

Three-month report 2023/2024

Record-high order bookings

Sectra's contracted order bookings exceeded SEK 2.9 billion during the quarter. Demand for the company's customer offerings in both medical imaging IT and secure communication contributed to this historically high level for a single quarter. Net sales and recurring revenue are growing. Currency movements continued to have an advantageous effect on the company's financial outcome and dampened the impact of ongoing investments in the transition to service sales and cloud-based deliveries. During the quarter, several hospitals deployed Sectra's cloud services for medical diagnostic imaging and one of the largest hospital chains in the US ordered these services.

REPORT PRESENTATION

September 5, 2023
at 10:00 a.m. CEST

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FINANCIAL OUTCOME IN BRIEF

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

First quarter: May–July 2023

- Contracted order bookings rose 32.9% to SEK 2,970.0 million (2,235.4), of which SEK 344.4 million (705.3) pertained to guaranteed order bookings. Of the guaranteed order bookings, 28% were recognized during the quarter and a further 31–41% are deemed to pertain to revenue within 12 months after the end of the quarter.
- Net sales increased 20.6% to SEK 583.7 million (484.1). Based on unadjusted exchange rates, the increase was 14.2%. Recurring revenue accounted for SEK 397.2 million (310.4) of net sales, up 28.0%. Based on unadjusted exchange rates, the increase was 21.4%. Cloud recurring revenue (CRR) increased 72.8% to SEK 86.4 million (50.0).
- Operating profit rose 7.6% to SEK 69.3 million (64.4), corresponding to an operating margin of 11.9% (13.3). Based on unadjusted exchange rates, operating profit decreased 5.3%.
- Profit for the period amounted to SEK 61.6 million (54.1).
- Cash flow from operations amounted to SEK -98.3 million (-64.1).

Key figures

SEK million

	Quarter			12 months		
	Q1	Q1	Δ	Rolling	Full-year	Δ
	23/24	22/23	%	23/24	22/23	%
Contracted order bookings	2,970.0	2,235.4	32.9	5,370.3	4,635.7	15.8
of which guaranteed order bookings	344.4	705.3	-51.2	2,245.6	2,606.5	-13.8
Net sales	583.7	484.1	20.6	2,450.4	2,350.8	4.2
of which recurring revenue	397.2	310.4	28.0	1,446.7	1,359.9	6.4
of which cloud recurring revenue (CRR)	86.4	50.0	72.8	291.0	254.6	14.3
Operating profit	69.3	64.4	7.6	460.6	455.7	1.1
Operating margin, %	11.9	13.3	n/a	18.8	19.4	n/a
Profit for the period	61.6	54.1	13.9	382.5	375.0	2.0
Earnings per share, SEK ¹	0.32	0.28	14.3	1.98	1.95	1.5
Cash flow from operations	-98.3	-64.1	-53.4	406.3	440.5	-7.8
Average no. of employees	1,112	975	14.1	1,049	1,015	3.3

¹ Before and after dilution.

CEO'S COMMENTS

The first quarter was characterized by significant trust shown by customers in both secure communication and medical imaging IT. We are experiencing a turnaround in secure communication, with high demand and deliveries. We also passed important milestones in the transition to cloud-based solutions for medical diagnostic imaging. These successes demonstrate the value we provide for our customers and that our long-term initiatives in research and development are paying off.

Contracted order bookings once again exceeded previous record-breaking levels. All operating areas are showing strong sales growth, which is a result of our desire to have satisfied customers and to offer the latest technology in our areas. I am pleased to report that in the most recent quarter, it was Secure Communications that displayed the strongest improvement. The operating area has achieved a turnaround after a few tough years and the future now looks bright. In medical imaging IT, we have entered a phase where ongoing strategic investments in subscription services and cloud deliveries are now having a clearer impact on profitability than in the previous year. Moreover, this development reflects our proactive response to industry trends and aim for long-term sustainable growth. We have also prepared for major deliveries that will continue for several years to come, primarily in North America. This included hiring personnel who are still in the onboarding phase.

Sectra's success is the result of a long-term approach—both to research and development and when it comes to establishing good relationships with satisfied customers who then expand their use of Sectra's solutions and recommend us to others. The major procurement we secured in the US during the quarter is an excellent example of this. Our relationship began when we developed a solution for ophthalmology imaging that the customer has been using for the past few years. Now that they plan to replace their old system for radiology, they have decided to continue building on a solution and supplier with whom they are satisfied and expand their system to include our services for medical diagnostic imaging, Sectra One Cloud. In the long term, the contract includes an expansion into additional diagnostic imaging areas to create a more unified and cost-efficient organization. This is only one of several orders in Imaging IT Solutions from the past year that confirms our ability to manage the enterprise imaging needs of extremely large healthcare providers, something that offers benefits to customers in three areas: costs, opportunities for integrated diagnostics and better data security through fewer systems.

Regardless of their size or infrastructure problems, we can help to reduce costs and complexity for customers by replacing traditional on-premises solutions with cloud services. We have laid the foundation for the transition through major investments in business and product development as well as an organization for cloud deliveries. These initiatives involve substantial initial costs and will not generate revenue until a later stage. This transition to service sales will ultimately contribute to more stability and overall improvements as well as a more long-term business than license sales. However, growth in sales and profit will be weaker in the short to medium term.

The most important key figures we use to measure the progress of the transition are recurring revenue and cloud recurring revenue. The figures for the quarter show that things are moving at a rapid pace. The Sectra One model has a key role to play in this. During the quarter, the first customers in the UK and US to order Sectra One Cloud running in public clouds began to use the services. Additional customers have ordered our cloud services over the past year and several deployment projects are ongoing.

Our progress during the quarter has strengthened Sectra's position for the future and is paving the way for sustainable and long-term growth. With satisfied customers and an innovation-driven approach, I look forward to working with our current and future customers to lead the development of a healthcare system that can overcome the enormous challenges of the future as we move toward a safer and more secure society.



Torbjörn Kronander,
President and CEO



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.

FINANCIAL GOALS

Sectra's overall operational target is to create high customer value in our markets. Delivering customer value is also the Group's most important sustainability target since our customers' work to treat patients, cure diseases and increase cybersecurity is vital for functioning societies. 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.

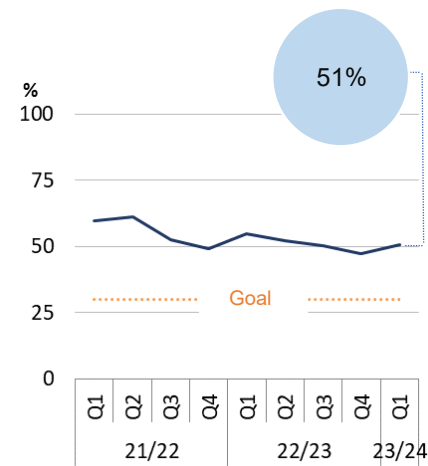
Customer satisfaction cannot be achieved without satisfied and dedicated employees. Employees who are motivated, understand their customers, feel good and are satisfied in their jobs will also increasingly develop new, creative solutions that can further increase the value we provide for Sectra's customers. A healthy financial performance is naturally also essential. This is what pays our employees' salaries and enables continued innovation and the investments needed to continue creating the substantial customer value and customer satisfaction that we strive for.

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, which in practice is our primary financial goal. All result indicators exceed the target levels by a comfortable margin.

The financial goals are (in order of priority):

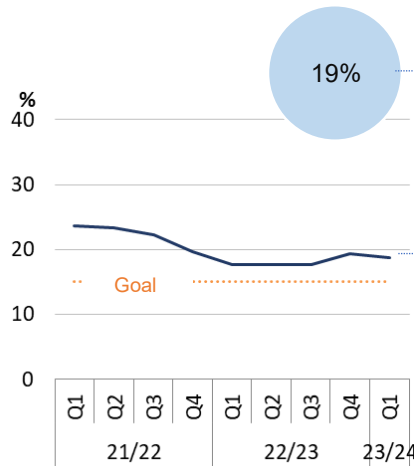
1. Stability:

Equity/assets ratio $\geq 30\%$



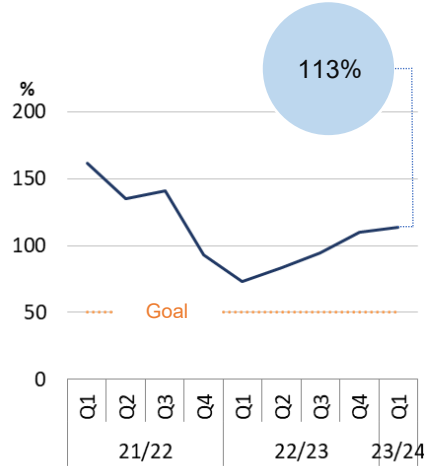
2. Profitability:

Operating margin $\geq 15\%$



3. Earnings growth:

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



EVENTS

First quarter

Imaging IT Solutions

- Sectra signed a contract with a US-based health system serving a multi-million strong patient community. The contract concerned Sectra One Cloud, the cloud subscription service for diagnostic imaging, which will run in a public cloud. The contracted order value for the implementation and use of the service initially amounted to SEK 2.4 billion (USD 227 million), if the full term of the contract is realized until 2033, although no part is guaranteed order bookings.
- Three healthcare providers who previously ordered Sectra One Cloud deployed the service during the first quarter.
- Amstelland Hospital in the Netherlands ordered Sectra's enterprise imaging solution as a subscription, Sectra One.

Secure Communications

- Sectra and the engineering consulting company AFRY entered into a partnership to strengthen cybersecurity in operations critical to society in Sweden.

Group

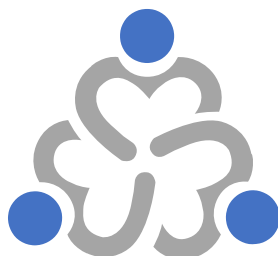
- Sectra signed an agreement to acquire a limited-liability company that owns two properties, Teknikringen 20 (Sectra's head office) and Teknikringen 16. The company will become a wholly owned subsidiary of Sectra AB. The acquisition is not expected to have a significant effect on the Sectra Group's financial outcome. The transfer and possession took place on September 1, 2023.

After the end of the reporting period

- No events of significant importance for the assessment of Sectra's earnings and financial position took place between the balance-sheet date and the publication date of this interim report.



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



At the beginning of August, the U.S. News & World Report published its annual ranking of the best hospitals in the US. Nine of the 22 hospitals included on the list use medical imaging solutions from Sectra. We are proud that these prominent hospitals have chosen to partner with us. Together with our customers, we are dedicated to developing the healthcare sector so they can provide high-quality patient care.

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 makes our brand an important symbol for 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 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 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 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 rapidly growing number of genetic analyses for cancer diagnostics, conducted alongside pathology analyses, is also contributing to a growing market. 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 noting increasing synergies between our operating areas since healthcare is being exposed to cybercrime at an accelerating rate, resulting in, for example, the authorities in the US issuing a particular warning to healthcare providers.

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. The players in these areas rely on products and services that increase cybersecurity. We have extensive experience of protecting society's most critical communications and 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

Total contracted order bookings for the quarter amounted to SEK 2,970.0 million (2,235.4), up 32.9% from the comparative quarter which also included several major customer contracts. A total of SEK 344.4 million (705.3) was guaranteed order bookings. The ratio of contracted order bookings to net sales for the latest rolling 12-month period totaled 2.2, up from 2.0 at the end of the previous fiscal year.

Demand for the company's customer offerings in both medical imaging IT and secure communication contributed to the increase in contracted order bookings from the comparative quarter. The outcome includes comprehensive, long-term customer contracts, for example for managing large volumes of medical images. The most recent quarter includes one such new contract with a major healthcare provider in the US. If the full term of the contract is realized until 2033, the order value amounts 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

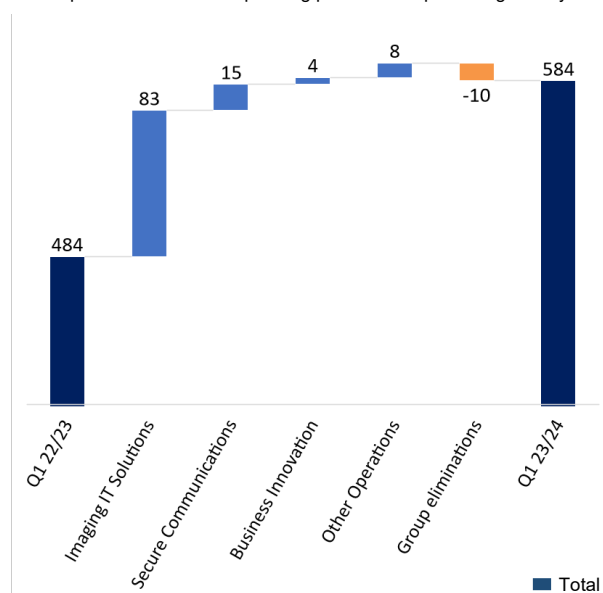
Net sales increased 20.6% to SEK 583.7 million (484.1). Based on unadjusted exchange rates, consolidated sales increased 14.2%. All operating areas reported an increase from the comparative quarter.

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. Recurring revenue accounted for SEK 397.2 million (310.4) of sales. This represents an increase of 28.0% and based on unchanged exchange rates an increase of 21.4%. Lost recurring revenue (recurring revenue churn) for the last 12-month period was 0.9%. During the quarter, cloud recurring revenue (CRR) increased 72.8% to SEK 86.4 million (50.0). Non-recurring revenue also increased from the comparative quarter, primarily due to sales growth for Secure Communications.

Sectra is growing in all geographic markets except for the US, where the outcome for the quarter was affected by the transition to service sales and cloud deliveries. The operations in the UK reported the largest individual sales increase from the comparative quarter, primarily through increased recurring revenue. More than 70% of the Group's net sales are carried out in foreign currency, primarily EUR, GBP and USD, which entails a relatively large sensitivity to currency fluctuations.

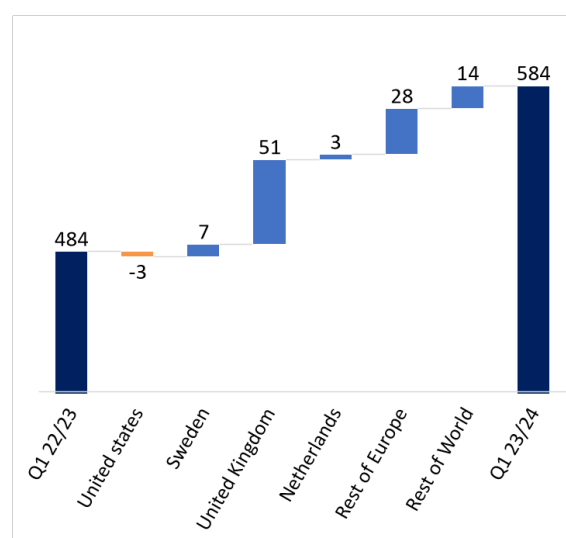
Sales trend per operating area, SEK million

Compared with the corresponding period in the preceding fiscal year

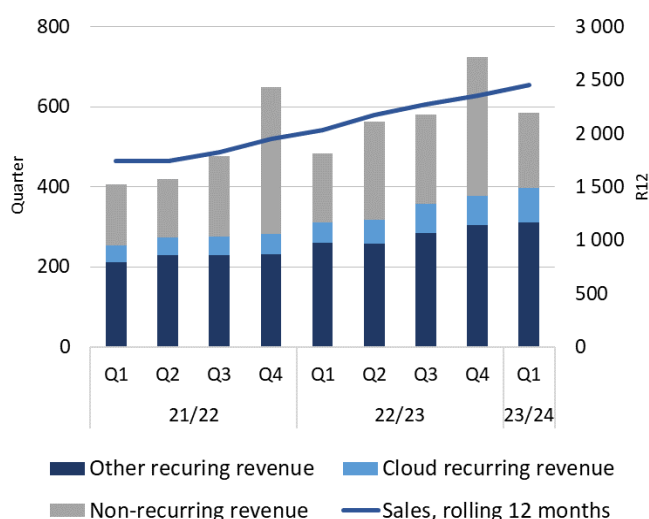


Sales trend per geographic market, SEK million

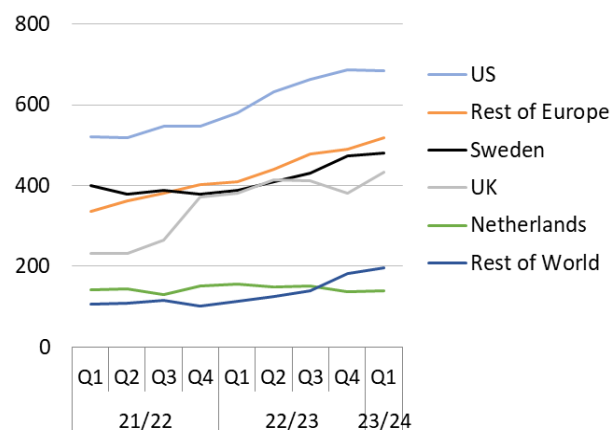
Compared with the corresponding period in the preceding fiscal year



Sales and recurring revenue, SEK million



Sales by geographic market, SEK million



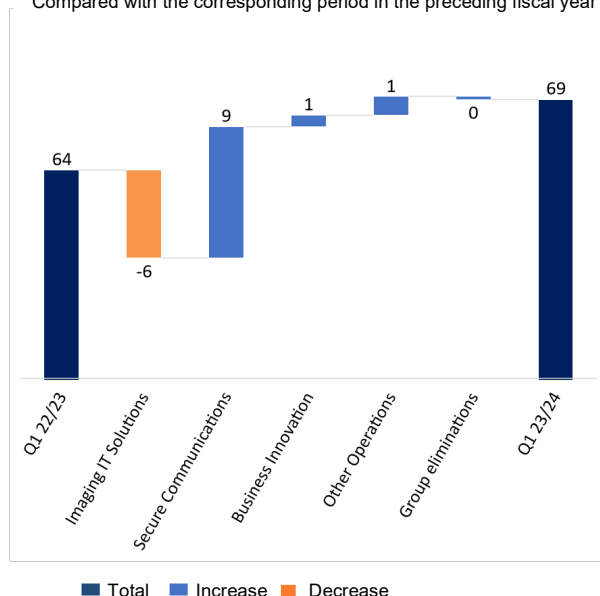
Result

The Group's operating profit increased 7.6% to SEK 69.3 million (64.4), mainly due to the strong performance of Secure Communications. Currency fluctuations continued to have a positive effect on the Group's financial outcome. Based on unadjusted exchange rates, the Group's operating profit decreased 5.3% from the comparative quarter. The operating margin amounted to 11.9% (13.3). The operating margin was impacted by the shift to service sales and cloud deliveries in Imaging IT Solutions, the implementation of services and infrastructure for new customers, and increased marketing activities from the comparative quarter.

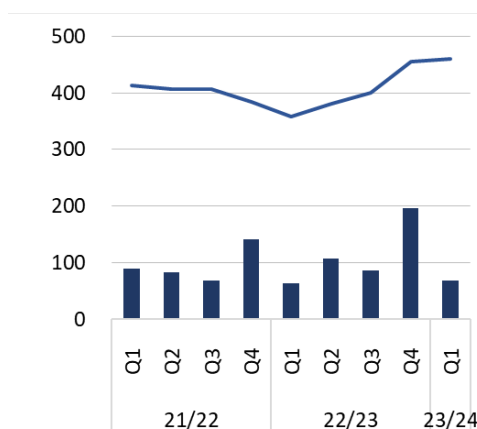
The Group's financial items amounted to SEK 8.2 million (3.8). Financial items improved primarily due to increased interest income. Currency fluctuations had an impact of SEK 3.1 million (2.5) on the Group's financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact on profit or loss or on comprehensive income. Profit after financial items amounted to SEK 77.5 million (68.2). This outcome corresponds to a profit margin of 13.3% (14.1). Earnings per share before and after dilution amounted to SEK 0.32 (0.28).

Operating profit trend per operating area, SEK million

Compared with the corresponding period in the preceding fiscal year



Operating profit, Group, SEK



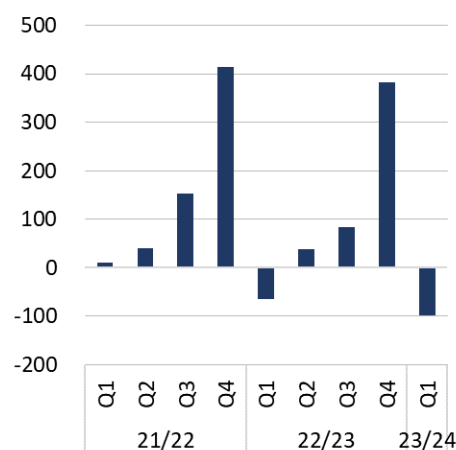
Financial position and cash flow

The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 688.2 million (724.4). In addition to this, the Group has a short-term investment of SEK 120.0 million (0). The Group's debt/equity ratio was 0.06 (0.05) as of the balance-sheet date. Interest-bearing lease liabilities amounted to SEK 78.0 million (58.1).

The Group's total cash flow for the period amounted to SEK -144.0 million (-87.9). The decrease compared with the comparative quarter is mainly due to changes in the cash flow from operations. Cash flow from operations amounted to SEK -98.3 million (-64.1) during the quarter. The change from the comparative quarter 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 was SEK -0.51 (-0.33).

Cash flow from investing activities amounted to SEK -38.9 million (-18.1). Refer to the information about investing activities on the next page.

Cash flow from operations, Group, SEK million



Investments and depreciation/amortization

Investments for the period amounted to SEK 38.9 million (18.1). The outcome includes capitalized work for own use of SEK 18.0 million (9.0) and the deposit paid for the acquired properties. Capitalization, which includes the development of cloud-based services for medical diagnostics, increased from the comparative quarter in all operating areas.

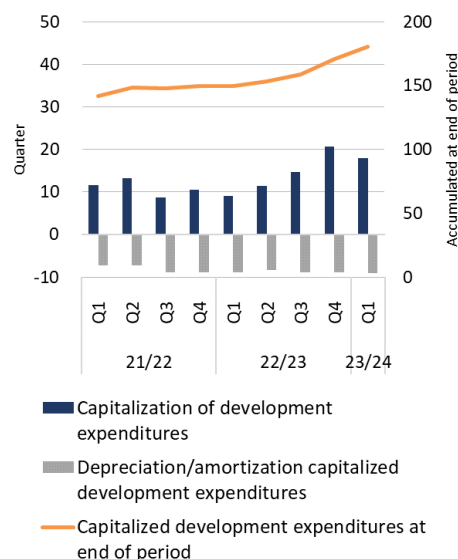
Total depreciation and amortization for the period was SEK 24.5 million (22.2), of which SEK 9.1 million (8.8) was attributable to capitalized development expenditures.

At the end of the period, capitalized development expenditures totaled SEK 180.2 million (149.9).

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



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



OPERATING AREA IMAGING IT SOLUTIONS

	Quarter			12 months		
	Q1 23/24	Q1 22/23	Δ %	Rolling 23/24	Full-year 22/23	Δ %
Sales, SEK million	518.6	435.8	19.0	2,161.8	2,079.0	4.0
of which recurring external revenue	370.7	288.1	28.7	1,340.6	1,258.1	6.6
of which cloud recurring revenue	83.0	47.2	75.8	277.0	241.2	14.8
Operating profit, SEK million	74.3	80.4	-7.6	456.3	462.4	-1.3
Operating margin, %	14.3	18.4	n/a	21.1	22.2	n/a

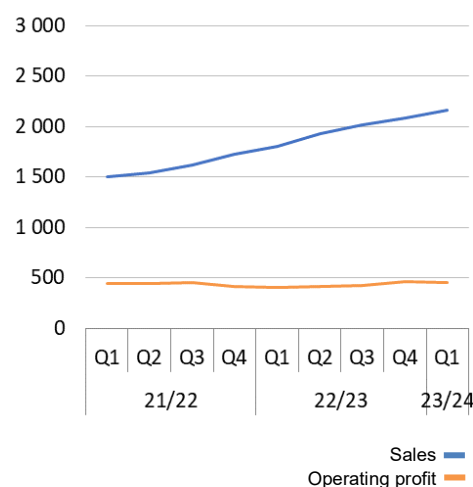
Major regional healthcare providers are choosing Sectra, customers are expanding their use of our solutions from one to several medical imaging areas, and demand for deliveries of medical diagnostics as a service is increasing. This is contributing to growth in order bookings, net sales and recurring revenue for Imaging IT Solutions.

The major order for Sectra One Cloud from a healthcare provider in the US, with a contracted order value of approximately SEK 2.4 billion, meant the operating area again surpassed its earlier records for contracted order bookings. 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. During the quarter, Sectra also secured new orders for its digital pathology solution from hospitals in countries including the US and Switzerland.

Three customers deployed Sectra One Cloud during the first quarter, one of which in the UK and two in the US. These are first in each country to use Sectra One Cloud. However, this progress is not yet fully reflected in the outcome since the customers' use of the services is expected to gradually grow. One of the cloud installations during the quarter was also the first through the partnership organization, where Sectra One Cloud entails improved prospects to expand operations.

The operating area's profitability was affected by the implementation of services and infrastructure for new customers and ongoing investments, with a major focus on transitioning from traditional software deliveries to service sales and cloud-based deliveries. The shift has proceeded very rapidly and the effects were larger than during the comparative quarter. At the same time, currency movements remained advantageous, which partly offset the transition.

Trend, SEK million



Demand in the market for medical imaging IT is being driven by consolidation in the healthcare sector, growing volumes of medical images and the replacement of older IT systems. This is leading to larger customers, more extensive procurements than before, and greater demands on an even more structured work method. Sectra is well positioned to help the healthcare sector increase its productivity, improve patient care and make the best use of available resources.

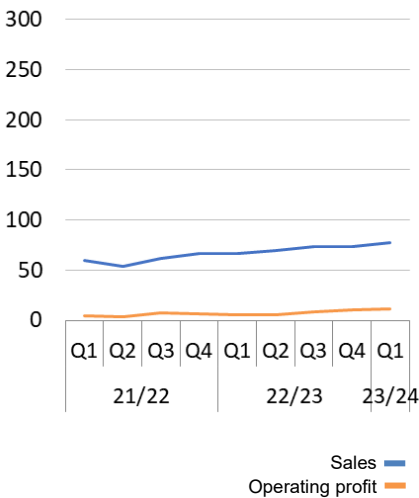
OPERATING AREA BUSINESS INNOVATION

	Quarter			12 months		
	Q1 23/24	Q1 22/23	Δ %	Rolling 23/24	Full-year 22/23	Δ %
Sales, SEK million	16.7	12.7	31.5	77.8	73.8	5.4
of which recurring external revenue	3.7	2.9	27.6	15.5	14.7	5.4
of which cloud recurring revenue	3.4	2.7	25.9	14.0	13.4	4.5
Operating profit, SEK million	-1.0	-1.8	44.4	11.3	10.5	7.6
Operating margin, %	neg	neg	n/a	14.5	14.2	n/a

Business Innovation comprises the Genomics IT, Medical Education and Orthopaedics business units. This area also reports the expenses for research activities, which largely focus on 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 quarter. However, the results may vary significantly between quarters and periods. The new business models will result in higher recurring revenue, resulting in less variation in the long term.

Trend, SEK million



At the end of 2022, the Sectra Education Portal was incorporated into the curriculum at the University of Bradford, West Yorkshire, in England. Our collaboration with the university has given both students and educators an opportunity to reshape how knowledge is acquired and shared. In an interview, Dr Keren Bielby-Clarke, an Associate Professor at the Faculty of Life Sciences at the University of Bradford, where she teaches anatomy and physiology, explains how their journey to introduce innovative technology could revolutionize teaching in various disciplines:

medical.sectra.com/case/cross-disciplinary-learning-enabled-through-cloud-based-solution/

OPERATING AREA SECURE COMMUNICATIONS

	Quarter		
	Q1 23/24	Q1 22/23	Δ %
Sales, SEK million	56.3	41.6	35.3
of which recurring external revenue	22.8	19.2	18.8
Operating profit, SEK million	2.6	-6.5	140.0
Operating margin, %	4.6	neg	n/a

	12 months		
	Rolling 23/24	Full-year 22/23	Δ %
Sales, SEK million	249.2	234.5	6.3
of which recurring external revenue	90.1	86.5	4.2
Operating profit, SEK million	28.2	19.2	46.9
Operating margin, %	11.3	8.2	n/a

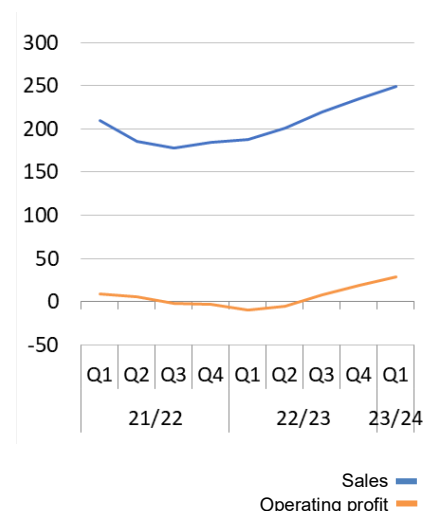
The uncertain geopolitical situation, with an ongoing war in Europe and further tensions worldwide, continues to highlight the importance of defense capabilities and public security. This, in turn, is placing greater demands on communication and fueling the need for investments in high assurance products,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

Secure Communications' opportunities to help customers in this situation continued to contribute to strong order bookings during the quarter for both development assignments and product sales as well as support and service commitments. The financial outcome in terms of sales and earnings was substantially better than in the year-earlier quarter. The long-term trend is positive, although outcomes naturally vary greatly between quarters due to the nature of the operations.

During the first quarter, Sectra received additional product orders and assignments, primarily from Swedish authorities to improve the civil and military defense's ability to communicate securely. These orders indicate that the market situation has normalized after the pandemic years, although certain challenges remain. Demand for our solutions is growing, while the global shortage of components and strained labor market continue to impact the growth rate.

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 in Secure Communications also include new offerings with the potential to contribute to substantial customer value and growth in all product segments. In line with prioritized activities to ramp up our initiatives, supplement our customer offerings and broaden our market, we have entered into a partnership with AFRY in the area of critical infrastructure. 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



Quantum-proof encryption

Quantum computers pose a major security threat that must be addressed to keep information confidential for a long time. Typically, classified information at the SECRET level must be kept secure for more than 30 years, even in the event of an attack from a quantum computer. Sectra is at the forefront in this field. Independent security authorities have determined that our EU and NATO-approved crypto solution Tiger/S can protect from future quantum computer attacks. In this article, you can read about what quantum technology is and where it came from:

communications.sectra.com/resources/quantum-technology-glimpses-of-potential-technological-advancements/

OTHER OPERATIONS

	Quarter			12 months		
	Q1 23/24	Q1 22/23	Δ %	Rolling 23/24	Full- year 22/23	Δ %
Sales, SEK million	34.6	26.6	30.1	132.7	124.7	6.4
Operating profit, SEK million	-6.5	-7.8	16.7	-35.0	-36.2	3.3
Operating margin, %	neg	neg	n/a	neg	neg	n/a

Other Operations pertain to Sectra's joint functions for administration, recruitment, Group finance, IT, regulatory affairs, people and brand, and activities related to investors. The change from the comparative quarter 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 17. 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).

2023 AGM AND PROPOSED SHARE REDEMPTION PROGRAM

The AGM will be held on September 7, 2023 in Linköping. Visit the event page <https://investor.sectra.com/agm2023> for further information and documents.

Proposed share redemption program/dividend

For the 2022/2023 fiscal year, the Board and the President propose that the AGM resolve to distribute SEK 1.10 per share to the shareholders through a 2:1 share split in combination with a mandatory redemption process. The corresponding distribution to the shareholders in the preceding year was SEK 1.00 per share. The proposal was announced in Sectra's year-end report published on June 2, 2023.

Timetable for the 2023 redemption process

- Sep 7 Resolution by AGM
- Oct 6 Final day of trading in the Sectra share, including rights to redemption shares
- Oct 9 First day of trading in the Sectra share, excluding rights to redemption shares
- Oct 10 Record date for the share split
- Oct 11–20 Trading in redemption shares
- Oct 24 Record date to revoke redemption shares
- Oct 27 Preliminary date for payment of redemption settlement from Euroclear

THE SHARE

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 2022 AGM, during the period until the 2023 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 all of the company's treasury shares. As of the publication date of this report, these authorizations have not been utilized. The complete authorization is presented in the minutes from the AGM: <https://investor.sectra.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: September 5, 2023 at 10:00 a.m. CEST

Torbjörn Kronander, President and CEO of Sectra AB, and Jessica Holmquist, CFO of Sectra AB, will present the financial report and answer questions. The presentation will be held in English. For information about participating online or to listen to the recording afterwards, visit: <https://investor.sectra.com/q1report2324>.

Financial calendar and AGM

2023 AGM	September 7, 2023 at 4:00 p.m. (CEST)
Six-month report	December 15, 2023 at 8:15 a.m. (CET)
Nine-month report	March 8, 2024 at 8:15 a.m. (CET)
Year-end report	June 5, 2024, at 8:15 a.m. (CEST)

For other IR events, visit: <https://investor.sectra.com/events-and-presentations/>

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby assure that the interim report for the May 1–July 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, September 5, 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	
Filip Klintenstedt Board member and employee representative		Andreas Örnéus 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. CEST on September 5, 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 May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Net sales (Note 4)	583,739	484,089	2,450,402	2,350,752
Capitalized work for own use	17,970	8,970	64,661	55,661
Other operating income	1,320	117	2,783	1,580
Total income	603,029	493,176	2,517,846	2,407,993
Goods for resale	-71,079	-45,664	-288,312	-262,897
Personnel costs	-319,715	-263,568	-1,225,476	-1,169,329
Other external costs	-118,385	-97,387	-449,173	-428,175
Depreciation/amortization and impairment	-24,537	-22,207	-94,269	-91,939
Total operating expenses	-533,716	-428,826	-2,057,230	-1,952,340
Operating profit	69,313	64,350	460,616	455,653
Total financial items	8,213	3,822	28,128	23,737
Profit after financial items	77,526	68,172	488,744	479,390
Taxes	-15,970	-14,043	-106,360	-104,433
Profit for the period	61,556	54,128	382,384	374,957
Profit for the period attributable to:				
Parent Company owners	61,556	54,128	382,384	374,957
Earnings per share				
Before dilution, SEK	0.32	0.28	1.98	1.95
After dilution, SEK (Note 3)	0.32	0.28	1.98	1.95

Consolidated statement of comprehensive income

SEK thousand	3 months May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Profit for the period	61,556	54,128	382,384	374,957
Items that may be reversed in profit or loss				
Translation differences	20,894	8,424	30,093	17,623
Total other comprehensive income for the period	20,894	8,424	30,093	17,623
Total comprehensive income for the period	82,450	62,552	412,477	392,580
Comprehensive income for the period attributable to:				
Parent Company owners	82,450	62,552	412,477	392,580

Condensed consolidated balance sheets

SEK thousand	Jul 31 2023	Jul 31 2022	Apr 30 2023
Assets			
Intangible assets and goodwill	248,631	217,917	236,969
Tangible assets	74,306	65,817	74,556
Right-of-use assets	80,776	60,506	84,905
Financial assets	133,265	138,331	125,224
Deferred tax assets	6,779	6,369	6,632
Total fixed assets	543,757	488,940	528,286
Accounts receivable	431,692	308,211	386,153
Other current assets	67,772	57,580	57,545
Prepaid expenses and accrued income	876,756	510,001	819,441
Short-term investments	120,000	–	120,000
Cash and bank balances	688,210	724,353	825,242
Total current assets	2,184,430	1,600,145	2,208,381
Total assets	2,728,187	2,089,085	2,736,667
Equity and liabilities			
Equity	1,386,349	1,145,988	1,296,669
Deferred tax liabilities	6,095	4,400	5,928
Provisions	13,685	9,129	12,461
Non-current lease liabilities	52,135	33,576	56,968
Other long-term liabilities	–	516	–
Total long-term liabilities	71,915	47,621	75,357
Provisions	3,158	2,230	1,682
Current lease liabilities	25,865	24,085	25,294
Other current liabilities	136,938	150,607	204,983
Accrued expenses and deferred income	1,103,962	718,554	1,132,682
Total current liabilities	1,269,923	895,476	1,364,641
Total equity and liabilities	2,728,187	2,089,085	2,736,667

Consolidated cash-flow statements

SEK thousand	3 months May–Jul 2023	3 months May–Jul 2022	Full-year May–Apr 2022/2023
Operating activities			
Operating profit	69,313	64,350	455,653
Adjustment for non-cash items	38,888	24,241	121,351
Interest and dividends received	5,597	1,608	11,849
Interest paid	-434	-313	-2,062
Income tax paid	-32,632	-14,819	-71,635
Cash flow from operations before changes in working capital	80,732	75,067	515,156
Changes in working capital			
Change in inventories	-1,080	581	-12,825
Change in receivables	-64,075	50,034	-299,595
Change in current liabilities	-113,875	-189,813	237,752
Cash flow from operations	-98,298	-64,131	440,488
Investing activities			
Acquisitions of intangible assets	-18,599	-8,970	-55,752
Acquisitions of tangible assets	-20,301	-9,110	-37,036
Short-term investment	–	–	-120,000
Cash flow from investing activities	-38,900	-18,080	-212,788
Financing activities			
Repayment of lease liabilities	-6,786	-5,721	-26,627
Redemption of shares	–	–	-192,662
Cash flow from financing activities	-6,786	-5,721	-219,289
Cash flow for the period	-143,985	-87,932	8,411
Cash and cash equivalents, opening balance	825,242	808,775	808,775
Exchange-rate difference in cash and cash equivalents	6,953	3,510	8,056
Cash and cash equivalents, closing balance	688,210	724,353	825,242

Condensed consolidated statement of changes in equity

SEK thousand	3 months May–Jul 2023	3 months May–Jul 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	82,450	62,552	392,580
Dividend/redemption of shares	–	–	-192,662
Settlement of share-related payments	7,230	2,699	16,014
Equity at end of period	1,386,349	1,145,988	1,296,669

PARENT COMPANY

Condensed Parent Company income statements

SEK thousand	3 months May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Net sales	34,874	27,274	136,245	128,645
Capitalized work for own use	1,106	662	4,091	3,647
Other operating income	10	24	210	224
Total income	35,990	27,960	140,546	132,516
Goods for resale	-3,539	-128	-6,241	-2,830
Personnel costs	-14,385	-12,871	-61,737	-60,223
Other external costs	-25,686	-23,250	-109,731	-107,295
Depreciation/amortization	-399	-405	-1,482	-1,488
Total operating expenses	-44,009	-36,654	-179,191	-171,836
Operating profit	-8,019	-8,694	-38,645	-39,320
Total financial items	69,479	3,860	80,803	15,184
Profit after financial items	61,460	-4,834	42,158	-24,136
Appropriations	–	–	436,014	436,014
Profit/loss before tax	61,460	-4,834	478,172	411,878
Tax on earnings for the period	5	996	-86,018	-85,027
Profit/loss for the period	61,465	-3,838	392,154	326,851

Parent Company statement of comprehensive income

SEK thousand	3 months May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Profit for the period	61,465	-3,838	392,154	326,851
Total comprehensive income for the period	61,465	-3,838	392,154	326,851

Condensed Parent Company balance sheets

SEK thousand	Jul 31 2023	Jul 31 2022	Apr 30 2023
Assets			
Intangible assets	4,752	779	3,647
Tangible assets	5,266	3,828	3,699
Financial assets	256,321	145,240	226,245
Total fixed assets	266,340	149,847	233,591
Accounts receivable	0	1,034	240
Receivables from Group companies	533,885	496,990	664,145
Other current assets	34,703	36,982	25,871
Short-term investments	120,000	–	120,000
Cash and bank balances	517,342	590,129	662,611
Total current assets	1,205,930	1,125,135	1,472,867
Total assets	1,472,270	1,274,982	1,706,458
Equity and liabilities			
Restricted equity	270,032	265,967	268,927
Unrestricted equity	632,900	410,266	565,322
Total equity	902,932	676,233	834,249
Provisions	1,214	228	916
Long-term liabilities	–	–	–
Current liabilities	568,124	598,521	871,293
Total equity and liabilities	1,472,270	1,274,982	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 May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 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	192,667,489
After dilution at the end of the period ¹	192,667,489	192,667,455	192,667,489	192,667,489
Average, before dilution	192,667,489	192,662,325	192,665,337	192,664,046
Average, after dilution ¹	192,667,489	192,667,455	192,667,475	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 May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Imaging IT Solutions	518.6	435.8	2,161.8	2,079.0
Secure Communications	56.3	41.6	249.2	234.5
Business Innovation	16.7	12.7	77.8	73.8
Other Operations	34.6	26.6	132.7	124.7
Group eliminations	-42.5	-32.6	-171.1	-161.2
Total	583.7	484.1	2,450.4	2,350.8

Operating profit/loss by business segment

SEK million	3 months May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Imaging IT Solutions	74.3	80.4	456.3	462.4
Secure Communications	2.6	-6.5	28.2	19.2
Business Innovation	-1.0	-1.8	11.3	10.5
Other Operations	-6.5	-7.8	-35.0	-36.2
Group eliminations	-0.1	0.1	-0.2	-0.2
Total	69.3	64.4	460.6	455.7

Sales by geographic market

SEK million	3 months May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
United States	149.6	152.6	684.0	687.0
Sweden	104.9	97.6	480.2	472.9
United Kingdom	118.6	67.8	432.5	381.7
Netherlands	38.7	35.5	139.0	135.8
Rest of Europe	121.5	93.7	518.3	490.5
Rest of World	50.4	36.9	196.4	182.9
Total	583.7	484.1	2,450.4	2,350.8

Recurring and non-recurring external revenue by business segment

Group

SEK million	3 months May-Jul 2023	3 months May-Jul 2022	12 months Aug 2022 -Jul 2023	Full-year May-Apr 2022/2023
Recurring revenue	397.2	310.4	1,446.6	1,359.9
Of which cloud recurring revenue, CRR	86.4	50.0	291.0	254.6
Non-recurring revenue	186.5	173.7	1,003.8	990.9
Total	583.7	484.1	2,450.4	2,350.8
Share of recurring revenue, %	68.0	64.1	59.0	57.8

Imaging IT Solutions

SEK million	3 months May-Jul 2023	3 months May-Jul 2022	12 months Aug 2022 -Jul 2023	Full-year May-Apr 2022/2023
Recurring revenue	370.7	288.1	1,340.6	1,258.1
Of which cloud recurring revenue, CRR	83.0	47.2	277.0	241.2
Non-recurring revenue	148.3	148.1	819.5	819.2
Total	519.0	436.2	2,160.1	2,077.3
Share of recurring revenue, %	71.4	66.1	62.1	60.6

Secure Communications

SEK million	3 months May-Jul 2023	3 months May-Jul 2022	12 months Aug 2022 -Jul 2023	Full-year May-Apr 2022/2023
Recurring revenue	22.8	19.2	90.1	86.5
Of which cloud recurring revenue, CRR	0.0	0.0	0.0	0.0
Non-recurring revenue	33.5	22.3	158.8	147.7
Total	56.3	41.5	248.9	234.2
Share of recurring revenue, %	40.5	46.3	36.2	36.9

Business Innovation

SEK million	3 months May-Jul 2023	3 months May-Jul 2022	12 months Aug 2022 -Jul 2023	Full-year May-Apr 2022/2023
Recurring revenue	3.7	2.9	15.5	14.7
Of which cloud recurring revenue, CRR	3.4	2.7	14.0	13.4
Non-recurring revenue	4.8	3.3	25.5	24.0
Total	8.5	6.2	41.0	38.7
Share of recurring revenue, %	43.5	46.8	37.8	38.0

Other Operations

SEK million	3 months May-Jul 2023	3 months May-Jul 2022	12 months Aug 2022 -Jul 2023	Full-year May-Apr 2022/2023
Recurring revenue	0.0	0.1	0.4	0.5
Of which cloud recurring revenue, CRR	–	–	–	–
Non-recurring revenue	–	–	–	–
Total	0.0	0.1	0.4	0.5
Share of recurring revenue, %	100.0	100.0	100.0	100.0

Note 5 Financial definitions and alternative performance measures

The Group applies the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures (see below). 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 19.

Recurring revenue churn

SEK thousand	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Recurring revenue from customer contracts that have concluded or not been renewed	13,059	18,225
Recurring revenue	1,446,636	1,359,895
Share of recurring revenue, %	0.9	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

	Jul 31 2023	Jul 31 2022	Apr 30 2023
Equity, SEK thousand	1,386,349	1,145,988	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	7.20	5.95	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	Jul 31 2023	Jul 31 2022	Apr 30 2023
Non-interest-bearing liabilities	1,263,838	885,047	1,357,736
Interest-bearing liabilities	78,000	58,050	82,262
Total liabilities	1,341,838	943,097	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 May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Cash flow from operations, SEK thousand	-98,298	-64,131	406,319	440,488
Number of shares before dilution at the end of the period	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	192,667,489
Cash flow per share before and after dilution, SEK	-0.51	-0.33	2.11	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 Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Contracted order bookings	5,370,253	4,635,715
Net sales	2,450,402	2,350,752
Ratio of contracted order bookings to net sales	2.19	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	Jul 31 2023	Jul 31 2022	Apr 30 2023
Current assets	2,184,430	1,600,145	2,208,381
Unutilized overdraft facilities	15,000	15,000	15,000
Current liabilities	1,269,923	895,476	1,364,641
Liquidity	1.7	1.8	1.6

Purpose

Shows the company's current ability to pay.

Calculation

Current assets plus unutilized overdraft facility divided by current liabilities.

Average no. of employees**Purpose**

Shows full-time positions in a certain period.

Calculation

Average number of full-time employees during the period.

Unadjusted exchange rates – sales

	3 months May–Jul 2023	3 months May–Jul 2022	Full-year May–Apr 2022/2023
Nominal change, %	20.6	19.3	20.6
Exchange-rate effect, %	-6.4	-8.6	-8.0
Change in unadjusted exchange rates, %	14.2	10.7	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 May–Jul 2023	3 months May–Jul 2022	Full-year May–Apr 2022/2023
Nominal change, %	7.7	-28.6	18.9
Exchange-rate effect, %	-13.0	-13.3	-16.3
Change in unadjusted exchange rates, %	-5.3	-41.9	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 May–Jul 2023	3 months May–Jul 2022	Full-year May–Apr 2022/2023
Nominal change, %	27.9	22.7	25.8
Exchange-rate effect, %	-6.5	-7.6	-7.5
Change in unadjusted exchange rates, %	21.4	15.1	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 Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Share price at end of period	168.6	161.7
Earnings per share for the rolling 12-month period	1.98	1.95
P/E ratio, multiple	85.2	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 May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Profit for the period, SEK thousand	61,556	54,128	382,384	374,957
Average no. of shares before dilution	192,667,489	192,662,325	192,665,337	192,664,046
Average no. of shares after dilution	192,667,489	192,667,455	192,667,475	192,667,466
Earnings per share before and after dilution, SEK	0.32	0.28	1.98	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 May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Profit for the period	61,556	54,128	382,384	374,957
Equity at start of period	1,296,669	1,080,737	1,145,988	1,080,737
Equity at end of period	1,386,349	1,145,988	1,386,349	1,296,669
Average equity	1,341,509	1,113,363	1,266,169	1,188,703
Return on equity, %	4.6	4.9	30.2	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 May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Profit after financial items	77,526	68,172	488,744	479,390
Financial expenses	-434	-313	-2,183	-2,062
Average capital employed	1,421,640	1,173,699	1,334,194	1,261,146
Return on capital employed, %	5.5	5.8	36.8	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 May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Operating profit	69,313	64,350	460,616	455,653
Net sales	583,739	484,089	2,450,402	2,350,752
Operating margin, %	11.9	13.3	18.8	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 Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Operating profit, SEK thousand	460,616	455,653
Number of shares before dilution	192,667,489	192,667,489
Operating profit per share, SEK	2.39	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	Jul 31 2023	Jul 31 2022
Interest-bearing liabilities	78,000	58,050
Equity	1,386,349	1,145,988
Debt/equity ratio	0.06	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	Jul 31 2023	Jul 31 2022	Apr 30 2023
Equity	1,386,349	1,145,988	1,296,669
Total assets	2,728,187	2,089,085	2,736,667
Equity/assets ratio, %	50.8	54.9	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	Jul 31 2023	Jul 31 2022	Apr 30 2023
Total assets	2,728,187	2,089,085	2,736,667
Non-interest-bearing liabilities	1,263,838	885,047	1,357,736
Capital employed	1,464,349	1,204,038	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 Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Operating profit per share before dilution	2.391	2.360
Operating profit per share before dilution five years earlier	1.120	1.125
Growth in operating profit per share before dilution over a five-year period, %	113.4	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 May–Jul 2023	3 months May–Jul 2022	12 months Aug 2022 –Jul 2023	Full-year May–Apr 2022/2023
Profit after financial items	77,526	68,172	488,744	479,390
Net sales	583,739	484,089	2,450,403	2,350,752
Operating margin, %	13.3	14.1	19.9	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

	3 months Jul 31 2023	3 months Jul 31 2022	12 months Jul 31 2023	Full-year Apr 30 2023
Contracted order bookings, SEK million	2,970.0	2,235.4	5,370.3	4,635.7
of which guaranteed order bookings, SEK million	344.4	705.3	2,245.6	2,606.5
Operating margin, %	11.9	13.3	18.8	19.4
Profit margin, %	13.3	14.1	19.9	20.4
Average no. of employees	1,112	975	1,049	1,015
Cash flow per share, SEK ^{1, 2}	-0.51	-0.33	2.11	2.29
P/E ratio, multiple	n/a	n/a	84.9	82.9
Share price at end of period, SEK	168.6	185.9	168.6	161.7
Return on equity, %	4.6	4.9	30.2	31.5
Return on capital employed, %	5.5	5.8	36.8	38.2
Equity/assets ratio, %	50.8	54.9	50.8	47.4
Liquidity ratio, multiple	1.7	1.8	1.7	1.6
Equity per share, SEK ²	7.20	5.95	7.20	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			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	583.7	724.7	580.3	561.7	484.1	649.0	476.2	418.2	405.7
Capitalized work for own use	18.0	20.6	14.7	11.5	9.0	10.6	8.7	13.3	11.6
Other operating income	1.3	0.5	0.5	0.4	0.1	0.4	0.0	0.6	0.3
Operating expenses	-509.2	-524.7	-485.2	-443.9	-406.6	-497.1	-395.2	-329.4	-308.4
Depreciation/amortization and impairment	-24.5	-24.3	-23.3	-22.1	-22.2	-21.8	-21.3	-19.0	-19.1
Operating profit	69.3	196.8	87.0	107.6	64.4	141.1	68.4	83.7	90.1
Total financial items	8.2	5.1	4.1	10.7	3.8	0.3	8.6	0.2	2.0
Profit after financial items	77.5	201.9	91.1	118.3	68.2	141.4	77.0	83.9	92.1
Tax on earnings for the period	-16.0	-47.3	-18.8	-24.4	-14.0	-29.0	-14.1	-17.6	-19.0
Profit for the period	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			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Contracted order bookings, SEK million	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	344.4	811.6	484.0	605.6	705.3	1,017.4	439.6	470.0	393.2
Recurring revenue	397.2	376.6	356.4	316.4	310.4	280.8	275.2	272.4	253.0
of which cloud recurring revenue (CRR)	86.4	72.9	72.1	59.6	50.0	50.5	46.4	42.6	41.9
Operating margin, %	11.9	27.2	15.0	19.2	13.3	21.7	14.4	20.0	22.2
Earnings per share, SEK ^{1, 2}	0.32	0.80	0.38	0.49	0.28	0.58	0.33	0.34	0.38
Cash flow per share, SEK ^{1, 2}	-0.51	1.98	0.43	0.20	-0.33	2.15	0.79	0.21	0.05
Return on equity, %	4.6	12.7	6.5	8.5	4.9	11.0	6.3	6.6	7.8
Return on capital employed, %	5.5	15.6	7.8	10.2	5.8	13.1	7.3	7.8	9.2
Equity/assets ratio, %	50.8	47.4	50.4	52.3	54.9	49.3	52.5	61.3	59.6
Equity per share, SEK ^{1, 2}	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	168.6	161.7	147.44	146.40	185.90	124.80	152.50	209.60	137.20

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

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, 2}	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.

² 2022/2023 refers to the share redemption program proposed by the Board of Directors.

Exchange rates

Currency	Average rates in SEK			Closing rates in SEK		
	3 months May–Jul 2023	3 months May–Jul 2022	Δ %	Jul 31 2023	Jul 31 2022	Δ %
US dollar, 1 USD	10.67	10.00	6.7	10.46	10.08	3.8
Euro, 1 EUR	11.62	10.47	11.0	11.53	10.32	11.7
British pound, 1 GBP	13.52	12.32	9.7	13.47	12.32	9.3

GLOSSARY

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.

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.