute to long-term expansion.

### REPORT PRESENTATION

March 9, 2022 at 10:00 a.m. (CET)

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More information on page 14.

### THE PERIOD AND THE QUARTER IN BRIEF

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

#### Period: May 2021–January 2022

- Order bookings amounted to SEK 1,302.8 million (1,962.4), down 33.6% from the comparative period.
- Net sales rose 17.5% to SEK 1,300.1 million (1,106.2). Based on unadjusted exchange rates, the increase was 16.5%. Recurring revenue accounted for SEK 800.6 million (715.2) of sales for the period, up 11.9%. Based on unadjusted exchange rates, the increase was 10.8%.
- Operating profit rose 30.1% to SEK 242.2 million (186.2), corresponding to an operating margin of 18.6% (16.8). Based on unadjusted exchange rates, operating profit increased 27.8%.
- Profit after financial items amounted to SEK 253.1 million (181.8).
- Cash flow from operations amounted to SEK 202.5 million (258.5).

#### Third quarter: November 2021–January 2022

- Order bookings amounted to SEK 439.6 million (598.0), down 26.5% from the comparative quarter. Of the order bookings during the quarter, 27% were recognized during the quarter and a further estimated 25% to 35% pertains to revenue within 12 months after the end of the quarter.
- Net sales increased 20.8% to SEK 476.2 million (394.2). Based on unadjusted exchange rates, the increase was 15.0%. Recurring revenue accounted for SEK 275.2 million (245.3) of sales for the quarter, up 12.2%. Based on unadjusted exchange rates, the increase was 7.2%.
- Operating profit declined 1.0% to SEK 68.4 million (69.1), corresponding to an operating margin of 14.4% (17.5). Based on unadjusted exchange rates, operating profit decreased 14.0%.
- Profit after financial items amounted to SEK 77.0 million (67.8).
- Cash flow from operations amounted to SEK 153.1 million (136.7).

#### Key figures

SEK million	The quarter			The period			12 months		
	Q3 21/22	Q3 20/21	Change %	Q1–3 21/22	Q1–3 20/21	Change %	Rolling 12 months	Full-year 20/21	Change %
Order bookings	439.6	598.0	-26.5	1,302.8	1,962.4	-33.6	1,992.0	2,651.6	-24.9
Net sales	476.2	394.2	20.8	1,300.1	1,106.2	17.5	1,826.3	1,632.4	11.9
Operating profit (EBIT)	68.4	69.1	-1.0	242.2	186.2	30.1	406.1	350.1	16.0
Operating margin, %	14.4	17.5	n/a	18.6	16.8	n/a	22.2	21.4	n/a
Profit after financial items (EBT)	77.0	67.8	13.6	253.1	181.8	39.2	419.5	348.2	20.5
Profit margin, %	16.2	17.2	n/a	19.5	16.4	n/a	23.0	21.3	n/a
Profit for the period	62.9	53.3	18.0	202.3	142.9	41.6	334.9	275.5	21.6
Earnings per share before dilution, SEK <sup>2</sup>	0.33	0.28	17.9	1.05	0.74	41.9	1.74	1.43	21.7
Cash flow <sup>1</sup>	153.1	136.7	12.0	202.5	258.5	-21.7	316.2	372.2	-15.0
Cash flow per share before dilution <sup>1, 2</sup>	0.79	0.71	11.3	1.05	1.34	-21.6	1.64	1.93	-15.5
Average no. of employees	918	833	10.2	894	819	9.2	885	828	6.9

<sup>1</sup> Cash flow from operations.

<sup>2</sup> 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.

*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 Sectra's contact person set out in the press release, at 8:15 a.m (CET) on March 9, 2022.*

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

## CEO'S COMMENTS

What we are achieving together with our customers is benefiting millions of patients around the world, improving medical education and helping society's critical functions with cybersecurity. The best way that we can grow is to continue to satisfy customers who then recommend Sectra to those who are not yet our customers.



Torbjörn Kronander, President and CEO

Early deliveries at the start of the fiscal year have contributed to more even outcomes between the quarters, and operating profit for the period as a whole increased 30%. Deliveries of medical IT systems contributed to a positive profit trend and stable growth for Imaging IT Solutions, in particular thanks to a growing customer base in the US, which is currently our fastest growing market. Business Innovation's operations also performed well in the third quarter.

Unfortunately, the COVID-19 pandemic had a major impact on Secure Communications during the quarter. To reverse this trend, we need to progress in procurements and deliver products to customers. We expect the operational investments we are currently carrying out to continue to have a negative impact on the Group's outcomes for some time before the trend can be reversed. To date, we have not experienced any direct effects of the security situation in Europe, and our business operations in Russia and Ukraine are very limited. However, together with the general increase in cyber threats in society, these events are expected to contribute to growing demand for cybersecurity in the coming years.

### Customer value, employees and corporate culture top priorities for Sectra's sustainability efforts

Our customers are incredibly important for functioning societies. The best way for us to contribute to increased sustainability in society is to deliver customer value, which is our most important sustainability target. Customer satisfaction, one of the measures we use to monitor our success, is the ultimate evidence that we are delivering value. We are a relatively small company with our head office in Sweden, yet we have the most satisfied customers in the US, Canada and Australia. This is something we are very proud of, but it is not the time to sit back and relax. Our success must be earned every year. The recognition we have received from customers year after year would not have been possible without the fantastic and committed people that we have at Sectra. Our employees take responsibility for solving customers' challenges and ensuring that they are satisfied with our services. It is simply not possible to have satisfied customers unless the employees that customers interact with are satisfied. To perform our best, it is essential that we are happy together and have fun in the workplace, that we develop as individuals and feel secure in our customer-oriented corporate culture. Based on the feedback provided by our employees in Universum's annual evaluation, Sectra was ranked in fourth place among Sweden's best employers of 2021. This evaluation only focuses on Sweden, but based on the results of our internal employee surveys, I believe the outcome is also representative of how our employees around the world view Sectra as a workplace.

### More comprehensive procurements lead to greater variations in order bookings

As expected, order bookings were lower than the historically high levels in the comparative period, which included several large customer contracts. Volume variations are not unusual in our market niches. We are experiencing continued healthy demand, with several comprehensive procurements ongoing in Secure Communications and Imaging IT Solutions. In the healthcare sector, demand is being driven by collaborations between regions and hospitals, the consolidation of IT systems and growing volumes of medical images. The combination of systems that can manage up to tens of millions of images each year and long-term contracts has resulted in procurements where the total order value for the entire contract period can amount to very large sums. This trend will continue to cause major fluctuations in order volumes moving forward, while the fluctuations in sales and profit are expected to decline as sales of software as a service increase.



**Sectra listens to and cares about customers.** This was confirmed when we were awarded Best in KLAS for Sectra's radiology module for enterprise imaging for the ninth year in a row in the US and the third year in a row in Canada. For the first time, Sectra also received a top ranking in customer satisfaction in Asia/Oceania, where we have our largest presence in Australia. The award demonstrates that NSW Health appreciates Sectra's cloud-based solutions. We also received one of the highest rankings in Europe and in the digital pathology product category, a rapidly growing market in which we are well positioned for growth. Read more about the awards: <https://sectra.com/KLAS>

## Outlook

The financial trend in 2021/2022 did not follow our historical seasonal pattern. We have seen a more equal distribution between the quarters as a result of deliveries being completed both earlier and later than planned. There is a continued risk of further postponements to project deliveries, and it remains more difficult than normal to predict outcomes. During the final quarter of the fiscal year, we expect the earnings trend to weaken as a result of the situation in Secure Communications, the continued reinforcement of the Imaging IT Solutions organization and the transition to sales of software as a service instead of traditional licenses, which will distribute revenue more evenly over time. This revenue model is more stable and long-term than previous license sales, but will lead to a decline in sales growth in the short term.

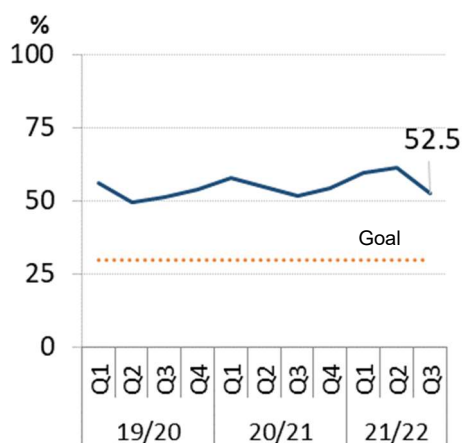
We believe that our possibilities for growth are favorable in all operating areas. However, the pandemic has resulted in increased variation and temporary shifts in markets and product areas. Elective (planned) healthcare procedures are starting to be carried out again, and the care debt left by the 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.

## FINANCIAL GOALS

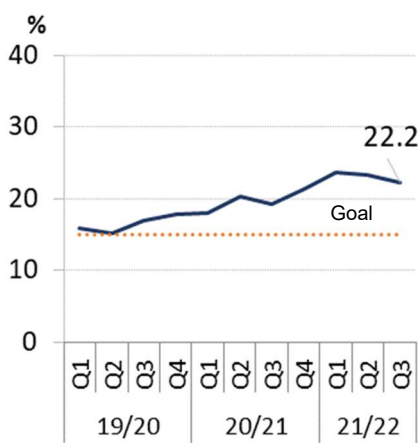
The rolling 12-month performance exceeded the levels for the Group-wide financial goals. Stability and profitability are considered hygiene factors. Once these goals have been met, the focus shifts to our growth goal, where we reinvest Sectra's profit in areas that have the potential to increase customer value and thereby contribute to stable and long-term returns for our shareholders. For further information about the Group's financial goals, refer to Sectra's [Annual and Sustainability Report for the 2020/2021 fiscal year](#).

Goals in order of priority:

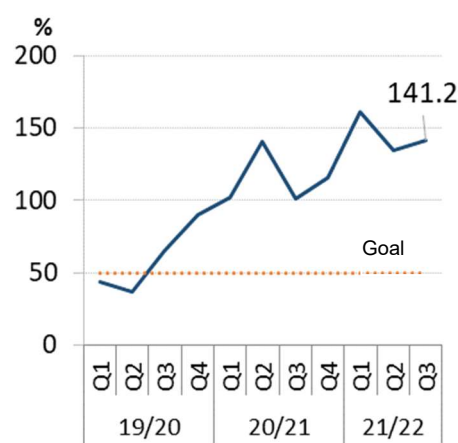
1. Equity/assets ratio  $\geq 30\%$



2. Operating margin  $\geq 15\%$



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



### 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.

## EVENTS

### Third quarter

#### Imaging IT Solutions

- Order placed for the Sectra One subscription service by MUSC Health in South Carolina in the US.
- Emory Healthcare in Georgia, Atlanta in the US expanded its existing enterprise imaging contract to include Sectra's digital pathology module.
- AZ Sint-Maria Halle in Belgium ordered Sectra's enterprise imaging solution.

#### Secure Communications

- The Dutch Ministry of Defense, which has used Sectra's products for encrypted mobile communication since 2004, signed a new five-year framework agreement for Sectra Tiger/S and associated infrastructure.
- Magnus Brege was appointed as acting President of the Secure Communications operating area after the former President of the operating area resigned.

#### Business Innovation

- Region Vestfold became the first customer in Norway to enter into an agreement for the use of Sectra's follow-up service for implant surgery, Sectra Implant Movement Analysis.

#### Group

- Jessica Holmquist was appointed as the new CFO and will assume the position in spring 2022. The current CFO will transition into a new role as an industrial doctoral student and senior advisor to Sectra's company management.
- Issue of Class C shares and subsequent repurchase of all of these shares to secure the company's obligations under its long-term incentive programs and issue of Class B shares in conjunction with the conversion of convertible programs.
- Nomination Committee appointed ahead of the Annual General Meeting on September 8, 2022.

### After the end of the reporting period

- The radiology module in Sectra's enterprise imaging solution received the prestigious Best in KLAS award for highest customer satisfaction in the US (large and small hospitals), Canada and Asia/Oceania.
- Health and Social Care Service (HSC) in Northern Ireland went live with Sectra's digital pathology system. Northern Ireland has now become the first region in the UK to combine pathology and radiology images in the same medical imaging system.



## 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 where the user can interact with medical images and share 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 COVID-19**

In the third quarter, the spread of COVID-19 once again increased in many countries, leading to more stringent measures being taken. However, after the balance-sheet date, many countries relaxed their national and local restrictions. The risk of delivery fluctuations remains high in regions with a high rate of infection, which could lead to significant variations in financial outcomes between quarters. COVID-19 has led to greater uncertainty than usual, and developments after the pandemic remain difficult to predict. Travel and trade fairs have 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 meet with customers, which will affect Sectra's costs going forward as society gradually opens up and the rate of infection decreases.

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. Sectra has neither needed nor received any support in the form of reduced rent, furlough assistance or business transition support due to the COVID-19 pandemic. No need for impairment is deemed to exist owing to the pandemic. For further information, refer to Sectra's [Annual and Sustainability Report for the 2020/2021 fiscal year](#).



## COMMENTS ON THE GROUP'S FINANCIAL OUTCOME

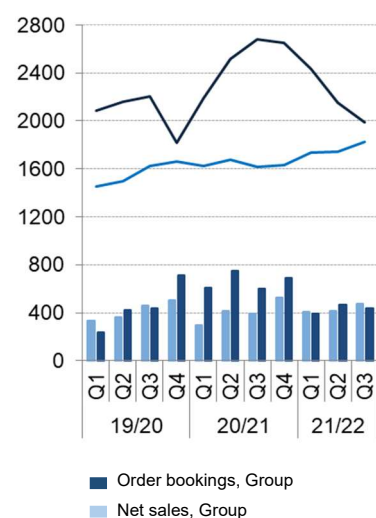
### Order bookings and net sales

Order bookings declined 33.6% to SEK 1,302.8 million (1,962.4), of which SEK 439.6 million (598.0) pertained to the third quarter. The outcome is lower than the record-high levels in the comparative period, but this is in line with Sectra's expectations. The 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 1.09, down from 1.62 at the end of the 2020/2021 fiscal year.

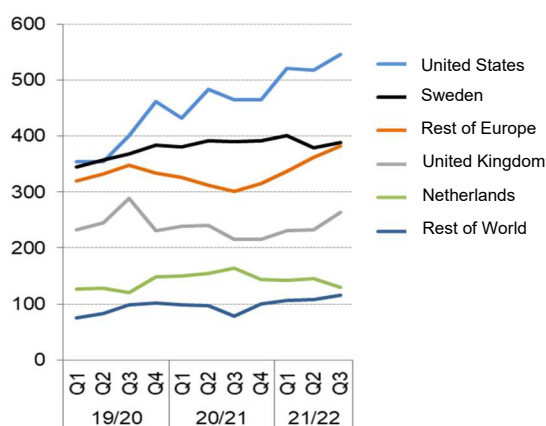
Net sales rose 17.5% to SEK 1,300.1 million (1,106.2), of which SEK 476.2 million (394.2) pertained to the third quarter. Imaging IT Solutions was the main contributor to sales growth during the nine-month period. The other operating segments were affected by the pandemic to a greater extent. Business Innovation recorded major outcome fluctuations and Secure Communications' operations were particularly affected.

The UK, the US and the rest of Europe posted the highest sales growth during the nine-month period. Changes in the outcomes in Sweden and the Netherlands compared with the comparative period were primarily attributable to Secure Communications. Based on unadjusted exchange rates, net sales increased 16.5%. 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.

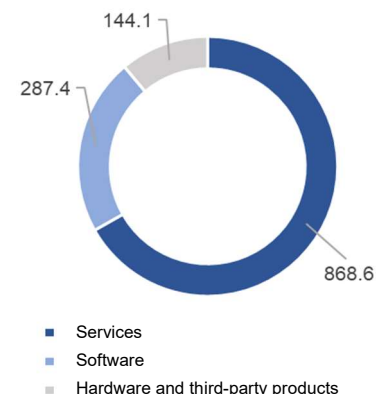
Order bookings and sales trend, SEK million



Sales by geographic market trend, SEK million

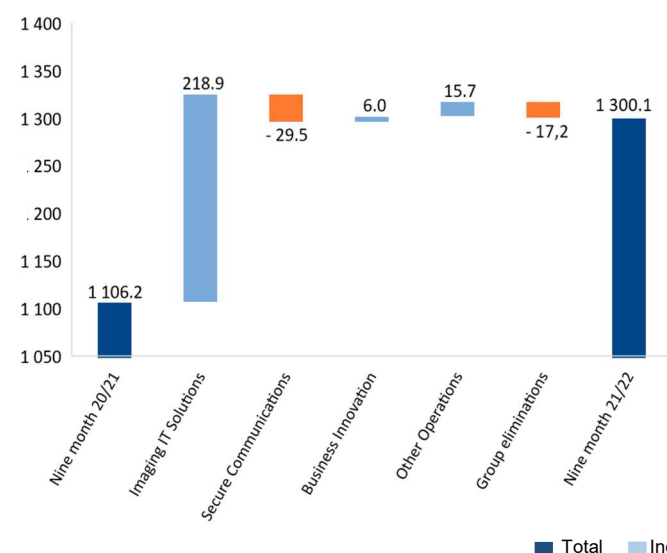


Sales by product group nine-month period 21/22, SEK million



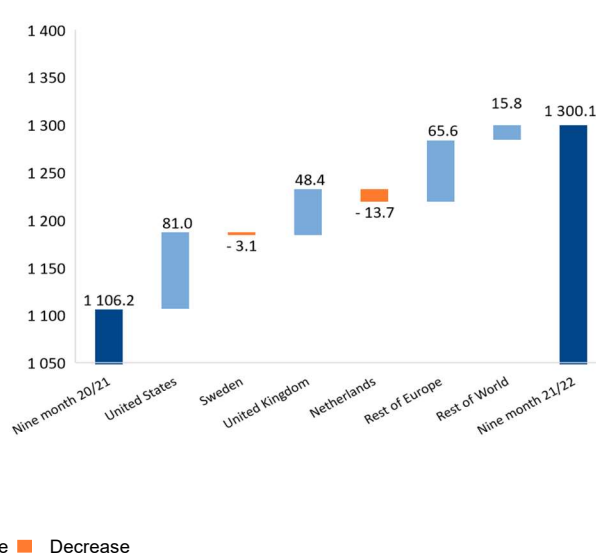
Sales trend per operating area, SEK million

Compared with the corresponding period preceding fiscal year



Sales trend per geographic market, SEK million

Compared with the corresponding period preceding fiscal year



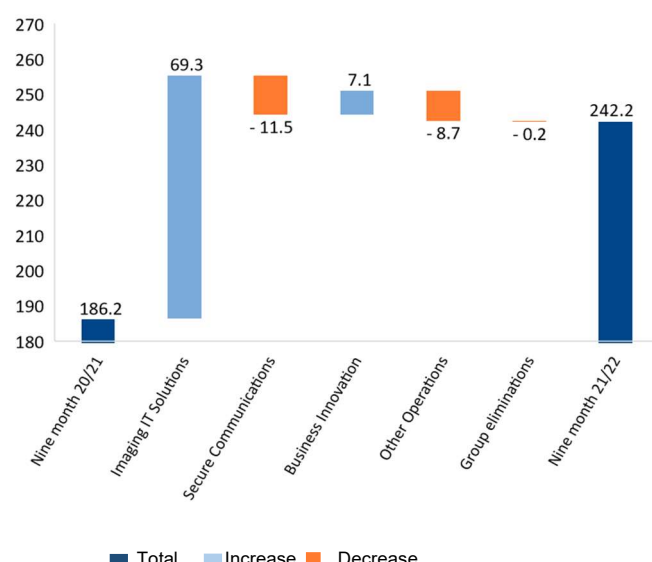
## Earnings

The Group's operating profit increased 30.1% to SEK 242.2 million (186.2), of which SEK 68.4 million (69.1) pertained to the third quarter. Based on unadjusted exchange rates, operating profit increased 27.8% from the comparative period. Imaging IT Solutions and Business Innovation recorded increased operating profit. Developments in Secure Communications had a negative impact on earnings for the period and the quarter. The operating margin amounted to 18.6% (16.8) for the nine-month period and 14.4% (17.5) for the third quarter. The Group's operating costs were higher than the temporarily low levels in the comparative period, largely because we strengthened the organization by adding employees. At the same time, travel and marketing activities resumed, even if costs are lower than their pre-pandemic levels. However, there is a pent-up need to meet with customers, which will affect costs going forward.

The Group's financial items amounted to SEK 10.8 million (neg: 4.4), of which SEK 8.6 million (neg: 1.3) pertained to the third quarter. Financial items improved primarily due to changes in exchange rates. Currency fluctuations in the nine-month period had an impact of SEK 6.7 million (neg: 8.3) on the Group's financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact. Profit after financial items amounted to SEK 253.1 million (181.8), of which SEK 77.0 million (67.8) pertained to the third quarter. This corresponds to a profit margin of 19.5% (16.4) for the nine-month period and 16.2% (17.2) for the third quarter. Earnings per share before dilution totaled SEK 1.05 (0.74) for the period, of which SEK 0.33 (0.28) pertained to the third quarter.

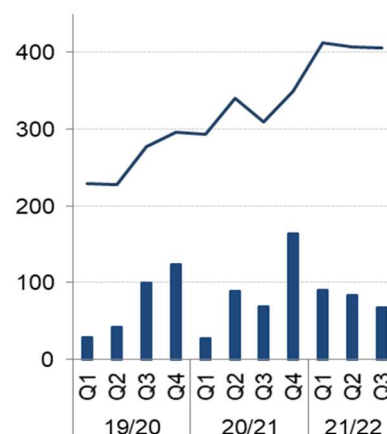
### Operating profit trend per operating area, SEK million

Compared with the corresponding period preceding fiscal year



### Operating profit, Group

SEK million



## Financial position and cash flow

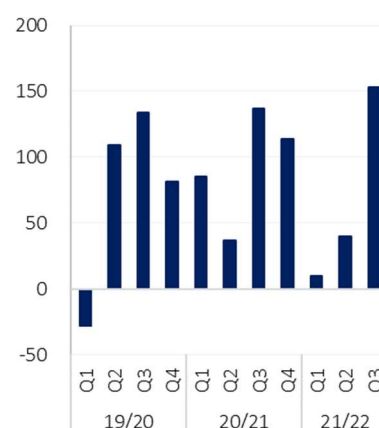
The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 423.6 million (364.5). The Group's debt/equity ratio was 0.07 (0.10) as of the balance-sheet date. Interest-bearing liabilities amounted to SEK 66.8 million (76.8), of which SEK 66.4 million (73.9) pertained to lease liabilities according to IFRS 16 and SEK 0.4 million (2.9) pertained to convertible loans held by employees and Board members.

Cash flow from operations strengthened over the last quarter and amounted to SEK 202.5 million (258.5) for the period, of which SEK 153.1 million (136.7) was attributable to the third quarter. This change for the nine-month period was primarily due to an increase in tied-up capital connected to current receivables. Cash flow per share amounted to SEK 1.05 (1.34) for the period, of which SEK 0.79 (0.71) pertained to the third quarter.

Cash flow from investing activities amounted to a negative SEK 49.9 million (neg: 46.6) for the period, of which a negative SEK 20.8 million (neg: 17.6) was attributable to the third quarter. Refer to the information about investing activities on page 8.

### Cash flow from operations,

Group, SEK million



The Group's total cash flow for the period amounted to a negative SEK 39.7 million (pos: 17.8). This result includes a disbursement of SEK 173.4 million (173.3) to the shareholders through Sectra's share redemption program.

## Investments, depreciation/amortization and impairment

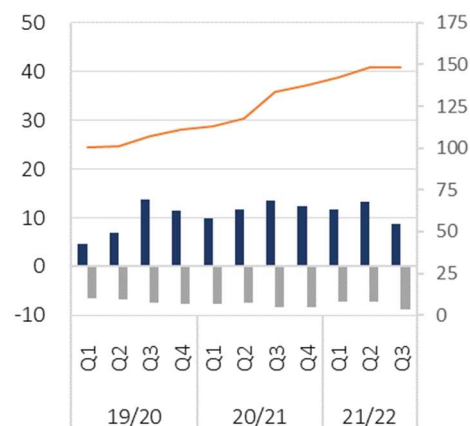
Investments for the period amounted to SEK 56.0 million (47.5), of which SEK 20.8 million (17.6) was attributable to the third quarter. These pertain primarily to capitalized work for own use, which decreased 3.7% during the period to SEK 33.7 million (35.0), of which SEK 8.7 million (13.5) pertained to the third quarter.

Total depreciation, amortization and impairment for the period amounted to SEK 59.4 million (60.9), of which the third quarter accounted for SEK 21.3 million (20.1). Depreciation of right-of-use assets according to IFRS 16 for the period amounted to SEK 18.7 million (18.4), of which SEK 6.5 million (6.1) pertained to the third quarter. Of the total depreciation/amortization for the period, SEK 23.3 million (23.5) was attributable to capitalized development costs, of which SEK 8.9 million (8.4) pertained to the third quarter. At the end of the period, capitalized development costs totaled SEK 148.1 million (133.7).

## 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 a certain change from 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, SEK million



■ Capitalization of development costs (left hand scale)

■ Depreciation/amortization capitalized development costs (left hand scale)

— Capitalized development costs at end of period (right hand scale)



## Research and development for sustainable growth

Our team of researchers are paving the way for product development that creates value for Sectra's customers. Innovation and projects are conducted together with universities, hospitals and strategic partners around the world. AI, image analysis and visualization are examples of areas we work with. In autumn 2021, Martin Lindvall, researcher at Sectra, successfully defended his doctoral thesis: *Designing with Machine Learning in digital pathology: Augmenting Medical Specialists through Interaction Design*. For more information about selected projects and publications that Sectra's researchers have participated in, visit:

<https://medical.sectra.com/about-sectra/research-at-sectra/>



## IMAGING IT SOLUTIONS

	The quarter			The period			12 months		
	Q3	Q3	Change	Q1-3	Q1-3	Change	Rolling 12 months	Full-year	Change
	21/22	20/21	%	21/22	20/21	%	20/21	20/21	%
Sales, SEK million	418.9	338.4	23.8	1,156.5	937.6	23.3	1,616.6	1,397.7	15.7
Operating profit, SEK million	80.1	72.4	10.6	269.8	200.5	34.6	447.3	378.0	18.3
Operating margin, %	19.1	21.4	n/a	23.3	21.4	n/a	27.7	27.0	n/a

Imaging IT Solutions noted sales growth and increased operating profit. Scandinavia, the UK and the US accounted for most of the sales increase, but the majority of geographic markets grew during the nine-month period.

The record-high order bookings for the previous fiscal year led to intense pressure when it comes to installing and deploying customer projects. At the same time, customers' ability to receive deliveries was affected by the pandemic. Although as much as possible is being conducted remotely, COVID-19 continues to pose certain challenges in terms of go-live and training, which could lead to early and postponed deliveries. For example, the first quarter of 2021/2022 included two major early deliveries of software licenses, which had a significant positive impact on the financial outcome. This contributed to more even outcomes between the quarters and is not expected to affect the outcome for the full fiscal year.

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. 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 COVID-19 restrictions are lifted.

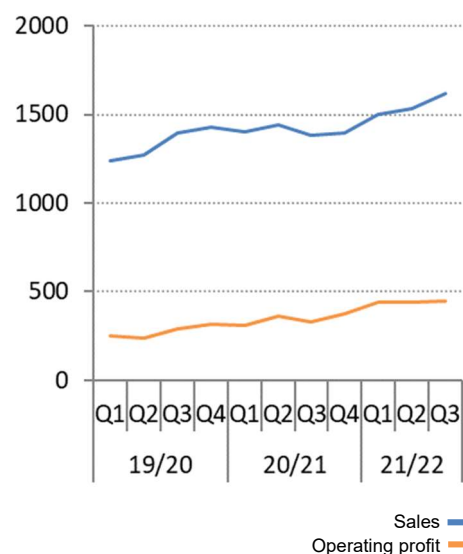
To meet customer needs, long-term initiatives are being carried out with a focus on diseases related to elderly patients and cancer diagnostics, areas where we see potential to contribute to increased cost efficiency in health and medical care. These growth initiatives are focused, for example, on digital pathology and cardiology. Another growth area is diagnostics of eye disorders (ophthalmology), where Sectra's newly developed module was deployed at a major, prominent customer in the US during the period. This module is part of Sectra's enterprise imaging solution.

### Transition to cloud-based services

Our deliveries of cloud-based services 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 this type of service. A new organization was established in 2021/2022 to meet the demand for cloud-based services and to grow through increased scalability and internal efficiency. The transition to service deliveries also means that all new products that are developed are designed to run efficiently in public cloud environments. 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. In conjunction with this shift toward cloud-based services, we are also transitioning to payment models based on usage, for example, Sectra One.

Cloud-based services consist of many components, and we partner with others to deliver more customer value and improve our competitive strength. For example, we have expanded our strategic partnership with Microsoft. By combining Microsoft's cloud infrastructure with Sectra's specialist knowledge and application software in medical imaging, we can deliver scalable, secure and more sustainable cloud-based solutions for healthcare providers around the world.

Trend, SEK million



**John Muir Health in the US** has made many improvements thanks to Sectra's cloud-based services, Sectra Health Cloud, and the Sectra One subscription service. The customer's operations are spread across several geographic locations, with three hospitals, 1,000 physicians and a healthcare system connected to two major academic medical institutions. Read more at:

<https://medical.sectra.com/case/5-years-into-the-cloud-john-muir-health/>

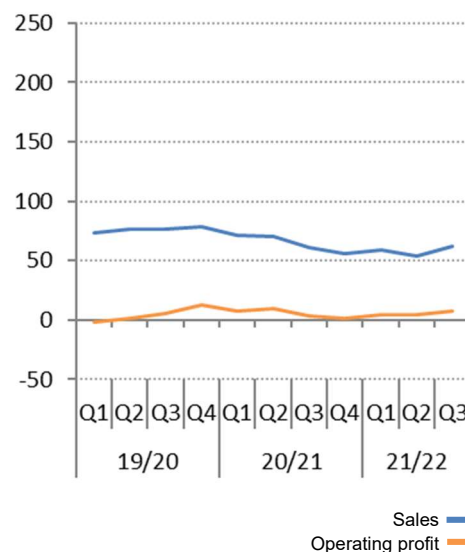
## BUSINESS INNOVATION

	The quarter			The period			12 months		
	Q3	Q3	Change	Q1-3	Q1-3	Change	Rolling 12 months	Full-year	Change
	21/22	20/21	%	21/22	20/21	%	20/21	20/21	%
Sales, SEK million	19.1	11.2	70.5	44.4	38.4	15.6	61.8	55.8	10.8
Operating profit/loss, SEK million	3.0	-1.0	400.0	2.0	-5.1	139.2	7.9	0.8	887.5
Operating margin, %	15.7	neg	n/a	4.5	neg	n/a	12.8	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 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 two business units were included in the Parent Company in the previous fiscal year. As of May 1, 2021, they are operated as independent legal entities, although they will still be reported in the Business Innovation segment.

For the third quarter, Business Innovation reported increased sales compared with the comparative quarter and returned to posting a profit. The results in Business Innovation's relatively small business units vary significantly between quarters and periods. The pandemic has had a significant impact on the business units. A transition is also under way to new pay-per-use business models, 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, the new business models will result in higher recurring revenue and thus an improved outlook going forward.

Trend, SEK million



**Region Vestfold became the first in Norway** to implement Sectra Implant Movement Analysis in clinical practice. The service assists orthopaedists and radiologists in determining if the pain that some patients experience after implant surgery is caused by a loose implant. The service is a high-precision diagnostic tool that makes it possible for the user to identify the optimal treatment for their patients at an earlier stage.

## SECURE COMMUNICATIONS

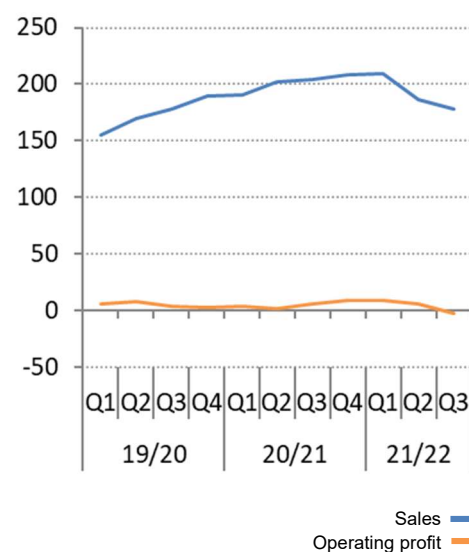


	The quarter			The period			12 months		
	Q3	Q3	Change	Q1-3	Q1-3	Change	Rolling 12 months	Full-year	Change
	21/22	20/21	%	21/22	20/21	%	20/21	20/21	%
Sales, SEK million	44.0	51.6	-14.7	121.4	150.9	-19.5	178.3	207.8	-14.2
Operating profit/loss, SEK million	-4.9	3.1	-258.1	-8.8	2.7	-425.9	-2.0	9.5	-121.1
Operating margin, %	neg	6.0	n/a	neg	1.8	n/a	neg	4.6	n/a

The pandemic has led to more variations than normal, and negotiations and deliveries have taken longer than desired. Although COVID-19 related restrictions are now less extensive in several countries, they are still making it difficult to hold physical meetings and carry out deliveries. This had a major impact on the operating area's financial outcomes during the nine-month period. Secure mobile communication and critical infrastructure were particularly impacted and had a negative effect on the financial outcome. Sales from services have increased, although not to such an extent so as to offset the postponements in procurements and delayed product deliveries.

During the quarter, Magnus Brege was appointed acting President of Secure Communications, marking a new start for the operations. Cybersecurity is one of the IT world's most rapidly growing areas in which there are ample opportunities for Sectra to develop. 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. In the third quarter, we renewed a framework agreement with the Dutch Ministry of Defense, which has been using Sectra's Tiger products since 2004. Orders were also received for product development related to national security and proof of concept for a solution for secure mobile communication.

Trend, SEK million



## OTHER OPERATIONS

	The quarter			The period			12 months		
	Q3	Q3	Change	Q1-3	Q1-3	Change	Rolling 12 months	Full-year	Change
	21/22	20/21	%	21/22	20/21	%	20/21	20/21	%
Sales, SEK million	26.2	19.3	35.8	72.0	56.3	27.9	90.2	74.5	21.1
Operating loss, SEK million	-9.7	-5.5	-76.4	-20.9	-12.1	-72.7	-47.1	-38.3	-23.0
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 19. The Parent Company Sectra AB includes the research department for medical imaging IT and the head office's joint functions (see Other Operations on the preceding page). 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 10).

## THE SHARE

### Share capital and number of shares

In accordance with the resolutions and authority granted by the most recent Annual General Meeting (AGM), the following changes in the number of shares occurred during the fiscal year:

- Share split whereby one existing share in Sectra was split into five shares.
- [Issue of 1,000,000 Class C shares](#) at a price corresponding to the quotient value, meaning SEK 0.20 per share and a total of SEK 200,000, to secure the obligations under new long-term performance-based incentive programs, see below.

In addition, 34,855 Class B shares were issued as a result of the conversion of the 2018/2022 convertible program. On January 31, 2022, Sectra's share capital totaled SEK 38,732,465, distributed between 193,662,325 shares, and the total number of votes amounted to 311,593,465. The number of shares is distributed between 13,103,460 Class A shares and 179,558,865 Class B shares and 1,000,000 Class C shares. For more information, refer to Note 3.

### New performance-based incentive programs

In accordance with the resolution by the AGM, Sectra introduced long-term performance-based incentive programs in the third quarter 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 total, 57% of entitled employees chose to participate in the programs. Sectra has allotted a total of 238,097 share rights to participants of LTIP 2021 SROW and 119,960 performance stock units (PSU) to participants of LTIP 2021 NA.

Following the set vesting period, participants will be allotted shares in the company free of charge provided they remain employed by the company and certain performance conditions have been met. The allotment of performance shares will take place within 60 days from the end of the qualification period, which runs from January 1, 2022 to December 31, 2026. The maximum number of performance shares that can be allotted under LTIP 2021 is limited to 780,000 Class B shares. In addition, a maximum of 220,000 Class B shares may be transferred on Nasdaq Stockholm, including by way of a financial intermediary, to finance the costs of covering social security contributions and non-wage labor costs as a result of the incentive programs.

### Repurchase of own shares

During the third quarter, all 1,000,000 Class C were repurchased at a price corresponding to the quotient value, totaling SEK 200,000. The purpose of the repurchase is to ensure the future delivery of performance shares and to finance the costs of social security contributions related to the LTIP 2021 incentive program. Sectra's holding of treasury shares at the end of the period was 1,000,000 Class C shares, corresponding to 0.5% of the share capital and 0.3% of the voting rights in the company. After the balance-sheet date, all Class C shares were converted to Class B shares.

### 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). Visit <https://investor.sectra.com/inlosen2021> for Swedish tax return help and information about the Swedish Tax Agency's general recommendations.

### Recalculation of conversion prices

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 5,130, corresponding to less than 0.1% of the share capital and 0.1% of the voting rights in the company. The next period for conversion of convertibles is January 9–13, 2023.



## 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.

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

## 2022 AGM AND NOMINATION COMMITTEE

The AGM is scheduled for September 8, 2022 in Linköping, Sweden. The composition of the Nomination Committee is in accordance with the instructions adopted at the [2020 AGM](#). If any of the largest shareholders in terms of voting rights has waived their right to appoint a member of the Nomination Committee, the next shareholder in order of size has been given the opportunity to appoint a member. The Nomination Committee comprises the following members:

- Torbjörn Kronander representing his own and related parties' shareholdings
- Patrik Jonsson representing SEB Investment Management
- Jan Särilvik representing Nordea Investment Funds
- Jan-Olof Brüer in his role as Chairman of the Board and representing his own and related parties' shareholdings

Jan Särilvik, who represents the sixth-largest shareholder in terms of votes, was appointed Chairman of the Nomination Committee.

The Nomination Committee's proposals will be presented in the notice of the General Meeting of Shareholders and be available on the company's website not earlier than six weeks and not later than four weeks prior to the Meeting date.

The Nomination Committee will prepare and submit proposals regarding:

- election of the Chairman of the Board and other members of the Board of Directors
- allocation of Board fee payments to the Chairman and other members of the Board and potential remuneration for committee work
- election of and fees to the auditors and deputy auditors (where applicable)
- resolution on amendments to the Nomination Committee instructions, if the Nomination Committee deems such amendments to be necessary
- Chairman of the AGM

Shareholders who wish to submit proposals to the Nomination Committee may do so in writing by email: [info.investor@sectra.se](mailto:info.investor@sectra.se) or by mail: Sectra AB, Attn. Nomination Committee, Teknikringen 20, SE-583 30 Linköping, Sweden. In order for the Nomination Committee to address a proposal, the proposal must arrive in ample time prior to the notice of the AGM.

## 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 events have occurred that would alter the conditions reported.

### Russia's invasion of Ukraine

Sectra's business operations in Russia and Ukraine are very limited. Our assessment is that Russia's invasion of Ukraine and the sanctions imposed will have a minor direct effect on Sectra's operations.

### COVID-19

For risks and uncertainties related to the COVID-19 pandemic, refer to page 5 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](mailto:info.investor@sectra.se).

## Presentation of the interim report

Time: March 9, 2022 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: <https://investor.sectra.com/q3report2122>

## Financial calendar and 2022 AGM

Year-end report 2021/2022 June 3, 2022 at 8:15 a.m. (CEST)

2022 AGM September 8, 2022

For other IR events, visit: <https://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 2021 to January 2022 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, March 8, 2022

Torbjörn Kronander  
President, CEO and Board member

Jan-Olof Brüter  
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 Örneus  
Board member and employee representative

## AUDITOR'S REVIEW REPORT

### *Introduction*

We have reviewed the condensed interim financial information for Sectra AB (publ) at January 31, 2022 and for the nine-month period ended on that date. The Board of Directors and the President are responsible for the preparation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the interim financial information based on our review.

### *Focus and scope of the review*

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different direction and is substantially more limited in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed on the basis of a review does not provide the same level of assurance as an opinion expressed on the basis of an audit.

### *Opinion*

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not, in all material aspects, been compiled for the Group in accordance with IAS 34 Interim Reporting and the Swedish Annual Accounts Act and for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Linköping, March 8, 2022

Ernst & Young AB

Andreas Troberg  
Authorized Public Accountant

## GROUP

### Condensed consolidated income statements

SEK thousand	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Net sales	476,173	394,163	1,300,117	1,106,229	1,826,315	1,632,427
Capitalized work for own use	8,737	13,542	33,700	35,059	46,023	47,382
Reversal of contingent consideration	0	0	0	1,700	1,171	2,871
Other operating income	8	580	903	1,086	978	1,161
<b>Total income</b>	<b>484,918</b>	<b>408,285</b>	<b>1,334,720</b>	<b>1,144,074</b>	<b>1,874,487</b>	<b>1,683,841</b>
Goods for resale	-68,572	-52,361	-158,115	-147,487	-206,795	-196,167
Personnel costs	-245,160	-212,408	-684,769	-604,867	-934,420	-854,518
Other external costs	-81,441	-54,323	-190,170	-144,708	-245,429	-199,967
Depreciation/amortization and impairment	-21,300	-20,070	-59,425	-60,856	-81,682	-83,113
<b>Total operating expenses</b>	<b>-416,473</b>	<b>-339,162</b>	<b>-1,092,479</b>	<b>-957,918</b>	<b>-1,468,326</b>	<b>-1,333,765</b>
<b>Operating profit</b>	<b>68,445</b>	<b>69,123</b>	<b>242,241</b>	<b>186,156</b>	<b>406,161</b>	<b>350,076</b>
Total financial items	8,590	-1,312	10,822	-4,396	13,387	-1,831
<b>Profit after financial items</b>	<b>77,035</b>	<b>67,811</b>	<b>253,063</b>	<b>181,760</b>	<b>419,548</b>	<b>348,245</b>
Taxes	-14,155	-14,465	-50,734	-38,854	-84,612	-72,732
<b>Profit for the period</b>	<b>62,880</b>	<b>53,346</b>	<b>202,329</b>	<b>142,906</b>	<b>334,935</b>	<b>275,512</b>
<b>Profit for the period attributable to:</b>						
Parent Company owners	62,880	53,346	202,329	142,906	334,935	275,512
<b>Earnings per share</b>						
Before dilution, SEK	0.33	0.28	1.05	0.74	1.74	1.43
After dilution <sup>1</sup> , SEK	0.33	0.28	1.05	0.74	1.74	1.43

1) Dilution of the number of shares, based on the convertible programs issued in 2017/2018, was 5,130 shares on January 31, 2022.

### Consolidated statement of comprehensive income

SEK thousand	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Profit for the period	62,880	53,346	202,329	142,906	334,935	275,512
<b>Items that may be reversed in the income statement</b>						
Translation differences	29,436	-5,441	30,919	-28,859	32,452	-27,326
<b>Total other comprehensive income for the period</b>	<b>29,436</b>	<b>-5,441</b>	<b>30,919</b>	<b>-28,859</b>	<b>32,452</b>	<b>-27,326</b>
<b>Total comprehensive income for the period</b>	<b>92,316</b>	<b>47,905</b>	<b>233,248</b>	<b>114,047</b>	<b>367,387</b>	<b>248,186</b>
<b>Comprehensive income for the period for the period attributable to:</b>						
Parent Company owners	92,316	47,905	233,248	114,047	367,387	248,186

## Condensed consolidated balance sheets

SEK thousand	Jan 31, 2022	Jan 31, 2021	Apr 30, 2021
<b>Assets</b>			
Intangible assets and goodwill	223,318	205,055	206,999
Tangible assets	55,353	51,183	55,660
Right-of-use assets	69,218	77,133	73,277
Other shares and participations	19	18	18
Financial assets	156,339	132,880	140,598
Deferred tax assets	3,598	3,698	3,372
<b>Total fixed assets</b>	<b>507,845</b>	<b>469,967</b>	<b>479,924</b>
Other current assets	896,804	637,750	717,174
Cash and bank balances	423,585	364,492	454,854
<b>Total current assets</b>	<b>1,320,389</b>	<b>1,002,242</b>	<b>1,172,028</b>
<b>Total assets</b>	<b>1,828,234</b>	<b>1,472,209</b>	<b>1,651,952</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>959,025</b>	<b>761,483</b>	<b>895,623</b>
Deferred tax liabilities	3,608	3,297	3,723
Non-current lease liabilities	41,985	51,140	47,655
Other long-term liabilities	910	389	1,903
<b>Total long-term liabilities</b>	<b>46,503</b>	<b>54,826</b>	<b>53,281</b>
Provisions	4,275	10,115	6,361
Current lease liabilities	24,376	22,729	22,847
Other current liabilities	794,055	623,056	673,840
<b>Total current liabilities</b>	<b>822,706</b>	<b>655,900</b>	<b>703,048</b>
<b>Total equity and liabilities</b>	<b>1,828,234</b>	<b>1,472,209</b>	<b>1,651,952</b>

## Consolidated cash-flow statements

SEK thousand	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	Full-year May–Apr 2020/2021
<b>Operating activities</b>			
Operating profit	242,241	186,156	350,076
Adjustment for non-cash items	43,532	61,374	99,293
Interest and dividends received	5,316	5,244	7,094
Interest paid	-1,175	-1,383	-1,844
Income tax paid	-54,792	-50,122	-72,476
<b>Cash flow from operations before changes in working capital</b>	<b>235,122</b>	<b>201,269</b>	<b>382,143</b>
<b>Changes in working capital</b>			
Change in inventories	-4,206	10,559	7,603
Change in receivables	-89,181	31,277	-91,890
Change in current liabilities	60,766	15,416	74,331
<b>Cash flow from operations</b>	<b>202,501</b>	<b>258,521</b>	<b>372,187</b>
<b>Investing activities</b>			
Acquisitions of intangible assets	-37,860	-34,980	-47,304
Acquisitions of tangible assets	-18,104	-12,471	-20,351
Depreciation of tangible assets	6,029	0	0
Divestment of financial assets	0	835	835
<b>Cash flow from investing activities</b>	<b>-49,935</b>	<b>-46,616</b>	<b>-66,820</b>
<b>Financing activities</b>			
Repayment of lease liabilities	-17,883	-17,912	-22,490
Repayment of long-term liabilities	-1,017	0	-998
Payment of contingent consideration	0	-2,901	-1,923
Redemption of shares	-173,365	-173,277	-173,277
<b>Cash flow from financing activities</b>	<b>-192,265</b>	<b>-194,090</b>	<b>-198,688</b>
<b>Cash flow for the period</b>	<b>-39,699</b>	<b>17,815</b>	<b>106,679</b>
Cash and cash equivalents, opening balance	454,854	345,300	345,300
Exchange-rate difference in cash and cash equivalents	8,429	1,377	2,875
Cash and cash equivalents, closing balance	423,585	364,492	454,854

## Condensed consolidated statement of changes in equity

SEK thousand	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	Full-year May–Apr 2020/2021
Equity at start of period	895,623	817,213	817,213
Comprehensive income for the period	233,248	114,047	248,186
Dividend/redemption of shares	-173,365	-173,277	-173,277
Settlement of share-related payments	3,519	3,500	3,500
<b>Equity at end of period</b>	<b>959,025</b>	<b>761,483</b>	<b>895,623</b>



## PARENT COMPANY

### Condensed Parent Company income statements

SEK thousand	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Net sales	27,081	30,453	103,438	94,430	138,872	129,864
Capitalized work for own use	0	1,986	917	3,000	2,872	4,955
Other operating income	7	33	29	54	47	72
<b>Total income</b>	<b>27,088</b>	<b>32,472</b>	<b>104,384</b>	<b>97,484</b>	<b>141,791</b>	<b>134,891</b>
Goods for resale	-989	-2,129	-8,809	-7,172	-10,703	-9,066
Personnel costs	-13,824	-16,668	-42,690	-51,585	-63,910	-72,805
Other external costs	-22,578	-14,832	-74,317	-55,017	-110,649	-91,349
Depreciation/amortization	-420	-3,394	-1,598	-10,472	-5,008	-13,882
<b>Total operating expenses</b>	<b>-37,811</b>	<b>-37,023</b>	<b>-127,414</b>	<b>-124,246</b>	<b>-190,270</b>	<b>-187,102</b>
<b>Operating loss</b>	<b>-10,723</b>	<b>-4,551</b>	<b>-23,030</b>	<b>-26,762</b>	<b>-48,479</b>	<b>-52,211</b>
Total financial items	18,003	8,245	22,805	-2,595	27,682	2,282
<b>Profit/loss after financial items</b>	<b>7,280</b>	<b>3,694</b>	<b>-225</b>	<b>-29,357</b>	<b>-20,797</b>	<b>-49,929</b>
Appropriations	0	0	0	0	296,400	296,400
<b>Profit/loss before tax</b>	<b>7,280</b>	<b>3,694</b>	<b>-225</b>	<b>-29,357</b>	<b>275,603</b>	<b>246,471</b>
Tax on earnings for the period	-1,500	-790	46	6,284	-56,846	-50,608
<b>Profit/loss for the period</b>	<b>5,780</b>	<b>2,904</b>	<b>-179</b>	<b>-23,073</b>	<b>218,757</b>	<b>195,863</b>

### Parent Company statement of comprehensive income

SEK thousand	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Profit/loss for the period	5,780	2,904	-179	-23,073	218,757	195,863
<b>Total comprehensive income for the period</b>	<b>5,780</b>	<b>2,904</b>	<b>-179</b>	<b>-23,073</b>	<b>218,757</b>	<b>195,863</b>

### Condensed Parent Company balance sheets

SEK thousand	Jan 31, 2022	Jan 31, 2021	Apr 30, 2021
<b>Assets</b>			
Intangible assets	4,446	16,784	17,553
Tangible assets	4,039	20,387	22,411
Financial assets	270,175	243,850	250,748
<b>Total fixed assets</b>	<b>278,660</b>	<b>281,021</b>	<b>290,712</b>
Other current assets	300,143	243,782	495,108
Cash and bank balances	288,951	258,469	347,961
<b>Total current assets</b>	<b>589,094</b>	<b>502,251</b>	<b>843,069</b>
<b>Total assets</b>	<b>867,754</b>	<b>783,272</b>	<b>1,133,781</b>
<b>Equity and liabilities</b>			
Equity	462,538	414,447	633,383
Long-term liabilities	389	389	389
Current liabilities	404,827	368,436	500,009
<b>Total equity and liabilities</b>	<b>867,754</b>	<b>783,272</b>	<b>1,133,781</b>

## 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](#) with the addition of IFRS 2 Share-based Payment. This standard is applied as of January 1, 2022 due to the new incentive programs introduced, refer to page 12.

## Note 2 Related-party transactions

With the exception of the new incentive programs introduced (refer to page 12), no significant transactions with related parties took place in the reporting period.

## Note 3 Number of shares

	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
<b>No. of common shares<sup>1, 3</sup></b>						
Before dilution	192,662,325	192,627,470	192,662,325	192,627,470	192,662,325	192,627,470
After dilution <sup>2</sup>	192,667,455	192,667,310	192,667,455	192,667,310	192,667,455	192,667,310
Average, before dilution	192,639,088	192,595,015	192,631,343	192,551,740	192,630,375	192,570,671
Average, after dilution <sup>2</sup>	192,667,350	192,666,960	192,667,322	192,666,495	192,667,319	192,666,700

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

<sup>2</sup> Dilution of the number of shares, based on the convertible programs issued in 2017/2018, was 5,130 shares on January 31, 2022.

<sup>3</sup> Number of shares does not include the 1,000,000 Class C treasury shares.

## Note 4 Operating segments and revenue

## Sales by business segment

SEK million	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Imaging IT Solutions	418.9	338.4	1,156.5	937.6	1,616.6	1,397.7
Secure Communications	44.0	51.6	121.4	150.9	178.3	207.8
Business Innovation	19.1	11.2	44.4	38.4	61.8	55.8
Other Operations	26.2	19.3	72.0	56.3	90.2	74.5
Group eliminations	-32.0	-26.3	-94.2	-77.0	-120.6	-103.4
<b>Total</b>	<b>476.2</b>	<b>394.2</b>	<b>1,300.1</b>	<b>1,106.2</b>	<b>1,826.3</b>	<b>1,632.4</b>

## Operating profit/loss by business segment

SEK million	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Imaging IT Solutions	80.1	72.4	269.8	200.5	447.3	378.0
Secure Communications	-4.9	3.1	-8.8	2.7	-2.0	9.5
Business Innovation	3.0	-1.0	2.0	-5.1	7.9	0.8
Other Operations	-9.7	-5.5	-20.9	-12.1	-47.1	-38.3
Group eliminations	-0.1	0.1	0.1	0.2	0.0	0.1
<b>Total</b>	<b>68.4</b>	<b>69.1</b>	<b>242.2</b>	<b>186.2</b>	<b>406.1</b>	<b>350.1</b>

## Sales by geographic market

SEK million	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Sweden	101.1	92.6	276.8	279.9	388.2	391.2
United States	131.3	102.1	372.1	291.2	546.5	465.5
United Kingdom	86.3	54.5	198.3	149.9	264.5	216.2
Netherlands	28.5	44.0	96.1	109.8	129.3	143.1
Rest of Europe	103.7	84.1	285.7	220.1	381.6	316.0
Rest of World	25.3	16.9	71.1	55.3	116.2	100.4
<b>Total</b>	<b>476.2</b>	<b>394.2</b>	<b>1,300.1</b>	<b>1,106.2</b>	<b>1,826.3</b>	<b>1,632.4</b>

## External sales by product group and operating segment

### Imaging IT Solutions

SEK million	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Hardware and third-party products	60.1	23.7	108.4	68.4	149.0	109.0
Software	88.6	77.2	261.1	212.2	423.2	374.3
Services	272.1	235.7	786.8	652.6	1,042.6	908.4
<b>Total</b>	<b>420.8</b>	<b>336.3</b>	<b>1,156.3</b>	<b>933.2</b>	<b>1,614.8</b>	<b>1,391.7</b>

### Secure Communications

SEK million	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Hardware and third-party products	9.4	19.3	22.0	60.3	39.7	78.0
Software	5.8	7.8	19.4	20.7	25.8	27.1
Services	28.3	24.5	78.6	68.8	111.0	101.2
<b>Total</b>	<b>43.5</b>	<b>51.6</b>	<b>120.0</b>	<b>149.8</b>	<b>176.5</b>	<b>206.3</b>

### Business Innovation

SEK million	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Hardware and third-party products	7.5	2.6	13.7	15.7	22.2	24.3
Software	2.5	2.9	6.9	6.1	9.1	8.3
Services	1.7	0.2	2.8	0.6	3.0	0.8
<b>Total</b>	<b>11.7</b>	<b>5.7</b>	<b>23.4</b>	<b>22.4</b>	<b>34.4</b>	<b>33.4</b>

### Other Operations

SEK million	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	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	0.4	0.8	0.7	1.1
<b>Total</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>0.8</b>	<b>0.7</b>	<b>1.1</b>

### Group

SEK million	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Hardware and third-party products	77.0	45.7	144.1	144.6	210.7	211.2
Software	96.9	87.9	287.4	238.9	458.1	409.6
Services	302.3	260.6	868.6	722.7	1,157.4	1,011.6
<b>Total</b>	<b>476.2</b>	<b>394.2</b>	<b>1,300.1</b>	<b>1,106.2</b>	<b>1,826.2</b>	<b>1,632.4</b>

## Share of recurring revenue

### Group

SEK million	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Non-recurring revenue	201.0	148.9	499.5	391.0	773.2	664.6
Recurring revenue	275.2	245.3	800.6	715.2	1,053.0	967.8
<b>Total external sales</b>	<b>476.2</b>	<b>394.2</b>	<b>1,300.1</b>	<b>1,106.2</b>	<b>1,826.2</b>	<b>1,632.4</b>
Share of recurring revenue, %	57.8	62.2	61.6	64.7	57.7	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 from the current period where the long-term revenue stream is deemed to be predictable with relatively high certainty. Recurring revenue does not pertain to project-based revenue.

#### Calculation

Recurring revenue divided by total external sales. Refer to the table on page 21.

### Equity per share before dilution

	3 months Jan 31, 2022	3 months Jan 31, 2021	9 months Jan 31, 2022	9 months Jan 31, 2021	12 months Jan 31, 2022	12 months Apr 30, 2021
Adjusted equity, SEK thousand	959,025	761,483	959,025	761,483	959,025	895,623
Number of shares before dilution at the end of the period	192,662,325	192,627,470	192,662,325	192,627,470	192,662,325	192,627,470
<b>Equity per share before dilution, SEK</b>	<b>4.98</b>	<b>3.95</b>	<b>4.98</b>	<b>3.95</b>	<b>4.98</b>	<b>4.65</b>

#### 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 Jan 31, 2022	3 months Jan 31, 2021	9 months Jan 31, 2022	9 months Jan 31, 2021	12 months Jan 31, 2022	12 months Apr 30, 2021
Adjusted equity, SEK thousand	959,025	761,483	959,025	761,483	959,025	895,623
Number of shares after dilution at the end of the period	192,667,455	192,667,310	192,667,455	192,667,310	192,667,455	192,667,310
<b>Equity per share after dilution, SEK</b>	<b>4.98</b>	<b>3.95</b>	<b>4.98</b>	<b>3.95</b>	<b>4.98</b>	<b>4.65</b>

#### 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	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Operating profit	242,241	186,156	406,161	350,076
Personnel costs	684,769	604,867	934,420	854,518
<b>Value added</b>	<b>927,010</b>	<b>791,023</b>	<b>1,340,581</b>	<b>1,204,594</b>

#### 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	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	Full-year May–Apr 2020/2021
Non-interest-bearing liabilities	802,459	633,906	682,877
Interest-bearing liabilities	66,750	76,821	73,453
<b>Total liabilities</b>	<b>869,209</b>	<b>710,727</b>	<b>756,330</b>

**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 Jan 31, 2022	3 months Jan 31, 2021	9 months Jan 31, 2022	9 months Jan 31, 2021	12 months Jan 31, 2022	12 months Apr 30, 2021
Cash flow from operations, SEK thousand	153,074	136,701	202,501	258,521	316,167	372,187
Number of shares before dilution at the end of the period	192,662,325	192,627,470	192,662,325	192,627,470	192,662,325	192,627,470
<b>Cash flow per share before dilution, SEK</b>	<b>0.79</b>	<b>0.71</b>	<b>1.05</b>	<b>1.34</b>	<b>1.64</b>	<b>1.93</b>

**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 Jan 31, 2022	3 months Jan 31, 2021	9 months Jan 31, 2022	9 months Jan 31, 2021	12 months Jan 31, 2022	12 months Apr 30, 2021
Cash flow from operations, SEK thousand	153,074	136,701	202,501	258,521	316,167	372,187
Number of shares after dilution at the end of the period	192,667,455	192,667,310	192,667,455	192,667,310	192,667,455	192,667,310
<b>Cash flow per share after dilution, SEK</b>	<b>0.79</b>	<b>0.71</b>	<b>1.05</b>	<b>1.34</b>	<b>1.64</b>	<b>1.93</b>

**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 Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Order bookings	1,992,059	2,651,650
Net sales	1,826,315	1,632,427
<b>Ratio of order bookings to net sales</b>	<b>1.09</b>	<b>1.62</b>

**Purpose**

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

**Calculation**

Order bookings divided by net sales.



**Liquidity**

SEK thousand	9 months Jan 31, 2022	9 months Jan 31, 2021	12 months Jan 31, 2022	12 months Apr 30, 2021
Current assets	1,320,389	1,002,242	1,320,389	1,172,028
Unutilized overdraft facilities	15,000	15,000	15,000	15,000
Current liabilities	822,706	655,900	822,706	703,048
<b>Liquidity</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>

**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 Jan 31, 2022	3 months Jan 31, 2021	9 months Jan 31, 2022	9 months Jan 31, 2021	Full-year May–Apr 2020/2021
Nominal change, %	20.8	-13.8	17.5	-4.1	-1.7
Exchange-rate effect, %	-5.8	5.5	-1.0	4.5	5.1
<b>Change in unadjusted exchange rates, %</b>	<b>15.0</b>	<b>-8.3</b>	<b>16.5</b>	<b>0.4</b>	<b>3.4</b>

**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 Jan 31, 2022	3 months Jan 31, 2021	9 months Jan 31, 2022	9 months Jan 31, 2021	Full-year May–Apr 2020/2021
Nominal change, %	-1.0	-30.7	30.1	8.4	18.5
Exchange-rate effect, %	-13.0	9.4	-2.3	11.1	13.7
<b>Change in unadjusted exchange rates, %</b>	<b>-14.0</b>	<b>-21.3</b>	<b>27.8</b>	<b>19.5</b>	<b>32.2</b>

**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 <sup>1</sup>**

	3 months Jan 31, 2022	3 months Jan 31, 2021	9 months Jan 31, 2022	9 months Jan 31, 2021	Full-year May–Apr 2020/2021
Nominal change, %	12.2	n/a	11.9	n/a	n/a
Exchange-rate effect, %	-5.0	n/a	-1.1	n/a	n/a
<b>Change in unadjusted exchange rates, %</b>	<b>7.2</b>	<b>n/a</b>	<b>10.8</b>	<b>n/a</b>	<b>n/a</b>

<sup>1</sup> Comparative figures are not presented due to limited practical possibilities.

**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 Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Share price at end of period	152.5	121.0
Earnings per share before dilution for the rolling 12-month period	1.74	1.43
<b>P/E ratio, multiple</b>	<b>87.6</b>	<b>84.6</b>

**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 Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Profit for the period, SEK thousand	62,880	53,346	202,329	142,906	334,935	275,512
Average number of shares at the end of the period before dilution	192,639,088	192,595,015	192,631,343	192,551,740	192,630,375	192,570,671
<b>Earnings per share before dilution, SEK</b>	<b>0.33</b>	<b>0.28</b>	<b>1.05</b>	<b>0.74</b>	<b>1.74</b>	<b>1.43</b>

**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 Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Profit for the period, SEK thousand	62,880	53,346	202,329	142,906	334,935	275,512
Average number of shares at the end of the period after dilution	192,667,350	192,666,960	192,667,322	192,666,495	192,667,319	192,666,700
<b>Earnings per share after dilution, SEK</b>	<b>0.33</b>	<b>0.28</b>	<b>1.05</b>	<b>0.74</b>	<b>1.74</b>	<b>1.43</b>

**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 Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Profit for the period	62,880	53,346	202,329	142,906	334,935	275,512
Equity at start of period	1,036,555	710,078	895,623	817,213	761,483	817,213
Equity at end of period	959,025	761,483	959,025	761,483	959,025	895,623
Average adjusted equity	997,790	735,781	927,324	789,348	860,254	856,418
<b>Return on equity, %</b>	<b>6.3</b>	<b>7.3</b>	<b>21.8</b>	<b>18.1</b>	<b>38.9</b>	<b>32.2</b>

**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 Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Profit after financial items	77,035	67,811	253,063	181,760	419,548	348,245
Financial expenses	-385	-437	-1,175	-1,383	-1,636	-1,844
Average capital employed	1,066,089	816,905	997,425	871,465	932,039	936,851
<b>Return on capital employed, %</b>	<b>7.3</b>	<b>8.4</b>	<b>25.5</b>	<b>21.0</b>	<b>45.2</b>	<b>37.4</b>

**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 Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Profit after financial items	77,035	67,811	253,063	181,760	419,548	348,245
Financial expenses	-385	-437	-1,175	-1,383	-1,636	-1,844
Average total assets	1,759,400	1,382,146	1,740,093	1,492,028	1,650,222	1,581,900
<b>Return on total capital, %</b>	<b>4.4</b>	<b>4.9</b>	<b>14.6</b>	<b>12.3</b>	<b>25.5</b>	<b>22.1</b>

**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 Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Operating profit	68,445	69,123	242,241	186,156	406,161	350,076
Net sales	476,173	394,163	1,300,117	1,106,229	1,826,315	1,632,427
<b>Operating margin, %</b>	<b>14.4</b>	<b>17.5</b>	<b>18.6</b>	<b>16.8</b>	<b>22.2</b>	<b>21.4</b>

**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 Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Operating profit, SEK thousand	406,161	350,076
Number of shares before dilution	192,662,325	192,627,470
<b>Operating profit per share, SEK</b>	<b>2.11</b>	<b>1.82</b>

**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	Jan 31, 2022	Jan 31, 2021
Interest-bearing liabilities	66,750	76,821
Equity	959,025	761,483
<b>Debt/equity ratio</b>	<b>0.07</b>	<b>0.10</b>

**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	Jan 31, 2022	Jan 31, 2021	Apr 30, 2021
Adjusted equity	959,025	761,483	895,623
Total assets	1,828,234	1,472,209	1,651,952
<b>Equity/assets ratio, %</b>	<b>52.5</b>	<b>51.7</b>	<b>54.2</b>

**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	Jan 31, 2022	Jan 31, 2021	Apr 30, 2021
Total assets	1,828,234	1,472,209	1,651,952
Non-interest-bearing liabilities	802,459	633,906	682,877
<b>Capital employed</b>	<b>1,025,775</b>	<b>838,303</b>	<b>969,075</b>

**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 Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Operating profit per share before dilution	2.097	1.818
Operating profit per share before dilution five years earlier	0.874	0.842
<b>Operating profit per share before dilution over a five-year period, %</b>	<b>141.2</b>	<b>115.7</b>

**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 Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	9 months May 2021 –Jan 2022	9 months May 2020 –Jan 2021	12 months Feb 2021 –Jan 2022	Full-year May–Apr 2020/2021
Profit after financial items	77,035	67,811	253,063	181,760	419,548	348,245
Net sales	476,173	394,163	1,300,117	1,106,229	1,826,315	1,632,427
<b>Profit margin, %</b>	<b>16.2</b>	<b>17.2</b>	<b>19.5</b>	<b>16.4</b>	<b>23.0</b>	<b>21.3</b>

**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

	9 months Jan 31, 2022	9 months Jan 31, 2021	12 months Jan 31, 2022	Full-year Apr 30, 2021
Order bookings, SEK million	1,302.8	1,962.4	1,992.0	2,651.6
Operating margin, %	18.6	16.8	22.2	21.4
Profit margin, %	19.5	16.4	23.0	21.3
Average no. of employees	894	819	885	828
Cash flow per share before dilution, SEK <sup>1, 2</sup>	1.05	1.34	1.64	1.93
Cash flow per share after dilution, SEK <sup>1, 2</sup>	1.05	1.34	1.64	1.93
Value added, SEK million	927.0	791.0	1,340.6	1,204.6
P/E ratio, multiple <sup>1</sup>	n/a	n/a	87.6	84.6
Share price at end of period, SEK <sup>1</sup>	152.5	142.5	152.5	121.0
Return on equity, %	21.8	18.1	38.9	32.2
Return on capital employed, %	25.5	21.0	45.2	37.4
Return on total capital, %	14.6	12.3	25.5	22.1
Equity/assets ratio, %	52.5	51.7	52.5	54.2
Liquidity ratio, multiple	1.6	1.6	1.6	1.7
Equity per share before dilution, SEK <sup>1</sup>	4.98	3.95	4.98	4.65
Equity per share after dilution, SEK <sup>1</sup>	4.98	3.95	4.98	4.65

<sup>1</sup> 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.

<sup>2</sup> Cash flow from operations.

### Condensed consolidated income statements and quarterly alternative performance measures

SEK million	2021/2022			2020/2021				2019/2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	476.2	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	8.7	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	0.0	1.2	0	1.1	0.6	0.0	8.8	0.0	0.0
Other operating income	0.0	0.6	0.3	0.1	0.6	0.5	0.0	2.0	0.7	0.2	0.8
Operating expenses <sup>1</sup>	-395.2	-329.4	-308.4	-353.6	-319.1	-315.2	-262.8	-371.6	-355.2	-312.4	-293.7
Depreciation/amortization and impairment <sup>1</sup>	-21.3	-19.0	-19.1	-22.3	-20.1	-21.5	-19.2	-26.5	-26.3	-17.4	-16.9
<b>Operating profit</b>	<b>68.4</b>	<b>83.7</b>	<b>90.1</b>	<b>163.9</b>	<b>69.1</b>	<b>89.6</b>	<b>27.4</b>	<b>123.6</b>	<b>99.7</b>	<b>42.7</b>	<b>29.4</b>
Total financial items	8.6	0.2	2.0	2.6	-1.3	2.9	-5.9	3.2	1.0	2.3	1.3
<b>Profit after financial items</b>	<b>77.0</b>	<b>83.9</b>	<b>92.1</b>	<b>166.5</b>	<b>67.8</b>	<b>92.5</b>	<b>21.4</b>	<b>126.7</b>	<b>100.7</b>	<b>44.9</b>	<b>30.6</b>
Tax on earnings for the period	-14.1	-17.6	-19.0	-33.9	-14.5	-19.8	-4.6	-27.5	-21.5	-10.0	-6.6
<b>Profit for the period</b>	<b>62.9</b>	<b>66.3</b>	<b>73.1</b>	<b>132.6</b>	<b>53.3</b>	<b>72.7</b>	<b>16.8</b>	<b>99.2</b>	<b>79.2</b>	<b>34.9</b>	<b>24.1</b>
Order bookings, SEK million	439.6	470.0	393.2	689.2	598.0	752.1	612.3	716.2	435.4	425.7	238.7
Operating margin, %	14.4	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 <sup>2</sup>	0.79	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 <sup>2</sup>	0.79	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 <sup>2</sup>	0.33	0.34	0.38	0.69	0.28	0.38	0.09	0.52	0.41	0.18	0.13
Return on equity, %	6.3	6.6	7.8	16.0	6.8	9.5	2.1	12.8	10.9	5.2	3.3
Return on capital employed, %	7.3	7.8	9.2	17.8	7.8	10.9	2.4	15.3	12.9	6.2	3.9
Equity/assets ratio, %	52.5	61.3	59.6	54.2	51.7	55.0	58.1	54.1	51.2	49.7	56.2
Equity per share, SEK <sup>2</sup>	4.98	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 <sup>2</sup>	152.5	209.60	137.20	121.00	142.50	108.60	120.20	84.00	79.20	64.30	65.00

<sup>1</sup> 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.

<sup>2</sup> 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<sup>1</sup>

	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 <sup>2</sup>	1.43	1.24	1.04	0.97	0.81
Earnings per share after dilution, SEK <sup>2</sup>	1.43	1.23	1.03	0.96	0.80
Dividend/redemption program per share, SEK <sup>2</sup>	0.90	0.90	0.90	0.90	0.90
Share price at end of year, SEK <sup>2</sup>	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 <sup>2</sup>	4.65	4.24	3.80	3.47	3.24
Equity per share after dilution, SEK <sup>2</sup>	4.65	4.24	3.78	3.43	3.19
Equity/assets ratio, %	54.2	54.1	55.4	51.4	50.5

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

<sup>2</sup> 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		
	3 months Nov 2021 –Jan 2022	3 months Nov 2020 –Jan 2021	Δ %	9 months May 2021– Jan 2022	9 months May 2020 –Jan 2021	Δ %	Jan 31, 2022	Jan 31, 2021	Δ %
US dollar, 1 USD	9.10	8.29	9.7	8.70	8.73	-0.3	9.33	8.31	12.3
Euro, 1 EUR	10.26	10.05	2.1	10.13	10.26	-1.3	10.43	10.07	3.6
British pound, 1 GBP	12.21	11.21	8.9	11.90	11.36	4.8	12.54	11.37	10.3

## 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.

### The 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.

### Ophthalmology

A specialist medical area for the diagnosis and treatment of eye disorders.

### 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.