

Interim report for the May–July 2022 period

Contracted order bookings for the quarter exceed SEK 2 billion

Sectra's contracted order bookings amounted to SEK 2.2 billion during the quarter, which is the highest ever level for a single quarter. The result includes two major multiyear customer contracts for subscriptions for enterprise imaging. A growing customer base and recurring revenue contributed to consolidated sales growth during the quarter. To increase transparency regarding the strategic transition to service sales and cloud deliveries, the financial reporting has been complemented with a performance measure for recurring revenue from cloud-based services.

REPORT PRESENTATION

September 2, 2022
at 10:00 a.m. CEST

Follow online:

<https://investor.sectra.com/Q1report2223>

More information on page 14.

THE QUARTER IN BRIEF

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

First quarter: May–July 2022

- Contracted order bookings rose 468.5% to SEK 2,235.4 million (393.2), of which SEK 705.3 million (393.2) pertained to guaranteed order bookings. Of the guaranteed order bookings, 12% were recognized during the quarter and a further estimated 36–46% pertains to revenue within 12 months after the end of the quarter.
- Net sales increased 19.3% to SEK 484.1 million (405.7). Based on unadjusted exchange rates, the increase was 10.7%.
- Recurring revenue accounted for SEK 310.4 million (253.0) of net sales, up 22.7%. Based on unadjusted exchange rates, the increase was 15.1%. Cloud recurring revenue (CRR) increased 19.3% to SEK 50.0 million (41.9).
- Operating profit declined 28.5% to SEK 64.4 million (90.1), corresponding to an operating margin of 13.3% (22.2). Based on unadjusted exchange rates, operating profit decreased 41.9%. The change in the outcome compared with the comparative quarter was primarily attributable to strengthened delivery capacity, the transition to cloud deliveries and an accumulated need for sales and marketing activities.
- Profit after financial items amounted to SEK 68.2 million (92.1).
- Cash flow from operations amounted to a negative SEK 64.1 million (pos: 9.8) and was mainly attributable to a settlement of current liabilities.

Key figures

SEK million	Quarter			12 months		
	Q1	Q1	Change	Rolling	Full-year	Change
	22/23	21/22	%	12 months	21/22	%
Contracted order bookings	2,235.4	393.2	468.5	4,162.4	2,320.2	79.4
of which guaranteed order bookings	705.3	393.2	79.4	2,632.3	2,320.2	13.5
Net sales	484.1	405.7	19.3	2,027.5	1,949.1	4.0
of which recurring revenue	310.4	253.0	22.7	1,138.8	1,081.4	5.3
of which cloud recurring revenue (CRR)	50.0	41.9	19.3	189.5	181.4	4.5
Operating profit	64.4	90.1	-28.5	357.7	383.4	-6.7
Operating margin, %	13.3	22.2	n/a	17.6	19.7	n/a
Profit after financial items	68.2	92.1	-26.0	370.6	394.5	-6.1
Profit margin, %	14.1	22.7	n/a	18.3	20.2	n/a
Profit for the period	54.1	73.1	-26.0	295.8	314.8	-6.0
Earnings per share before dilution, SEK ²	0.28	0.38	-26.3	1.54	1.63	-5.5
Cash flow ¹	-64.1	9.8	-754.1	542.9	616.9	-12.0
Cash flow per share before dilution ^{1,2}	-0.33	0.05	-760.0	2.82	3.20	-11.9
Average no. of employees	975	867	12.5	935	908	3.0

¹ Cash flow from operations.

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

CEO'S COMMENTS

Sectra offers critical components for modern healthcare, medical education and increased cybersecurity in society. Our success is the result of longstanding relationships with satisfied customers who expand their use of our solutions and recommend Sectra to others. Customer confidence is the foundation of our strong order bookings.

Increasing volumes of medical images and customer contracts with long terms are contributing to the growing business. For example, we secured two major procurements in the most recent quarter. Both were subscriptions for enterprise imaging.

Sales are growing in all operating areas, and we delivered favorable profit for a first quarter, despite an exceptional comparative quarter. This was mainly attributable to an improved gross margin as well as positive currency effects from the USD.

We have appointed a new President of Secure Communications, Magnus Skogberg. We are experiencing a sharp increase in interest in Sectra's cybersecurity products in light of the security situation in the world. However, several ongoing business discussions were postponed during the pandemic years, and the operations continue to report substantial fluctuations in outcomes.

Recurring revenue from cloud deliveries

The trend for recurring revenue and cloud deliveries is positive, which shows that the transition to supplying products and software as a service is progressing. The transition to Sectra One is a key part of this. As previously announced, we have strengthened the organization and product development to meet customer demand for cloud deliveries and solutions that can manage increasing volumes of images. This work involves substantial initial costs and will generate revenue at a later stage. This transition will ultimately contribute to more stable and long-term business than traditional license sales, but growth in sales and profit will be hampered in the short to medium term.

Innovation for increased customer value and sustainable growth— new initiative to support precision medicine in cancer care

Sectra allows customer needs, combined with our knowledge of trends and technology, to govern the renewal of our customer offerings. We have therefore chosen to expand our offering in diagnostics to include IT support for genomics, an area that is undergoing rapid growth in cancer care. We are doing so in collaboration with the University of Pennsylvania Health System, which is an existing customer and one of the most prominent US hospitals in cancer care. We will work together to drive innovation and product development of IT support that will help to manage the dramatic increase in volumes of genetic analyses. Sectra is carrying out this initiative in a new business unit in the incubator Business Innovation. The head of the unit is Doctor of Technology Fredrik Lysholm, Ph.D. in Bioinformatics, who has worked at Sectra for several years.

In diagnostics, genomics is a closely related field to digital pathology. Both of these areas need to increase their use of IT to address growing volumes. The customers in the area are largely the same as those we already work with in pathology, where genomics is increasingly becoming part of the normal diagnostic workflow, primarily with respect to cancer diagnoses. The venture also means that we are moving beyond imaging as IT support for genomics differs from the management and presentation of images. At the same time, there are major technological similarities with our platform for enterprise imaging. The project will run over several years, and the situation is similar to when we launched our digital pathology operations as an expansion of radiology, which have developed very well over time.

The need for greater productivity in healthcare as well as cybersecurity is more important than ever. At Sectra, we can provide significant customer value and innovation in order to lead the development of a healthier and safer society together with our customers.



Torbjörn Kronander, President and CEO

+19%

Increase in CRR compared
with the comparative quarter



Diagrams in the financial report

Amounts are restated in SEK million unless otherwise indicated. Bars show the outcome per quarter and lines show the outcome for the rolling 12-month period.

FINANCIAL GOALS

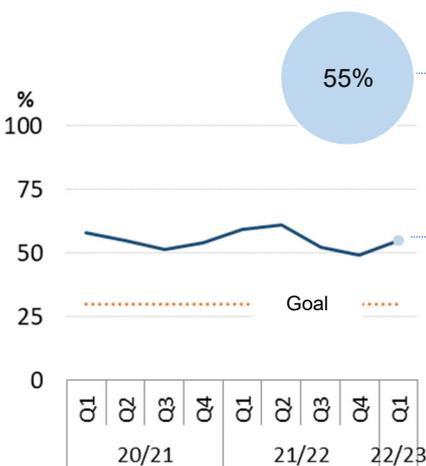
Sectra's overall operational target is to create value for its customers. This is also the Group's most important sustainability target since our customers' work to treat patients, cure diseases and increase cybersecurity is vital for functioning societies. Customers should be so satisfied with their experience that they remain for a long time, expand their use of our solutions and recommend Sectra to others. Customer satisfaction cannot be achieved without satisfied and dedicated employees. Employees who are motivated, feel good and are satisfied in their jobs will increasingly develop new, creative solutions that can further increase the value we provide for Sectra's customers.

Having a healthy financial performance is also important. This is what pays our employees' salaries and enables continued innovation and the investments needed to continue creating value for existing and new customers. Stability and profitability are considered fundamental 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.

The financial goals are (in order of priority):

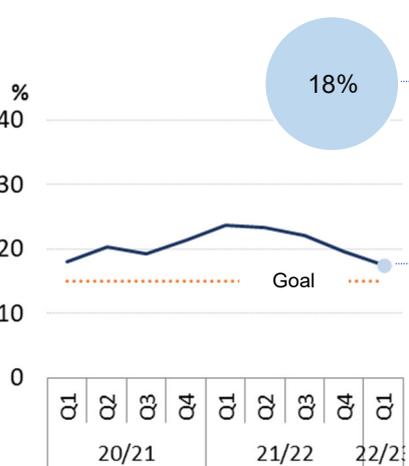
1. **Stability:**

Equity/assets ratio $\geq 30\%$



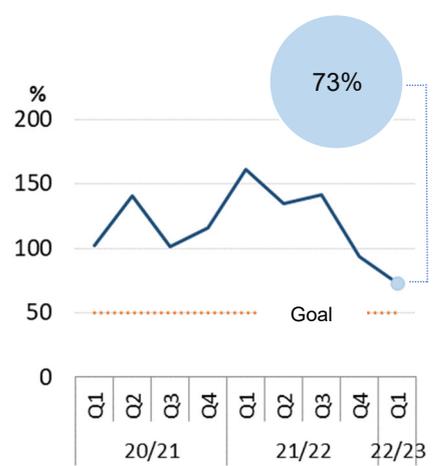
2. **Profitability:**

Operating margin $\geq 15\%$



3. **Earnings growth:**

Growth for operating profit/share over a five-year



— Rolling 12-month trend



For further information about goals and strategies, refer to Sectra's [2021/2022 Annual Report and Sustainability Report](#)

EVENTS

First quarter

Imaging IT Solutions

- Region Hovedstaden, the largest healthcare region in Denmark, ordered Sectra's enterprise imaging solution. The order was the first in Scandinavia for Sectra One Cloud. The contracted order value for the implementation and subscription for cloud-based services until 2037 amounts to DKK 720 million (approximately SEK 990 million), of which the guaranteed order value is DKK 200 million (approximately SEK 275 million).
- Cooper University Health Care in South Jersey, US, and Niagara Health in Ontario, Canada, ordered Sectra One.

Business Innovation

- Sectra signed an agreement with the University of Pennsylvania Health System in the US to develop and deliver IT support for precision diagnostics using genomics. A new business unit is being initiated in Business Innovation to drive innovation and development in the area of genomics.

Secure Communications

- Magnus Skogberg was recruited as the new President of the Secure Communications operating area and took on the role on August 1, 2022.

Group

- Jessica Holmquist assumed the position of CFO on May 1, 2022.
- In order to increase transparency regarding recurring revenue and the transition to cloud-based services, amendments are being made to financial statements (refer to page 13).

After the end of the reporting period

- Sectra is launching a new generation of its cloud-based teaching platform Sectra Education Portal. Through significant improvements in usability and functionality, we can make it easier for the hundreds of medical schools using the platform to bridge the gap between education and their students' professional careers.



For further information about the above events, visit <https://sectra.com/news>



In June, 220 customers from the US and Canada met in New Orleans at Sectra's user meeting. It was excellent to once again meet in person to share knowledge and learn from each other.

SECTRA'S MARKETS

We play a key role in meeting the needs of medical imaging IT and cybersecurity—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 also 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. Healthcare providers across the globe use Sectra's expertise and solutions in this niche market not only to increase productivity and coordinate their resources but also to improve efficiency in orthopaedic surgery through better planning and follow-up. The rapidly growing number of genetic analyses for cancer diagnostics, conducted alongside pathology analyses, is also contributing to a growing market. 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. We have extensive experience of protecting society's most critical communications and are a strong brand in the niche markets 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 noting increasing synergies between our operating areas since healthcare is being exposed to cybercrime at an accelerating rate, resulting in, for example, the authorities in the US issuing a particular warning to healthcare providers.

COMMENTS ON THE GROUP'S FINANCIAL OUTCOME

Order bookings

Sectra reported its highest order bookings for a single quarter. Contracted order bookings rose 468.5% to SEK 2,235.4 million (393.2), of which SEK 705.3 million (393.2) pertained to guaranteed order bookings. The development was primarily attributable to two orders of enterprise imaging solutions. Multiyear and large orders of this size lead to significant variations in order bookings between individual quarters and periods. The ratio of contracted order bookings to net sales was 2.1, compared with 1.2 at the end of the preceding fiscal year.



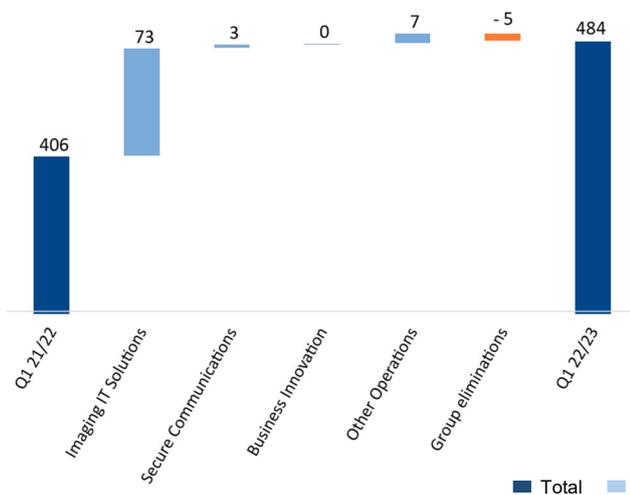
Net sales

Net sales increased 19.3% to SEK 484.1 million (405.7). Imaging IT Solutions was the main contributor to sales growth, although all operating areas reported higher sales compared with the comparative quarter. The ongoing transition to selling products and software as services, of which cloud deliveries account for a growing share, contributed to an increase in recurring revenue during the quarter. Recurring revenue accounted for SEK 310.4 million (253.0) of sales, up 22.7%. Based on unadjusted exchange rates, the increase was 15.1%. Cloud recurring revenue increased 19.3% to SEK 50.0 million (41.9).

Sectra is growing in all geographic areas. The operations in the US noted the largest increases, partly due to positive currency effects. Based on unadjusted exchange rates, consolidated sales increased 10.7%. 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.

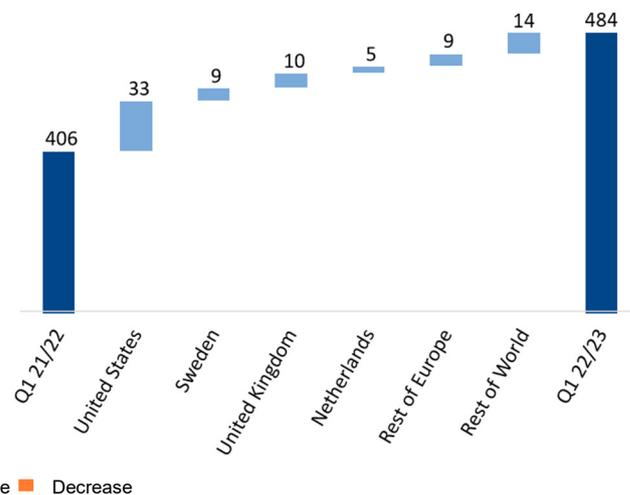
Sales trend per operating area, SEK million

Compared with the corresponding period preceding fiscal year

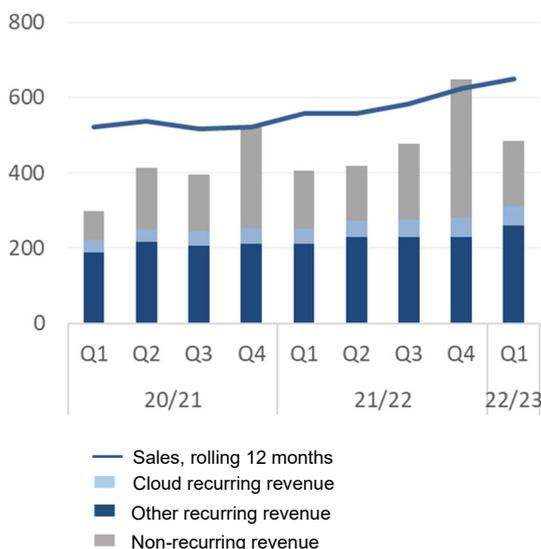


Sales trend per geographic market, SEK million

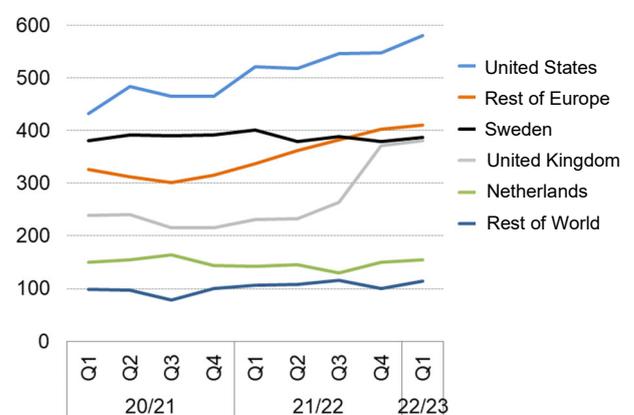
Compared with the corresponding period preceding fiscal year



Sales, SEK million



Sales by geographic market, SEK million



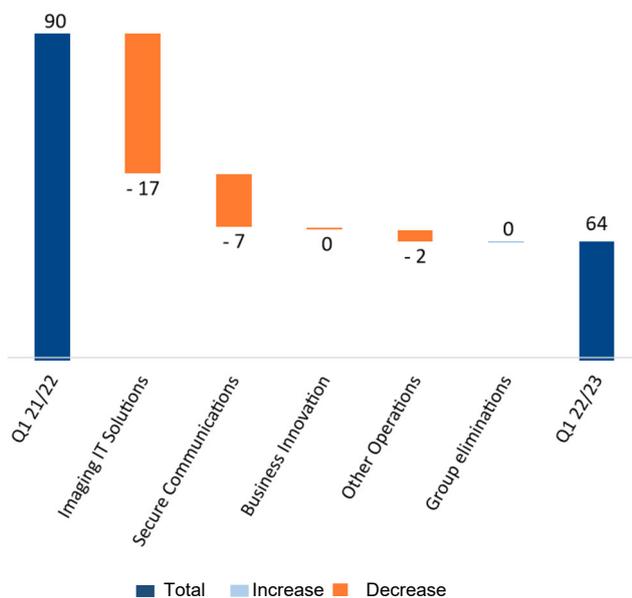
Earnings

The Group's operating profit decreased 28.5% to SEK 64.4 million (90.1). Based on unadjusted exchange rates, operating profit decreased 41.9% from the comparative quarter. The operating margin amounted to 13.3% (22.2). The higher costs compared with the temporarily low levels in the comparative quarter were expected. The first quarter of the preceding fiscal year was unusually strong due to early software deliveries, and it was a pandemic year with limited travel and many canceled events. In recent months, we have noted a high level of activity around the world with trade fairs, user meetings, and internal events and courses. A continued focus on strengthening our delivery capacity to meet rising demand and the transition to cloud deliveries also contributed to increased operating expenses.

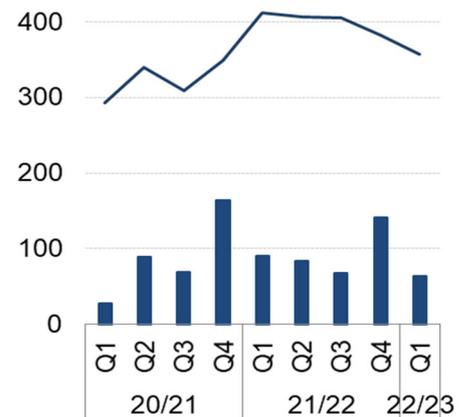
The Group's financial items amounted to SEK 3.8 million (2.0). Financial items improved primarily due to changes in exchange rates. Currency fluctuations had an impact of SEK 2.5 million (0.5) on the Group's financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact on profit or loss or on comprehensive income. Profit after financial items amounted to SEK 68.2 million (92.1). This corresponds to a profit margin of 14.1% (22.7) for the quarter. Earnings per share before dilution amounted to SEK 0.28 (0.38).

Operating profit trend per operating area, SEK million

Compared with the preceding fiscal year



Operating profit, Group, SEK million



Financial position and cash flow

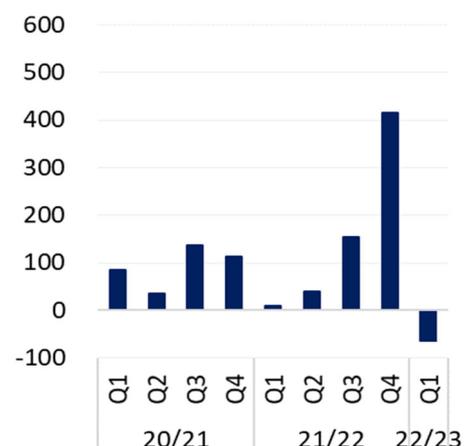
The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 724.4 million (439.2). This change was mainly attributable to an increase in advances from customers. The Group's debt/equity ratio was 0.05 (0.07) as of the balance-sheet date. Interest-bearing liabilities amounted to SEK 58.1 million (71.8), of which SEK 57.7 million (68.8) pertained to lease liabilities according to IFRS 16.

Cash flow from operations weakened over the most recent quarter as a result of a settlement of current liabilities and amounted to a negative SEK 64.1 million (pos: 9.8) for the quarter. Cash flow per share was a negative SEK 0.33 (pos: 0.05).

Cash flow from investing activities amounted to a negative SEK 18.1 million (neg: 17.7). Refer to the information about investing activities on page 8.

The Group's total cash flow for the quarter amounted to a negative SEK 87.9 million (neg: 13.9).

Cash flow from operations, Group, SEK million



Investments and depreciation/amortization

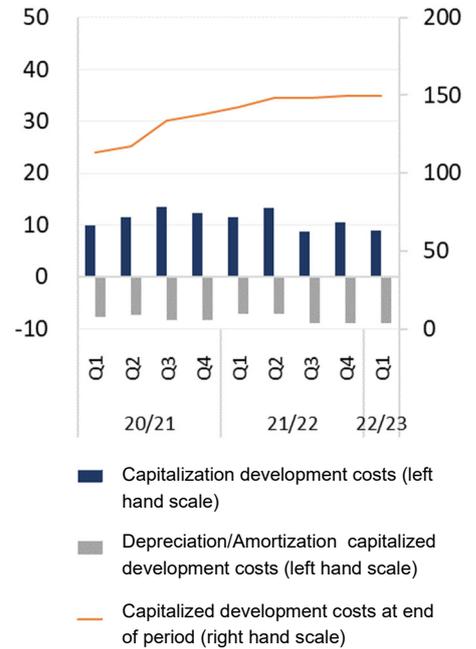
Investments amounted to SEK 18.1 million (17.7). This result includes capitalized work for own use of SEK 9.0 million (11.6), down 22.4%.

Total depreciation and amortization for the quarter was SEK 22.2 million (19.1). Of this figure, SEK 8.8 million (7.2) pertained to capitalized development costs. Depreciation of right-of-use assets according to IFRS 16 amounted to SEK 6.7 million (6.1). At the end of the period, capitalized development costs totaled SEK 149.9 million (142.1).

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 was affected by when customers were able to accept deliveries, which entailed a certain change from the traditional pattern. The variations in order volumes between individual quarters are significant since certain contracts are very large and have long terms. 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



Read Sectra's Annual Report at <https://investor.sectra.com/annual-report>

OPERATING AREA IMAGING IT SOLUTIONS

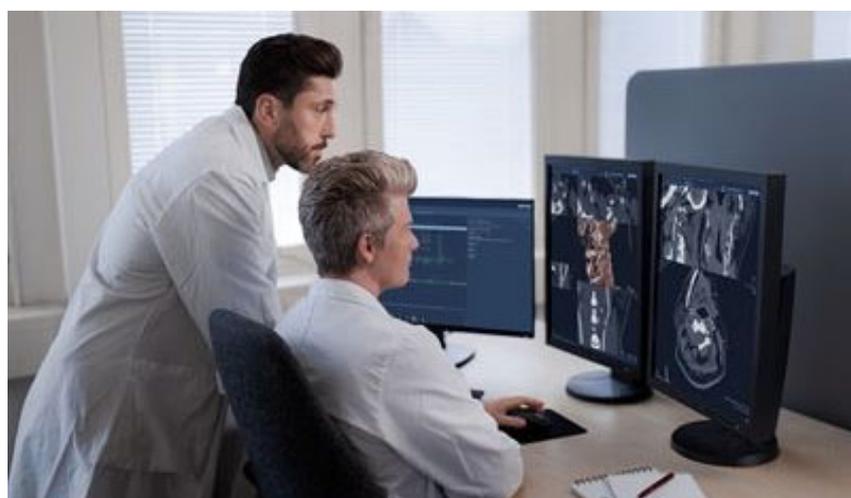
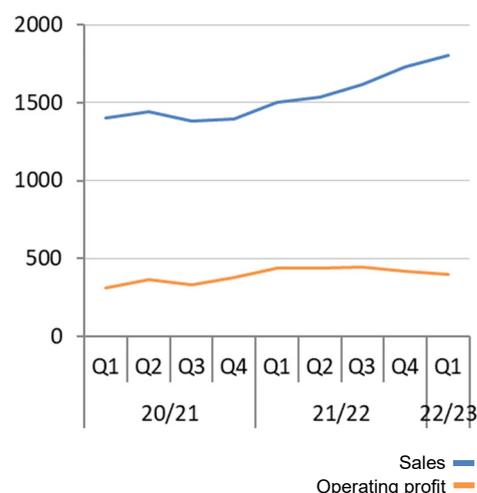
	The quarter			12 months		
	Q1 22/23	Q1 21/22	Change %	Rolling 12 months	Full-year 21/22	Change %
Sales, SEK million	435.8	362.6	20.2	1,800.4	1,727.2	4.2
of which recurring external revenue	288.1	232.8	23.8	1,049.7	994.4	5.6
of which cloud recurring revenue	47.2	40.2	17.4	179.0	172.0	4.1
Operating profit, SEK million	80.4	97.8	-17.8	398.6	416.0	-4.2
Operating margin, %	18.4	27.0	n/a	22.1	24.1	n/a

Imaging IT Solutions' order bookings for the quarter were at an all-time high. The outcome includes an extensive order from Region Hovedstaden, which became the first in Scandinavia to order Sectra One Cloud, and a ten-year contract for Sectra One from an existing customer. During the quarter, orders were also secured for Sectra One in the US and Canada. The combination of long contracts and solutions that can handle extremely large volumes of medical images means that the contracted order value for individual orders can be substantial, which gives rise to significant variations in order bookings between periods.

The sales increase from the comparative quarter is attributable to a growing customer base and the positive impact of currency fluctuations. Recurring revenue and cloud deliveries also contributed to the positive trend. Operating profit was better than expected. Compared with the unseasonably strong start to the preceding year, the result was impacted by the ongoing transition to service sales and investments in cloud-based deliveries. As expected, market activities and travel also increased. For example, Sectra participated in several trade fairs and held user meetings and internal events during the quarter.

In the not too distant future, the majority of new customers that purchase Sectra's medical IT solutions are expected to choose cloud-based services. However, it will take a long time for all of our existing healthcare customers to transition to this new model. The transition will entail changes to our organization, product development and processes as well as how we package and sell our offerings. In the long term, this transition will result in more stable and long-term business than traditional license sales, but sales growth will be weaker in the short term.

Trend, SEK million



Sectra is equipped to meet the increased demand for cloud-based services. Many of our customer projects are preparing for public or private cloud delivery.

Homerton Healthcare NHS Foundation Trust, East Suffolk and North Essex NHS Foundation Trust, and West Suffolk NHS Foundation Trust in the UK are examples of customers who have already ordered Sectra One Cloud for delivery using Microsoft's public cloud.

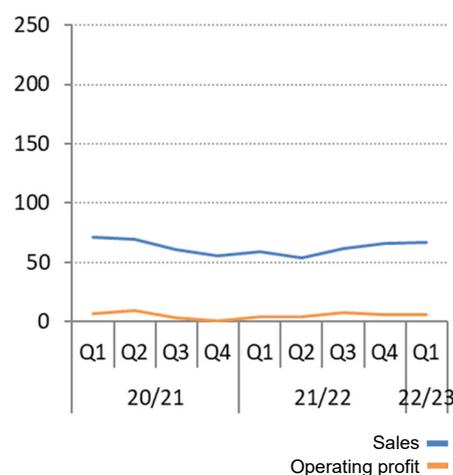
OPERATING AREA BUSINESS INNOVATION

	The quarter			12 months		
	Q1 22/23	Q1 21/22	Change %	Rolling 12 months	Full-year 21/22	Change %
Sales, SEK million	12.7	12.3	3.3	66.8	66.4	0.6
of which recurring external revenue	2.9	2.0	45.0	11.1	10.2	8.8
of which cloud recurring revenue	2.7	1.7	58.8	10.3	9.3	10.8
Operating profit/loss, SEK million	-1.8	-1.5	-20.0	5.8	6.1	-4.9
Operating margin, %	neg	neg	n/a	8.7	9.2	n/a

Business Innovation comprises the Orthopaedics and Medical Education business units. This area also reports the expenses for research activities in this area, which largely focus on initiatives in the field of AI for medical applications. As of May 1, 2022, the segment was expanded to include a business unit for genomics.

The financial outcome for the first quarter was on par with the preceding year, and the trend for recurring revenue is positive. However, the results of the relatively small business units may vary significantly between quarters and periods. A transition to pay-per-use business models is also under way in these units, which will initially have a dampening effect on sales growth. In the long term, the new business models will result in higher recurring revenue, resulting in fewer variations going forward.

Trend, SEK million



Analysis of genetic information and precision medicine are becoming increasingly important in cancer diagnostics and personalized medicine. In the new Genomics IT business unit, Sectra will focus on innovation and development of IT support for precision diagnostics.

OPERATING AREA SECURE COMMUNICATIONS

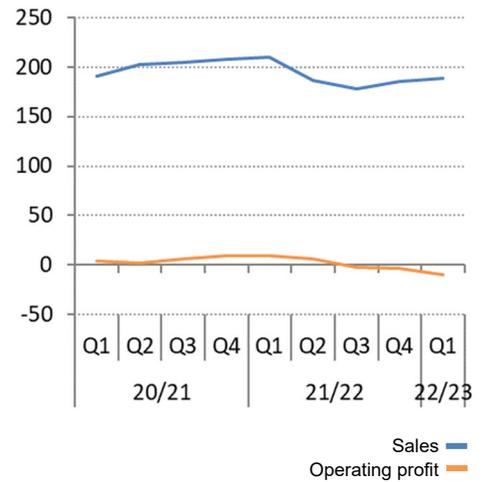
	The quarter			12 months		
	Q1 22/23	Q1 21/22	Change %	Rolling 12 months	Full-year 21/22	Change %
Sales, SEK million	41.6	38.5	8.1	188.0	184.9	1.7
of which recurring external revenue	19.2	18.1	6.1	77.2	76.1	1.4
Operating profit/loss, SEK million	-6.5	0.1	-6,600.0	-9.6	-3.0	-220.0
Operating margin, %	neg	0.3	n/a	neg	neg	n/a

Secure Communications is expanding. Demand remains strong and is growing, while the global shortage of components and a strained labor market continue to impact the growth rate. Orders during the quarter primarily comprised additional sales to existing customers, mainly sales of the Sectra Tiger/S encryption system for users who communicate confidential information up to and including the EU SECRET and NATO SECRET classification levels. In the critical infrastructure customer segment, we extended and expanded customer contracts for Sectra's service for monitoring control systems in energy distribution and production, and signed an agreement for concept validation.

The financial outcome during the first quarter includes the summer months, with seasonally lower earnings, and the result is in line with our expectations. The earnings trend was primarily due to ongoing investments in new offerings that may contribute to substantial customer value and growth in all product segments. The operations are characterized by long business cycles which affected opportunities to carry out important business negotiations during the years of the pandemic. These delays particularly concern areas where we address new customers. Given that the situation is now gradually normalizing, we have increased our focus on delivery, marketing and sales, which will help to strengthen earnings over time.

On August 1, 2022, Magnus Skogberg took over as the new President of the operating area. He is also a member of Sectra's Group Management. Magnus has extensive experience of the defense and security industry, complex purchasing processes and selling technologically advanced solutions. Read more about his background here: <https://investor.sectra.com/governance/executive-management/>

Trend, SEK million



The continued uncertain geopolitical situation, with an ongoing war in Europe and further tensions worldwide, highlights the importance of defense capabilities and public security. This, in turn, is placing greater demands on communication and fueling the need for investments in high assurance products, crypto development and cybersecurity both in Sweden and in the rest of Europe. We help our customers protect their communication of classified information with products that are approved for use both in the EU and in NATO.

OTHER OPERATIONS

	The quarter			12 months		
	Q1 22/23	Q1 21/22	Change %	Rolling 12 months	Full-year 21/22	Change %
Sales, SEK million	26.6	19.6	35.7	105.9	98.9	7.1
Operating loss, SEK million	-7.8	-6.3	-23.8	-37.2	-35.7	-4.2
Operating margin, %	neg	neg	n/a	neg	neg	n/a

Other Operations pertain to Sectra's joint functions for administration, recruitment, Group finance, IT, regulatory affairs, people and brand, and activities related to investors. The change in revenue mainly pertained to increased central management of costs distributed across the organization.

PARENT COMPANY

The Parent Company's income statement and balance sheet are reported on page 18. The Parent Company Sectra AB includes the research department for medical imaging IT, the Genomics business unit and the head office's joint functions (see Other Operations above).

THE SHARE

Share capital and number of shares

On July 31, 2022, Sectra's share capital totaled SEK 38,732,465, distributed between 193,662,325 shares and 311,593,465 voting rights. The number of shares is distributed between 13,103,460 Class A shares and 180,558,865 Class B shares. Sectra's holding of treasury shares at the end of the period amounted to 1,000,000 Class B shares, corresponding to 0.5% of the share capital and 0.3% of the voting rights in the company. For more information, refer to Note 3.

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 of acquisitions 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 PROPOSED SHARE REDEMPTION PROGRAM

The AGM will be held on September 8, 2022 in Linköping. The last day to register and vote in advance is September 2, 2022. Visit <https://investor.sectra.com/agm2022> for further information and documents.

Proposed share redemption program/dividend

For the 2021/2022 fiscal year, the Board and the President propose that the AGM resolve to distribute SEK 1.00 per share to the shareholders through a 2:1 share split in combination with a mandatory redemption process. The corresponding distribution to the shareholders in the preceding year was SEK 0.90 per share. The proposal was announced in Sectra's year-end report published on June 3, 2022.

Timetable for the 2022 redemption process

Sep 8: Resolution by AGM

Oct 7: Final day of trading in the Sectra share before the share split, including rights to redemption shares

Oct 10: First day of trading in the Sectra share after the share split, excluding rights to redemption shares

Oct 11: Record date for the share split

Oct 12–21: Trading in redemption shares

Oct 25: Record date to revoke redemption shares

Oct 28: Preliminary date for payment of redemption settlement from Euroclear

RISKS AND UNCERTAINTIES

Through its operations, Sectra is exposed to such business risks as dependence on major customers and partners, the effect of currency fluctuations on pricing in the markets in which the Group is active, and property and liability risks. Sectra is also exposed to various types of financial risks such as currency, interest-rate, credit and liquidity risks. A detailed description of the risks and uncertainties as well as Sectra's strategies and tactics for minimizing risk exposure and limiting adverse effects are provided in the Administration Report in the Group's Annual and Sustainability Report for the 2021/2022 fiscal year in the administration report on page 80 and in Note 29 on page 111. No events have occurred that would alter the conditions reported.

Specific uncertainties

Sectra has only a small number of indirect customer or sub-supplier relationships in Ukraine, Russia and Belarus and no direct relationships. The invasion of Ukraine and the sanctions imposed have been deemed to have a minimal direct impact on the Group's operations. However, indirect consequences of what is happening could eventually impact Sectra as well as other companies in the form of higher prices for energy and transportation or component shortages.

Developments after the pandemic remain difficult to predict. Although as much as possible is being conducted remotely, COVID-19 continues to pose certain challenges in terms of go-live and training. The risk of delivery delays therefore remains, which could lead to significant variations in financial outcomes between quarters.

Sectra is well equipped to manage these uncertainties based on a strong financial position, positive cash flows and a significant share of recurring revenue. The company 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 or the war in Europe. For further information, refer to page 82 of Sectra's Annual and Sustainability Report for the 2021/2022 fiscal year.

CHANGES TO FINANCIAL STATEMENTS

In light of Sectra's transition to increasingly selling services, particularly cloud-based services, the Board of Directors and the President have assessed the performance measures recognized in the financial statements. As a result, Sectra's recognition of order bookings and recurring revenue will change as of the current fiscal year.

As sales of products and software as service increase, the relative importance of order bookings as a measure of growth will decrease. In addition, when software is sold as a service, customers usually want to have the option to terminate their agreement with the provider if the purchased service does not deliver maximum value. With new contract clauses giving the customer the right to terminate the contract for no specific reason, revenue from long-term customer contracts is only partially guaranteed. Contracts will continue to typically be based on terms of five to ten years, and assuming the service is satisfactory, it will likely be utilized throughout this period, at a minimum. However, guaranteed future revenue will be limited to initial delivery of consultancy services and a notice period of approximately one year or other binding commitment, depending on the specific contract.

Accordingly, Sectra is changing the way in which order bookings are recognized. Up until the 2023/2024 fiscal year, at which point order bookings will be entirely excluded from the financial statements, the recognition of order bookings will be divided between contracted and guaranteed order bookings. **Contracted order bookings** refer to the contract value that the customer has procured and intends to purchase during the term of the contract. **Guaranteed order bookings** are the share of contracted order bookings that correspond to what the customer has undertaken to purchase when the contract is entered into. For guaranteed order bookings received during a given quarter, Sectra will also state the share that has already been recognized as revenue as well as the share expected to be recognized as revenue within 12 months of the end of the quarter. The order bookings recognized for prior periods were, in all material respects, guaranteed.

Sectra is also clarifying its recognition of recurring revenue. In pace with the gradual transition to delivering software as a service, initial sales in the form of software licenses will decrease and be replaced by per-use sales over a longer period of time. To clarify how its former license sales will be replaced, recurring revenue will be supplemented with the new performance measure "Cloud recurring revenue" (CRR) for recurring revenue from cloud services. CRR refers to the recurring revenue we receive from customers for software delivered via the cloud, including operating services and underlying infrastructure, meaning a portion of the total recurring revenue.

During the current fiscal year, Sectra intends to start recognizing the reduction in recurring revenue attributable to customers that leave Sectra ("Revenue churn"). This will be done to comply with standard reporting practices in software companies that deliver software as a service.

FOR FURTHER INFORMATION

Contact Sectra's CEO Torbjörn Kronander, telephone +46 13 23 52 27 or email info.investor@sectra.se.

Presentation of the year-end report

Time: September 2, 2022 at 10:00 a.m. CEST

Torbjörn Kronander, President and CEO of Sectra AB, and Jessica Holmquist, 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/q1report2223>

Financial calendar and AGM

2022 AGM	September 8, 2022 in Linköping, Sweden
Six-month interim report	December 16, 2022 at 8:15 a.m. CET
Nine-month report	March 10, 2023 at 8:15 a.m. CET
Year-end report 2022/2023	June 2, 2023 at 8:15 a.m. CEST

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 to July 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, September 2, 2022

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

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

GROUP

Condensed consolidated income statements

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Net sales (Note 4)	484,089	405,699	2,027,530	1,949,140
Capitalized work for own use	8,970	11,646	41,596	44,272
Other operating income	117	285	1,128	1,296
Total income	493,176	417,630	2,070,254	1,994,708
Goods for resale	-45,664	-45,897	-285,810	-286,043
Personnel costs	-263,568	-209,042	-999,702	-945,176
Other external costs	-97,387	-53,508	-342,766	-298,887
Depreciation/amortization and impairment	-22,207	-19,100	-84,323	-81,216
Total operating expenses	-428,826	-327,547	-1,712,601	-1,611,322
Operating profit	64,350	90,083	357,653	383,386
Total financial items	3,822	1,998	12,943	11,119
Profit after financial items	68,172	92,081	370,596	394,505
Taxes	-14,043	-18,969	-74,786	-79,712
Profit for the period	54,128	73,112	295,810	314,793
Profit for the period attributable to:				
Parent Company owners	54,128	73,112	295,810	314,793
Earnings per share				
Before dilution, SEK	0.28	0.38	1.54	1.63
After dilution, SEK (Note 3)	0.28	0.38	1.54	1.63

Consolidated statement of comprehensive income

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Profit for the period	54,128	73,112	295,810	314,793
Items that may be reversed in profit or loss				
Translation differences	8,424	5,410	40,589	37,575
Total other comprehensive income for the period	8,424	5,410	40,589	37,575
Total comprehensive income for the period	62,552	78,522	336,399	352,368
Comprehensive income for the period attributable to:				
Parent Company owners	62,552	78,522	336,399	352,368

Condensed consolidated balance sheets

SEK thousand	Jul 31, 2022	Jul 31, 2021	Apr 30, 2022
Assets			
Intangible assets and goodwill	217,917	212,108	218,244
Tangible assets	65,817	57,405	61,913
Right-of-use assets	60,506	71,597	64,969
Financial assets	138,331	134,038	172,639
Deferred tax assets	6,369	3,411	4,554
Total fixed assets	488,940	478,559	522,319
Accounts receivable	308,211	219,502	339,650
Other short-term receivables	57,580	58,804	41,718
Prepaid expenses and accrued income	510,001	438,467	479,449
Cash and bank balances	724,353	439,165	808,775
Total current assets	1,600,145	1,155,938	1,669,592
Total assets	2,089,085	1,634,497	2,191,911
Equity and liabilities			
Equity	1,145,988	974,145	1,080,737
Deferred tax liabilities	4,400	3,545	4,773
Provisions	9,129	–	3,308
Non-current lease liabilities	33,576	46,037	37,892
Other long-term liabilities	516	1,907	513
Total long-term liabilities	47,621	51,489	46,486
Provisions	2,230	5,387	2,954
Current lease liabilities	24,085	22,762	24,342
Other current liabilities	150,607	114,727	196,199
Accrued expenses and deferred income	718,554	465,987	841,193
Total current liabilities	895,476	608,863	1,064,688
Total equity and liabilities	2,089,085	1,634,497	2,191,911

Consolidated cash-flow statements

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	Full-year May–Apr 2021/2022
Operating activities			
Operating profit	64,350	90,082	383,386
Adjustment for non-cash items	24,241	16,106	74,469
Interest and dividends received	1,608	1,866	6,967
Interest paid	-313	-369	-1,555
Income tax paid	-14,819	-13,761	-73,473
Cash flow from operations before changes in working capital	75,067	93,924	389,794
Changes in working capital			
Change in inventories	581	-4,346	1,257
Change in receivables	50,034	30,455	-119,590
Change in current liabilities	-189,813	-110,207	345,461
Cash flow from operations	-64,131	9,826	616,922
Investing activities			
Acquisitions of intangible assets	-8,970	-11,646	-44,272
Acquisitions of tangible assets	-9,110	-6,058	-30,103
Depreciation of tangible assets	–	–	6,029
Cash flow from investing activities	-18,080	-17,704	-68,346
Financing activities			
Repayment of lease liabilities	-5,721	-5,999	-24,366
Repayment of long-term liabilities	–	–	-1,017
Redemption of shares	–	–	-173,365
Cash flow from financing activities	-5,721	-5,999	-198,748
Cash flow for the period	-87,932	-13,877	349,828
Cash and cash equivalents, opening balance	808,775	454,854	454,854
Exchange-rate difference in cash and cash equivalents	3,510	-1,813	4,093
Cash and cash equivalents, closing balance	724,353	439,165	808,775

Condensed consolidated statement of changes in equity

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	Full-year May–Apr 2021/2022
Equity at start of period	1,080,737	895,623	895,623
Comprehensive income for the period	62,552	78,522	352,368
Dividend/redemption of shares	–	–	-173,365
Settlement of share-related payments	2,699	–	6,111
Equity at end of period	1,145,988	974,145	1,080,737

PARENT COMPANY

Condensed Parent Company income statements

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Net sales	27,274	47,247	111,106	131,079
Capitalized work for own use	662	917	662	917
Other operating income	24	4	57	37
Total income	27,960	48,168	111,825	132,033
Goods for resale	-128	-2,675	-7,051	-9,598
Personnel costs	-12,871	-17,416	-52,363	-56,908
Other external costs	-23,250	-35,370	-90,537	-102,657
Depreciation/amortization	-405	-763	-1,658	-2,016
Total operating expenses	-36,654	-56,224	-151,609	-171,179
Operating loss	-8,694	-8,056	-39,784	-39,146
Total financial items	3,860	5,002	50,380	51,522
Profit/loss after financial items	-4,834	-3,054	10,596	12,376
Appropriations	–	–	254,250	254,250
Profit/loss before tax	-4,834	-3,054	264,846	266,626
Tax on earnings for the period	996	630	-49,664	-50,030
Profit/loss for the period	-3,838	-2,424	215,182	216,596

Parent Company statement of comprehensive income

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Profit/loss for the period	-3,838	-2,424	215,182	216,596
Total comprehensive income for the period	-3,838	-2,424	215,182	216,596

Condensed Parent Company balance sheets

SEK thousand	Jul 31, 2022	Jul 31, 2021	Apr 30, 2022
Assets			
Intangible assets	779	2,388	201
Tangible assets	3,828	4,031	3,926
Financial assets	145,240	252,878	143,451
Total fixed assets	149,847	259,297	147,578
Accounts receivable	1,034	3,701	808
Receivables from Group companies	496,990	456,989	504,090
Other current assets	36,982	34,253	24,480
Cash and bank balances	590,129	332,535	683,803
Total current assets	1,125,135	827,478	1,213,181
Total assets	1,274,982	1,086,775	1,360,759
Equity and liabilities			
Restricted equity	265,967	267,398	265,390
Unrestricted equity	410,266	363,561	414,295
Total equity	676,233	630,959	679,685
Provisions	228	–	–
Long-term liabilities	–	389	–
Current liabilities	598,521	455,427	681,074
Total equity and liabilities	1,274,982	1,086,775	1,360,759

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 2021/2022 Annual and Sustainability Report.

Note 2 Related-party transactions

Other than the types of transactions presented in Note 3 Employees and personnel costs in the 2021/2022 Annual Report, no significant transactions with related parties took place in the reporting period.

Note 3 Number of shares

	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
No. of common shares^{1, 3}				
Before dilution	192,662,325	192,627,470	192,662,325	192,662,325
After dilution ²	192,667,455	192,667,310	192,667,455	192,667,455
Average, before dilution	192,662,325	192,627,470	192,647,802	192,639,088
Average, after dilution ²	192,667,455	192,667,310	192,667,392	192,667,355

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

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

³ Number of shares does not include the 1,000,000 Class B treasury shares.

Note 4 Operating segments and sales

Sales by business segment

SEK million	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Imaging IT Solutions	435.8	362.6	1,800.4	1,727.2
Secure Communications	41.6	38.5	188.0	184.9
Business Innovation	12.7	12.3	66.8	66.4
Other Operations	26.6	19.6	105.9	98.9
Group eliminations	-32.6	-27.3	-133.6	-128.3
Total	484.1	405.7	2,027.5	1,949.1

Operating profit/loss by business segment

SEK million	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Imaging IT Solutions	80.4	97.8	398.6	416.0
Secure Communications	-6.5	0.1	-9.6	-3.0
Business Innovation	-1.8	-1.5	5.8	6.1
Other Operations	-7.8	-6.3	-37.2	-35.7
Group eliminations	0.1	0.0	0.1	0.0
Total	64.4	90.1	357.7	383.4

Sales by geographic market

SEK million	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
United States	152.6	119.6	580.1	547.1
Sweden	97.6	88.8	387.6	378.8
United Kingdom	67.8	58.1	380.4	370.7
Netherlands	35.5	31.0	154.8	150.3
Rest of Europe	93.7	85.2	410.4	401.9
Rest of World	36.9	23.0	114.2	100.3
Total	484.1	405.7	2,027.5	1,949.1

Recurring and non-recurring revenue by business segment

Group				
SEK million	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Recurring revenue	310.4	253.0	1,138.8	1,081.4
Of which cloud recurring revenue, CRR	50.0	41.9	189.5	181.4
Non-recurring revenue	173.7	152.7	888.7	867.7
Total	484.1	405.7	2,027.5	1,949.1
Share of recurring revenue, %	64.1	62.4	56.2	55.5

Imaging IT Solutions

SEK million	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Recurring revenue	288.1	232.8	1,049.7	994.4
Of which cloud recurring revenue, CRR	47.2	40.2	179.0	172.0
Non-recurring revenue	148.1	128.9	753.6	734.4
Total	436.2	361.7	1,803.3	1,728.8
Share of recurring revenue, %	66.1	64.4	58.2	57.5

Secure Communications

SEK million	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Recurring revenue	19.2	18.1	77.2	76.1
Of which cloud recurring revenue, CRR	0.0	0.0	0.1	0.1
Non-recurring revenue	22.3	19.8	109.3	106.8
Total	41.5	37.9	186.5	182.9
Share of recurring revenue, %	46.3	47.8	41.4	41.6

Business Innovation

SEK million	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Recurring revenue	2.9	2.0	11.2	10.3
Of which cloud recurring revenue, CRR	2.7	1.7	10.3	9.3
Non-recurring revenue	3.3	3.9	25.9	26.5
Total	6.2	5.9	37.1	36.8
Share of recurring revenue, %	46.8	33.9	30.2	28.0

Other Operations

SEK million	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Recurring revenue	0.1	0.1	0.6	0.6
Of which cloud recurring revenue, CRR	0.0	0.0	0.0	0.0
Non-recurring revenue	0.0	0.0	0.0	0.0
Total	0.1	0.1	0.6	0.6
Share of recurring revenue, %	100.0	100.0	100.0	100.0

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 revenue refers to revenue from customers for the provision of a good or service during the term of a contract, wherein the customer cannot continue to benefit from the full functionality of the good or service without ongoing payments and the revenue stream is expected to recur for more than 12 months.

Recurring revenue mainly refers to revenue from subscription, support and maintenance agreements. The share delivered via the cloud is reported as cloud recurring revenue (CRR). Revenue from system implementations, migration and one-time purchases of licenses are not recognized as recurring revenue.

Calculation

Recurring revenue divided by total external sales. Refer to the table on page 20.

Equity per share before dilution

	Jul 31, 2022	Jul 31, 2021	Apr 30, 2022
Equity, SEK thousand	1,145,988	974,145	1,080,737
Number of shares before dilution at the end of the period	192,662,325	192,627,470	192,662,325
Equity per share before dilution, SEK	5.95	5.06	5.61

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

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

Equity per share after dilution

	Jul 31, 2022	Jul 31, 2021	Apr 30, 2022
Equity, SEK thousand	1,145,988	974,145	1,080,737
Number of shares after dilution at the end of the period	192,667,455	192,667,310	192,667,455
Equity per share after dilution, SEK	5.95	5.06	5.61

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

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

Value added

SEK thousand	3 months May-Jul 2022	3 months May-Jul 2021	12 months Aug 2021 -Jul 2022	Full-year May-Apr 2021/2022
Operating profit	64,350	90,083	357,653	383,386
Personnel costs	263,568	209,042	999,702	945,176
Value added	327,918	299,125	1,357,355	1,328,562

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	Jul 31, 2022	Jul 31, 2021	Apr 30, 2022
Non-interest-bearing liabilities	885,047	588,602	1,048,551
Interest-bearing liabilities	58,050	71,750	62,624
Total liabilities	943,097	660,352	1,111,175

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, advances from customers 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 May-Jul 2022	3 months May-Jul 2021	12 months Aug 2021 -Jul 2022	Full-year May-Apr 2021/2022
Cash flow from operations, SEK thousand	-64,131	9,826	542,964	616,922
Number of shares before dilution at the end of the period	192,662,325	192,627,470	192,662,325	192,662,325
Cash flow per share before dilution, SEK	-0.33	0.05	2.82	3.20

Purpose

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

Calculation

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

Cash flow per share after dilution

	3 months May-Jul 2022	3 months May-Jul 2021	12 months Aug 2021 -Jul 2022	Full-year May-Apr 2021/2022
Cash flow from operations, SEK thousand	-64,131	9,826	542,964	616,922
Number of shares after dilution at the end of the period	192,667,455	192,667,310	192,667,455	192,667,455
Cash flow per share after dilution, SEK	-0.33	0.05	2.82	3.20

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 contracted order bookings to net sales

SEK thousand	12 months Aug 2021 -Jul 2022	Full-year May-Apr 2021/2022
Contracted order bookings	4,162,438	2,320,198
Net sales	2,027,530	1,949,140
Ratio of contracted order bookings to net sales	2.05	1.19

Purpose

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

Calculation

Contracted order bookings divided by net sales.

Liquidity

SEK thousand	Jul 31, 2022	Jul 31, 2021	Apr 30, 2022
Current assets	1,600,145	1,155,938	1,669,592
Unutilized overdraft facilities	15,000	15,000	15,000
Current liabilities	895,476	608,863	1,064,688
Liquidity	1.8	1.9	1.6

Purpose

Shows the company's current ability to pay.

Calculation

Current assets plus unutilized overdraft facility divided by current liabilities.

Average no. of employees

Purpose

Shows full-time positions in a certain period.

Calculation

Average number of full-time employees during the period.

Unadjusted exchange rates – sales

	3 months May–Jul 2022	3 months May–Jul 2021	Full-year May–Apr 2021/2022
Nominal change, %	19.3	35.7	19.4
Exchange-rate effect, %	-8.6	3.1	-2.5
Change in unadjusted exchange rates, %	10.7	38.8	16.9

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 May–Jul 2022	3 months May–Jul 2021	Full-year May–Apr 2021/2022
Nominal change, %	-28.6	229.0	9.5
Exchange-rate effect, %	-13.3	14.0	-4.7
Change in unadjusted exchange rates, %	-41.9	243.0	4.8

Purpose

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

Calculation

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

Unadjusted exchange rates – recurring revenue

	3 months May–Jul 2022	3 months May–Jul 2021	Full-year May–Apr 2021/2022
Nominal change, %	22.7	14.7	11.7
Exchange-rate effect, %	-7.6	1.4	-2.1
Change in unadjusted exchange rates, %	15.1	16.1	9.6

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 – guaranteed

Purpose

Indicates future revenue in the company.

Calculation

The share of contracted order bookings that corresponds to what the customer has undertaken to purchase when the contract is entered into.

Order bookings – contracted

Purpose

Indicates future revenue in the company.

Calculation

The value of orders received that corresponds to what the customer has procured and intends to purchase during the term of the contract.

P/E ratio

SEK	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Share price at end of period	185.9	124.8
Earnings per share before dilution for the rolling 12-month period	1.54	1.63
P/E ratio, multiple	120.7	76.6

Purpose

Shows how the market values the company's profits and how long it may take for the shareholders to get a return on an investment in the share.

Calculation

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

Earnings per share before dilution

	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Profit for the period, SEK thousand	54,128	73,112	295,810	314,793
Average number of shares at the end of the period before dilution	192,662,325	192,627,470	192,647,802	192,639,088
Earnings per share before dilution, SEK	0.28	0.38	1.54	1.63

Purpose

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

Calculation

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

Earnings per share after dilution

	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Profit for the period, SEK thousand	54,128	73,112	295,810	314,793
Average number of shares at the end of the period after dilution	192,667,455	192,667,310	192,667,392	192,667,355
Earnings per share after dilution, SEK	0.28	0.38	1.54	1.63

Purpose

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

Calculation

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

Return on equity

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Profit for the period	54,128	73,112	295,810	314,793
Equity at start of period	1,080,737	895,623	974,145	895,623
Equity at end of period	1,145,988	974,145	1,145,988	1,080,737
Average equity	1,113,363	934,884	1,060,067	988,180
Return on equity, %	4.9	7.8	27.9	31.9

Purpose

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

Calculation

Profit for the period divided by average adjusted equity.

Return on capital employed (ROCE)

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Profit after financial items	68,172	92,081	370,596	394,505
Financial expenses	-313	-369	-1,499	-1,555
Average capital employed	1,173,699	1,007,485	1,124,966	1,056,218
Return on capital employed, %	5.8	9.2	33.1	37.5

Purpose

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

Calculation

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

Return on total capital

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Profit after financial items	68,172	92,081	370,596	394,505
Financial expenses	-313	-369	-1,499	-1,555
Average total assets	2,140,498	1,643,225	1,861,791	1,921,932
Return on total capital, %	3.2	5.6	20.0	20.6

Purpose

Shows the return on total assets.

Calculation

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

Operating margin

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Operating profit	64,350	90,083	357,653	383,386
Net sales	484,089	405,699	2,027,530	1,949,140
Operating margin, %	13.3	22.2	17.6	19.7

Purpose

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

Calculation

Operating profit divided by net sales.

Operating profit per share

	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Operating profit, SEK thousand	357,653	383,386
Number of shares before dilution	192,662,325	192,662,325
Operating profit per share, SEK	1.86	1.99

Purpose

Shows earnings per share before interest and taxes.

Calculation

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

Debt/equity ratio

SEK thousand	Jul 31, 2022	Jul 31, 2021
Interest-bearing liabilities	58,050	71,750
Equity	1,145,988	974,145
Debt/equity ratio	0.05	0.07

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	Jul 31, 2022	Jul 31, 2021	Apr 30, 2022
Equity	1,145,988	974,145	1,080,737
Total assets	2,089,085	1,634,497	2,191,911
Equity/assets ratio, %	54.9	59.6	49.3

Purpose

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

Calculation

Equity divided by total assets on the balance-sheet date.

Capital employed

SEK thousand	Jul 31, 2022	Jul 31, 2021	Apr 30, 2022
Total assets	2,089,085	1,634,497	2,191,911
Non-interest-bearing liabilities	885,047	588,603	1,048,551
Capital employed	1,204,038	1,045,894	1,143,360

Purpose

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

Calculation

Total assets reduced by non-interest-bearing liabilities.

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

SEK thousand	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Operating profit per share before dilution	1.86	1.99
Operating profit per share before dilution five years earlier	1.08	1.03
Operating profit per share before dilution over a five-year period, %	73.1	93.3

Purpose

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

Calculation

Operating profit per share on the balance-sheet date less operating profit per share on the balance-sheet date five years earlier divided by operating profit per share on the balance-sheet date five years earlier.

Profit margin

SEK thousand	3 months May–Jul 2022	3 months May–Jul 2021	12 months Aug 2021 –Jul 2022	Full-year May–Apr 2021/2022
Profit after financial items	68,172	92,081	370,596	394,505
Net sales	484,089	405,699	2,027,530	1,949,140
Profit margin, %	14.1	22.7	18.3	20.2

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

	3 months Jul 31, 2022	3 months Jul 31, 2021	12 months Jul 31, 2022	Full-year Apr 30, 2022
Contracted order bookings, SEK million	2,235.4	393.2	4,162.4	2,320.2
of which guaranteed order bookings, SEK million	705.3	393.2	2,632.3	2,320.2
Operating margin, %	13.3	22.2	17.6	19.7
Profit margin, %	14.1	22.7	18.3	20.2
Average no. of employees	975	867	935	908
Cash flow per share before dilution, SEK ^{1,2}	-0.33	0.05	2.82	3.20
Cash flow per share after dilution, SEK ^{1,2}	-0.33	0.05	2.82	3.20
Value added, SEK million	327.9	299.1	1,357.4	1,328.6
P/E ratio, multiple ¹	n/a	n/a	120.7	76.6
Share price at end of period, SEK ¹	185.9	137.2	185.9	124.8
Return on equity, %	4.9	7.8	27.9	31.9
Return on capital employed, %	5.8	9.2	33.1	37.5
Return on total capital, %	3.2	5.6	20.0	20.6
Equity/assets ratio, %	54.9	59.6	54.9	49.3
Liquidity ratio, multiple	1.8	1.9	1.8	1.6
Equity per share before dilution, SEK ¹	5.95	5.06	5.95	5.61
Equity per share after dilution, SEK ¹	5.95	5.06	5.95	5.61

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

² Cash flow from operations.

Condensed consolidated income statements by quarter

SEK million	2022/2023		2021/2022			2020/2021			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	484.1	649.0	476.2	418.2	405.7	526.2	394.2	413.2	298.9
Capitalized work for own use	9.0	10.6	8.7	13.3	11.6	12.3	13.5	11.6	9.9
Reversal of contingent consideration	–	–	–	–	–	1.2	–	1.1	0.6
Other operating income	0.1	0.4	0.0	0.6	0.3	0.1	0.6	0.5	0.0
Operating expenses	-406.6	-497.1	-395.2	-329.4	-308.4	-353.6	-319.1	-315.2	-262.8
Depreciation/amortization and impairment	-22.2	-21.8	-21.3	-19.0	-19.1	-22.3	-20.1	-21.5	-19.2
Operating profit	64.4	141.1	68.4	83.7	90.1	163.9	69.1	89.6	27.4
Total financial items	3.8	0.3	8.6	0.2	2.0	2.6	-1.3	2.9	-5.9
Profit after financial items	68.2	141.4	77.0	83.9	92.1	166.5	67.8	92.5	21.4
Tax on earnings for the period	-14.0	-29.0	-14.1	-17.6	-19.0	-33.9	-14.5	-19.8	-4.6
Profit for the period	54.1	112.5	62.9	66.3	73.1	132.6	53.3	72.7	16.8

Key figures by quarter

	2022/2023		2021/2022			2020/2021			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Contracted order bookings, SEK million	2,235.4	1,017.4	439.6	470.0	393.2	689.2	598.0	752.1	612.3
of which guaranteed order bookings, SEK million	705.3	1,017.4	439.6	470.0	393.2	689.2	598.0	752.1	612.3
Operating margin, %	13.3	21.7	14.4	20.0	22.2	31.1	17.5	21.7	9.2
Cash flow per share before dilution, SEK ¹	-0.33	2.15	0.79	0.21	0.05	0.59	0.71	0.19	0.44
Cash flow per share after dilution, SEK ¹	-0.33	2.15	0.79	0.21	0.05	0.59	0.71	0.19	0.44
Earnings per share before dilution, SEK ¹	0.28	0.58	0.33	0.34	0.38	0.69	0.28	0.38	0.09
Return on equity, %	4.9	11.0	6.3	6.6	7.8	16.0	6.8	9.5	2.1
Return on capital employed, %	5.8	13.1	7.3	7.8	9.2	18.5	7.8	10.9	2.4
Equity/assets ratio, %	54.9	49.3	52.5	61.3	59.6	54.2	51.7	55.0	58.1
Equity per share, SEK ¹	5.95	5.61	4.98	5.38	5.06	4.65	3.95	3.69	4.19
Share price at end of period, SEK ¹	185.90	124.80	152.50	209.60	137.20	121.00	142.50	108.60	120.20

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

Five-year summary ¹

	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Order bookings, SEK million	2,320.2	2,651.6	1,816.0	2,132.8	1,492.5
Net sales, SEK million	1,949.1	1,632.4	1,661.1	1,413.5	1,209.2
Operating profit, SEK million	383.4	350.1	295.3	235.5	214.3
Profit after financial items, SEK million	394.5	348.2	303.0	248.8	231.2
Profit for the period, SEK million	314.8	275.5	237.4	199.0	184.7
Operating margin, %	19.7	21.4	17.8	16.7	17.7
Profit margin, %	20.2	21.3	18.2	17.6	19.1
Earnings per share before dilution, SEK ²	1.63	1.43	1.24	1.04	0.97
Earnings per share after dilution, SEK ²	1.63	1.43	1.23	1.03	0.96
Redemption program per share/dividend, SEK ²	1.00	0.90	0.90	0.90	0.90
Share price at end of year, SEK ²	124.80	121.00	84.00	64.40	38.84
P/E ratio, multiple	76.6	84.6	68.0	61.8	40.0
Return on equity, %	31.9	32.2	30.7	29.8	30.4
Return on capital employed, %	37.5	37.4	36.8	35.9	34.5
Return on total capital, %	20.6	22.1	21.6	19.6	19.0
Equity per share before dilution, SEK ²	5.61	4.65	4.24	3.80	3.47
Equity per share after dilution, SEK ²	5.61	4.65	4.24	3.78	3.43
Equity/assets ratio, %	49.3	54.2	54.1	55.4	51.4

¹ The comparative year 2017/2018 has been restated. Refer to Note 5 on page 76 of Sectra's 2018/2019 Annual Report.

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

Exchange rates

Currency	Average rates in SEK			Closing rates in SEK		
	3 months	3 months	Change	Jul 31,	Jul 31,	Change
	May–Jul	May–Jul				
US dollar, 1 USD	10.00	8.41	18.9	10.08	8.51	18.4
Euro, 1 EUR	10.47	10.09	3.8	10.32	10.12	2.0
British pound, 1 GBP	12.32	11.76	4.8	12.32	11.88	3.7

GLOSSARY

Genomics

The study of genetic makeup, meaning an organism's DNA. In medicine, a patient's genetic makeup is studied to increase understanding of the causes of disease. In cancer diseases, for example, a tumor's mutations are studied in DNA. The genetic information plays an important role in customizing treatment, known as precision medicine.

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 delivering services and sharing IT infrastructure over the internet.

Ophthalmology

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

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system.

Pathology/histopathology/microscopy

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

Precision medicine

Providing patient care that is highly adapted to individual conditions. Advanced diagnostic analyses are a cornerstone of precision medicine.

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.

Sectra One/Sectra One Cloud

A subscription for Sectra's enterprise imaging solution. Under the new model, customers pay a more evenly distributed subscription fee every year instead of paying a higher license fee for software at the start of the contract and a lower rolling service fee. The fee is determined based on the functionality used and the number of different services are utilized. When Sectra One is sold as fully cloud-based services, it is referred to as Sectra One Cloud.

High assurance/High assurance products

Cryptographic methods and other measures designed to prevent unauthorized parties from accessing or influencing information in telecom and IT systems. The high assurance products that Sectra provides are approved by one or more nations and, for certain products, by the EU and NATO.

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 is the top priority

Customers and customer satisfaction are always assigned top priority to enable long-term growth. Close relationships with demanding customers ensure that Sectra's solutions meet market demands for quality, functionality and usability.

A motivating corporate culture

A corporate culture that motivates and inspires the company's employees to solve customer problems and constantly drive improvement. All so we can meet—and in many cases exceed—customer expectations.

Constant 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 expansion will primarily be achieved through organic growth, in certain cases supplemented by acquisitions that strengthen the Group's organic growth.

For more information, visit <https://investor.sectra.com/>



7 good reasons to invest in Sectra

International niche markets with strong growth

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 more than 40-year history of growth and profitability. Over 50% of the company's sales comprise recurring revenue from long-term customer contracts.

Customer-focused corporate culture

A strong corporate culture clearly focused on customer value and employees who are passionate about making a difference lead to satisfied customers.

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 healthier and safer societies 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

The 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 Group Management are shareholders.