

Six-month report 2023/2024:

Strong performance in all operating areas

The use of Sectra's products and services for medical imaging IT and secure communications is growing. All operating areas reported their highest sales to date for a single quarter as well as their best operating profit for a second quarter. The transition to service sales is progressing, and recurring revenue is continuing to grow quickly. Strong growth, favorable currency movements and a turnaround in secure communications helped offset the short-term negative effects of the transition of Sectra's business model.

REPORT PRESENTATION

December 15, 2023
at 10:00 a.m. CET

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FINANCIAL OUTCOME IN BRIEF

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

Second quarter: August–October 2023

- Contracted order bookings amounted to SEK 503.0 million (664.2), of which SEK 460.1 million (605.6) pertained to guaranteed order bookings. Of the guaranteed order bookings, 26% were recognized during the quarter and a further 28–38% are deemed to pertain to revenue within 12 months after the end of the quarter.
- Net sales increased 40.2% to SEK 787.7 million (561.7). Based on unadjusted exchange rates, the increase was 36.3%. Recurring revenue accounted for SEK 429.6 million (316.4) of net sales, up 35.8%. Based on unadjusted exchange rates, the increase was 32.0%. Cloud recurring revenue (CRR) increased 56.7% to SEK 93.4 million (59.6).
- Operating profit rose 64.2% to SEK 176.7 million (107.6), corresponding to an operating margin of 22.4% (19.2). Based on unadjusted exchange rates, operating profit increased 57.0%.
- Profit for the period amounted to SEK 150.6 million (93.9).
- Cash flow from operations amounted to SEK 57.7 million (38.9).

Six-month period: May–October 2023

- Contracted order bookings rose 19.8% to SEK 3,472.9 million (2,899.6), of which SEK 804.5 million (1,310.9) pertained to guaranteed order bookings.
- Net sales increased 31.1% to SEK 1,371.5 million (1,045.8). Based on unadjusted exchange rates, the increase was 26.1%. Recurring revenue accounted for SEK 826.7 million (626.8) of net sales, up 31.9%. Based on unadjusted exchange rates, the increase was 26.8%. Cloud recurring revenue (CRR) increased 64.1% to SEK 179.8 million (109.6).
- Operating profit rose 43.1% to SEK 246.0 million (171.9), corresponding to an operating margin of 17.9% (16.4). Based on unadjusted exchange rates, operating profit increased 33.7%.
- Profit for the period amounted to SEK 212.1 million (148.0).
- Cash flow from operations amounted to SEK -40.6 million (-25.3).

Key figures SEK million	Quarter			Period			12 months		
	Q2	Q2	Δ	Q1–2	Q1–2	Δ	R12	Full-year	Δ
	23/24	22/23	%	23/24	22/23	%	22/23		%
Contracted order bookings	503.0	664.2	-24.3	3,472.9	2,899.6	19.8	5,209.0	4,635.7	12.4
of which guaranteed order bookings	460.1	605.6	-24.0	804.5	1,310.9	-38.6	2,100.1	2,606.5	-19.4
Net sales	787.7	561.7	40.2	1,371.5	1,045.8	31.1	2,676.6	2,350.8	13.9
of which recurring revenue	429.6	316.4	35.8	826.7	626.8	31.9	1,559.8	1,359.9	14.7
of which cloud recurring revenue (CRR)	93.4	59.6	56.7	179.8	109.6	64.1	324.8	254.6	27.6
Operating profit	176.7	107.6	64.2	246.0	171.9	43.1	529.8	455.7	16.3
Operating margin, %	22.4	19.2	n/a	17.9	16.4	n/a	19.8	19.4	n/a
Profit for the period	150.6	93.9	60.4	212.1	148.0	43.3	439.1	375.0	17.1
Earnings per share, SEK	0.78	0.49	59.2	1.10	0.77	42.9	2.28	1.95	16.9
Cash flow from operations	57.7	38.9	48.3	-40.6	-25.3	-60.5	425.2	440.5	-3.5
Average no. of employees	1,127	1,002	12.5	1,120	988	13.4	1,080	1,015	6.4

CEO'S COMMENTS

Our most valuable asset is our customers' confidence in our ability to deliver the best possible quality and in our employees' expertise. We drive innovation through partnerships with customers and various players in the industry. These partnerships aren't just about research and development, or integration with systems from other suppliers. They are also part of a journey to discover and implement ground-breaking solutions for medical diagnostic imaging and advanced cybersecurity. Our work improves healthcare and makes society more secure. Each step forward together with our customers confirms that Sectra is more than a supplier—we're seen as a partner, a trusted advisor, who always strives to help our customers.

A long-term approach and long-term relationships lead to success. It is incredibly exciting to see all of our operating areas grow. Together, we reported our highest sales to date for a single quarter, and our operating profit exceeded previous second-quarter records. Our customer projects are often very large, which means that there are still significant variations between quarters. Recurring revenue is growing quickly with the use of our subscription services, and it is our assessment that the typical uneven distribution between quarters will decrease.

Major progress in secure communications and medical imaging IT

The trend remained positive for our secure communications operations. We are experiencing a high level of demand, and the area contributed to the Group's profit to a greater extent than before. Within medical imaging IT, not least in the US, we are in a strong growth phase, having secured several new, comprehensive contracts to replace traditional solutions with cloud services. That is why we are now investing in increasing our delivery capacity for major customer projects. It will take several years for these projects to be fully deployed by the customers and for the customers to reach their planned volumes. Initially, these orders will entail increased costs. Revenue is then expected to gradually grow as customers put the systems into operation. As previously noted, this is having a short-term negative impact on sales and earnings as well as cash flow. Our assessment is that this will continue for a couple of years before the positive effects outweigh the negative impact. During the quarter, the impact was mitigated by a positive currency situation and the fact that not all transactions have gone over to subscription services yet. Underlying growth was also good. To monitor the transition to service sales, we are primarily concentrating on key figures for recurring revenue and churn (how much recurring revenue we lose). In the US and Canada, the majority of all new customer contracts are already Sectra One contracts, with service deliveries through public clouds. The market has not developed as quickly in Europe due to stricter regulations governing data security, privacy and cloud services. However, our most recent contract with a public healthcare provider in Scotland shows that European healthcare providers are ready to enjoy the advantages of public clouds.

Satisfied customers and long-term relationships provide stability and sustainability

Frequent meetings with customers are essential for customer satisfaction. During the first half of the year, we took part in user meetings in the Benelux countries, Canada, Scandinavia, the UK, Germany and the US. All of our employees, including myself, also go out and meet users at their workplaces. This creates a sense of motivation and an understanding of the customer, which strengthens our ability to solve customer problems. We also participate in trade fairs all over the world. I recently attended RSNA in Chicago, the world's largest radiology trade fair. We held a presentation to discuss how Sectra is helping healthcare providers enter a new era of medical diagnostics by collecting all of their medical images in one system with infrastructure and functionality delivered via cloud services. More suppliers are now trying to go the same route, but we remain unique when it comes to consolidating all medical imaging in a single system. We also do this in combination with IT for genomics, an ongoing development project in partnership with the University of Pennsylvania in the US, which is scheduled to go into operation in early 2024. The project has the potential to streamline personalized medicine, something that is growing very quickly, primarily in cancer care.



Torbjörn Kronander,
President and CEO

Healthcare is facing an enormous resource problem. The number of doctors and other healthcare personnel on the job approaching, or reaching, burnout is increasing. Our presentation at RSNA therefore focused on streamlining workflows and how we address challenges, both through own development and through partnerships with other suppliers. One example is how we cooperate with AI suppliers to help healthcare introduce AI into daily work. Other partnerships focus on simplifying the exchange of information between various healthcare systems. One of the most recent examples is GE Healthcare. Even though we are occasionally competitors, we both believe that customers come first and we want to improve the work situation for our shared users. GE's applications, which are closely related to their radiology equipment, will be integrated with Sectra's imaging system for radiology, thereby accelerating the diagnosis process. Users save time because they use GE's special tools without needing to leave the Sectra environment. We will still compete in other areas, but through this partnership both companies have demonstrated that we put customers and customer satisfaction first.

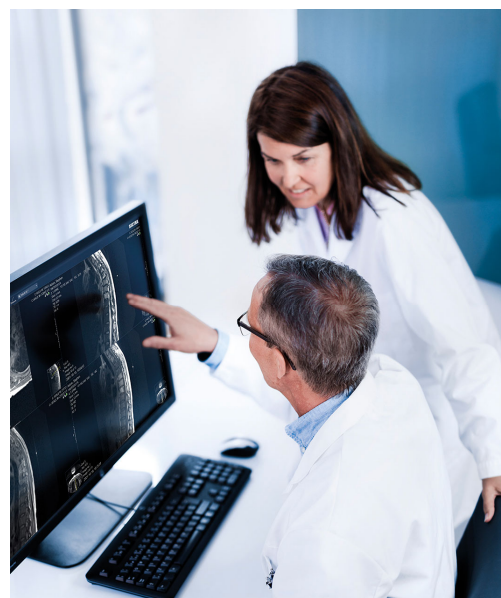
Overall, Sectra had a positive quarter and I look to the future with confidence. Healthcare and data security are both areas that are expected to grow for a long time to come, and that are relatively unaffected by the economy. Customer confidence is crucial in these areas, and Sectra has built up a strong brand in both areas over the course of several years, with happy customers and employees. While the transition to service sales is having a short-term negative impact on our financial outcome, it will be beneficial in the long term. Especially because we have low churn. Sectra's customers continue to be satisfied and stay with us for a long time.

New report highlights Sectra's good reputation and affirms the Group's progress in the US over the last few years

In the US, Sectra is the most widely considered vendor in PACS (Picture Archive and Communication Systems) procurements. This was confirmed by the recently published PACS 2023 Decision Insights Report¹ from the analysis company KLAS Research. The company investigated 90 decisions regarding PACS purchases made from September 2021 to September 2023 to understand why certain suppliers were considered, selected or replaced in this dynamic market.

According to the report, Sectra is considered in half of healthcare providers' decisions to purchase PACS and is selected in 25% of the total decisions—significantly more than any other vendor in the report. Reasons attributed to Sectra's success include favorable peer recommendations fostered by robust customer relationships and innovative, user-friendly technology. Its strong integration capabilities with EHRs (Electronic Health Records) and with other solutions are also contributing factors to the company's high energy in the market.

"It is important to recognize that even though Sectra has considerable opportunities with new healthcare providers, 98% of our existing surveyed customers said Sectra was part of their long-term plans. This reinforces our belief that excellent products and happy customers will drive future business," says Isaac Zaworski, President of Sectra in the USA.



¹ PACS 2023 Consolidation & Replacements of Aging & Legacy Systems Drive Market Shifts from analysis company KLAS Research
<https://klasresearch.com/report/pacs-2023-decision-insights/3386>



Diagrams and amounts in the financial report

Bars show the outcome per quarter and lines show the outcome for the rolling 12-month period (R12). Amounts are restated in SEK million unless otherwise indicated.

OPERATIONAL TARGETS AND FINANCIAL GOALS

Sectra's overall operational target is to create significant value for its customers. Sectra's 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. Delivering customer value is also the Group's most important sustainability target since our customers' work to treat patients and increase cybersecurity is essential for functioning societies.

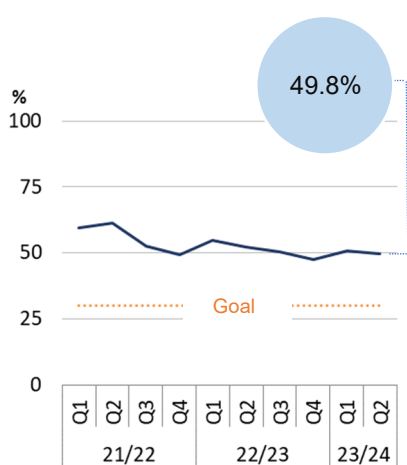
Customer satisfaction cannot be achieved without satisfied and dedicated employees. Employees who are motivated, understand their customers, feel good and are satisfied in their jobs will also increasingly develop new, creative solutions that can further increase the value we provide for Sectra's customers. Operating in areas that are growing, combined with satisfied customers and employees, provides a long-term sound financial performance.

Sectra has three Group-wide financial goals. Stability and profitability are considered fundamental goals. Once these goals have been met, the focus shifts to earnings growth per share, which in practice is our primary financial goal. All result indicators currently exceed the target levels by a comfortable margin despite the effects of changes in the business model.

The financial goals are (in order of priority):

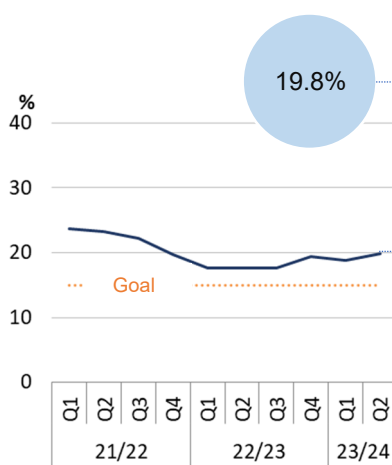
1. Stability:

Equity/assets ratio $\geq 30\%$



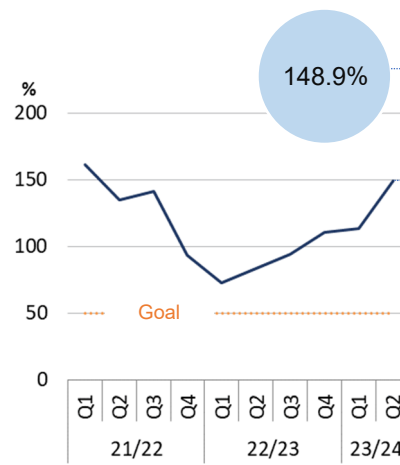
2. Profitability:

Operating margin $\geq 15\%$



3. Earnings growth:

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



Sectra ranked among Sweden's best employers

We retained a high rating among major employers in Sweden in Universum's annual "Sweden's best employers" survey. More than 170 companies participated in the survey, in which employees answer questions about how satisfied they are with the companies as employers, what they think about the company culture and opportunities for future career development.

Our annual internal employee survey shows that Sectra is also perceived globally as an equal opportunity workplace with satisfied employees and a strong corporate culture.



#6

SECTRA

Best employers

EVENTS

Second quarter

Imaging IT Solutions

- New customers that previously ordered Sectra's cloud-based services for medical imaging IT, Sectra One Cloud, deployed the solution during the quarter and started to use the services. One of these customers is Guelph General Hospital in Canada.
- Clalit Health Services, Israel's largest healthcare provider providing care to over 4.9 million residents, ordered Sectra's digital pathology solution for better cancer diagnostics. The solution was sold through Sectra's distribution partner in Israel.
- Four more French hospitals ordered Sectra's solution for digital pathology to streamline cooperation and improve cancer diagnostics for patients.
- Trillium Health Partners became the first customer in Canada to sign an AI-as-a-Service contract with Sectra to deploy AI in diagnostic imaging in their operations.

Business Innovation

- The Italian simulation center SIMNOVA ordered Sectra's medical education platform, Sectra Education Portal, for its simulation-based training.

Secure Communications

- Secure Communications is continuing to increase its sales and operating profit. Growing needs in society to strengthen resilience and ensure secure civil and military communications contributed to a noticeable turnaround for the operating area.

Group

- Sectra completed the acquisition of two properties, Teknikringen 20 (Sectra's head office) and Teknikringen 16. For more information, refer to "Investments and depreciation/amortization" on page 9.
- Sectra transferred SEK 211.9 million (192.7) to shareholders through the 2023 share redemption program.

After the end of the reporting period

- Sectra signed a ten-year agreement with NHS National Services Scotland, which chose Sectra's cloud-based services for medical imaging.
- GE Healthcare and Sectra announced that the companies are partnering to simplify radiologists' work through seamless integration between Sectra's diagnostic applications for radiology and GE Healthcare's applications for advanced visualization.
- Rigshospitalet in Copenhagen deployed Sectra One Cloud. The hospital, which is ranked among the best in the world², is part of Region Hovedstaden, and the deployment is an important milestone for introducing Sectra's cloud-based services for medical imaging in the entire region.



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



Public healthcare provider in Scotland a new Sectra customer

After the end of the reporting period, NHS National Services Scotland chose to order Sectra's services for medical imaging. The services will be used across the entire country to review and report approximately five million radiology examinations per year.

² World's Best Hospitals 2023, Newsweek, <https://www.newsweek.com/rankings/worlds-best-hospitals-2023>

SECTRA'S MARKETS

Sectra plays a key role in meeting the need for medical imaging IT and cybersecurity. We help solve major social problems in changing markets, where scope for expansion remains. The global trends of an aging population and increased digitization in society mean that these markets are expected to continue to grow even in a weaker economic climate.

Our customers operate in some of society's most critical functions, which means that it is important that our brand is associated with reliability, trustworthiness and stability. 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. In line with 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. At the same time, the proportion of people of working age is decreasing. In order to maintain high quality of care with fewer people in healthcare taking care of more patients, healthcare must become more efficient. The growing population of senior citizens is also shining a spotlight on diseases affecting the elderly. The diagnosis and treatment of patients with cancer and skeletal diseases, for example, entails enormous challenges. These diseases represent some of the most costly and resource-intensive areas in the healthcare sector and are dependent on medical diagnostic imaging. Healthcare providers across the globe use Sectra's expertise and solutions in medical imaging IT not only to increase productivity and coordinate their resources but also to improve efficiency in orthopaedic surgery through better planning and follow-up. The number of clinical DNA sequencings carried out during pathology examinations is increasing very rapidly. IT support for genomics is a market that Sectra is now entering through partnerships with customers in the US and Sweden. Sectra also helps to raise the quality of medical education by providing solutions where the user can interact with medical images and share educational materials. We are also seeing increasing synergies between our operating areas since healthcare is increasingly subject to cybercrime, resulting in, for example, the authorities in the US issuing a particular warning to healthcare providers.

We enable our customers 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. As digitization increases, the players in these areas have a major need for products and services that increase cybersecurity. Sectra has extensive experience of protecting society's most critical communications and control systems and we 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, thereby contributing to a more stable and safer society. This work is carried out in the Secure Communications operating area.

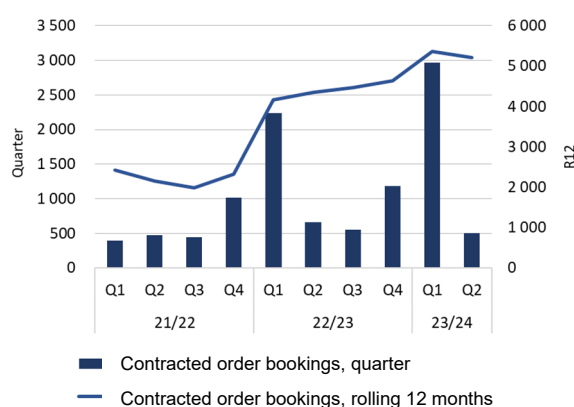
COMMENTS ON THE GROUP'S FINANCIAL OUTCOME

Order bookings

Demand for the company's customer offerings in both medical imaging IT and secure communication contributed to the increase in contracted order bookings. Total contracted order bookings rose 19.8% to SEK 3,472.9 million (2,899.6) for the six-month period, of which SEK 503.0 million (664.2) pertained to the second quarter. A total of SEK 804.5 million (1,310.9) was guaranteed order bookings, of which SEK 460.1 million (605.6) pertained to the second quarter. The ratio of contracted order bookings to net sales for the latest rolling 12-month period totaled 1.9, compared with 2.0 at the end of the previous fiscal year.

Order bookings include comprehensive, long-term customer contracts, for example for managing large volumes of medical images. The most comprehensive customer contract for the current fiscal year is a Sectra One Cloud contract with a major healthcare provider in the US. If the full term of the contract (which extends until 2033) is realized, the order value will amount to approximately SEK 2.4 billion (USD 227 million), of which no part is guaranteed. Orders of this size are not secured every quarter and therefore lead to significant variations in order bookings between individual quarters and periods.

Contracted order bookings, SEK million



Net sales and recurring revenue

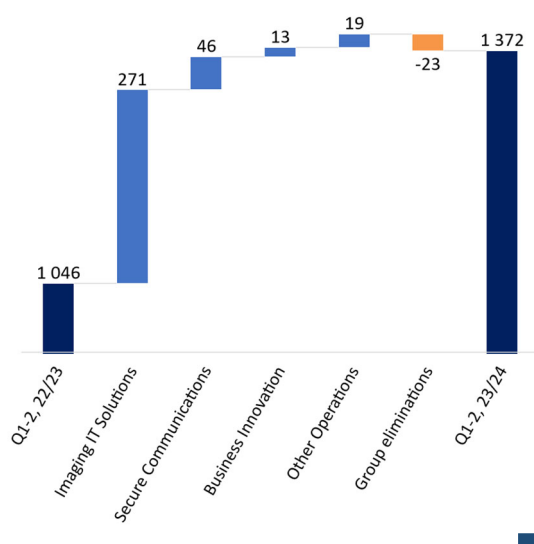
Net sales increased 31.1% to SEK 1,371.5 million (1,045.8), of which SEK 787.7 million (561.7) pertained to the second quarter. All operating areas performed well and posted record-breaking sales levels for a single quarter. Based on unadjusted exchange rates, consolidated sales increased 26.1% compared with the first half of the previous fiscal year.

The ongoing transition to selling products and software as services, of which cloud deliveries account for a quickly growing share, contributed to an increase in recurring revenue. SEK 826.7 million (626.8) of sales pertained to recurring revenue, of which SEK 429.6 million (316.4) pertained to the second quarter. This represents an increase of 31.9% compared with the first half of the previous fiscal year and an increase of 26.8% based on unchanged exchange rates. Lost recurring revenue (recurring revenue churn) for the last 12-month period was 0.6%. CRR rose 64.1% to SEK 179.8 million (109.6) during the six-month period, of which SEK 93.4 million (59.6) pertained to the second quarter. Non-recurring revenue was also positive during the second quarter and increased compared with the first half of the previous fiscal year.

Sectra grew in all geographic markets. The operations in the UK reported the largest individual sales increase from the comparative period, of which more than half pertained to recurring revenue. More than 70% of the Group's sales are carried out in foreign currency, primarily EUR, GBP and USD, which entails a relatively large sensitivity to currency fluctuations.

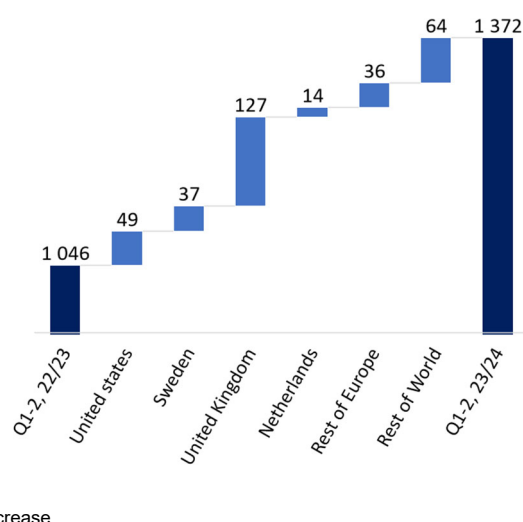
Sales trend per operating area, SEK million

Compared with the corresponding period in the preceding fiscal year

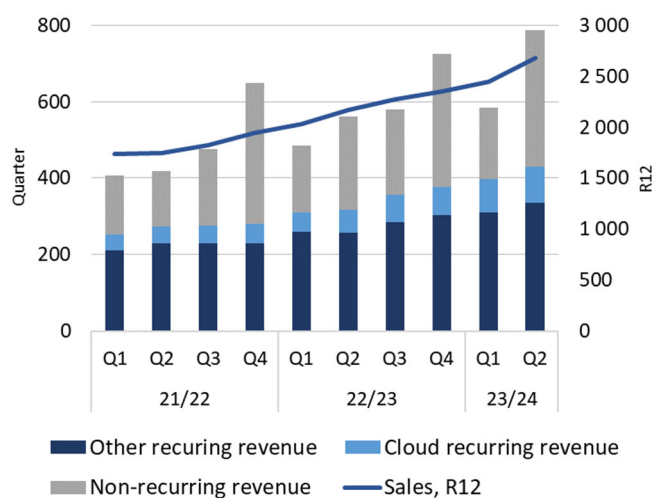


Sales trend per geographic market, SEK million

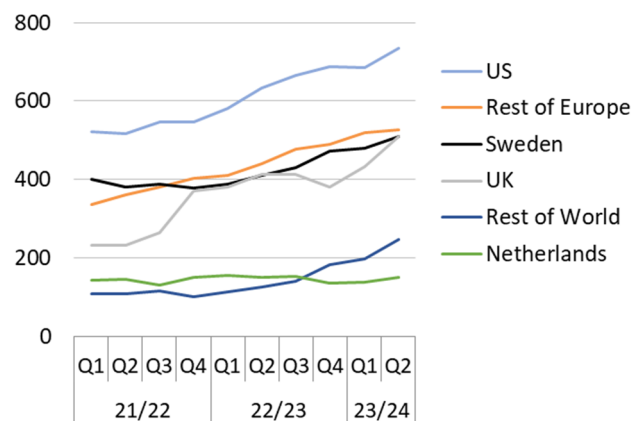
Compared with the corresponding period in the preceding fiscal year



Sales and recurring revenue, SEK million



Sales by geographic market, SEK million



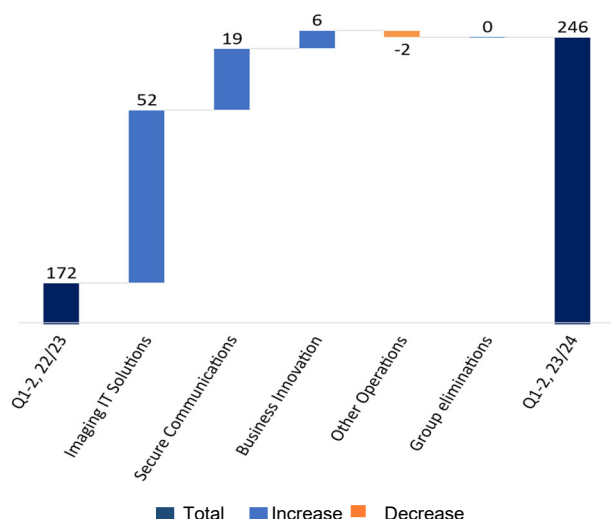
Result

The Group's operating profit increased 43.1% to SEK 246.0 million (171.9), of which SEK 176.7 million (107.6) pertained to the second quarter. The positive operating profit trend is a result of sales growth in all operating areas in combination with favorable currency movements and Secure Communications' reversal of the comparative period's loss to profit. Based on unadjusted exchange rates, the Group's operating profit increased 33.7% compared with the comparative period. The operating margin was strengthened by the increased profitability in Secure Communications and amounted to 17.9% (16.4) for the six-month period. Favorable currency movements continued to have a mitigating effect on the impact of ongoing investments in the transition to service sales and cloud-based deliveries.

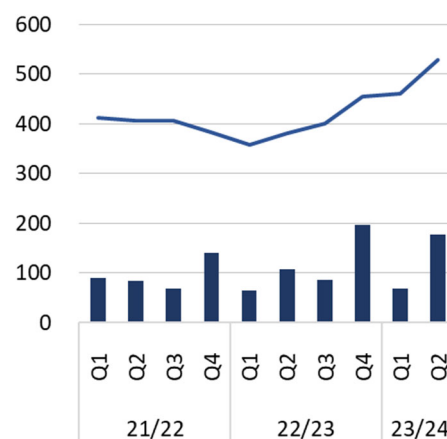
The Group's financial items amounted to SEK 21.8 million (14.5), of which SEK 13.6 million (10.7) pertained to the second quarter. Financial items improved primarily due to increased interest income. Currency fluctuations had an impact of SEK 13.1 million (11.6) on the Group's financial items. Sectra 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 267.8 million (186.4), of which SEK 190.3 million (118.3) pertained to the second quarter. This outcome corresponds to a profit margin of 19.5% (17.8) for the six-month period and 24.2% (21.1) for the second quarter. Earnings per share before and after dilution totaled SEK 1.10 (0.77) for the period, of which SEK 0.78 (0.49) pertained to the second quarter.

Operating profit trend per operating area, SEK million

Compared with the corresponding period in the preceding fiscal year



Operating profit, Group, SEK million



Financial position and cash flow

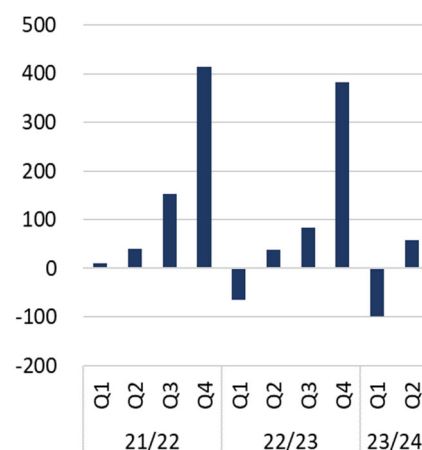
The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 498.5 million (423.6). The short-term investment of SEK 120 million in the comparative quarter was repaid during the most recent quarter.

The Group's debt/equity ratio was 0.02 (0.05) as of the balance-sheet date. Interest-bearing lease liabilities amounted to SEK 28.7 million (53.6). The change is primarily due to the termination of the lease for Sectra's head office at Teknikringen 20 in conjunction with the acquisition of the property. Refer to the additional information under the heading "Investments and depreciation/amortization" on the next page.

Cash flow from operations amounted to SEK -40.6 million (-25.3) for the period, of which SEK 57.7 million (38.9) was attributable to the second quarter. The change from the comparative period is the result of an increase in capital tied up in accounts receivable and customer projects as well as hedging of components for future delivery of orders received. Cash flow per share amounted to SEK -0.21 (-0.13) for the period, of which SEK 0.30 (0.20) pertained to the second quarter.

Cash flow from investing activities amounted to SEK -76.4 million (-165.7), of which SEK -37.5 million (-147.6) was attributable to the second quarter. Refer to the additional information about investing activities on the next page.

Cash flow from operations, Group, SEK million



The Group's total cash flow for the period amounted to SEK -338.4 million (-395.2). This includes a transfer of SEK 211.9 million to the shareholders through Sectra's 2023 share redemption program, refer to page 13. The equivalent disbursement in the comparative period was SEK 192.7 million.

Investments and depreciation/amortization

Investments for the period amounted to SEK 196.4 million (165.7), of which SEK 157.5 million (147.6) was attributable to the second quarter. The outcome includes SEK 144.6 million (0) for the acquisition of two properties. The acquisition is not expected to have a significant effect on the Sectra Group's financial outcome.

The short-term investment of SEK 120 million made during the comparative period was repaid in the second quarter.

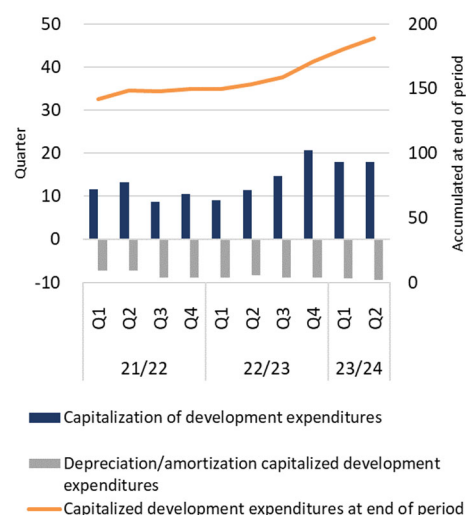
Capitalized work for own use amounted to SEK 35.9 million (20.4), of which SEK 18.0 million (11.5) pertained to the second quarter. Capitalization, which includes the development of cloud-based services for medical diagnostics, increased from the comparative period in all operating areas.

Total depreciation and amortization for the period was SEK 48.2 million (44.3), of which the second quarter accounted for SEK 23.6 million (22.1). SEK 18.5 million (17.2) of the period's outcome pertained to capitalized development expenditures, of which SEK 9.5 million (8.4) pertained to the second quarter. At the end of the period, capitalized development expenditures totaled SEK 188.7 million (153.0).

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. The beginning of the fiscal year is usually weaker since few customers want to deploy new systems during the summer. 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, this variation is expected to gradually decrease over the next several years since revenue will be spread more evenly over time. For further information about seasonal patterns, refer to Sectra's Annual and Sustainability Report for the 2022/2023 fiscal year.

Capitalized development expenditures, SEK million



Partnership and integration simplifies use of AI

Many radiologists are curious about how they can use AI to handle a steadily growing workload. At our booth at the RSNA industry trade fair, we showed how AI can make a significant difference and free up valuable time in daily work. We shared the results from customers who had already started using AI-as-a-Service through Sectra Amplifier Services, which includes more than 30 applications from various suppliers. One of these customers is Region Värmland. Read more at:

<https://bit.ly/3un3YdS>

OPERATING AREA IMAGING IT SOLUTIONS

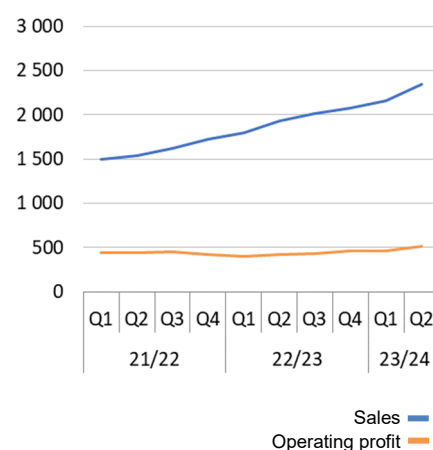
	Quarter			Period			12 months		
	Q2	Q2	Δ	Q1-2	Q1-2	Δ	R12	Full-year	Δ
	23/24	22/23	%	23/24	22/23	%		22/23	%
Sales, SEK million	691.0	502.7	37.5	1,209.6	938.5	28.9	2,350.1	2,079.0	13.0
of which recurring external revenue	400.8	292.9	36.8	771.5	581.0	32.8	1,448.6	1,258.1	15.1
of which cloud recurring revenue	89.2	56.4	58.2	172.2	103.6	66.2	309.8	241.2	28.4
Operating profit, SEK million	168.3	110.1	52.9	242.7	190.6	27.3	514.5	462.4	11.3
Operating margin, %	24.4	21.9	n/a	20.1	20.3	n/a	21.9	22.2	n/a

Major regional healthcare providers are choosing Sectra, and existing customers are expanding their use of our solutions from one to several medical imaging areas. Demand for subscription-based services and cloud-based deliveries instead of software licenses is growing. This is contributing to a positive trend for our Imaging IT Solutions operation.

Recurring revenue from cloud-based services is increasing. During the first half of the year, several customers deployed Sectra One Cloud, including customers in Canada, the UK and the US. These customers are among the first in each country to use Sectra One Cloud. One of the cloud installations during the period was also the first through Sectra's partnership organization, where Sectra One Cloud entails improved prospects to expand operations. New sales account for a relatively large share of the growth in the operations. The implementation of services and infrastructure at new major customers may initially cause costs to peak in some cases. When customers then reach their planned volumes, their use will contribute to recurring revenue over a long period of time.

The most recent quarter's financial outcome in terms of sales and operating profit was the best ever for a second quarter, which improved profitability for the period after a weaker first quarter. The strong growth in sales, in combination with favorable currency movements, partially offset the effects of the transition from traditional software deliveries to service sales and cloud-based deliveries. The transition, which will continue for several years, is having a dampening effect on our financial performance. However, it is progressing quickly. In the US, where we first introduced Sectra One, essentially all new customer sales are for subscription-based services. One example is a major order for Sectra One Cloud from a healthcare provider in the US during the first quarter, with a contracted order value of approximately SEK 2.4 billion. This order was one of the reasons that our order bookings for the six-month period exceeded previous top levels. The customer already uses Sectra's solution for ophthalmology, and the order means they will now use Sectra's cloud-based services for radiology. In the long term, the customer intends to also use these services for pathology, cardiology and orthopaedics. We have also experienced a great deal of interest in digital pathology, with orders from healthcare providers in countries such as Israel, France, Switzerland and the US.

Trend, SEK million



Cloud recurring
revenue

+66%

over
the comparative period



New era within healthcare in Canada—cloud deliveries and all diagnostic imaging in one system

Guelph General Hospital, a healthcare provider that serves the residents of Guelph and Wellington County, Ontario, has successfully implemented Sectra One Cloud. The customer uses Sectra's cloud-based services for medical diagnostic imaging within radiology, breast imaging and orthopaedics modules together with Sectra's multimedia archive (VNA).

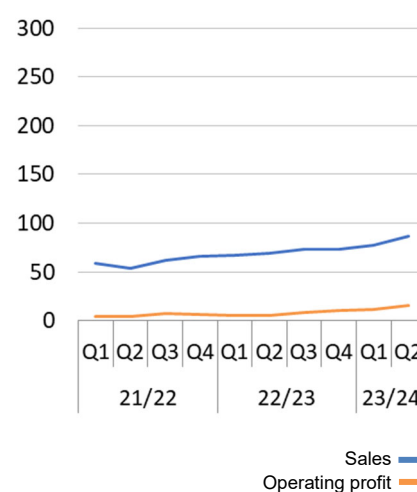
OPERATING AREA BUSINESS INNOVATION

	Quarter			Period			12 months		
	Q2 23/24	Q2 22/23	Δ %	Q1-2 23/24	Q1-2 22/23	Δ %	R12	Full-year 22/23	Δ %
Sales, SEK million	24.5	15.7	56.1	41.2	28.4	45.1	86.6	73.8	17.3
of which recurring external revenue	4.6	3.4	35.3	8.2	6.3	30.2	16.6	14.7	12.9
of which cloud recurring revenue	4.2	3.2	31.3	7.6	5.9	28.8	15.1	13.4	12.7
Operating profit/loss, SEK million	5.5	0.6	816.7	4.5	-1.1	509.1	16.1	10.5	53.3
Operating margin, %	22.4	3.8	n/a	11.0	neg	n/a	18.6	14.2	n/a

Business Innovation comprises the Genomics IT, Medical Education and Orthopaedics business units. Genomics IT does not yet have any sales, since it is in a development phase with initial deliveries planned for the beginning of 2024. We also report the expenses for medical research activities in Business Innovation, which includes initiatives in the field of AI for medical applications.

Recurring revenue is growing quickly, and the financial outcome in terms of sales and operating profit showed a positive trend compared with the comparative period. However, the results may vary significantly between quarters and periods. Subscription-based business models and growing volumes will generate higher recurring revenue, resulting in less variation in the long term.

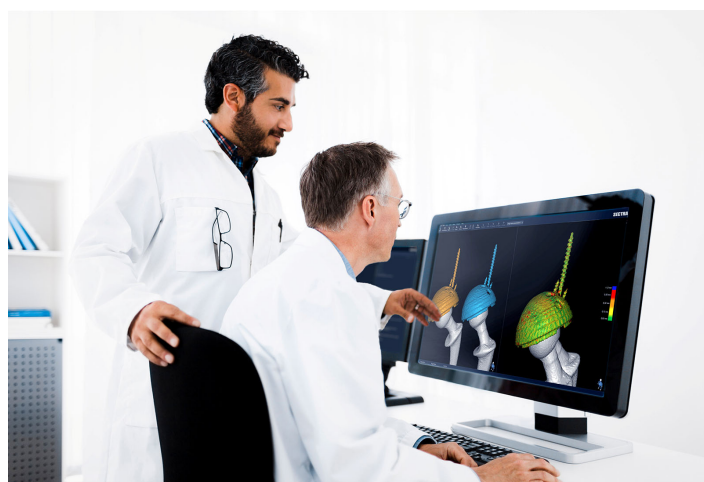
Trend, SEK million



Recurring revenue

+30%

over
the comparative period



The benefits of discovering whether or not a painful implant is loose

The analysis service Sectra Implant Movement Analysis increases healthcare cost efficiency and accelerates delivery of the correct care to a particularly vulnerable group of patients who experience joint pain after an implant operation. This is confirmed by the results of a newly published health-economic study on more precise diagnoses of aseptic loosening after hip replacements³.

³ Cost-effectiveness of implant movement analysis in aseptic loosening after hip replacement: a health-economic model, Davide Lovera et al., <https://resource-allocation.biomedcentral.com/articles/10.1186/s12962-023-00498-w>

OPERATING AREA SECURE COMMUNICATIONS

	Quarter			Period			12 months		
	Q2	Q2	Δ	Q1-2	Q1-2	Δ	R12	Full-year	Δ
	23/24	22/23	%	23/24	22/23	%		22/23	%
Sales, SEK million	83.0	51.3	61.8	139.3	92.9	49.9	280.9	234.5	19.8
of which recurring external revenue	24.0	19.9	20.6	46.9	39.2	19.6	94.2	86.5	8.9
Operating profit/loss, SEK million	9.5	0.0	n/a	12.0	-6.5	284.6	37.7	19.2	96.4
Operating margin, %	11.4	0.0	n/a	8.6	neg	n/a	13.4	8.2	n/a

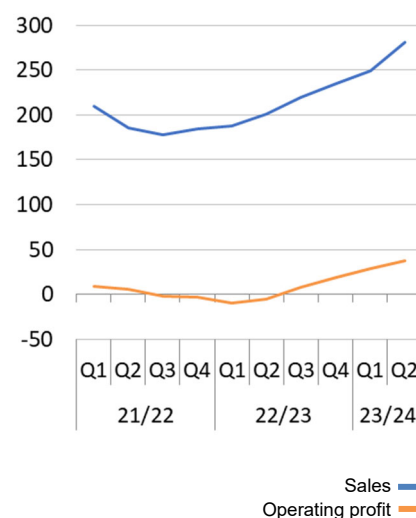
The uncertain geopolitical situation, with an ongoing war in Europe and further tensions worldwide, continues to highlight the importance of defense capabilities and public security. This, in turn, is placing greater demands on communication and fueling the need for investments in high assurance products, encryption development and cybersecurity both in Sweden and in the rest of Europe.

Secure Communications' opportunities to help customers in this situation led to strong order bookings and sales growth during the first half of the year. Operating profit trended in the right direction and contributed more than ever to the Group's overall financial goals. The long-term trend is positive, although outcomes can naturally vary greatly between quarters due to the nature of the operations.

The order bookings during the first half of the year include development assignments and product sales as well as support and service commitments. During the second quarter, Sectra received orders for development assignments primarily from the Netherlands and international orders for communication infrastructure as well as contract extensions with existing customers for deployment and support of secure communications, including security monitoring of critical infrastructure. The growing demand for our offerings has the potential to contribute to the future development of operations and shows that there has been a clear turnaround since the pandemic receded. At the same time, certain challenges connected to the global political situation remain, which are affecting component supplies and sales chains and, to a certain extent, resulting in a strained local labor market.

Budget appropriations for cybersecurity for the defense forces, authorities and critical infrastructure have increased, and we are well positioned with offerings that meet customers' stringent demands. To meet increased needs and new regulations, during the last few years we have made extensive investments in our development environment, which is now approved and operational. Ongoing initiatives also include new offerings with the potential to contribute to substantial customer value and growth in all product segments. One of these segments is critical infrastructure, where we entered into a partnership with AFRY to ramp up our initiatives, supplement our customer offerings and enable broader market cultivation. Together we offer a complete and flexible security solution for operational technology (OT) systems in critical infrastructure and other operations essential to society, starting in the Swedish market.

Trend, SEK million



Increased security in society's infrastructure

Sectra offers security monitoring of critical infrastructure, for example for energy companies and particularly vulnerable areas of the process industry. Interest in these services is growing due to factors such as underlying security risks, which are growing more serious every day given current global developments, as well as increased requirements from authorities. Sectra is leading the way and participating in various projects within cybersecurity to promote advanced industrial digitization with a focus on future energy systems. These include two Vinnova-financed research projects: one that addresses cybersecurity when parts of an energy system are transferred to the cloud and another that focuses on making systems more robust against cyberattacks. The projects are being conducted together with Linköping University, RISE, Utvecklingsklustret Energi AB (owned by five energy companies) and Emulate Energy.



OTHER OPERATIONS

	Quarter			Period			12 months		
	Q2 23/24	Q2 22/23	Δ %	Q1–2 23/24	Q1–2 22/23	Δ %	R12	Full-year 22/23	Δ %
Sales, SEK million	42.8	32.3	32.5	77.4	58.9	31.4	143.2	124.7	14.8
Operating loss, SEK million	-6.6	-3.2	-106.3	-13.1	-11.0	-19.1	-38.3	-36.2	-5.8
Operating margin, %	neg	neg	n/a	neg	neg	n/a	neg	neg	n/a

Other Operations pertain to Sectra's joint functions for administration, recruitment, Group finance, IT, regulatory affairs, people and brand, and activities related to investors. The change from the comparative period 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 IT business unit and the head office's joint functions (see Other Operations above).

2024 AGM

The AGM is scheduled for September 10, 2024 in Linköping, Sweden. The notice of the AGM is issued not earlier than six weeks and not later than four weeks prior to the AGM. Shareholders are entitled to have a matter addressed by the AGM. To ensure that the company has time to include matters in the notice, requests for matters to be addressed by the AGM must be received by the company not later than seven weeks prior to the AGM.

Nomination Committee

A Nomination Committee was appointed in accordance with the instructions adopted at the 2020 AGM. If any of the largest shareholders in terms of voting rights has waived their right to appoint a member of the Nomination Committee, the next shareholder in order of size has been given the opportunity to appoint a member. The Nomination Committee comprises the following members:

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

The Nomination Committee will prepare and submit proposals regarding:

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

THE SHARE

2023 share redemption program and help with Swedish tax return

During the second quarter, SEK 1.10 per share was transferred to the shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital. In the Swedish tax return, a redemption or sale of redemption shares (designated SECT IL A and SECT IL B) is to be declared as a sale of shares on Form K4 (does not apply to shares owned through investment savings accounts). Visit <https://investor.sectra.com/redemption2023> for information about the Swedish Tax Agency's general recommendations and tax return help.

Share capital and number of shares

Sectra's share capital on the balance-sheet date totaled SEK 38,824,179, distributed between 194,120,895 shares and 312,052,035 voting rights. The number of shares is distributed between 13,103,460 Class A shares and 181,017,435 Class B shares. Sectra's holding of treasury shares at the end of the period amounted to 1,453,406 Class B shares, corresponding to 0.7% of the share capital and 0.5% of the voting rights in the company. For more information, refer to Note 3.

Authorization

The Board of Directors was authorized by the 2023 AGM, during the period until the 2024 AGM, to decide on new share issues of a maximum of 18,500,000 Class B shares and to decide on the acquisition and divestment of the company's treasury shares, with the condition that the Company's holding of treasury shares at no point exceeds 10% of all the shares in the Company. The complete authorization is presented in the minutes from the AGM: <https://investor.com/agm2023>. At the time of publication of this financial report, the Board had not utilized these authorizations.

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 specific external factors 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 2022/2023 fiscal year in the administration report on pages 83–85 and in Note 29 on pages 115–116. No events have occurred that would alter the conditions reported.

FOR FURTHER INFORMATION

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

Presentation of the interim report

Time: December 15, 2023 at 10:00 a.m. CET

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/q2report2324>.

Financial calendar and AGM

Nine-month report	March 8, 2024 at 8:15 a.m. (CET)
Year-end report	June 5, 2024, at 8:15 a.m. (CEST)
2024 AGM	September 10, 2024

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 May 1–October 31, 2023 period provides a true and fair view of the Parent Company's and Group's operations, financial position and earnings and describes the significant risks and uncertainties facing the Parent Company and other companies in the Group.

Linköping, December 15, 2023

Torbjörn Kronander President, CEO and Board member	Jan-Olof Brüer Chairman	Tomas Puusepp Board member	Birgitta Hagenfeldt Board member
Ulrika Unell Board member	Anders Persson Board member	Fredrik Robertsson Board member	
Pontus Svärd Board member and employee representative		Andreas Örneus Board member and employee representative	

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

This information constitutes information that Sectra AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and/or the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out in the press release, at 8:15 a.m. (CET) on December 15, 2023.

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

GROUP

Condensed consolidated income statements

SEK thousand	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Net sales (Note 4)	787,725	561,665	1,371,463	1,045,754	2,676,461	2,350,752
Capitalized work for own use	17,974	11,467	35,944	20,437	71,168	55,661
Other operating income	2,186	447	3,506	564	4,522	1,580
Total income	807,885	573,579	1,410,913	1,066,755	2,752,151	2,407,993
Goods for resale	-127,988	-57,471	-199,067	-103,135	-358,829	-262,897
Personnel costs	-353,413	-293,524	-673,128	-557,092	-1,285,365	-1,169,329
Other external costs	-126,124	-92,911	-244,508	-190,299	-482,384	-428,175
Depreciation/amortization and impairment	-23,647	-22,113	-48,184	-44,320	-95,803	-91,939
Total operating expenses	-631,172	-466,019	-1,164,887	-894,846	-2,222,381	-1,952,340
Operating profit	176,713	107,560	246,026	171,909	529,770	455,653
Total financial items	13,576	10,702	21,789	14,524	31,002	23,737
Profit after financial items	190,289	118,262	267,815	186,433	560,772	479,390
Taxes	-39,728	-24,362	-55,698	-38,405	-121,726	-104,433
Profit for the period	150,561	93,900	212,117	148,028	439,046	374,957
Profit for the period attributable to:						
Parent Company owners	150,561	93,900	212,117	148,028	439,046	374,957
Earnings per share						
Before dilution, SEK	0.78	0.49	1.10	0.77	2.28	1.95
After dilution, SEK (Note 3)	0.78	0.49	1.10	0.77	2.28	1.95

Consolidated statement of comprehensive income

SEK thousand	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Profit for the period	150,561	93,900	212,117	148,028	439,046	374,957
Items that may be reversed in profit or loss						
Translation differences	8,809	17,258	29,704	25,682	21,645	17,623
Total other comprehensive income for the period	8,809	17,258	29,704	25,682	21,645	17,623
Total comprehensive income for the period	159,370	111,158	241,821	173,710	460,691	392,580
Comprehensive income for the period attributable to:						
Parent Company owners	159,370	111,158	241,821	173,710	460,691	392,580

Condensed consolidated balance sheets

SEK thousand	Oct 31 2023	Oct 31 2022	April 30 2023
Assets			
Intangible assets and goodwill	256,017	222,159	236,969
Tangible assets	226,479	76,258	74,556
Right-of-use assets	31,384	56,525	84,905
Financial assets	142,278	132,872	125,224
Deferred tax assets	7,296	7,060	6,632
Total fixed assets	663,454	494,874	528,286
Accounts receivable	545,060	342,517	386,153
Other current assets	69,403	73,468	57,545
Prepaid expenses and accrued income	918,177	584,657	819,441
Short-term investments	-	120,000	120,000
Cash and bank balances	498,472	423,557	825,242
Total current assets	2,031,112	1,544,199	2,208,381
Total assets	2,694,566	2,039,073	2,736,667
Equity and liabilities			
Equity	1,341,354	1,067,347	1,296,669
Deferred tax liabilities	5,979	4,435	5,928
Provisions	12,535	9,003	12,461
Non-current lease liabilities	16,315	29,648	56,968
Other long-term liabilities	-	542	-
Total long-term liabilities	34,829	43,628	75,357
Provisions	2,187	1,631	1,682
Current lease liabilities	12,371	23,999	25,294
Other current liabilities	194,082	160,473	204,983
Accrued expenses and deferred income	1,109,743	741,995	1,132,682
Total current liabilities	1,318,383	928,098	1,364,641
Total equity and liabilities	2,694,566	2,039,073	2,736,667

Consolidated cash-flow statements

SEK thousand	6 months May–Oct 2023	6 months May–Oct 2022	Full-year May–Apr 2022/2023
Operating activities			
Operating profit	246,026	171,909	455,653
Adjustment for non-cash items	60,354	49,954	121,351
Interest and dividends received	9,601	3,520	11,849
Interest paid	-892	-628	-2,062
Income tax paid	-67,699	-40,682	-71,635
Cash flow from operations before changes in working capital	247,390	184,073	515,156
Changes in working capital			
Change in inventories	-16,053	-1,073	-12,825
Change in receivables	-194,466	-11,937	-299,595
Change in current liabilities	-77,437	-196,317	237,752
Cash flow from operations	-40,566	-25,254	440,488
Investing activities			
Acquisitions of intangible assets	-36,580	-20,436	-55,752
Acquisitions of tangible assets	-159,857	-24,899	-37,036
Acquisition of short-term investment	-	-120,000	-120,000
Repayment of short-term investment	120,000	-	-
Cash flow from investing activities	-76,437	-165,335	-212,788
Financing activities			
Repayment of lease liabilities	-9,446	-11,910	-26,627
Redemption of shares	-211,935	-192,662	-192,662
Cash flow from financing activities	-221,381	-204,572	-219,289
Cash flow for the period	-338,384	-395,161	8,411
Cash and cash equivalents, opening balance	825,242	808,775	808,775
Exchange-rate difference in cash and cash equivalents	11,614	9,943	8,056
Cash and cash equivalents, closing balance	498,472	423,557	825,242

Condensed consolidated statement of changes in equity

SEK thousand	6 months May–Oct 2023	6 months May–Oct 2022	Full-year May–Apr 2022/2023
Equity at start of period	1,296,669	1,080,737	1,080,737
Comprehensive income for the period	241,821	173,710	392,580
Dividend/redemption of shares	-211,935	-192,662	-192,662
Share-based payments	14,799	5,562	16,014
Equity at end of period	1,341,354	1,067,347	1,296,669

PARENT COMPANY

Condensed Parent Company income statements

SEK thousand	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Net sales	43,041	33,250	77,915	60,524	146,036	128,645
Capitalized work for own use	1,495	794	2,600	1,456	4,791	3,647
Other operating income	9	27	19	51	192	224
Total income	44,545	34,071	80,534	62,031	151,019	132,516
Goods for resale	-4,763	-14	-8,302	-142	-10,990	-2,830
Personnel costs	-20,941	-16,007	-35,326	-28,878	-66,671	-60,223
Other external costs	-28,102	-21,847	-53,788	-45,097	-115,985	-107,295
Depreciation/amortization	-431	-410	-830	-815	-1,503	-1,488
Total operating expenses	-54,237	-38,278	-98,246	-74,932	-195,150	-171,836
Operating loss	-9,692	-4,207	-17,711	-12,901	-44,130	-39,320
Total financial items	36,592	6,223	106,071	10,083	111,172	15,184
Profit/loss after financial items	26,900	2,016	88,360	-2,818	67,042	-24,136
Appropriations	-	-	-	-	436,014	436,014
Profit/loss before tax	26,900	2,016	88,360	-2,818	503,056	411,878
Tax on earnings for the period	36	-416	41	580	-85,566	-85,027
Profit/loss for the period	26,936	1,600	88,401	-2,238	417,490	326,851

Parent Company statement of comprehensive income

SEK thousand	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Profit for the period	26,936	1,600	88,401	-2,238	417,490	326,851
Total comprehensive income for the period	26,936	1,600	88,401	-2,238	417,490	326,851

Condensed Parent Company balance sheets

SEK thousand	Oct 31 2023	Oct 31 2022	April 30 2023
Assets			
Intangible assets	6,247	1,490	3,647
Tangible assets	6,431	3,651	3,699
Financial assets	333,275	180,744	226,245
Total fixed assets	345,953	185,885	233,591
Accounts receivable	0	313	240
Receivables from Group companies	497,990	230,731	664,145
Other current assets	10,519	47,823	25,871
Short-term investments	-	120,000	120,000
Cash and bank balances	375,519	287,135	662,611
Total current assets	884,028	686,002	1,472,867
Total assets	1,229,981	871,887	1,706,458
Equity and liabilities			
Restricted equity	271,527	266,678	268,927
Unrestricted equity	453,991	218,902	565,322
Total equity	725,518	485,580	834,249
Provisions	1,078	384	916
Current liabilities	503,385	385,923	871,293
Total equity and liabilities	1,229,981	871,887	1,706,458

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 2022/2023 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 2022/2023 Annual Report, no significant transactions with related parties took place in the reporting period.

Note 3 Number of shares

	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
No. of common shares ²						
Before dilution at the end of the period	192,667,489	192,662,325	192,667,489	192,662,325	192,667,489	192,667,489
After dilution at the end of the period ¹	192,667,489	192,667,455	192,667,489	192,667,455	192,667,489	192,667,489
Average, before dilution	192,667,489	192,662,325	192,667,489	192,662,325	192,666,628	192,664,046
Average, after dilution ¹	192,667,489	192,667,455	192,667,489	192,667,455	192,667,483	192,667,466

¹ Dilution of the number of shares, based on the convertible programs issued in 2017/2018. Dilution corresponded to 5,130 shares on July 31, 2022 and the last remaining convertibles were redeemed on January 31, 2023. There are therefore no convertible programs outstanding.

² Number of shares does not include the 1,453,406 (1,000,000) Class B treasury shares.

Note 4 Operating segments and sales

Sales by business segment

SEK million	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Imaging IT Solutions	691.0	502.7	1,209.6	938.5	2,350.1	2,079.0
Secure Communications	83.0	51.3	139.3	92.9	280.9	234.5
Business Innovation	24.5	15.7	41.2	28.4	86.6	73.8
Other Operations	42.8	32.3	77.4	58.9	143.2	124.7
Group eliminations	-53.6	-40.3	-96.0	-72.9	-184.3	-161.2
Total	787.7	561.7	1,371.5	1,045.8	2,676.5	2,350.8

Operating profit/loss by business segment

SEK million	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Imaging IT Solutions	168.3	110.1	242.7	190.6	514.5	462.4
Secure Communications	9.5	0.0	12.0	-6.5	37.7	19.2
Business Innovation	5.5	0.6	4.5	-1.1	16.1	10.5
Other Operations	-6.6	-3.2	-13.1	-11.0	-38.3	-36.2
Group eliminations	0.0	0.1	-0.1	-0.1	-0.2	-0.2
Total	176.7	107.6	246.0	171.9	529.8	455.7

Sales by geographic market

SEK million	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
United States	226.2	174.5	375.8	327.1	735.7	687.0
Sweden	138.2	108.8	243.2	206.5	509.6	472.9
United Kingdom	162.7	87.1	281.3	154.8	508.2	381.7
Netherlands	42.0	31.4	80.7	66.9	149.6	135.8
Rest of Europe	134.8	127.0	256.3	220.7	526.1	490.5
Rest of World	83.8	32.9	134.2	69.8	247.3	182.9
Total	787.7	561.7	1,371.5	1,045.8	2,676.5	2,350.8

Recurring and non-recurring external revenue by business segment

Group

SEK million	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Recurring revenue	429.6	316.4	826.7	626.8	1,559.8	1,359.9
Of which cloud recurring revenue, CRR	93.4	59.6	179.8	109.6	324.8	254.6
Non-recurring revenue	358.1	245.3	544.8	419.0	1,116.7	990.9
Total	787.7	561.7	1,371.5	1,045.8	2,676.5	2,350.8
Share of recurring revenue, %	54.5	56.3	60.3	59.9	58.3	57.8

Imaging IT Solutions

SEK million	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Recurring revenue	400.8	292.9	771.5	581.0	1,448.6	1,258.1
Of which cloud recurring revenue, CRR	89.2	56.4	172.2	103.6	309.8	241.2
Non-recurring revenue	290.8	212.0	439.2	360.2	898.2	819.2
Total	691.6	504.9	1,210.7	941.2	2,346.8	2,077.3
Share of recurring revenue, %	58.0	58.0	63.7	61.7	61.7	60.6

Secure Communications

SEK million	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Recurring revenue	24.0	19.9	46.9	39.2	94.2	86.5
Of which cloud recurring revenue, CRR	-	-	-	0.0	-	0.0
Non-recurring revenue	58.8	31.4	92.2	53.6	186.3	147.7
Total	82.8	51.3	139.1	92.8	280.5	234.2
Share of recurring revenue, %	29.0	38.8	33.7	42.2	33.6	36.9

Business Innovation

SEK million	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Recurring revenue	4.6	3.4	8.2	6.3	16.6	14.7
Of which cloud recurring revenue, CRR	4.2	3.2	7.6	5.9	15.1	13.4
Non-recurring revenue	8.4	1.9	13.3	5.2	32.1	24.0
Total	13.0	5.3	21.5	11.5	48.7	38.7
Share of recurring revenue, %	35.4	64.2	38.1	54.8	34.1	38.0

Other Operations

SEK million	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Recurring revenue	0.2	0.1	0.2	0.3	0.4	0.5
Of which cloud recurring revenue, CRR	-	-	-	-	-	-
Non-recurring revenue	-	-	-	-	-	-
Total	0.2	0.1	0.2	0.3	0.4	0.5
Share of recurring revenue, %	100.0	100.0	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). Alternative performance measures are applied 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.

For future changes to Sectra's recognition of order bookings, refer to page 71 in Sectra's 2022/2023 Annual and Sustainability Report.

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.

Recurring revenue churn

SEK thousand	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Recurring revenue from customer contracts that have concluded or not been renewed	9,967	18,225
Recurring revenue	1,559,825	1,359,895
Share of recurring revenue, %	0.6	1.3

Purpose

Indicates the share of recurring revenue from customer contracts that have concluded or not been renewed during the latest rolling 12-month period.

Calculation

Recurring revenue from customer contracts that have concluded or not been renewed divided by total recurring revenue.

Equity per share before and after dilution

	Oct 31 2023	Oct 31 2022	Apr 30 2023
Equity, SEK thousand	1,341,354	1,067,347	1,296,669
Number of shares before dilution at the end of the period	192,667,489	192,662,325	192,667,489
Number of shares after dilution at the end of the period	192,667,489	192,667,455	192,667,489
Equity per share before and after dilution, SEK	6.96	5.54	6.73

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 and after dilution at the end of the period.

Non-interest-bearing liabilities and interest-bearing liabilities

SEK thousand	Oct 31 2023	Oct 31 2022	Apr 30 2023
Non-interest-bearing liabilities	1,324,526	917,691	1,357,736
Interest-bearing liabilities	28,686	54,035	82,262
Total liabilities	1,353,212	971,726	1,439,998

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 lease liabilities.

Cash flow per share before and after dilution

	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Cash flow from operations, SEK thousand	57,733	38,877	-40,566	-25,254	425,174	440,488
Number of shares before dilution at the end of the period	192,667,489	192,662,325	192,667,489	192,662,325	192,667,489	192,667,489
Number of shares after dilution at the end of the period	192,667,489	192,667,455	192,667,489	192,667,455	192,667,489	192,667,489
Cash flow per share before and after dilution, SEK	0.30	0.20	-0.21	-0.13	2.21	2.29

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 and after dilution at the end of the period.

Ratio of contracted order bookings to net sales

SEK thousand	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Contracted order bookings	5,209,049	4,635,715
Net sales	2,676,461	2,350,752
Ratio of contracted order bookings to net sales	1.95	1.97

Purpose

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

Calculation

Contracted order bookings divided by net sales.

Liquidity

SEK thousand	Oct 31 2023	Oct 31 2022	Apr 30 2023
Current assets	2,031,112	1,544,199	2,208,381
Unutilized overdraft facilities	15,000	15,000	15,000
Current liabilities	1,318,383	928,098	1,364,641
Liquidity	1.6	1.7	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 Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	Full-year May–Apr 2022/2023
Nominal change, %	40.2	34.3	31.1	26.9	20.6
Exchange-rate effect, %	-3.9	-12.9	-5.0	-10.8	-8.0
Change in unadjusted exchange rates, %	36.3	21.4	26.1	16.1	12.6

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.

Unadjusted exchange rates – operating profit

	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	Full-year May–Apr 2022/2023
Nominal change, %	64.2	28.5	43.1	-1.1	18.9
Exchange-rate effect, %	-7.2	-25.9	-9.4	-19.4	-16.3
Change in unadjusted exchange rates, %	57.0	2.6	33.7	-20.5	2.6

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.

Unadjusted exchange rates – recurring revenue

	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	Full-year May–Apr 2022/2023
Nominal change, %	35.8	16.2	31.9	19.3	25.8
Exchange-rate effect, %	-3.8	-10.2	-5.1	-8.9	-7.5
Change in unadjusted exchange rates, %	32.0	6.0	26.8	10.4	18.3

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 Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Share price at end of period	120.6	161.7
Earnings per share for the rolling 12-month period	2.28	1.95
P/E ratio, multiple	52.9	82.9

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 and after dilution

	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Profit for the period, SEK thousand	150,561	93,900	212,117	148,028	439,046	374,957
Average no. of shares before dilution	192,667,489	192,662,325	192,667,489	192,662,325	192,666,628	192,664,046
Average no. of shares after dilution	192,667,489	192,667,455	192,667,489	192,667,455	192,667,483	192,667,466
Earnings per share before and after dilution, SEK	0.78	0.49	1.10	0.77	2.28	1.95

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. This performance measure is defined in accordance with IFRS.

Return on equity

SEK thousand	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Profit for the period	150,561	93,900	212,117	148,028	439,046	374,957
Equity at start of period	1,386,349	1,145,988	1,296,669	1,080,737	1,067,347	1,080,737
Equity at end of period	1,341,354	1,067,347	1,341,354	1,067,347	1,341,354	1,296,669
Average equity	1,363,852	1,106,668	1,319,012	1,074,042	1,204,351	1,188,703
Return on equity, %	11.0	8.5	16.1	13.8	36.5	31.5

Purpose

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

Calculation

Profit for the period divided by average equity.

Return on capital employed (ROCE)

SEK thousand	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Profit after financial items	190,289	118,262	267,815	186,433	560,772	479,390
Financial expenses	-458	-315	-892	-628	-2,326	-2,062
Average capital employed	1,417,195	1,162,710	1,374,486	1,132,371	1,245,711	1,261,146
Return on capital employed, %	13.5	10.2	19.5	16.5	45.2	38.2

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.

Operating margin

SEK thousand	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Operating profit	176,713	107,560	246,026	171,909	529,770	455,653
Net sales	787,725	561,665	1,371,463	1,045,754	2,676,461	2,350,752
Operating margin, %	22.4	19.2	17.9	16.4	19.8	19.4

Purpose

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

Calculation

Operating profit divided by net sales.

Operating profit per share

	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Operating profit, SEK thousand	529,770	455,653
Number of shares before dilution	192,667,489	192,667,489
Operating profit per share, SEK	2.75	2.36

Purpose

Shows earnings per share before interest and taxes.

Calculation

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

Debt/equity ratio

SEK thousand	Oct 31 2023	Oct 31 2022
Interest-bearing liabilities	28,686	54,035
Equity	1,341,354	1,067,347
Debt/equity ratio	0.02	0.05

Purpose

Shows to what extent the operations are financed by loans and describes the company's financial risk.

Calculation

Interest-bearing liabilities divided by equity.

Equity/assets ratio

SEK thousand	Oct 31 2023	Oct 31 2022	Apr 30 2023
Equity	1,341,354	1,067,347	1,296,669
Total assets	2,694,566	2,039,073	2,736,667
Equity/assets ratio, %	49.8	52.3	47.4

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	Oct 31 2023	Oct 31 2022	Apr 30 2023
Total assets	2,694,566	2,039,073	2,736,667
Non-interest-bearing liabilities	1,324,526	917,691	1,357,736
Capital employed	1,370,040	1,121,382	1,378,931

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	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Operating profit per share before dilution	2.750	2.360
Operating profit per share before dilution five years earlier	1.105	1.125
Growth in operating profit per share before dilution over a five-year period, %	148.9	110.0

Purpose

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

Calculation

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

Profit margin

SEK thousand	3 months Aug–Oct 2023	3 months Aug–Oct 2022	6 months May–Oct 2023	6 months May–Oct 2022	12 months Nov 2022 –Oct 2023	Full-year May–Apr 2022/2023
Profit after financial items	190,289	118,262	267,815	186,433	560,772	479,390
Net sales	787,725	561,665	1,371,463	1,045,754	2,676,461	2,350,752
Operating margin, %	24.2	21.1	19.5	17.8	21.0	20.4

Purpose

Shows a comparison of profitability regardless of corporate tax rate.

Calculation

Profit after financial items divided by net sales.

KEY FIGURES AND OTHER INFORMATION

Key figures

	6 months Oct 31 2023	6 months Oct 31 2022	12 months Oct 31 2023	Full-year Apr 30 2023
Contracted order bookings, SEK million	3,472.9	2,899.6	5,209.0	4,635.7
of which guaranteed order bookings, SEK million	804.5	1,310.9	2,100.1	2,606.5
Operating margin, %	17.9	16.4	19.8	19.4
Profit margin, %	19.5	17.8	21.0	20.4
Average no. of employees	1,120	988	1,080	1,015
Cash flow per share, SEK ^{1, 2}	-0.21	-0.13	2.21	2.29
P/E ratio, multiple	n/a	n/a	52.9	82.9
Share price at end of period, SEK	120.6	146.4	120.6	161.7
Return on equity, %	16.1	13.8	36.5	31.5
Return on capital employed, %	19.5	16.5	45.2	38.2
Equity/assets ratio, %	49.8	52.3	49.8	47.4
Liquidity ratio, multiple	1.6	1.7	1.6	1.6
Equity per share, SEK ²	6.96	5.54	6.96	6.73

¹ Cash flow from operations. ² Before and after dilution.

Condensed consolidated income statements by quarter

SEK million	2023/2024		2022/2023				2021/2022			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	787.7	583.7	724.7	580.3	561.7	484.1	649.0	476.2	418.2	405.7
Capitalized work for own use	17.9	18.0	20.6	14.7	11.5	9.0	10.6	8.7	13.3	11.6
Other operating income	2.2	1.3	0.5	0.5	0.4	0.1	0.4	0.0	0.6	0.3
Operating expenses	-607.5	-509.2	-524.7	-485.2	-443.9	-406.6	-497.1	-395.2	-329.4	-308.4
Depreciation/amortization and impairment	-23.6	-24.5	-24.3	-23.3	-22.1	-22.2	-21.8	-21.3	-19.0	-19.1
Operating profit	176.7	69.3	196.8	87.0	107.6	64.4	141.1	68.4	83.7	90.1
Total financial items	13.6	8.2	5.1	4.1	10.7	3.8	0.3	8.6	0.2	2.0
Profit after financial items	190.3	77.5	201.9	91.1	118.3	68.2	141.4	77.0	83.9	92.1
Tax on earnings for the period	-39.7	-16.0	-47.3	-18.8	-24.4	-14.0	-29.0	-14.1	-17.6	-19.0
Profit for the period	150.6	61.6	154.6	72.3	93.9	54.1	112.5	62.9	66.3	73.1

Key figures by quarter

	2023/2024		2022/2023				2021/2022			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Contracted order bookings, SEK million	503.0	2,970.0	1,186.9	549.2	664.2	2,235.4	1,017.4	439.6	470.0	393.2
of which guaranteed order bookings, SEK million	460.1	344.4	811.6	484.0	605.6	705.3	1,017.4	439.6	470.0	393.2
Recurring revenue	429.6	397.2	376.6	356.4	316.4	310.4	280.8	275.2	272.4	253.0
of which cloud recurring revenue (CRR)	93.4	86.4	72.9	72.1	59.6	50.0	50.5	46.4	42.6	41.9
Operating margin, %	22.4	11.9	27.2	15.0	19.2	13.3	21.7	14.4	20.0	22.2
Earnings per share, SEK ^{1,2}	0.78	0.32	0.80	0.38	0.49	0.28	0.58	0.33	0.34	0.38
Cash flow per share, SEK ^{1,2}	0.30	-0.51	1.98	0.43	0.20	-0.33	2.15	0.79	0.21	0.05
Return on equity, %	11.0	4.6	12.7	6.5	8.5	4.9	11.0	6.3	6.6	7.8
Return on capital employed, %	13.5	5.5	15.6	7.8	10.2	5.8	13.1	7.3	7.8	9.2
Equity/assets ratio, %	49.8	50.8	47.4	50.4	52.3	54.9	49.3	52.5	61.3	59.6
Equity per share, SEK ^{1,2}	6.96	7.20	6.73	5.94	5.54	5.95	5.61	4.98	5.38	5.06
Share price at end of period, SEK ²	120.6	168.6	161.7	147.44	146.40	185.90	124.80	152.50	209.60	137.20

¹ Before and after dilution. ²Comparative 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

	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Contracted order bookings, SEK million	4,635.7	2,320.2	2,651.6	1,816.0	2,132.8
Net sales, SEK million	2,350.8	1,949.1	1,632.4	1,661.1	1,413.5
Operating profit, SEK million	455.7	383.4	350.1	295.3	235.5
Profit after financial items, SEK million	479.4	394.5	348.2	303.0	248.8
Profit for the period, SEK million	375.0	314.8	275.5	237.4	199.0
Operating margin, %	19.4	19.7	21.4	17.8	16.7
Profit margin, %	20.4	20.2	21.3	18.2	17.6
Earnings per share before dilution, SEK ¹	1.95	1.63	1.43	1.24	1.04
Earnings per share after dilution, SEK ¹	1.95	1.63	1.43	1.23	1.03
Redemption program per share/dividend, SEK ¹	1.10	1.00	0.90	0.90	0.90
Share price at end of year, SEK ²	161.70	124.80	121.00	84.00	64.40
P/E ratio, multiple	82.9	76.6	84.6	68.0	61.8
Return on equity, %	31.5	31.9	32.2	30.7	29.8
Return on capital employed, %	38.2	37.5	37.4	36.8	35.9
Equity per share before dilution, SEK ¹	6.73	5.61	4.65	4.24	3.80
Equity per share after dilution, SEK ¹	6.73	5.61	4.65	4.24	3.78
Equity/assets ratio, %	47.4	49.3	54.2	54.1	55.4

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.

Exchange rates

Currency	Average rates in SEK						Closing rates in SEK		
	3 months Aug-Oct 2023	3 months Aug-Oct 2022	Δ %	6 months May-Oct 2023	6 months May-Oct 2022	Δ %	Oct 31 2023	Oct 31 2022	Δ %
US dollar, 1 USD	10.88	10.88	0.0	10.77	10.44	3.2	11.06	10.94	1.1
Euro, 1 EUR	11.65	10.78	8.1	11.63	10.62	9.5	11.75	10.84	8.4
British pound, 1 GBP	13.47	12.45	8.2	13.50	12.38	9.0	13.46	12.64	6.5

GLOSSARY

DNA sequencing

A process for determining genetic material, DNA, in a sample.

Genomics

The study of genetic material, meaning an organism's DNA. In medicine, a patient's genetic material 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 diagnosing cancer and 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.

Encryption

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 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.

Read Sectra's Annual Report and Sustainability Report:
<https://investor.sectra.com/reports/annual-reports>



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 exceeded 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 and cybersecurity for critical social functions are rapidly changing markets that society needs to invest in. This creates major growth opportunities for companies such as Sectra.

Stability, profitability and long-term growth

Sectra has an over 45-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. To safeguard our corporate culture, growth is primarily organic.

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

By continuously investing in new and enhanced products and services, as well as how they are packaged and delivered, we create value for our customers. We also have a self-financed portfolio of research and business projects with the potential to add significant value in the future.

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.