

Press release

Linköping, Sweden, September 3, 2002

**Sectra's first quarter, May – July, 2002/2003 fiscal year:****Sectra's order bookings, sales and profits increases**

**Sectra reports increased order bookings, sales and profits for the first quarter of the 2002/2003 fiscal year. Order bookings rose 13 % to SEK 105.9 million (93.8) and sales increased 183 % to SEK 142.0 million (50.2). Profit before tax rose to SEK 19.8 million (2.1), corresponding to a profit margin of 14 %. Earnings per share rose to SEK 0.43 (0.05).**

“The positive development in sales and earnings during the period, which is traditionally the company's weakest quarter, can primarily be explained by Sectra having completed the installation of a number of digital radiology systems. Among other undertakings, the extensive digitization project at the Södersjukhuset hospital in Stockholm was inaugurated,” explains Jan-Olof Brüer, Sectra's President and CEO. “Certain partial deliveries within on-going projects were also brought forward, strengthening the figures.”

Sales within the Company's main fields, medical IT and secure communication continue to perform well. During the first quarter, Sectra received a number of orders for its digital radiology system, in Sweden and from abroad. Agreements signed included one for the digitization of radiology operations within the County Council of Västmanland. Following the close of the quarter, Sectra has also taken an important step into the private healthcare market through an agreement with Medicinsk Röntgen AB, Sweden's largest private healthcare provider in radiology.

The international trend is moving in the direction of an entirely new defense structure using network-based information processing. During the period, the Swedish Defense ordered further development of equipment used to protect communication transmission of speech, data and video at high speeds within the framework of the Defense's investments in network-based defense. Sectra also signed a framework agreement with Saab for delivery of the eavesdrop-secure Tiger GSM telephone.

The market for wireless information systems has been negatively affected by the general market conditions with low investment volumes within the financial market and the aerospace industry.

“Sectra has a strong technology platform. Our solutions are aimed at growth markets. Our strong position in our home market provides us with a solid base for international expansion. Therefore, it is our assessment that Sectra will continue to expand with favorable profitability,” concludes Jan-Olof Brüer.

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Visit Sectras website <http://www.sectra.com>

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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 250 employees. Sales for the fiscal year May 2001-April 2002 reached SEK 426 million. Since March 1999, Sectra's shares have been quoted on the O list of the Stockholm Exchange.

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## Interim Report for Sectra AB (publ) three months ended July 31, 2002

*Since the mid-1980s, Sectra has successfully conducted development and sales of high-tech products in medical IT and telecom. The Company's operations currently include medical systems, eavesdrop-secure communications systems and wireless information systems.*

*Sectra has been listed on the O-List of Stockholmsbörsen (Stockholm Exchange) since March 3, 1999.*

*Further information about Sectra's operations is available at [www.sectra.se](http://www.sectra.se).*

### **Period in brief** (May–July 2002 in parentheses)

- Order bookings totaled SEK 105.9 million (93.8), up 13 %.
- Sales rose 183 % to SEK 142.0 million (50.2).
- Profit before tax increased to SEK 19.8 million (2.1), which implies a profit margin of 14 %.
- Earnings per share amounted to SEK 0.43 (0.05).

### **Significant events during the first quarter**

- The County Council for Västmanland, Sweden, ordered Sectra's comprehensive solution for digital radiology.
- In Finland, the Kuopio University Hospital ordered Sectra's digital system for handling and archiving X-ray images, PACS, through Sectra's cooperation partner, Commit; Oy.
- Saab AB signed a framework agreement for Sectra's eavesdrop-secure Tiger<sup>®</sup> GSM telephone.
- The Swedish Defense entrusted Sectra with further development of equipment for high-speed encryption to ensure secure transmission of speech, data and video.

### **Significant events after the end of the quarter**

- The Swedish private healthcare provider Medicinsk Röntgen AB ordered Sectra's comprehensive solution for digital radiology diagnostics for its operations in the Swedish counties of Stockholm and Västmanland, and the region of Skåne. The contract period is eight years and the order value amounts to SEK 4–8 million annually.

## Market

The market for **medical systems** is presently in a strong growth phase, with hospitals increasingly electing to modernize their radiology operations through the introduction of digital systems. The countries that have advanced the furthest in the transition to digital radiology are Norway, Sweden, the US and Germany. Today, Sectra has the largest share of its installations of digital radiology systems in Scandinavia and the US (via partners). In Scandinavia, Sectra's market share in sales of film-free radiology installations is about 60%. Market cultivation is also under way elsewhere in Western Europe.

The market for **secure communication systems** within the defense sector is characterized by increased investment in IT systems, while traditional defense investments are declining. Internationally, the trend is toward a completely new defense structure with network-based information management. The flow of information in network-based defense will demand high security standards.

The market for **wireless information systems** is adversely affected by the general market situation, with low investment volumes in the finance market and the aerospace industry.

## Significant events during the quarter

In **medical systems** Sectra's successful sales continued and operations have expanded both in Sweden and internationally. Orders received by Sectra included an order for the digitization of the radiology operations of the four hospitals operated by the Västmanland County Council in Sweden. The order, which is valued at SEK 42 million, includes Sectra's administrative system for patient information (RIS) and its system for handling and archiving X-rays (PACS). In Finland, the university hospital in Kuopio ordered Sectra's PACS through Sectra's cooperation partner, Commit; Oy.

In **secure communication systems** Sectra received continued confidence for its contribution to the development of systems for future network-based defense. The Swedish Defense Forces ordered further development of the high-speed encryption used to protect communication in transmission of voice, data and video. The value of the order amounted to SEK 6 million.

Sectra signed a framework agreement with Saab AB, which increases the company's use of the eavesdrop-secure Tiger<sup>®</sup> GSM telephone.

## Sectra MicroDose Mammography<sup>®</sup>

The new digital Sectra MicroDose Mammography<sup>®</sup> system enjoys growing interest from the international market. The mammography system, which is developed in cooperation with the jointly owned associated company Mamea Imaging AB, is based on a sensor technology that makes it possible to achieve the high image quality of current film-based systems, using a radiation dose that is five times lower.

## Sales and earnings

During the first quarter, the Group's order bookings increased 13 % to SEK 105.9 million (93.8). Net sales rose 183 % to SEK 142.0 million (50.2). Profit before tax increased to SEK 19.8 million (2.1), which implies a profit margin of 14 %.

The favorable trend of sales and profit is mainly attributable to the fact that Sectra carried out several installations of digital radiology systems. Among the projects Sectra has completed the extensive digitizing project for the new Center for diagnostic imaging at the hospital Södersjukhuset in Stockholm.

## Financial position

The equity ratio at July 31, 2002 was 46.9 % (56.6) and liquidity was a multiple of 2.8 (3.8). The Company's

interest-bearing liabilities amounted to SEK 67.9 M (36.6), of which SEK 45.3 million (33.0) pertains to convertible debentures.

## Investments

Investments in the Group amounted to SEK 0.4 million (1.0) and pertained mainly to computer equipment and fixtures and fittings.

## Personnel

The number of employees increased during the first quarter by one. Accordingly, the total number of employees at July 31, 2002 was 251 (195).

## Share data

The number of shares increased during the quarter by 315,566 Series B shares, through conversion of convertible debentures issued in 1999. Accordingly, at July 31, 2002 share capital amounted to SEK 33,076,511 (32,760,945) distributed among 33,076,511 shares.

At full conversion and exercise of the outstanding convertible programs and personnel options issued fiscal year 2000/2001 and 2001/2002, the number of shares increases to 33,882,411. Total dilution may reach a maximum of 2.4 % of the share capital and 1.4 % of the votes.

At Sectra's Annual General Meeting in June, it was decided to carry out an issue of convertible debentures during the autumn, in a total nominal amount of SEK 33 million which could be subscribed by the Group's employees and external Board members. The conversion period was to be May 15–June 14, 2005. The maximum dilution effect on share capital at full subscription and full conversion would be 1.0 % and on voting rights 0.6 %.

The Meeting also approved the Board's proposal involving the issue of an additional maximum of 80,000 personnel stock options for the Group's employees

in the US. If these personnel options are fully exercised, employees in the Group will acquire shares in the company corresponding to 0.3 % of the share capital and 0.1 % of the voting rights.

**Authorization**

The Annual General Meeting authorized the Board to decide on a new issue of not more than 3,300,000 Series B shares corresponding to an increase of the share capital of not more than SEK 3,300,000, until the next General Meeting. The authorization is to apply to one or more occasions, and only in connection with market investments or acquisitions. If the entire authorization is exercised, the dilution effect will be about 10 % on the share capital and about 6 % on the voting rights.

**Outlook**

Sectra has a strong technology platform. The products and system solutions that Sectra develops are aimed at markets with high growth potential. The company's

strong position in the domestic market constitutes a solid platform for the ongoing international expansion. The Board's assessment is that Sectra will continue to expand with favorable profitability remains valid.

**Accounting principles**

This report was prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20. The accounting principles presented in the 2001/2002 Annual Report are unchanged.

**Future financial reports**

Interim report, six months ended October 31, 2002:  
December 10, 2002  
Interim report, nine months ended January 31, 2003:  
March 4, 2003  
Preliminary year-end report 2002/2003:  
May 22, 2003

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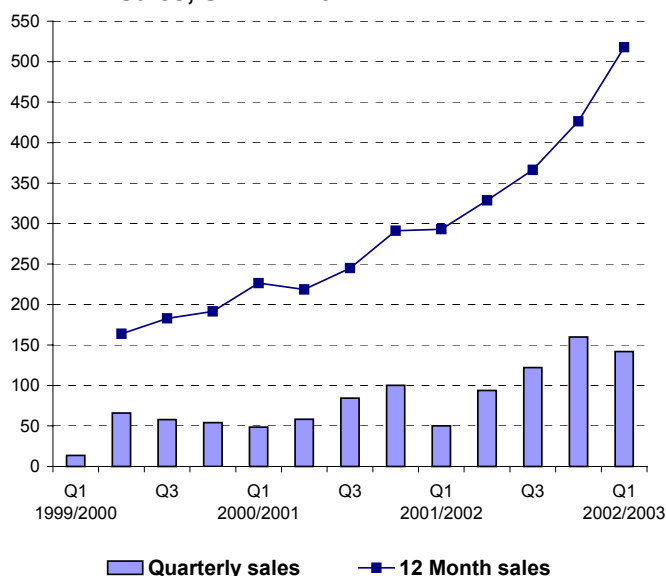
**Financial hearing**

Sectra will present this interim report at a financial hearing on September 3 at 12 o'clock noon at the Operaterassen in Stockholm.

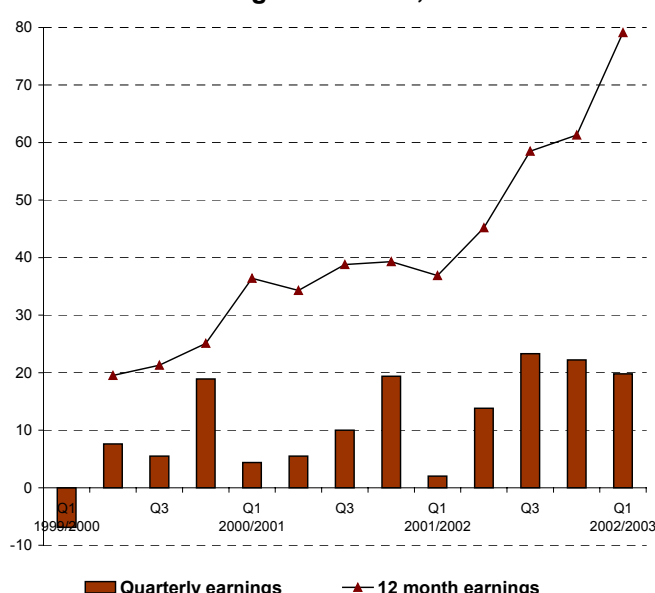
The presentation will be available at [www.sectra.com](http://www.sectra.com) as of 7:00 p.m.

Linköping, Sweden, September 3, 2002  
Sectra AB (publ)  
Board of Directors

**Sales, SEK million**



**Earnings before tax, SEK million**



**Summary Income Statement for the Group**

SEK Thousands	3 month May - Jul 2002	3 month May -Jul 2001	12 month Aug 2001 - Jul 2002	Full year May-Apr 2000/2001
<b>Net sales</b>	<b>142 024</b>	<b>50 223</b>	<b>518 111</b>	<b>426 310</b>
Other operating income	-	-	-	-
Change in work in progress	1 923	3 341	-17 759	-4 991
Operating expenses	-122 784	- 50 390	-415 374	-354 329
Depreciation	-1 647	- 1 707	-6 781	-6 842
<b>Operating profit</b>	<b>19 516</b>	<b>1 467</b>	<b>78 197</b>	<b>60 148</b>
Net financial items	256	611	898	1 253
<b>Earnings before tax</b>	<b>19 772</b>	<b>2 078</b>	<b>79 095</b>	<b>61 401</b>
Tax on earnings for the period	-5 757	- 634	-26 236	-21 113
	89	-	231	142
<b>Net earnings</b>	<b>14 104</b>	<b>1 444</b>	<b>53 090</b>	<b>40 430</b>
<b>Profit per share</b>				
Before dilution	0,43	0,05	1,61	1,23
Assuming full conversion	0,42	0,05	1,57	1,20
<b>No. of shares</b>				
At end of period	33 076 511	32 760 945	33 076 511	32 760 945
Assuming full conversion of issued convertible debentures and personnel options <sup>1)</sup>	33 882 411	33 493 645	33 882 411	33 881 845
Average, before dilution <sup>2)</sup>	32 918 728	32 760 945	32 918 728	32 760 945
Average, assuming full conversion <sup>2)</sup>	33 882 128	33 493 645	33 882 128	33 687 745

1) Issued convertible debentures 327,700 (2000/01), 308,200 (2001/02) and personnel options 90,000 (2000/01) and 80,000 (2001/02).

2) Average number of shares adjusted for issues and split.

### Summary Balance Sheet for the Group

SEK Thousands	3 Month July 31, 2002	3 Month July 31, 2001	Full Year April 30, 2002
<b>Assets</b>			
Intangible assets	10 639	12 215	11 033
Tangible assets	55 324	28 993	54 236
<b>Total fixed assets</b>	<b>65 963</b>	<b>41 208</b>	<b>65 269</b>
Other current assets	153 638	94 673	165 760
Cash and bank balances	144 434	87 217	130 439
<b>Total current assets</b>	<b>298 072</b>	<b>181 890</b>	<b>296 199</b>
<b>Total assets</b>	<b>364 035</b>	<b>223 098</b>	<b>361 468</b>
<b>Equity and liabilities</b>			
Equity (including profit for the period)	170 895	126 233	164 660
Provisions	11 610	8 439	11 610
Minority interests	2	-	-112
Long-term liabilities	67 917	36 575	68 031
Current liabilities	113 611	51 851	117 279
<b>Total equity and liabilities</b>	<b>364 035</b>	<b>223 098</b>	<b>361 468</b>

### Change in Equity

SEK Thousands	3 Month July 31, 2002	3 Month July 31, 2001	Full Year May - Apr 2002
Equity at end of period	164 660	134 702	134 702
Dividend	5 460	-	-
Change in share of equity	- 13 104	- 9 828	- 9 828
Change in minority interests	- 225	- 85	- 644
Net earnings for the period	14 104	1 444	40 430
<b>Equity at end of period</b>	<b>170 895</b>	<b>126 233</b>	<b>164 660</b>

### Summary Cash Flow Statement for the Group

SEK Thousands	3 Month July 31, 2002	3 Month July 31, 2001	Full Year May - Apr 2002
Cash flow from operations before changes in working capital	15 662	3 128	50 300
<b>Cash flow from operations after changes in working capital</b>	<b>24 116</b>	<b>11 998</b>	<b>53 513</b>
<b>Investing activities</b>	<b>-433</b>	<b>- 963</b>	<b>-8 719</b>
<b>Financing activities</b>	<b>-9 688</b>	<b>- 11 219</b>	<b>-1 756</b>
<b>Change in cash and bank balances</b>	<b>13 995</b>	<b>- 184</b>	<b>43 048</b>
Cash and bank balances, opening balance	130 439	87 401	87 401
Cash and bank balances, closing balance	144 434	87 217	130 439

## Key Figures

	3 month July 31, 2002	3 month July 31, 2001	12 month July 31, 2002	Full year May-Apr 2001/2002
Solvency %	46.9	56.6	46.9	44.2
Liquidity, ratio	2.8	3.8	2.8	2.5
Profit margin %	13.9	4.1	15.3	14.4
Earning capacity of equity			35.6	24.6
Earning capacity of working capital			38.1	30.5
Average number of employees	250	204	234	222
Equity per share	5.17	3.86	5.17	4.96
Equity per share assuming full conversion of issued convertible debentures and personnel options	5.04	3.77	5.04	4.80
Cash flow per share	0.47	0.09	1.90	1.47
Cash flow per share assuming full conversion of issued convertible debentures and personnel options	0.46	0.09	1.85	1.42
P/E ratio			31.1	50.0
Share price	50.00	42.00	50.00	62.0

## Quarterly Income Statements for the Group

SEK million	2002/03 Q1	Q4	Q3	Q2	2001/02 Q1	Q4	Q3	Q2	2000/01 Q1	Q4	Q3	1999/00 Q2
<b>Net sales</b>	142.0	160.0	122.1	93.9	50.2	100.2	84.4	58.1	48.5	54.0	58.0	66.0
Other operating income	-	-	-	-	-	0.1	-	0.4	-	0.3	0.2	0.4
Change in work in progress	1.9	-20.2	16.1	-4.2	3.3	-18.5	-12.9	3.9	0.8	7.5	7.7	-15.0
Operating expenses	-122.8	-116.6	-113.2	-74.5	-50.4	-60.4	-60.4	-55.5	-43.6	-41.5	-55.6	-42.7
Depreciation	-1.6	-1.7	-1.8	-1.6	-1.7	-1.9	-1.3	-1.8	-1.3	-1.5	-2.9	-0.9
<b>Operating profit</b>	19.5	21.5	23.2	13.6	1.4	19.5	9.8	5.1	4.4	18.8	7.4	7.8
Net financial items	0.3	0.7	0.1	0.2	0.6	-0.1	0.2	0.4	0.0	0.1	1.7	-0.2
<b>Earnings after financial items</b>	19.8	22.2	23.3	13.8	2.0	19.4	10.0	5.5	4.4	18.9	9.1	7.6
Items affecting comparability	-	-	-	-	-	-	-	-	-	-	-3.6	-
<b>Earnings before tax</b>	19.8	22.2	23.3	13.8	2.0	19.4	10.0	5.5	4.4	18.9	5.5	7.6
Tax on earnings for the period	-5.8	-9.9	-6.6	-4.0	-0.6	-5.8	-3.0	-1.6	-1.2	-6.3	-1.7	-2.1
Minoritetens andel	0.1	0.1	-	-	-	-	-	-	-	-	-	-
<b>Net earnings</b>	14.1	12.4	16.7	9.8	1.4	13.6	7.0	3.9	3.2	12.6	3.8	5.5

**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.

**Earning capacity of equity:** Profit after tax as a percentage of average adjusted equity.

**Capital employed:** Total assets reduced by non interest-bearing debts.

**Earning capacity of working capital:** Profit before tax plus financial expenses as a percentage of average working capital.

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

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

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