

December 16, 2022

# Six-month interim report



**SECTRA**

# Agenda

1. Intro and highlights – Torbjörn Kronander CEO/President
2. Financial development – Jessica Holmquist CFO
3. Sectra's way forward – Torbjörn Kronander
4. Q&A session – Via chat function and email

# Main business lines

## Imaging IT solutions



## IT-security solutions



# Growth opportunities outside of main business

## Business Innovation



Medical education IT



Orthopaedics IT



Genomics IT

New!



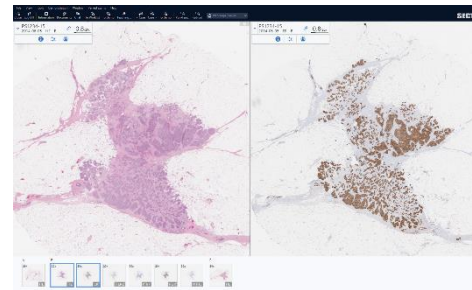
Research

## Secure Communications



IT security for  
Critical Infrastructure

## Imaging IT



Digital pathology and  
Integrated Diagnostics



# Q2 highlights

Torbjörn Kronander

# All-time high contracted order bookings

- » Large systems + long term = very large values
- » Two substantial Sectra One contracts
- » Significant quarterly variations due to large individual orders



# Transforming to Software as a Service

Net sales

**+27%**

SEK 1,046 million

Profit/share

**+7%**

SEK 0.77

Recurring revenue

**+19%**

SEK 627 million

Six-month compared to six-month previous year

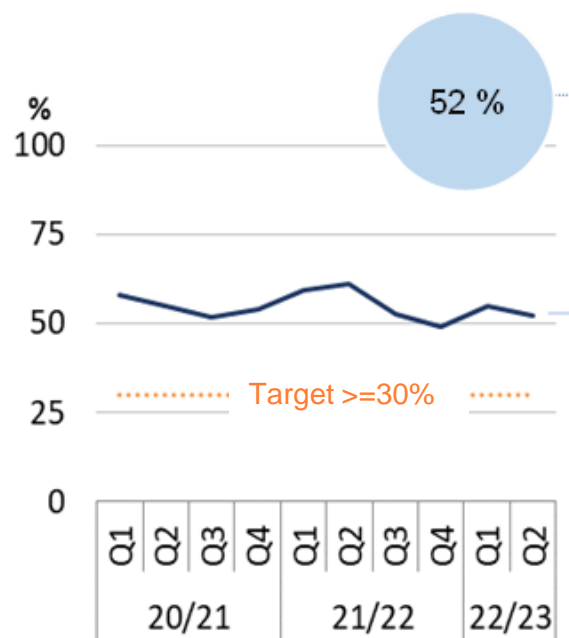
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# Financial targets for the Group fulfilled

Rolling 12 month

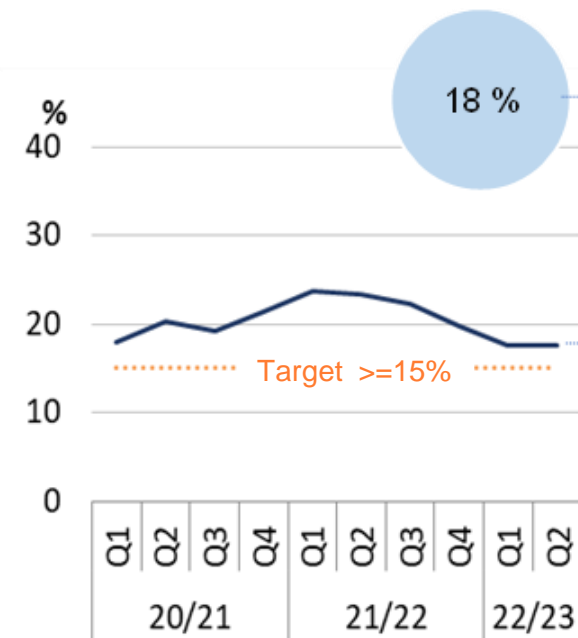
## 1. Stability

Equity/Assets ratio



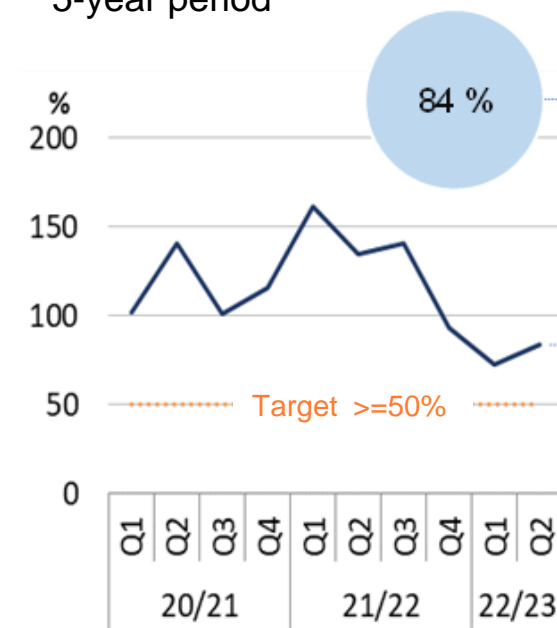
## 2. Profitability

Operating margin



## 3. Growth of profits

EBIT/share growth over a 5-year period



Priority



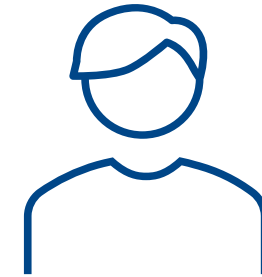
# Secure Communications highlights



Growing demand,  
larger and more prospects



Procurements  
and deliveries  
in focus

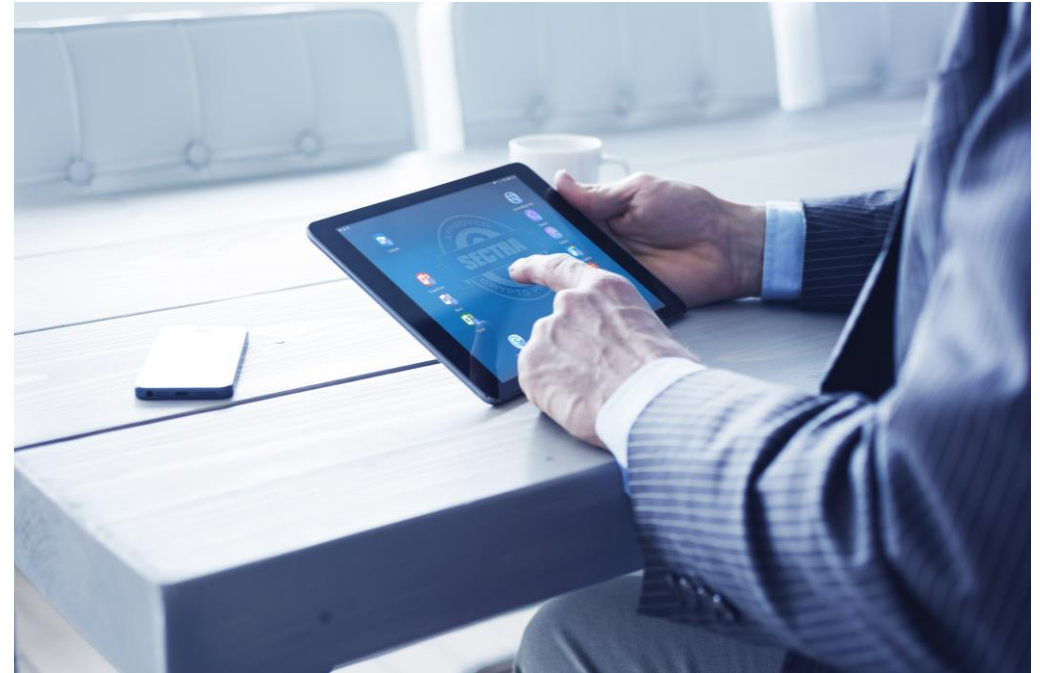


Magnus Skogberg  
new President  
from August 2022

# Impact of the Ukraine crisis

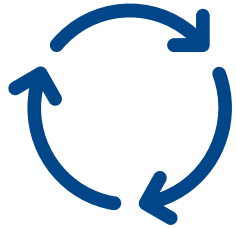
Increasing demand for:

- » Cyber security overall
- » Secure communications and encryption products
- » Increasing understanding of the importance of Critical Infrastructure



Sectra products are approved for use both in the EU and in NATO.

# Business Innovation highlights



Increasing  
recurring revenue



Orthopaedics/  
MSK functions  
very synergetic  
with Radiology



Medical Education:  
New web portal has  
lead to dramatic  
increased usage

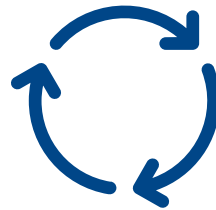


Development in  
progress:  
Large clinical  
interest

# Imaging IT Solutions highlights



Growing customer base  
Especially in the US



Transition to SaaS  
and cloud deliveries



Cloud Recurring  
Revenue  
+30%





# Introduced 2 years ago

Enterprise imaging  
software, maintenance  
and support in  
a unified subscription

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# RSNA 2022

Extremely busy  
for Sectra

Number of booth visits  
increased by 1/3

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# Named a “Cybersecurity Transparent Leader”

By Censinet and KLAS Research based on an evaluation of the company’s cyber preparedness in healthcare IT.



# Financial development

Jessica Holmquist, CFO



# The cloud trend is affecting Sectra's external reporting measures

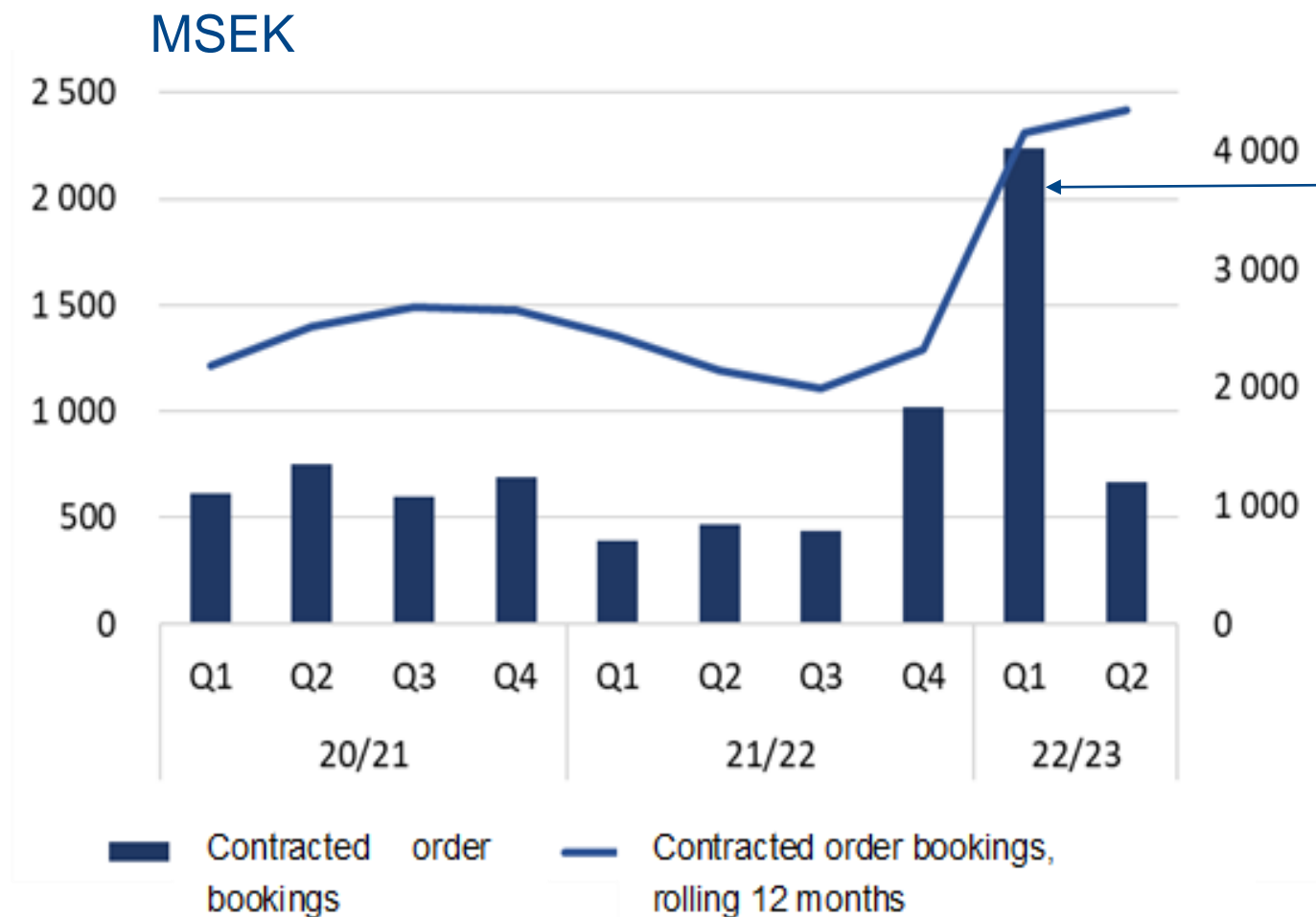
1. New contracts reflect SaaS business model - service delivery over time
2. Revenues are increasingly recognized over time

We therefore introduce new reporting measures

# Changes in Sectra's external reporting

- ✔ Increased details on order intake during the transition period, but order intake will be removed from external reporting by Q1 2024
- ✔ Focus on Recurring Revenue
- ✔ A new APM "Cloud Recurring Revenue" (CRR)

# Contracted order bookings



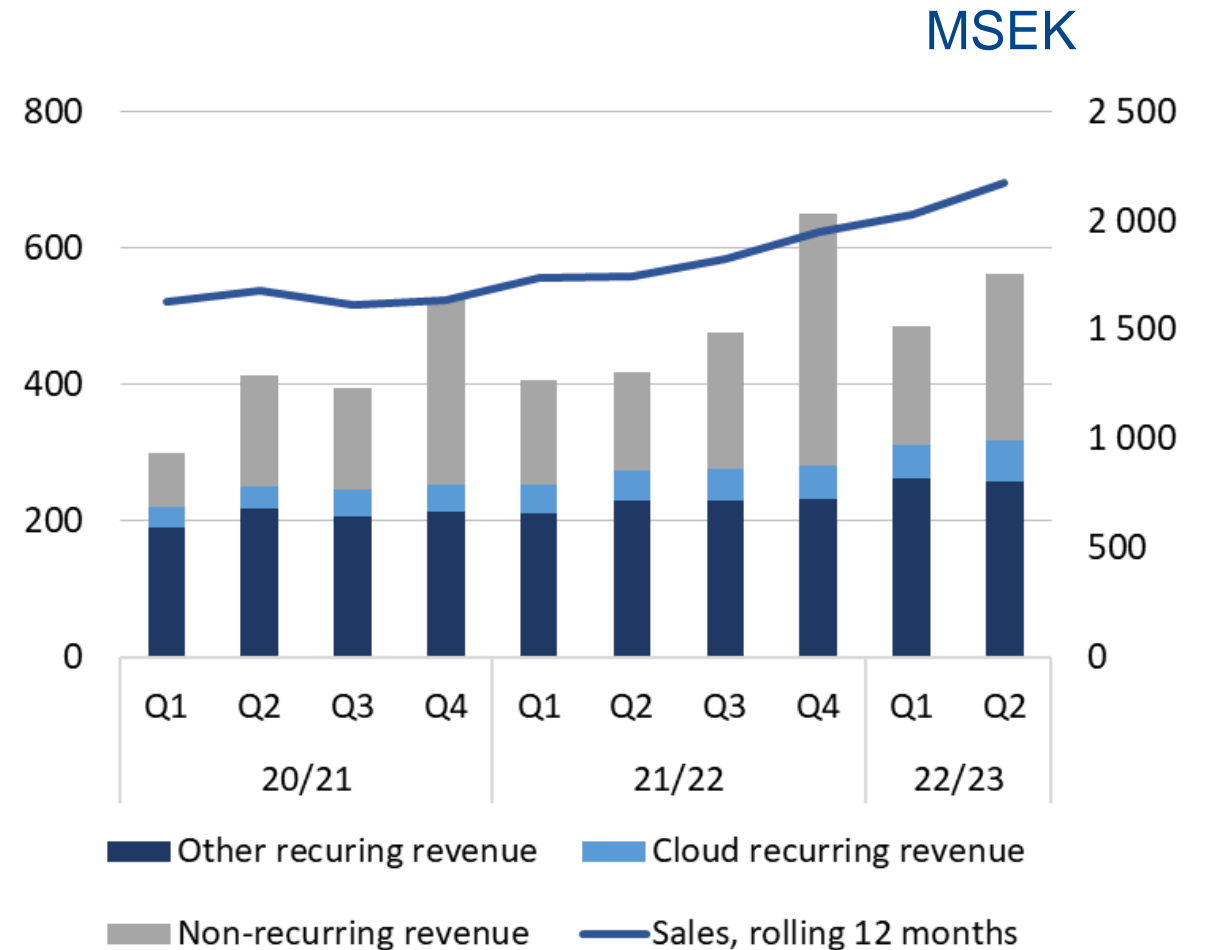
Q1-Q2:  
2,900 MSEK  
(863 MSEK)  
+236%

Of which  
1,311 MSEK  
is guaranteed

# Net sales and recurring revenue

- » Net Sales +27% to 1,046 MSEK
- » Currency adjusted growth +16%
- » Recurring revenue +19%
- » Cloud Recurring Revenue +30% to 110 MSEK

6M compared to 6M previous year

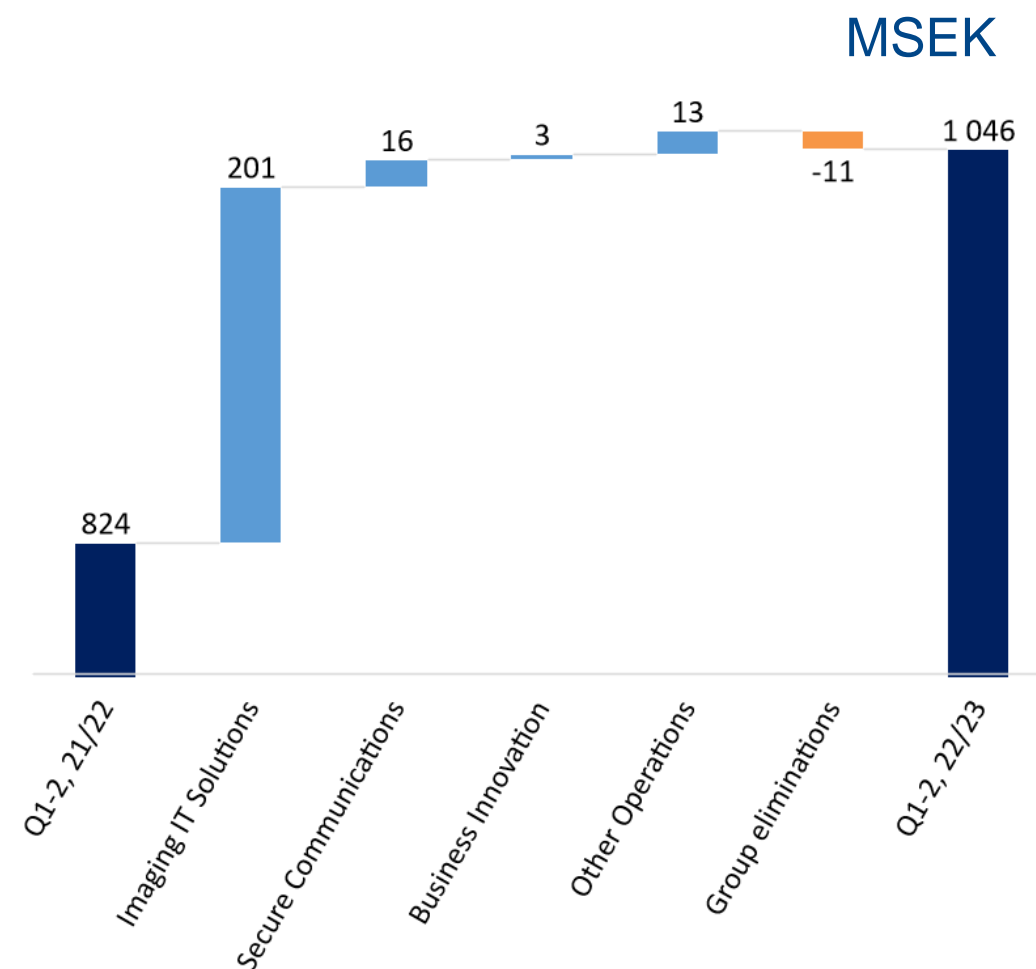




# Sales by business segment

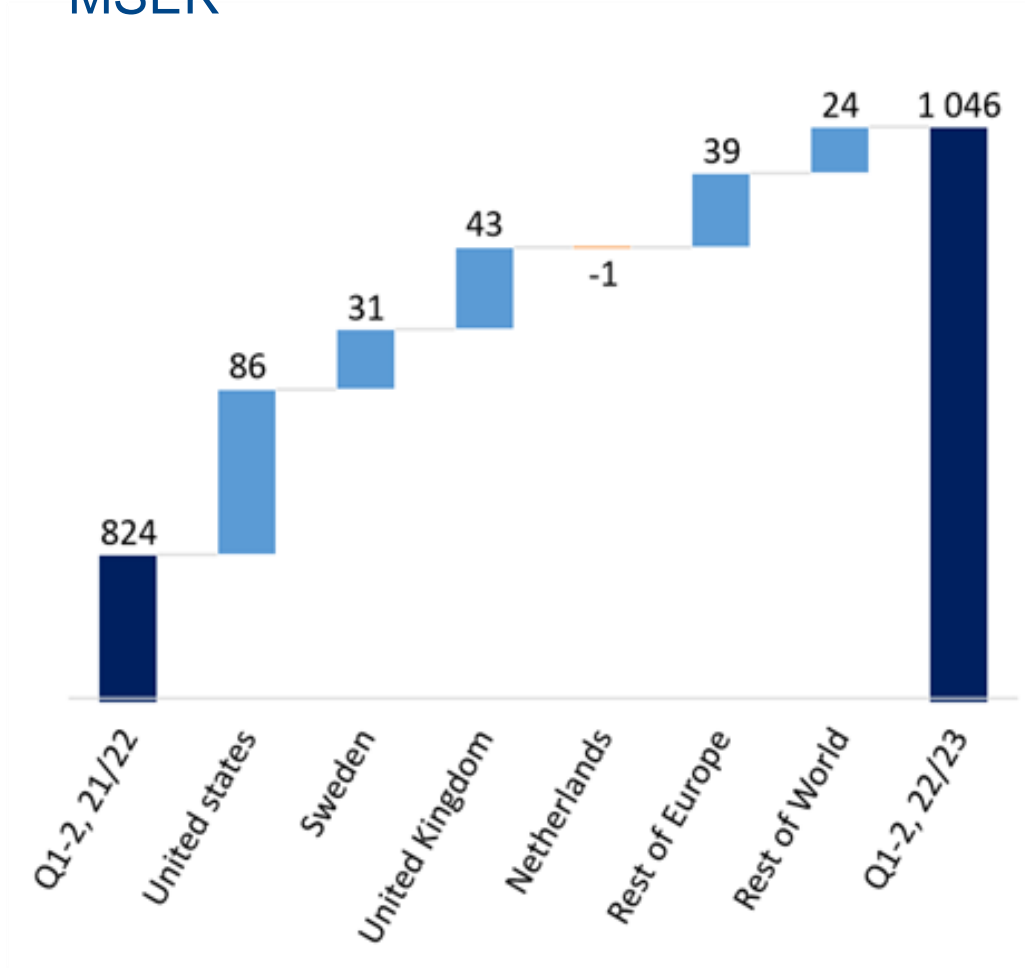
- » Growth in all business segments
- » Imaging IT **+27%**
  - Growing customer base
  - Positive currency impact
- » Secure Communications **+20%**
  - Market situation is gradually normalizing
- » Business Innovation **+12%**
  - Positive trend on recurring revenue

6M compared to 6M previous year

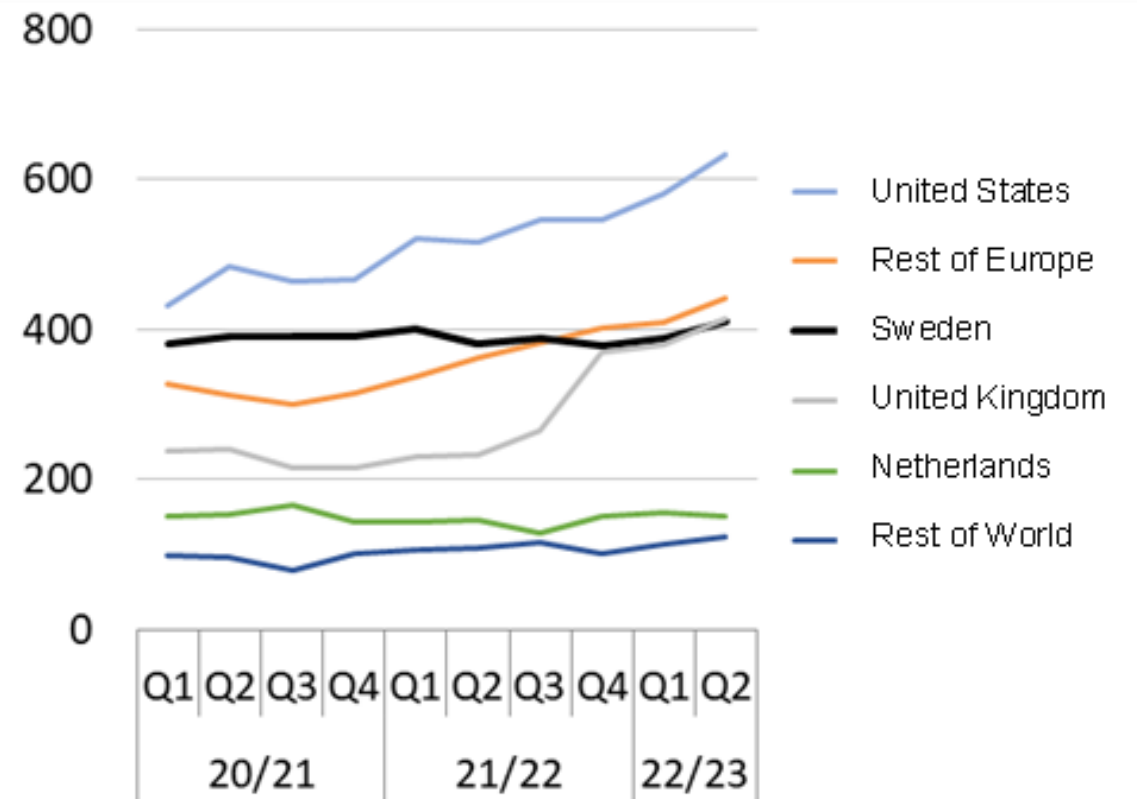


# Sales by geographic market

MSEK



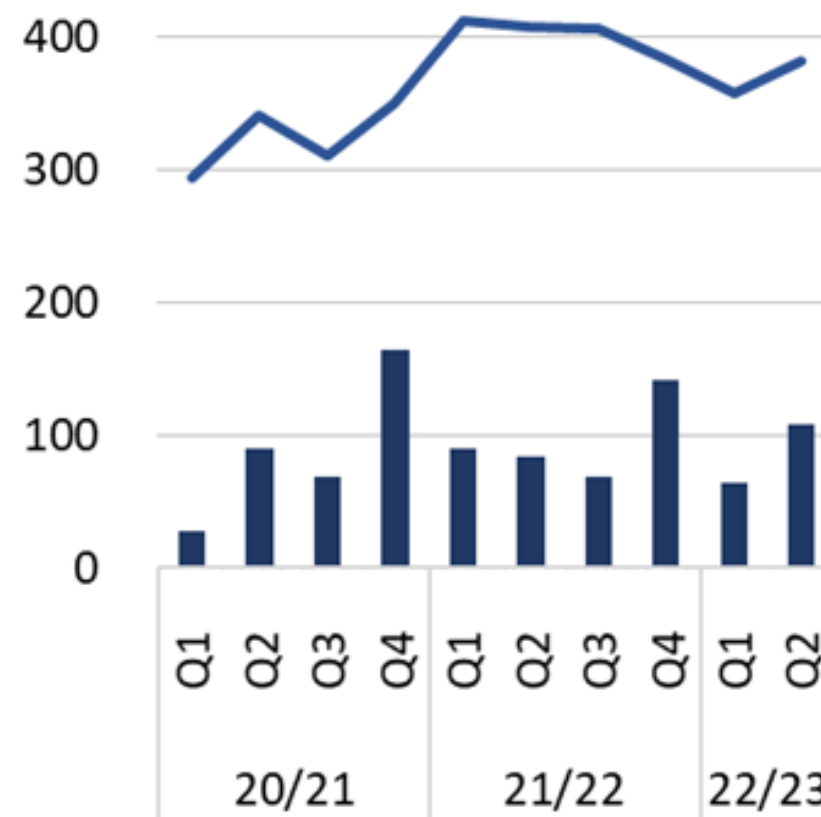
R12, MSEK



# Operating profit

- » Operating profit of 172 MSEK in line with comparable 6M period last year
- » Operating margin of 16.4% – lower than same period last year but still above target
- » Ramping up of the organization and accumulated need for sales & marketing activities

Quarterly & R12, MSEK



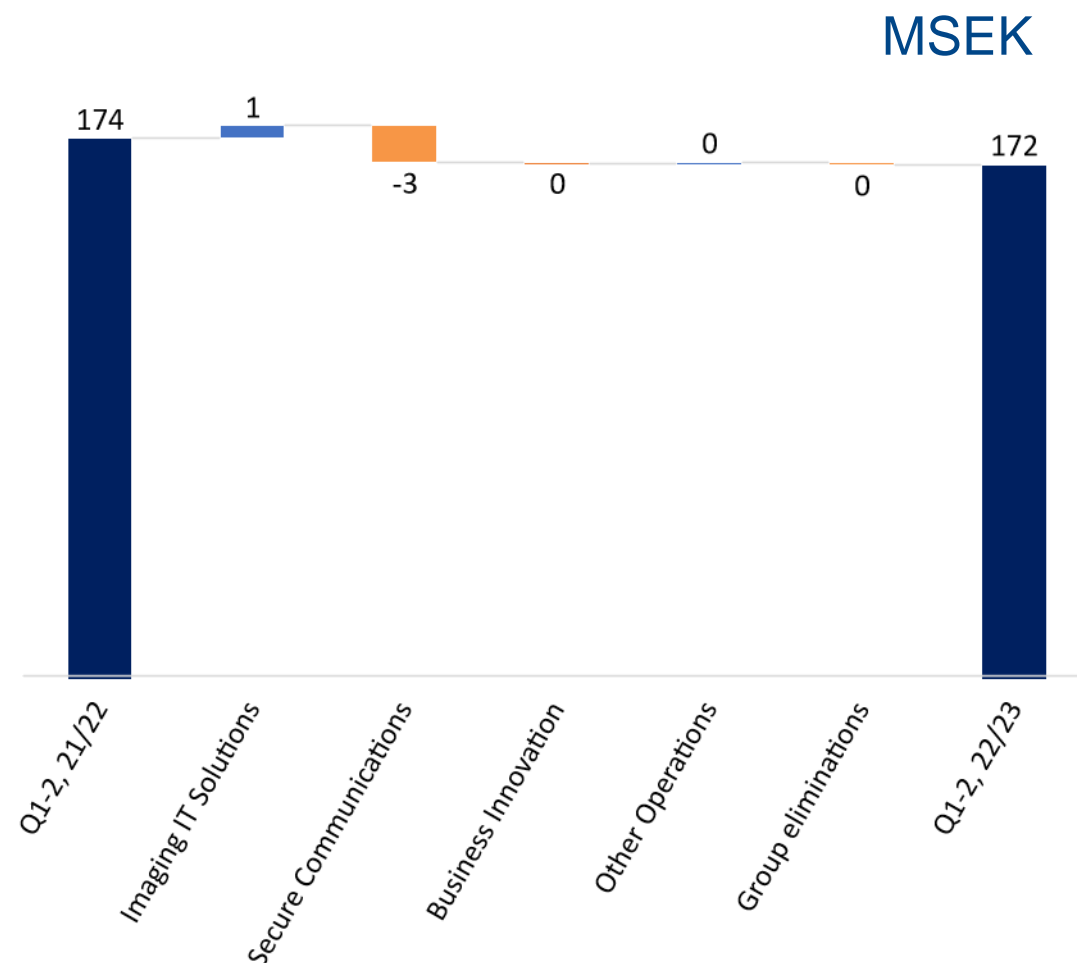
# Operating profit by business segment

## » Imaging IT

- Continued cloud investments and high activity
- Low cost previous year due to pandemic

## » Secure Communications

- Focus on deliveries, marketing & sales
- Development of new offerings





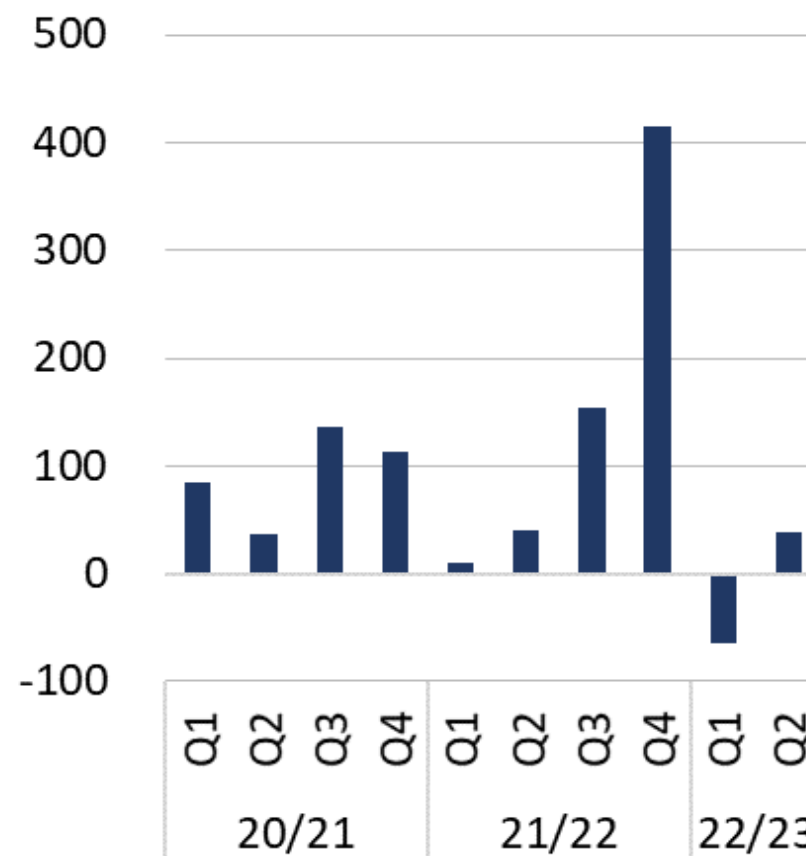
# Cash flow

## » Operations

- YTD -25 MSEK, +39 MSEK in the second quarter
- Settlement of current liabilities during Q1

## » Cash and cash equivalents 544 MSEK, incl. 120 MSEK short term bank deposit

Quarterly from operations, MSEK



# Sectra's way forward

Torbjörn Kronander

**SECTRA**

# Focus forward



High customer  
satisfaction



Employees and  
culture



Profitable  
growth



Skate to where  
the puck is  
going to be



# Philosophy shareholders

Start with a good position in growing markets.

Then if you have:

- » Happy customers
- » Happy employees
- » Perseverance and reasonable cost control

Shareholders WILL be happy

# Cybersecurity



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# Demand for cybersecurity is increasing

- » Society and Defence communications must function and be secure
- » The security crisis in Europe drives demand
- » Sectra protects against criminals, national actors and terrorism





Medical

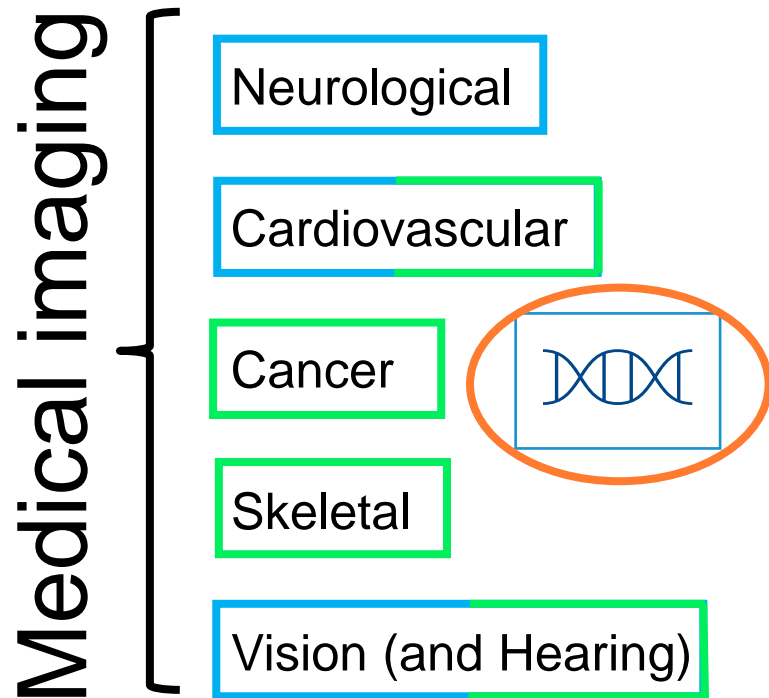


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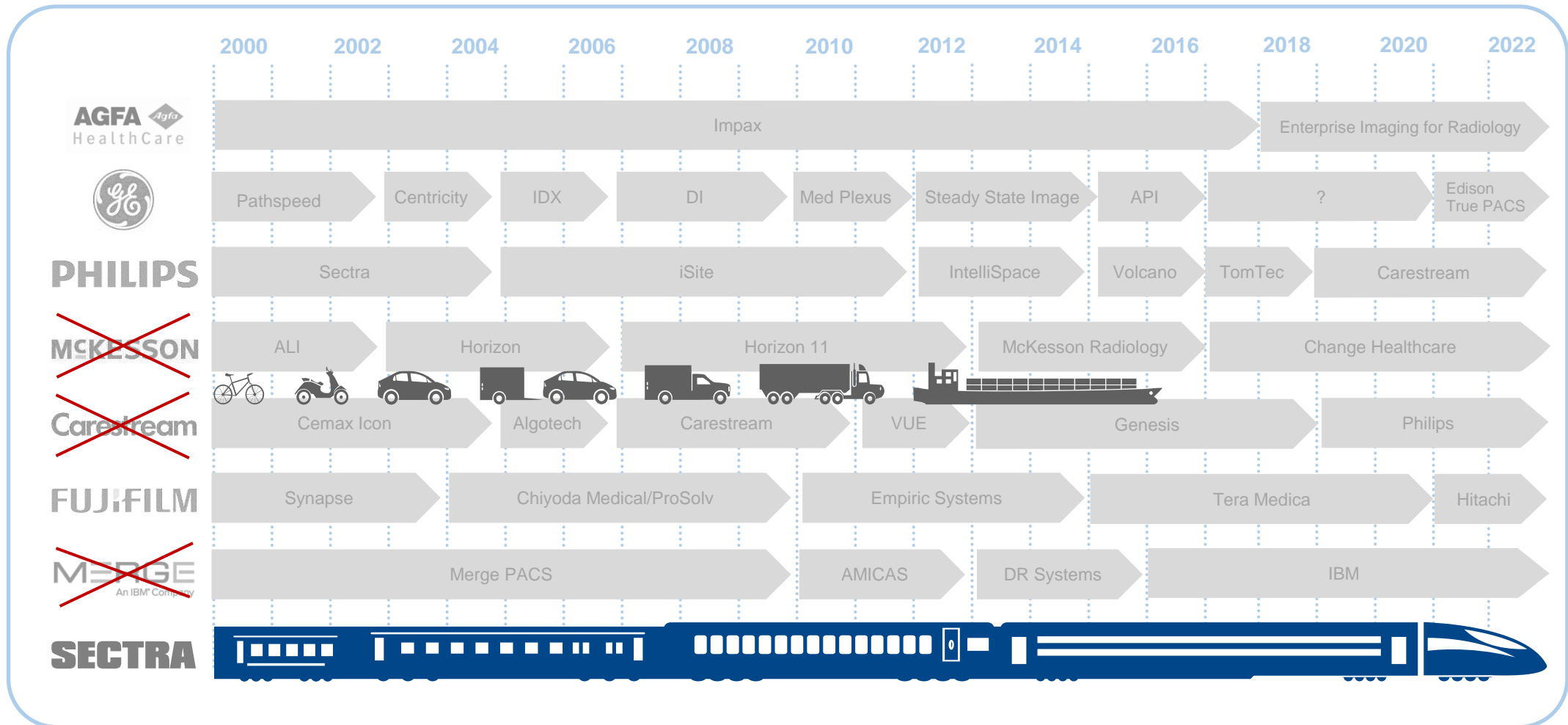
# Medical systems

## Growth areas

Age related diseases:

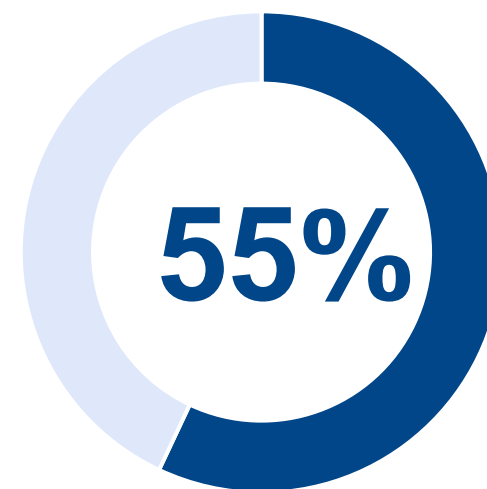


# Stable and focused on enterprise imaging



# Increasing recurring revenue

- » Large interest in “pay per usage”
- » Sectra One will dominate future sales in medical IT
- » During the transition apparent revenue and profit growth will be smaller, despite large growth in real usage
- » Long term the financial effects will be strongly positive



Share of recurring revenue  
R12

# Sectra is well positioned

A chessboard with a black king and a white pawn in the foreground, symbolizing strategic positioning.

- » Profitable growth is easier in growing markets
- » Ideally it is a market forced to grow by external factors
- » Healthcare and Cybersecurity are such markets
- » Genomics IT for clinical production adds to the growth opportunity with a predicted market CAGR of 19+% for the overseeable future

# 2023 upcoming financial events and the AGM

- » January 27 CMD
- » March 10 Nine-month report
- » June 2 Year-end report
- » September 7 Annual General Meeting

Sign up Dec 21  
for the in-person  
event in  
Stockholm!



# Your feedback is important!

Please let us know what you think.

Send an email to: **[info.investor@sectra.com](mailto:info.investor@sectra.com)**

# Questions?

If you follow online, please use  
the chat function.





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*Knowledge and passion*