

Press release

Linköping, Sweden March 6, 2001

Sectra's interim report for nine months ended January 31, 2001:

Strongest interim report in Sectra's history

Sectra is reporting increased sales, profit and order bookings for the first nine months of fiscal year 2000/2001, compared with the year-earlier period. Sales rose by 39 percent, to SEK 191.0 million (137.5) and income before tax totaled SEK 19.9 million (6.2). Order bookings increased by 82% to SEK 268.2 million (147.2).

“It is with pleasure that we present this interim report with the best figures in the company's history,” says Jan-Olof Brüer, President and Chief Executive Officer of Sectra AB. “We have gained the confidence of many new customers and our business is developing well.”

During the quarter under review Sectra continued to record sales successes with the company's system for digital processing of X-rays (PACS) and radiology information (RIS) in Sweden and international markets. In the domestic market Sectra was awarded a contract to digitize three hospitals operated by the Västerbotten County Council. In the United States, Sectra PACS were sold – through partners – to six new hospitals during the third quarter. This brings the total installed base in the U.S. to more than 40. The new digital mammography system Sectra MicroDose Mammography attracted a great deal of interest when it was launched internationally at the RSNA trade show, the world's largest radiology fair, in Chicago.

“We are experiencing increasing demand for our products and system solutions from the international market and our operations in the field of medical systems are expanding substantially in Western Europe and the United States,” Jan-Olof Brüer continues.

The Swedish Armed Forces, which are increasing their use of Sectra's eavesdropping-secure GSM telephone Tiger, ordered 300 additional units in January. During the third quarter of its fiscal year Sectra also began a strategic collaboration with Kongsberg Defence Communications, a Norwegian defense industry company, covering the international sale and marketing of Tiger.

“There is a substantial potential for Tiger,” Jan-Olof Brüer notes. “This is demonstrated by the debate in Norwegian media over the risks of transmitting sensitive information via GSM telephones since eavesdropping equipment was confiscated by the Norwegian police in December. Tiger, which is the world's most secure GSM telephone, cannot be eavesdropped by such equipment.”

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Sectra's operations

Sectra has its roots in Linköping Technical University and is one of Sweden's fastest growing high-tech companies in the IT area. Since the mid-1980s, Sectra has successfully conducted development and sales of high-technology medical IT and telecommunications products. Today, the business includes products in medical systems, secure communication systems and wireless information systems.

Business is conducted in six countries with a total of 170 employees. Sales for the fiscal year May 1999–April 2000 reached SEK 192 million. Since March 1999, Sectra's shares have been quoted on the O list of the OM Stockholm Exchange.

Interim Report from Sectra AB (publ) For the period May 2000 – January 2001

Since the mid-1980s, Sectra AB has successfully conducted development and sales of high-technology medical IT and telecommunications products. Today, the business includes products in medical systems, secure communication systems and wireless information systems. Sectra's shares have been quoted on the O list of the OM Stockholm Exchange since March 3, 1999.

The period in brief (May 1999 – January 2000 in parentheses)

- Sales increased by 39 percent to SEK 191.0 million (137.5).
- Earnings before tax amounted to SEK 19.9 million (6.2).
- Earnings per share equaled SEK 0.43 (0.13).
- Order bookings increased by 82 percent to SEK 268.2 million (147.2).

Significant events during the third quarter

- Sectra presented a digital mammography system, Sectra MicroDose Mammography, based on a completely new technology. The new system provides the same high image quality as today's film-based systems at one fifth of the radiation dose.
- The Västerbotten County Council in Sweden ordered Sectra PACS for digitization of the radiology departments in Lycksele, Skellefteå and Umeå.
- Sectra started a strategic collaboration with Kongsberg Defence Communications, a Norwegian defense industry company, covering international sales and marketing of Tiger.
- The Swedish Armed Forces ordered 300 additional Sectra Tiger telephones.

Market and product development

In the field of **medical systems** Sectra MicroDose Mammography, a digital mammography system was introduced. The system is based on a completely new technology that dramatically lowers radiation exposure, without compromising image quality. Key to the system's performance is a fundamentally new detector, developed by the associated company Mamea Imaging AB, that provides screening mammography at one fifth of the radiation dose. In December the system was displayed at the RSNA radiology trade fair in Chicago, the largest of its kind in the world, and attracted a great deal of interest. Clinical trials are planned and the system is expected to be on the market in 2002.

The sales successes of Sectra's system for digital processing of X-ray images (PACS) and radiology information (RIS) in Sweden and in the international market have continued. During the third quarter of its fiscal year Sectra received an order from the Västerbotten County Council for digitization of the radiology departments in Lycksele, Skellefteå and Umeå. The order, which is valued at SEK 33 million, comprises Sectra's system for PACS and RIS, plus a five-year rental agreement for software and hardware. In the United States, Sectra PACS were sold – through partners – to six new hospitals during the third quarter. This brings the total installed base in the U.S. to more than 40.

In the field of **secure communications systems**, Sectra has begun a strategic collaboration with Kongsberg Defence Communications, a Norwegian defense industry company, covering the international sale and marketing of

Sectra's eavesdropping-secure GSM telephone Tiger. Kongsberg sells mobile communication systems for military use and has a large customer base among international defense customers. The risks involved in communicating confidential information via the GSM network were realized in December when the Norwegian police detected the use of eavesdropping equipment. This event shows that there is a great potential for Sectra Tiger. During the period, Sectra sold an additional 300 Tiger telephones and accessories to the Swedish Armed Forces and they have thereby ordered more than 1,200 Tiger telephones.

In the field of **wireless information systems**, deliveries of the CitySurfer receiver have begun. During the third quarter, the Swedish service provider Smalbandsbolaget launched a Swedish financial service that provides share prices and financial news in real time via the Sectra CitySurfer.

Sales and earnings

Net sales for the nine-month period increased 39 percent, to SEK 191.0 M (137.5), of which SEK 84.4 M (58.0) were booked in the third quarter. Group earnings in the third quarter amounted to SEK 10.0 M (5.5), resulting in income of SEK 19.9 M (6.2) for the period covered by the interim report. Orders received during the third quarter amounted to SEK 73.1 M (21.8), resulting in an increase of 82 %, to SEK 268.2 M (147.2) for the nine-month period.

Financial position

Sectra enjoys a solid financial position. On January 31, 2001 the Company had an equity ratio of 56.2 % (65.2), and liquidity ratio of 3.9 (3.6). The Company's interest-bearing liabilities

equaled SEK 37.2 M (8.5), of which 33.0 M (5.5) refers to convertible debentures.

Investments

Group investments during the nine-month period reached SEK 7.2 M (6.8), including SEK 1.3 M (5.1) in the third quarter. The investments were made mainly in shares of Mamea Imaging AB, an associated company, and computers and other equipment.

Personnel options

In accordance with the decision by the Annual General Meeting, Sectra's employees in the United States were offered to subscribe for personnel options in the third quarter. If all the options are exercised, the employees will acquire a maximum of 90,000 series B Sectra shares, corresponding to approximately 0.3 % of the share capital and 0.2 % of the voting rights in the Company. The exercise price of the options, which may be exercised up to and including December 31, 2003, is SEK 62.

Employees

As of January 31, 2001, the Sectra Group had a total of 177 employees, an increase by 4 during the third quarter.

Outlook

Sectra continues to have a solid position in several high growth niche markets, both in Sweden and internationally. Based on this the Board of Directors expects that Sectra will continue to expand while maintaining profitability.

Future reports

Preliminary Earnings 2000/2001:
May 29, 2001

Summary Income Statement for the Group

SEK thousands	3 month Nov-Jan 2000/2001	3 month Nov-Jan 1999/2000	9 month May-Jan 2000/2001	9 month May-Jan 1999/2000	Full year May-April 1999/2000
Net sales	84 432	57 958	190 982	137 549	191 567
Other operating income	-	174	427	584	846
Change in work in progress	- 12 883	7 682	- 8 217	13 726	21 193
Operating expenses	- 60 442	- 55 566	- 159 458	- 138 919	- 180 371
Depreciation	- 1 313	- 2 863	- 4 437	- 4 714	- 6 184
Operating profit ¹⁾	9 794	7 385	19 297	8 226	27 051
Net financial items	232	1 651	623	1 515	1 609
Earnings after financial items	10 026	9 036	19 920	9 741	28 660
Items affecting comparability ²⁾	-	- 3 574	-	- 3 574	- 3 574
Earnings before tax	10 026	5 462	19 920	6 167	25 086
Tax on earnings for the period	- 2 998	- 1 669	- 5 768	- 1 866	- 8 166
Net earnings	7 028	3 793	14 152	4 301	16 920

¹⁾ By valuation of work in progress the Group has used percentage of completion method in accordance with the Swedish Accounting Standards Council's recommendation no. 11. The new principle has affected the net earnings before tax for the period positively with SEK 9.0 million.

²⁾ Non-recurring items refer to profits in Sectra RadiSoft AB, subsidiary of Sectra Imtec AB, during part of the fiscal year, prior to December 13, 1999, when the company was not yet part of the Group.

Summary Balance Sheet for the Group

SEK thousands	9 month 31 January 2001	9 month 31 January 2000	Full year 30 April 2000
Assets			
Intangible assets	13 005	16 781	16 327
Tangible assets	24 221	13 117	14 087
Total fixed assets	37 226	29 898	30 414
Other current assets	82 785	74 260	102 052
Cash and bank balances	89 239	44 973	42 450
Total current assets	172 024	119 233	144 502
Total assets	209 250	149 131	174 916
Equity and liabilities			
Equity (including profit for the period)	117 523	97 305	109 923
Provisions	6 558	5 600	6 558
Long-term liabilities	37 165	8 498	9 134
Current liabilities	48 004	37 728	49 301
Total equity and liabilities	209 250	149 131	174 916

Summary Cash Flow Statement for the Group

SEK Thousands	9 month 31 January 2001	9 month 31 January 2000	Full year 30 April 2000
Cash flow from operations before changes in working capital	18 589	9 195	25 145
Cash flow from operations after changes in working capital	36 559	13 854	13 305
Investing activities	- 7 249	- 986	- 24 612
Financing activities	17 479	- 811	20 841
Change in cash and bank balances	46 789	12 057	9 534
Cash and bank balances, opening balance	42 450	32 916	32 916
Cash and bank balances, closing balance	89 239	44 973	42 450

Key Figures

	9 month 31 January 2001	Proforma ¹⁾ 9 month 31 January 2000	Full year 30 April 2000	Proforma ¹⁾ Full year 30 April 2000
Solvency %	56,2	65,2	62,9	62,9
Liquidity, ratio	3,9	3,6	3,2	3,2
Profit margin %	10,4	4,5	15,0	15,0
Average number of employees	177	154	156	156
No. of shares at end of period ²⁾	32 760 945	32 760 945	10 920 315	32 760 945
Average no. of shares ²⁾	32 760 945	32 130 472	10 710 157	32 130 472
Profit per share after tax, SEK	0,43	0,13	1,58	0,53
Equity per share	3,59	2,97	10,07	3,36
Cash flow per share	0,57	0,28	2,30	0,77

1) Adjusted for share-split August 15, 2000.

2) Adjusted for dividends and issues.

Solvency: Equity as a percentage of total assets.

Liquidity: Current assets divided by current liabilities.

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

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

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

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

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Linköping March 6, 2001

Sectra AB (publ)

Board of Directors

This report has been prepared in accordance with the accounting principles and calculation methods in the latest Annual report. The report has not been examined by the Company's auditor.