

THE 2023/2024 YEAR IN BRIEF

Sectra contributes to a healthier and safer society



SECTRA
Knowledge and passion

Sectra—a company with an entrepreneurial spirit

Why we exist

The overall purpose of our business operations is to solve major social problems that must be addressed in the foreseeable future. For our customers, this is primarily about challenges related to two global trends: an aging population and digitization. Our job is to help customers become more effective and give them the tools needed to provide patients with high-quality care and increase cybersecurity in society.

How we work

Our work is based on a strong corporate culture that engages and motivates employees to do what is best for customers. Our work is guided by a desire for satisfied customers and employees—in that order. Add to this a clear vision of where the company is headed, perseverance and cost awareness. Sectra's development over the years is a testament to what a strong combination this is.

What we do

Sectra offers products and services within medical IT and cybersecurity. The industries we have chosen are characterized by a tendency to grow regardless of the economic climate and by the fact that stable products and trust in suppliers are essential to customers.

60+

Countries with customers

2,964

Net sales, SEK million

1,200+

Employees

Our operating areas

Imaging IT Solutions

IT systems for managing medical images and patient information related to diagnostic imaging.

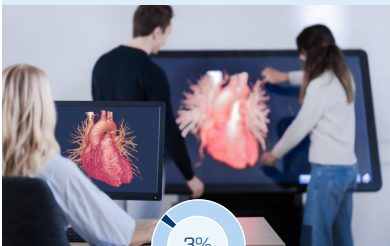


85%

Share of consolidated sales

Business Innovation

Sectra's own incubator. This includes Sectra's medical technology research department as well as the Genomics IT, Medical Education and Orthopaedics business units.



3%

Share of consolidated sales

Secure Communications

Solutions and services for secure communication and protection of sensitive information and critical systems.



12%

Share of consolidated sales

CEO letter

Satisfied customers, a good corporate culture, and long-term investments in developing services and products for cybersecurity in society and for increased efficiency in healthcare have led to success for Sectra through the years—and 2023/2024 was no different.

At Sectra, we prioritize long-term earnings performance over short-term margin increases. We take on challenging and important assignments that drive us, our customers and our sectors forward. One example of this is the ongoing major transition of the business model in our largest operating area, Imaging IT Solutions. We are moving from license sales to service sales, which means that revenue will be spread out over a longer period of time. In the short term, this will affect growth in both sales and profit. Despite this, the outcome for the year was good, driven largely by our success in the US and the UK and by major improvements in Secure Communications.

With satisfied customers, combined with a very strong brand in markets that need to grow and where customer confidence is crucial, we have every reason to remain optimistic about the future. The changes taking place around the world mean that cybersecurity and efficient medical care are areas that will continue to grow for a long time to come.

I'm proud of what we've accomplished so far and would like to express my appreciation to all of our customers, employees, partners and shareholders for the confidence and support you are giving Sectra. Together, we are creating value both for individual patients and for government officials as well as for society as a whole.

Read the full CEO letter in the Annual Report on

 investor.sectra.com/annual-reports

Linköping, Sweden, July 2024

Torbjörn Kronander

President and CEO Sectra AB

"We have an extremely small share of customers who are leaving us, with a churn rate as low as 0.4%. This bodes well for the future, when the majority of Sectra's sales will be recurring revenue."



The year in brief

Imaging IT Solutions

- Major, long-term customer contracts led to historically high levels of contracted order bookings. Sectra won some of its largest contracts ever, including contracts with one of the largest healthcare providers in the US and with the public healthcare provider in Scotland.
- Continued growth in the US. According to KLAS Research, Sectra is considered as a supplier in half of US healthcare providers' decisions to purchase a medical imaging system (PACS) and is selected as a supplier in 25% of all decisions—significantly more than any other vendor.¹
- A growing number of healthcare providers around the world chose Sectra, and sales increased in all geographic markets. The UK surpassed Sweden and became Imaging IT Solutions' second-largest market in terms of sales after the US.
- Sectra strengthened its position in the digital pathology market through orders from hospitals in countries including France, Korea and the US.
- More customers chose the Sectra One subscription service, often delivered as a cloud service, resulting in increased recurring revenue. Nine healthcare providers in countries such as Canada, the UK and the US deployed the service.
- Sectra expanded its operations in Canada and secured its first Canadian AI-as-a-Service customer.



More than 3.5 million patient cases so far have been reviewed with Sectra's pathology solution.



Sectra's radiology module, Sectra PACS, won awards for highest customer satisfaction.² This marks Sectra's eleventh consecutive win in the US and its fifth consecutive win in Canada. Sectra also won in northern and southern Europe, which are new categories this year.

¹PACS 2023 Decision Insights Report, KLAS Research, <https://klasresearch.com/report/pacs-2023-decision-insights/3386>

²2024 Best in KLAS Awards - Software and Services US report <https://klasresearch.com/report/2024-best-in-klas-awards-software-and-services/3413> and 2024 Best in KLAS Awards - global software <https://klasresearch.com/report/2024-best-in-klas-awards-global-software/3414>

Business Innovation

- Good progress in the development of new IT support system for genomics, preparing for delivery to first customer.
- Sectra's cloud service for medical education has become an important resource for university hospitals. Use in Europe is growing, especially for training radiographers.
- The Sectra Implant Movement Analysis (IMA) service for orthopaedic surgeons was sold to customers in Norway and the US for the first time.
- Sectra's research results generated important insights into how healthcare can be streamlined using AI without compromising patient safety. IT research also resulted in innovative tools for analyzing genomic data.



In the spring, Sweden became a member of NATO. The security alliance has been using Sectra Tiger for secure communications since 2018 and the collaboration has been ongoing for longer than that.

Secure Communications

- Many countries are increasing their investments in defense and public security. Sectra's ability to help customers with these needs led to increased order bookings and an improved financial performance.
- Swedish authorities expanded their partnership with Sectra through an order for a new communication solution within the Sectra Tiger family—a desktop phone that allows multiple people to participate in a secure call at once. This further strengthens the communications protection capacity of the Swedish civil and military defense forces.
- Sectra participated in two Vinnova-financed research projects: one addressing cybersecurity when parts of an energy system are transferred to the cloud and another focusing on making systems more robust against cyberattacks.
- EU organizations and a number of member states ordered additional units of Sectra's approved mobile encryption system and extended existing support agreements for the same system.
- The NATO Communications and Information Agency (NCI Agency) ordered additional units of the mobile encryption system Sectra Tiger and extended its support contract for five years.

The financial figures in brief

The Group's order bookings, sales and operating profit exceeded previous records. With a strong financial position, positive cash flows and a significant share of recurring revenue, we are well equipped for the future.



Financial goals

All Group-wide financial goals exceed the target levels.

Stability

48.9%

Goal: The equity/assets ratio is to be at least 30%.

Profitability

17.5%

Goal: The operating margin (EBIT margin) is to be at least 15%.

Growth

118.8%

Goal: Operating profit (EBIT) per share is to grow by at least 50% over a five-year period.

as-a-service



Financial key figures

2,964

Net sales
SEK million

518

Operating profit
SEK million

6,224

Contracted order bookings
SEK million

1.69

Cash flow per share
SEK

2.22

Earnings per share
SEK

1.10

Redemption price/dividend
per share, SEK³

Cloud services



Recurring revenue amounted to SEK 1,725 million, of which SEK 397 million pertained to cloud-based services.

³ Board's proposal to the 2024 Annual General Meeting.

Sectra—The founders' story



Sectra contributes to a healthier and safer society by assisting health systems throughout the world to enhance the efficiency of care, and authorities and defense forces in Europe to protect society's most sensitive information. The company, founded in 1978, is headquartered in Linköping, Sweden, with direct sales in 19 countries, and distribution partners worldwide.

Would you like to know how it all started? Three of Sectra's founders—Ingemar Ingemarsson, Robert Forchheimer and Viiveke Fåk—were interviewed this spring as part of a project intended to showcase the history and heritage of Sectra. Watch the video—scan the QR code with the camera app on your mobile phone.



Annual report

As a Sectra shareholder, you receive this printed summary. We encourage you to read the Annual Report on our website.

» investor.sectra.com/annual-reports

Annual General Meeting

Date: September 10, 2024

Official notice will be distributed not earlier than six weeks and not later than four weeks prior to the AGM in the form of a press release and publication on Sectra's website. The notice will be announced in the Swedish Official Gazette (Post- och Inrikes Tidningar) and an announcement that notice has been given will be published in Svenska Dagbladet. The complete proposals for resolution and other documents will be available not later than August 20, 2024 (three weeks prior to the AGM).

» investor.sectra.com/agm2024

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» investor.sectra.com/subscribe

Let us know what you think

We would like to know why you chose to buy shares in Sectra and what you think of your investment and confidence in the company. Please answer the questions in Sectra's shareholder survey. Your feedback is important to us!

» investor.sectra.com/irsurvey

