

Year-end report 2022/2023

Historic quarter to end another successful fiscal year for Sectra—higher dividend proposed

Sales and operating profit for the fourth quarter and for the fiscal year exceeded previous records and recurring revenue increased. Contracted order bookings doubled compared with the comparative year. This demand confirms that there is a need for Sectra's products and services, which help customers give patients the best possible care and increase cybersecurity in society. In light of the strong performance, the Board of Directors proposes that the Annual General Meeting (AGM) resolve that SEK 1.10 SEK per share be distributed to the shareholders through a share redemption program.

REPORT PRESENTATION

June 2, 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.

Fourth quarter: February–April 2023

- Contracted order bookings rose 16.7% to SEK 1,186.9 million (1,017.4), of which SEK 811.6 million (1,017.4) pertained to guaranteed order bookings. Of the guaranteed order bookings, 16% were recognized during the quarter and a further 23–33% are deemed to pertain to revenue within 12 months after the end of the quarter.
- Net sales increased 11.7% to SEK 724.7 million (649.0). Based on unadjusted exchange rates, the increase was 6.7%. Recurring revenue accounted for SEK 376.6 million (280.8) of net sales, up 34.1%. Based on unadjusted exchange rates, the increase was 29.5%. Cloud recurring revenue (CRR) increased 44.4% to SEK 72.9 million (50.5).
- Operating profit rose 39.5% to SEK 196.8 million (141.1), corresponding to an operating margin of 27.2% (21.7). Based on unadjusted exchange rates, operating profit increased 28.0%.
- Profit after financial items amounted to SEK 201.9 million (141.4).
- Cash flow from operations amounted to SEK 382.2 million (414.4).

2022/2023 fiscal year

- Contracted order bookings rose 99.8% to SEK 4,635.7 million (2,320.2), of which SEK 2,606.5 million (2,320.2) pertained to guaranteed order bookings.
- Net sales rose 20.6% to SEK 2,350.8 million (1,949.1). Based on unadjusted exchange rates, the increase was 12.6%. Recurring revenue accounted for SEK 1,359.9 million (1,081.4) of sales for the period, up 25.8%. Based on unadjusted exchange rates, the increase was 18.3%. Cloud recurring revenue (CRR) increased 40.4% to SEK 254.6 million (181.4).
- Operating profit rose 18.9% to SEK 455.7 million (383.4), corresponding to an operating margin of 19.4% (19.7). Based on unadjusted exchange rates, operating profit increased 2.6%.
- Profit after financial items amounted to SEK 479.4 million (394.5).
- Cash flow from operations amounted to SEK 440.5 million (616.9).
- It is proposed that the 2023 AGM resolve to transfer SEK 1.10 (1.00) per share to the shareholders through a share redemption program.

Key figures

SEK million

	Quarter			Fiscal year		
	Q4	Q4	Δ	Full-year	Full-year	Δ
	22/23	21/22	%	22/23	21/22	%
Contracted order bookings	1,186.9	1,017.4	16.7	4,635.7	2,320.2	99.8
of which guaranteed order bookings	811.6	1,017.4	-20.2	2,606.5	2,320.2	12.3
Net sales	724.7	649.0	11.7	2,350.8	1,949.1	20.6
of which recurring revenue	376.6	280.8	34.1	1,359.9	1,081.4	25.8
of which cloud recurring revenue (CRR)	72.9	50.5	44.4	254.6	181.4	40.4
Operating profit	196.8	141.1	39.5	455.7	383.4	18.9
Operating margin, %	27.2	21.7	n/a	19.4	19.7	n/a
Profit after financial items	201.9	141.4	42.8	479.4	394.5	21.5
Profit margin, %	27.9	21.8	n/a	20.4	20.2	n/a
Profit for the period	154.6	112.5	37.4	375.0	314.8	19.1
Earnings per share before dilution, SEK	0.80	0.58	37.9	1.95	1.63	19.6
Cash flow ¹	382.2	414.4	-7.8	440.5	616.9	-28.6
Cash flow per share before dilution ¹	1.98	2.15	-9.2	2.29	3.20	-28.4
Average no. of employees	1,056	951	11.0	1,015	908	11.8

¹ Cash flow from operations.

CEO'S COMMENTS

Satisfied customers are what drives Sectra forward. With long-term investments in innovation and a strong corporate culture, we create value and maintain customers' trust. This customer value as well as employee satisfaction and development at work are reflected in our achievements.

We won larger orders than ever before, received distinctions for high levels of customer satisfaction and cybersecurity, and were even ranked as one of the best employers in Sweden. These are just some examples of why 2022/2023 was yet another successful year. These positive results are proof of our ability to deliver value and build a long-term sustainable business.

All operating areas grew, and the transition to service sales and cloud deliveries is progressing. Recurring revenue is increasing rapidly, and few customers are choosing to stop using our services, which is reflected in the new performance measure (recurring revenue churn, refer to Note 5) included in this report. We are continuing to attract many new customers and are making major product deliveries. As a result, there is still a great deal of variation between quarters, even if recurring revenue is growing. The year's quarterly outcomes, with a weaker quarter at the beginning of the year and the strongest at the end, follows Sectra's traditional seasonal pattern.

The transition to cloud-based services is expected to accelerate even further. There is a clear dominance of cloud-based services in the transactions that are currently under discussion, and several hospitals have ordered our cloud-based services for medical imaging IT and will deploy the services in 2023/2024. Transitioning our customer offering and operations to cloud deliveries is one of the most extensive changes we have ever made. It will likely take several more years, since interest in cloud-based services instead of license purchases varies between markets and customers. This transition also affects Sectra's financial performance. The year's financial outcome would have been even higher if all our deliveries had taken place in the form of traditional software licenses.

Sectra's growth strategy is built on taking good care of our customers. In turn, they expand their use of our solutions and recommend us to others. The inherent growth in our business models has offset the effects of the ongoing shift to services and cloud deliveries, which means that certain sales and earnings will be reported later in time. At the same time, currency movements were incredibly advantageous for us and compensated somewhat for this transition.

Here are a few additional things I would like to highlight from the past year:

- Imaging IT Solutions won two of Sectra's largest contracts ever for medical diagnostic imaging. The customers are healthcare providers who manage image volumes for millions of patients. Their confidence in our ability to deliver large, complex projects is important.
- We entered into a partnership with the University of Pennsylvania in the US to develop IT support in genomics and established the Genomics IT business unit in Business Innovation. We believe that combining radiology, pathology and AI with data from genomics in a shared IT system will strengthen Sectra's offering in medical diagnostics.
- Secure Communications reported a substantial improvement in earnings and is now contributing to the Group's development with high order bookings and sales. Cybersecurity is becoming increasingly important and Sectra provides services, solutions and expertise to protect the most highly classified information at the national, EU and NATO level.
- Inflation and interest rate hikes affected the overall business climate, but our markets grow regardless of economic climate. To meet the high demand for our customer offerings, we carried out recruitment within all of our operating areas.
- We are evaluating and testing AI-based generative models such as ChatGPT. This technology is one of the largest and most revolutionary developments ever in the computing world. Better interaction with users of our systems, more useful manuals and support for different types of automated analyses are some examples of where these models can be used to increase customer value. In the long term, they will be a part of the toolbox that we offer customers in diagnostics as well as in other areas.
- Together with visionary customers, we are continuing to invest in the future, something that permeates every area of our operations.

Of course, many other things happened this year as well. You can read more about these later on in this year-end report and in our annual report.

The need for increased productivity in healthcare and increased cybersecurity is greater than ever, and Sectra is well positioned to meet these challenges. Our plan for the future is to continue doing what we do well: customer satisfaction, innovation and corporate culture as well as delivering secure, scalable and user-friendly solutions that generate value within medical IT and cybersecurity. I'm proud of what we've accomplished so far and would like to express my appreciation. Thank you to all of our customers, employees and shareholders for your continued support and trust in Sectra. Our collective work has a very important and tangible impact on people's health and on security in our 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, which are characterized by a need to grow, essentially regardless of the economic climate. 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.

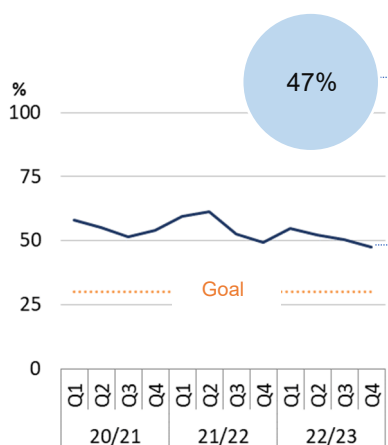
Customer satisfaction cannot be achieved without satisfied and dedicated employees. Employees who are motivated, understand their customers, feel good and are satisfied in their jobs will also increasingly develop new, creative solutions that can further increase the value we provide for Sectra's customers. 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.

The financial goals are (in order of priority):

1. Stability:

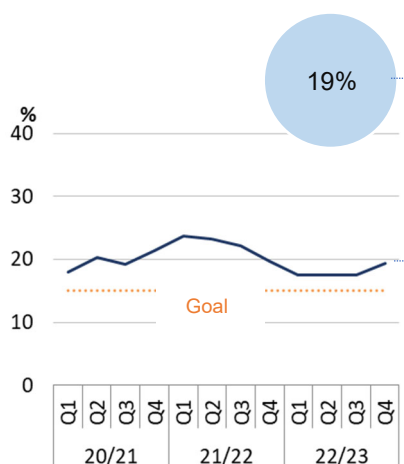
Equity/assets ratio $\geq 30\%$



The equity/assets ratio exceeds the strategic goal by a comfortable margin. Higher total assets as a result of increased contract assets and contract liabilities, partly pertaining to advance payments from customers, contributed to a lower equity/assets ratio in 2022/2023.

2. Profitability:

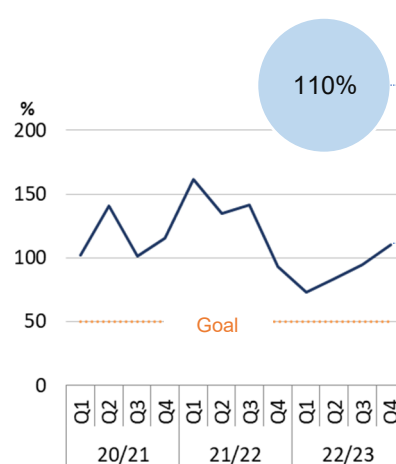
Operating margin $\geq 15\%$



Profitability exceeds the strategic goal by a comfortable margin. During the year, we continued to strengthen our delivery capacity and increased our reinvestment in future growth. At the same time, currency effects had a positive impact on the operating margin compared with the previous year.

3. Earnings growth:

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



Profit growth exceeds the strategic goal by a comfortable margin. This is a result of sales growth and Sectra's long-term efforts to boost cost-efficiency.



For further information about goals and strategies, refer to Sectra's 2021/2022 Annual Report and Sustainability Report <https://investor.sectra.com/annual-reports>

EVENTS

Fourth quarter

Imaging IT Solutions

- Sectra won the prestigious “Best in KLAS” customer satisfaction award in four different categories. For the tenth consecutive year, US customers ranked the radiology module in our enterprise imaging solution, Sectra PACS, highest in the “large hospital” category. In Canada, we won the award for the fourth year running, and in Asia/Oceania for the second consecutive year.
- The Indiana-based Parkview Health system in the US ordered Sectra’s enterprise imaging cloud subscription service, Sectra One Cloud.
- Sectra’s enterprise imaging solution was deployed at Genomics England, a world-leading initiative in cancer research that combines data in genomics, pathology and radiology. Sectra’s solution supports the initiative by handling radiology and pathology images from a large number of NHS trusts in the UK.
- Norway’s largest regional healthcare authority, Helse Sør-Øst RHF, expanded its contract with Sectra, adding Sectra’s digital pathology module to its enterprise imaging solution.
- Sectra renewed its contract with Zuyderland Medical Center in the Netherlands. Under the new ten-year contract, the customer will transition from Sectra’s traditional medical imaging IT solution to Sectra One Cloud.
- Two hospitals in Bruges, Belgium—AZ Sint Jan and AZ Sint Lucas—ordered Sectra One Cloud.
- A partnership was signed with a new partner in Poland, Spring Software Sp. z o.o, which will sell Sectra’s enterprise imaging solution in the Polish market.

Secure Communications

- The NATO Military Committee (NAMILCOM) approved the latest version of the quantum-resilient mobile encryption solution Sectra Tiger/S for the classification level NATO SECRET.
- Two customers in NATO countries ordered Sectra Tiger/S devices, including an authority in Finland.
- Jönköping Energi ordered the Sectra Managed Detection and Response monitoring solution for cybersecurity monitoring of its operating system.

After the end of the reporting period

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



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



Sectra leading development

With the ability “skate to where the puck is going to be,” through the years we have helped develop our industries in terms of technology as well as new delivery models. Now Sectra is the first to combine radiology, pathology and AI with data from genomics in a single IT system. Collecting all of this diagnostic data in one system can support:

- Better care for patients.
- Lower costs and reduced complexity.
- Built-in feedback for continuous improvements in diagnosis and treatment.

In March 2023, Sectra’s CEO was invited to present our vision for integrated diagnostics in cancer treatment at the National Cancer Policy Forum of the National Academy of Sciences in the US. See the event at: <https://bit.ly/3nepWfE>

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. As stated in Sectra's vision, this is how the company creates value for its customers, shareholders and society as a whole.

IT support for more efficient care and medical education

Today's demographic development and increased survival rates among cancer patients are putting pressure on healthcare. The aging population of the industrialized world entails major challenges. 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, particularly more elderly patients with growing needs, healthcare must become more efficient. The growing population of senior citizens is also shining a spotlight on diseases affecting the elderly. The treatment of patients with cancer and skeletal diseases, 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 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

Sectra reported record-high contracted order bookings. They increased 99.8% to SEK 4,635.7 million (2,320.2), of which SEK 1,186.9 million (1,017.4) pertained to the fourth quarter. A total of SEK 2,606.5 million (2,320.2) was guaranteed order bookings, of which SEK 811.6 million (1,017.4) pertained to the fourth quarter. The ratio of contracted order bookings to net sales for the latest rolling 12-month period totaled 2.0, up from 1.2 at the end of the previous fiscal year.

The outcome includes two comprehensive, long-term customer contracts for managing large volumes of medical images. The contracts were signed in the first quarter and together account for a contracted order value of approximately SEK 1.8 billion, of which over SEK 400 million is guaranteed. Orders of this size lead to significant variations in order bookings between individual quarters and periods.



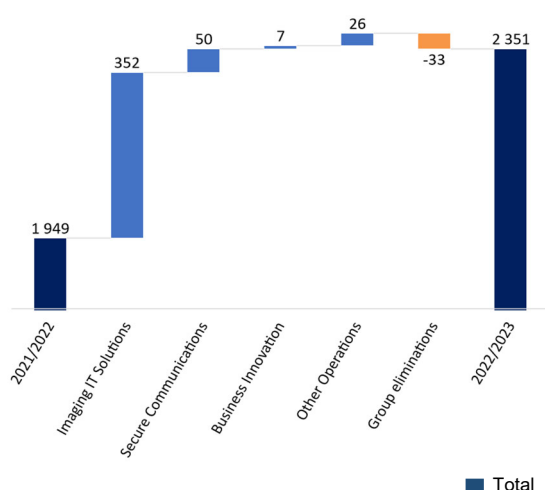
Net sales

Net sales rose 20.6% to SEK 2,350.8 million (1,949.1), of which SEK 724.7 million (649.0) pertained to the fourth quarter. Based on unadjusted exchange rates, consolidated sales increased 12.6% for the full year and 6.7% for the quarter. All operating areas reported higher sales than in the comparative period. The ongoing transition to selling products and software as services, of which cloud deliveries account for a growing share, contributed to an increase in recurring revenue during the period. SEK 1,359.9 million (1,081.4) of sales pertained to recurring revenue, of which SEK 376.6 million (280.8) pertained to the fourth quarter. This represents an increase of 25.8% for the fiscal year or, based on unchanged exchange rates, an increase of 18.3%. Lost recurring revenue (recurring revenue churn) for the fiscal year was 1.3%. CRR rose 40.4% to SEK 254.6 million (181.4), of which SEK 72.9 million (50.5) pertained to the fourth quarter. Non-recurring revenue also increased from the comparative year. The growth was attributable to deliveries in secure communication and other non-recurring revenue when new customers deploy Sectra's medical IT systems and services.

Sectra is growing in all geographic markets except for the Netherlands, where the change pertains to Secure Communications. The operations in the US delivered the largest increase, partly due to positive effects from currency fluctuations. Growth in Rest of World and Rest of Europe is primarily linked to Sectra's operations in Australia, Denmark and Canada, although other countries such as France and Portugal are also displaying healthy growth. 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.

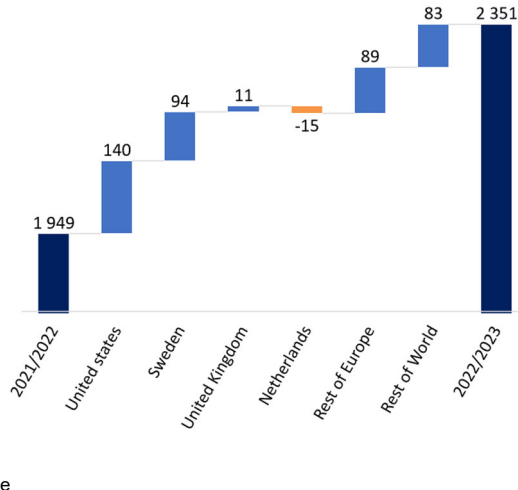
Sales trend per operating area, SEK million

Compared with the corresponding period preceding fiscal year

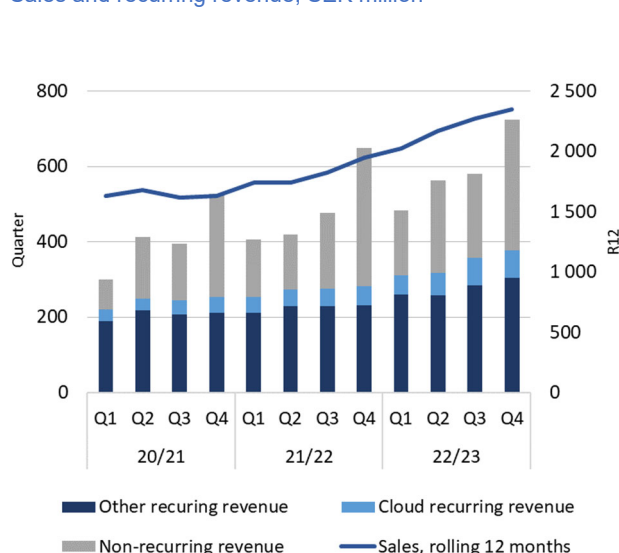


Sales trend per geographic market, SEK million

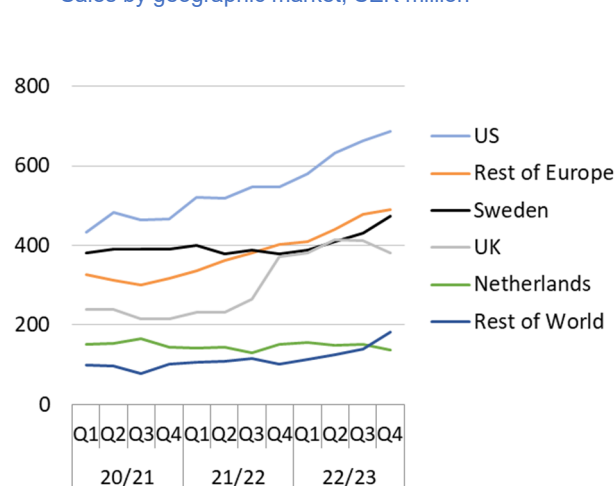
Compared with the corresponding period preceding fiscal year



Sales and recurring revenue, SEK million



Sales by geographic market, SEK million



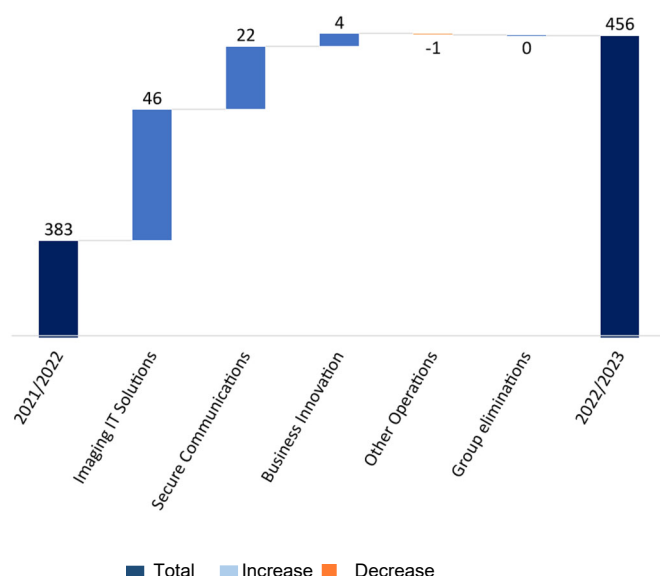
Result

This financial performance, with a weak first quarter and a strong conclusion to 2022/2023, follows Sectra's traditional seasonal pattern (refer to the following page). The Group's operating profit in the fourth quarter rose 39.5% to SEK 196.8 million (141.1) and earnings increased 18.9% to SEK 455.7 million (383.4) for the fiscal year. Based on unadjusted exchange rates, operating profit increased 28.0% from the comparative quarter and 2.6% from the comparative year. The operating margin was 19.4% (19.7) for the fiscal year. In addition to the positive effects of currency fluctuations, the operating margin was affected by an improved delivery capacity to meet rising demand, several new customer projects and the transition to cloud deliveries. Increased travel and more physical events compared with the pandemic years also affected the outcome.

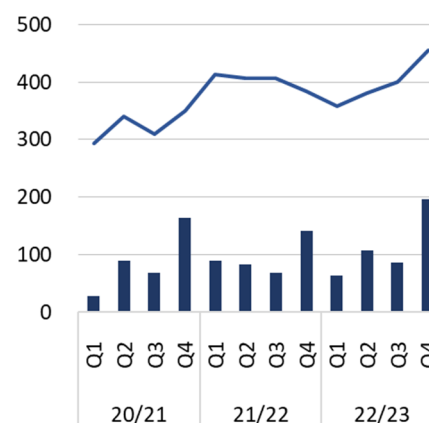
The Group's financial items amounted to SEK 23.7 million (11.1), of which SEK 5.1 million (0.3) pertained to the fourth quarter. Financial items improved primarily due to changes in exchange rates. Currency fluctuations during the fiscal year had an impact of SEK 14.0 million (5.7) on the Group's financial 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 479.4 million (394.5), of which SEK 201.9 million (141.4) pertained to the fourth quarter. This outcome corresponds to a profit margin of 20.4% (20.2) for the fiscal year and 27.9% (21.8) for the fourth quarter. Earnings per share before dilution totaled SEK 1.95 (1.63) for the period, of which SEK 0.80 (0.58) pertained to the fourth quarter.

Operating profit trend per operating area, SEK million

Compared with the corresponding period preceding fiscal year



Operating profit, Group, SEK



Financial position and cash flow

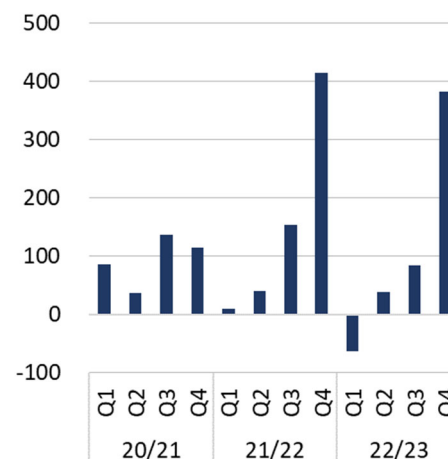
The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 825.2 million (808.8). In addition to this, the Group has a short-term investment of SEK 120.0 million (0.0). The Group's debt/equity ratio was 0.06 (0.06) as of the balance-sheet date. Interest-bearing lease liabilities amounted to SEK 82.3 million (62.6).

Cash flow from operations amounted to SEK 440.5 million (616.9), of which SEK 382.2 million (414.4) pertained to the fourth quarter. Cash flow was lower than in the previous fiscal year, mainly due to increased tied-up capital in customer projects. Cash flow per share amounted to SEK 2.29 (3.20), of which SEK 1.98 (2.15) pertained to the fourth quarter.

Cash flow from investing activities amounted to SEK -212.8 million (-68.3), of which SEK -24.7 million (-18.4) pertained to the fourth quarter. Refer to the information about investing activities on the next page.

The Group's total cash flow for the period amounted to SEK 8.4 million (349.8). The decrease compared with the comparative year is mainly due to the change in the cash flow from operations and short-term cash and cash equivalents investments of SEK 120.0 million. This result includes a disbursement of SEK

Cash flow from operations, Group, SEK million



192.7 million (173.4) to the shareholders through Sectra's 2022 share redemption program, refer to page 12.

Investments and depreciation/amortization

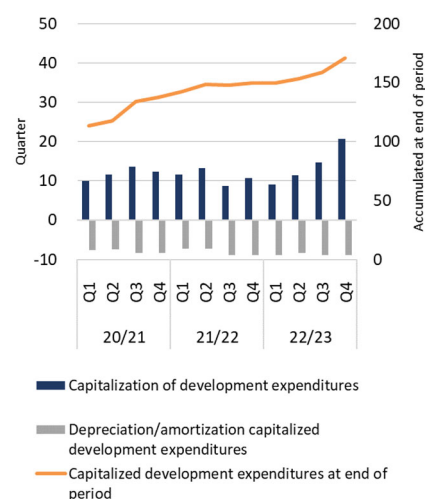
Investments for the period amounted to SEK 212.8 million (74.4), of which SEK 24.7 million (18.4) was attributable to the fourth quarter. This change was primarily due to a short-term investment of SEK 120.0 million during the second quarter. The outcome includes capitalized work for own use of SEK 55.7 million (44.3), of which SEK 20.6 million (10.6) pertained to the fourth quarter.

Total depreciation and amortization for the period was SEK 91.9 million (81.2), of which the fourth quarter accounted for SEK 24.3 million (21.8). SEK 34.9 million (32.2) of the outcome pertained to capitalized development expenditures, of which SEK 8.9 million (8.9) pertained to the fourth quarter. Depreciation of right-of-use assets amounted to SEK 27.5 million (25.2), of which SEK 7.6 million (6.4) pertained to the fourth quarter. At the end of the period, capitalized development expenditures totaled SEK 170.7 million (149.8).

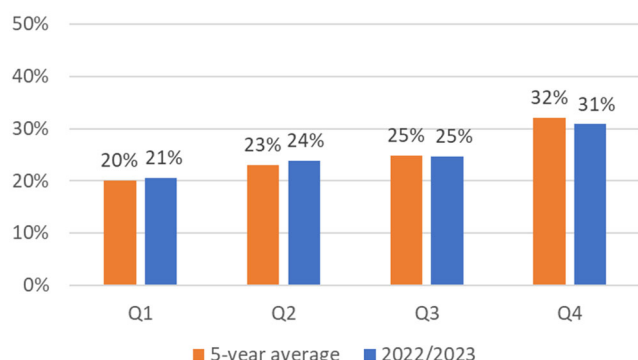
Seasonal variations

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 many customers prefer not to put systems into operation during the summer. During the pandemic, this seasonal pattern was affected by when customers were able to accept deliveries, which entailed a certain change from the traditional pattern. The variations in order volumes between individual quarters are significant since certain contracts are very large and have long terms. As Sectra transitions to selling products as a service, this variation is expected to gradually decrease over the next several years since revenue will be spread more evenly over time.

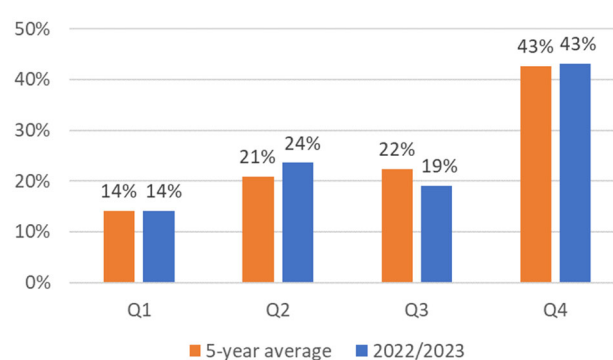
Capitalized development expenditures, SEK million



Share of net sales per quarter, Seasonal pattern



Share of operating profit per quarter, Seasonal pattern



Sectra held a Capital Markets Day in January 2023 with a focus on customer value and sustainable growth. Some 50 institutional and private investors participated. Visit our event page to see the recorded presentations: <https://investor.sectra.com/cmd2023>



OPERATING AREA IMAGING IT SOLUTIONS

	Quarter			Full-year		
	Q4 22/23	Q4 21/22	Δ %	Full-year 22/23	Full-year 21/22	Δ %
Sales, SEK million	635.5	570.7	11.4	2,079.0	1,727.2	20.4
of which recurring external revenue	348.4	257.0	35.6	1,258.1	994.4	26.5
of which cloud recurring revenue	68.9	47.7	44.4	241.2	172.0	40.2
Operating profit, SEK million	182.8	146.2	25.0	462.4	416.0	11.2
Operating margin, %	28.8	25.6	n/a	22.2	24.1	n/a

Sectra Imaging IT Solutions is reaping the rewards of its customer satisfaction. Many new hospitals around the world have chosen Sectra as a supplier, and we have also helped existing customers manage increased volumes of medical images. Contracted order bookings as well as sales and operating profit for the fiscal year surpassed previous records. The operations are growing in all geographic areas.

North America and Scandinavia contributed the largest individual sales increases, partly thanks to the operations in Denmark and Canada, both of which more than doubled their sales from the comparative year. The continued growth in North America was attributable to both the US and Canada, and during the most recent quarter we deployed systems for Canadian customers North York and Niagara Health. In the US, radiology customers are starting to expand their use of Sectra's solutions to more medical imaging areas, demand for the digital pathology module is increasing and major regional healthcare providers are choosing Sectra. Customers appreciate having all image management in a shared system ("enterprise imaging") and how we help them expand and take advantage of integrated diagnostics.

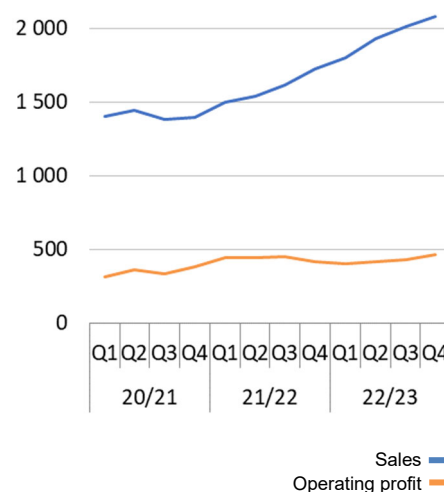
A majority of new contracts signed pertained to Sectra One or Sectra One Cloud. This contributed to the increase in recurring revenue. Certain existing customers also chose subscription solutions when it was time to renew their agreements, including Zuyderland Medical Center in the Netherlands, which ordered Sectra One Cloud during the fourth quarter.

Implementation costs for new customers, increased travel and marketing activities compared with the pandemic years, and the shift to service sales and cloud deliveries affected profitability in 2022/2023. At the same time, these were offset by currency movements that were advantageous for Sectra. The organization was strengthened to meet high demand and to accelerate investments in cloud-based deliveries. This entails greater operational responsibility and increased purchases of infrastructure. In the not too distant future, the majority of new customers that purchase Sectra's medical IT solutions are expected to choose cloud-based services. However, it will take a long time for all of our existing customers to transition to this new model, which is a much more stable and long-term business than traditional license sales.

The consolidation and replacement of older IT systems in healthcare is driving growth. There are also diagnostic specialties, such as pathology and ophthalmology, that are on the threshold of major IT-related change. These are niches where Sectra can grow with scalable and modular offerings. So far, 1.5 million cases have been diagnosed using Sectra's pathology solution. During the fiscal year, we strengthened our position in pathology through orders from hospitals in countries including Denmark, France, the UK, South Korea and the US.

Growing volumes of medical images and consolidation in healthcare are leading to larger customers, higher demands for efficiency and more extensive procurements than before. Sectra's ability to handle the needs of large organizations was confirmed by orders during the year from Region Hovedstaden in Denmark and the Health and Social Care Service in Northern Ireland. Serving major customers requires an even more structured and efficient work method. Many of the adjustments planned and implemented also benefit smaller customers.

Trend, SEK



Sectra endeavors to support society in the fight against cancer and age-related diseases. Our ambition is to double the number of patients whose images are reviewed using Sectra's products and services between 2020 and 2025.



OPERATING AREA BUSINESS INNOVATION

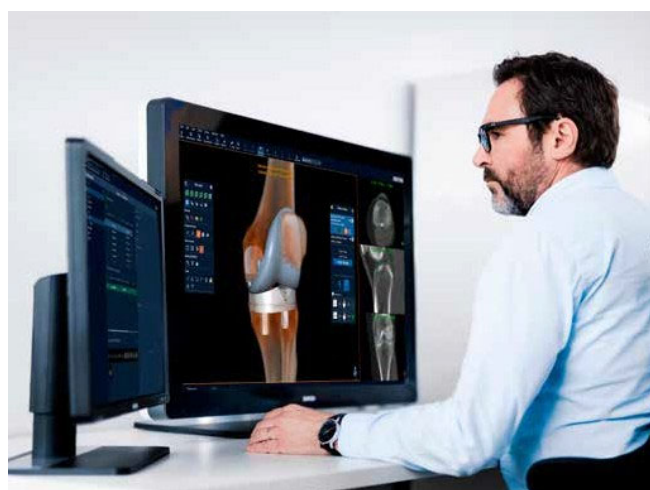
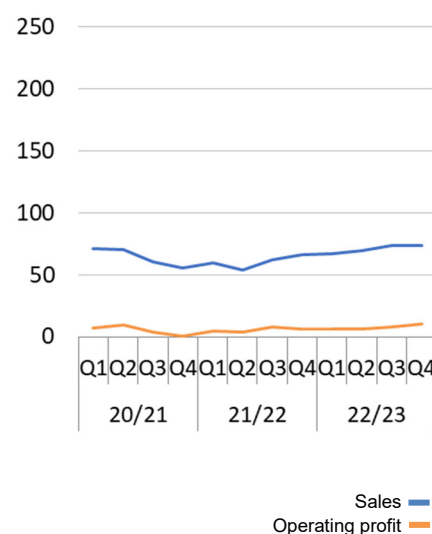
	Quarter			Full-year		
	Q4 22/23	Q4 21/22	Δ %	Full-year 22/23	Full-year 21/22	Δ %
Sales, SEK million	22.6	22.0	2.7	73.8	66.4	11.1
of which recurring external revenue	4.8	2.8	71.4	14.7	10.3	42.7
of which cloud recurring revenue	4.0	2.6	53.8	13.4	9.3	44.1
Operating profit, SEK million	6.5	4.1	58.5	10.5	6.1	72.1
Operating margin, %	28.8	18.6	n/a	14.2	9.2	n/a

Business Innovation comprises the Orthopaedics and Medical Education business units. This area also reports the expenses for research activities in this area, which largely focus on initiatives in the field of AI for medical applications.

As of May 1, 2022, this segment has been expanded to include the Genomics IT business unit. In this unit, Sectra focuses on innovation and development of IT support primarily for precision diagnostics in cancer care, an area that is becoming more important as cancer diagnostics increasingly transition to personalized medicine.

Recurring revenue is growing quickly, and the financial outcome in terms of sales and operating profit was higher than in the preceding year. However, the results may vary significantly between quarters and periods. The new business models will result in higher recurring revenue, resulting in fewer variations in the long term.

Trend, SEK



Avoiding unnecessary suffering for patients

With our image-based analysis service, Sectra Implant Movement Analysis (IMA), we help orthopaedic surgeons and radiologists determine if the patients who suffer from pain following joint replacement surgery have a loose implant and are in need of revision surgery. This contributes to patients receiving the best possible treatment at an earlier stage and avoiding unnecessary surgery. The journal Acta Orthopaedica has published a follow-up study where the service was used in cases of a suspected loose implant. The study shows that the likelihood of a correct diagnosis increases significantly when using IMA compared with plain X-rays.

OPERATING AREA SECURE COMMUNICATIONS

	Quarter		
	Q4 22/23	Q4 21/22	Δ %
Sales, SEK million	78.2	63.5	23.1
of which recurring external revenue	23.4	20.8	12.5
Operating profit/loss, SEK million	17.2	5.8	196.6
Operating margin, %	22.0	9.1	n/a

Full-year		
Full-year 22/23	Full-year 21/22	Δ %
234.5	184.9	26.8
86.5	76.1	13.7
19.2	-3.0	740.0
8.2	neg	n/a

The uncertain geopolitical situation, with an ongoing war in Europe and further tensions worldwide, continues to highlight the importance of defense capabilities and public security. This, in turn, is placing greater demands on communication and fueling the need for investments in high assurance products, encryption development and cybersecurity both in Sweden and in the rest of Europe. Secure Communications' opportunities to help customers in this situation led to high contracted order bookings and an improved financial performance. The outcome in terms of sales and earnings was the strongest to date for Secure Communications. The long-term trend is positive, but outcomes vary greatly between quarters.

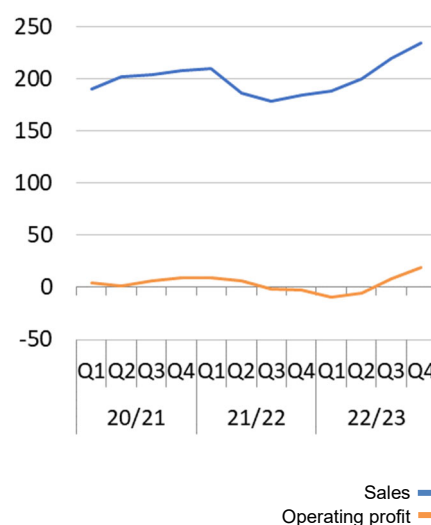
During the fourth quarter, Sectra received essential security approval from NATO for the latest generation of Sectra Tiger/S. Two customers in NATO countries also ordered this product. We also received additional product orders and assignments from Swedish authorities to improve the civil and military 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 defence 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.

The operations are characterized by long business cycles, however, and opportunities to carry out important business negotiations during the years of the pandemic were limited. This led to delays, particularly in areas where we are targeting new customers. One of these areas is critical infrastructure, where we made important progress during the fourth quarter both through an agreement with new customer Jönköpings Energi and by extending contracts with an existing customer for monitoring operating systems. We also entered into a partnership with AFRY. Together we will 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. The partnership is in line with prioritized activities to ramp up our initiatives, supplement our customer offerings and broaden our market.

Many organizations have an increased need for secure, approved solutions that simplify the exchange of classified information. This information, if it were to fall into the wrong hands, could seriously damage security for a country or its allies. Sectra's solutions meet stringent demands and ensure that the information that is exchanged remains secure throughout the entire process.

Trend, SEK



OTHER OPERATIONS

	Quarter			Full-year		
	Q4 22/23	Q4 21/22	Δ %	Full-year 22/23	Full-year 21/22	Δ %
Sales, SEK million	34.3	26.9	27.5	124.7	98.9	26.1
Operating profit/loss, SEK million	-9.6	-14.8	35.1	-36.2	-35.7	-1.4
Operating margin, %	Neg	neg	n/a	neg	neg	n/a

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

PARENT COMPANY

The Parent Company's income statement and balance sheet are reported on page 19. 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).

PROPOSED SHARE REDEMPTION PROGRAM AND 2023 AGM

Proposed share redemption program/dividend

The Board of Directors and President have proposed that the 2023 AGM resolve to transfer 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. No ordinary dividend is proposed. This proposal corresponds to a dividend yield of 0.7% based on the year-end share price. Combined with the price trend, this represents total value growth of 30.4% for the Sectra share during the fiscal year.

The proposal is in line with Sectra's dividend policy. The Board deems that the company's current balance sheet and cash flows are of adequate strength to secure the development of the business, while providing the shareholders with a high return. In its assessment, the Board took Sectra's levels of incoming orders, earnings and expected cash flow over the coming year into account as well as the specific uncertainties listed on page 14. With a strong financial position, positive cash flow and significant recurring revenue, Sectra is well equipped to manage the unpredictability resulting from these factors.

At the end of the fiscal year, the Group's equity/assets ratio was 47%. The dividend policy and Sectra's financial goals state that the equity/assets ratio is to exceed 30%, and it will continue to do so, by a healthy margin, following a resolution in favor of the Board's proposed redemption process. Additional information regarding the proposed share split and mandatory redemption process will be published in the notice of the AGM and the full proposal to the AGM.

AGM and Nomination Committee

The AGM is scheduled for September 7, 2023 in Linköping, Sweden. The notice is issued not earlier than six weeks and not later than four weeks prior to the AGM. Shareholders are entitled to have a matter addressed by the AGM. To ensure that the company has time to include a matter in the notice, requests for a matter to be addressed by the AGM must be received by the company not later than seven weeks prior to the AGM. Requests to have matters addressed by the AGM are to be submitted to the Board in writing via email: info.investor@sectra.se, or by mail: Sectra AB, Attn. Board of Directors, Teknikringen 20, SE-583 30 Linköping, Sweden.

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

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

Patrik Jönsson, who represents the sixth-largest shareholder in terms of votes, was appointed Chairman of the Nomination Committee. The Nomination Committee will prepare and submit proposals regarding:

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

Proposals will be presented in the notice of the General Meeting of Shareholders and be available on the company's website. Shareholders who wish to submit proposals to the Nomination Committee may do so in writing by email: info.investor@sectra.com or by mail: Sectra AB, Attn. Nomination Committee, Teknikringen 20, SE-583 30 Linköping, Sweden. In order for the Nomination Committee to address a proposal, the proposal must arrive in ample time prior to the notice of the AGM.

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. During the fiscal year, changes were made related to:

- issue and repurchase of Class C shares for LTIP 2022 (see below)
- conversion to 5,164 Class B shares in the 2018/2023 convertible program that expired on January 31, 2023 and Sectra therefore has no convertible programs outstanding.

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.

LTIP 2022 – new share issue and repurchase of own shares

During the third quarter, the Board exercised the authority granted by the 2022 AGM and carried out a directed share issue of 453,406 Class C shares at a price corresponding to the quotient value, meaning SEK 0.20 per share and a total of SEK 90,681.20. The purpose was to secure the obligation for a new performance-based incentive program (LTIP 2022) that the AGM resolved to implement. All Class C shares have been repurchased at a price corresponding to the quotient value. These were then converted to Class B shares. The number of Class B shares held thereafter was 1,453,406, corresponding to approximately 0.7% of the total number of shares in the company.

In addition to the newly issued shares, 546,594 of the Class B shares that Sectra holds due to LTIP 2021 can be used for LTIP 2022, or a total of 1,000,000 Class B shares. In accordance with the terms of LTIP 2022, a maximum of 780,000 Class B treasury shares may be allotted to participants in the incentive program. The allotment of performance shares will take place within 60 days from the end of the qualification period, which runs from January 1, 2023 to December 31, 2027. In order to finance the costs of social security contributions related to LTIP 2022, a maximum of 220,000 Class B shares may be transferred on Nasdaq Stockholm, including by way of a financial intermediary, at a price within the price range registered at any given time. In total, this will entail a maximum dilution of about 0.5%.

2022 share redemption program and help with Swedish tax return

In October 2022, SEK 1.00 per share was transferred to the shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital. In the Swedish tax return, a redemption or sale of redemption shares (designated SECT IL A and SECT IL B) is to be declared as a sale of shares on Form K4 (does not apply to shares owned through investment savings accounts). Visit <https://investor.sectra.com/inlosen2022> for information about the Swedish Tax Agency's general recommendations and tax return help.

Authorization

In addition to the aforementioned authorization, the 2022 AGM resolved on the new issue of not more than 18,500,000 Class B shares for consideration in the form of cash payment, offsetting of debt or contribution in kind whereby payment through offsetting of debt may deviate from shareholders' preferential rights. The authorization is intended to enable newly issued shares to be used in conjunction with the completion of acquisitions or financing of acquisitions of companies or operations, in full or in part, as well as in conjunction with market investments. If the authorization is fully exercised, the dilution effect will be approximately 9.5% of the share capital and approximately 5.9% of the voting rights.

The Board was also authorized to resolve on the acquisition and divestment of all of the company's treasury shares. Divestment can take place on Nasdaq Stockholm or in conjunction with acquisitions of companies or operations, in full or in part, in conjunction with market investments, to cover the costs arising as a result of the company's incentive programs and to continuously adapt the company's capital structure and thereby contribute to increased shareholder value. A condition for the authorization is that the company's holding of treasury shares at no time exceeds 10% of all shares in the company.

At the time of publication of this financial report, the Board had not utilized 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 uncertainties as well as Sectra's strategies and tactics for minimizing risk exposure and limiting adverse effects are provided in the Administration Report in the Group's Annual and Sustainability Report for the 2021/2022 fiscal year in the administration report on page 80 and in Note 29 on page 111. No events have occurred that would alter the conditions reported.

Specific uncertainties

Sectra has only a small number of indirect customer or sub-supplier relationships in Ukraine, Russia and Belarus and no direct relationships. The invasion of Ukraine and the sanctions imposed have been deemed to have a minimal direct impact on the Group's operations. However, indirect consequences of what is happening could eventually impact Sectra as well as other companies in the form of higher prices for energy and transportation or component shortages. The majority of Sectra's customer contracts include index clauses, or in some cases clauses for renegotiating prices after a certain period, which offsets the effects of inflation.

Sectra is well equipped to manage these uncertainties based on a strong financial position, positive cash flows and a significant share of recurring revenue. The company has neither needed nor received any support in the form of reduced rent, furlough assistance or business transition support due to the COVID-19 pandemic. No need for impairment is deemed to exist owing to the pandemic or the war in Europe. For further information, refer to Sectra's Annual and Sustainability Report for the 2021/2022 fiscal year on page 82.

CHANGES TO FINANCIAL STATEMENTS

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

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

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

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

During the fourth quarter of the current fiscal year, we started recognizing the reduction in recurring revenue attributable to customers that leave Sectra ("Recurring revenue churn," refer to Note 5).

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: June 2, 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/q4report2223>.

Financial calendar and AGM

Three-month interim report	September 5, 2023 at 8:15 a.m. (CEST)
2023 AGM	September 7, 2023 in Linköping
Six-month report	December 15, 2023 at 8:15 a.m. (CET)
Nine-month interim 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/>

Annual Report and Sustainability Report

Sectra's Annual Report and Sustainability Report will be announced through a press release in the week of July 3, 2023 and will be published on the company's website: <https://investor.sectra.com>

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby assure that the year-end report for the period May 1, 2022–April 30, 2023 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, June 2, 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 Örneus Board member and employee representative	

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

This information constitutes information that Sectra AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and/or the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out in the press release, at 8:15 a.m. CEST on June 2, 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 Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Net sales (Note 4)	724,703	649,023	2,350,752	1,949,140
Capitalized work for own use	20,554	10,572	55,661	44,272
Other operating income	458	393	1,580	1,296
Total income	745,715	659,988	2,407,993	1,994,708
Goods for resale	-106,139	-127,928	-262,897	-286,043
Personnel costs	-303,906	-260,407	-1,169,329	-945,176
Other external costs	-114,607	-108,717	-428,175	-298,887
Depreciation/amortization and impairment	-24,279	-21,791	-91,939	-81,216
Total operating expenses	-548,931	-518,843	-1,952,340	-1,611,322
Operating profit	196,784	141,145	455,653	383,386
Total financial items	5,114	298	23,737	11,119
Profit after financial items	201,898	141,443	479,390	394,505
Taxes	-47,269	-28,978	-104,433	-79,712
Profit for the period	154,629	112,465	374,957	314,793
Profit for the period attributable to:				
Parent Company owners	154,629	112,465	374,957	314,793
Earnings per share				
Before dilution, SEK	0.80	0.58	1.95	1.63
After dilution, SEK (Note 3)	0.80	0.58	1.95	1.63

Consolidated statement of comprehensive income

SEK thousand	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Profit for the period	154,629	112,465	374,957	314,793
Items that may be reversed in profit or loss				
Translation differences	-7,801	6,656	17,623	37,575
Total other comprehensive income for the period	-7,801	6,656	17,623	37,575
Total comprehensive income for the period	146,828	119,121	392,580	352,368
Comprehensive income for the period attributable to:				
Parent Company owners	146,578	119,121	392,580	352,368

Condensed consolidated balance sheets

SEK thousand	Apr 30 2023	Apr 30 2022
Assets		
Intangible assets and goodwill	236,969	218,244
Tangible assets	74,556	61,913
Right-of-use assets	84,905	64,969
Financial assets	125,224	172,639
Deferred tax assets	6,632	4,554
Total fixed assets	528,286	522,319
Accounts receivable	386,153	339,650
Other current assets	57,545	41,718
Prepaid expenses and accrued income	819,441	479,449
Short-term investments	120,000	–
Cash and bank balances	825,242	808,775
Total current assets	2,208,381	1,669,592
Total assets	2,736,667	2,191,911
Equity and liabilities		
Equity	1,296,669	1,080,737
Deferred tax liabilities	5,928	4,773
Provisions	12,461	3,308
Non-current lease liabilities	56,968	37,892
Other long-term liabilities	–	513
Total long-term liabilities	75,357	46,486
Provisions	1,682	2,954
Current lease liabilities	25,294	24,342
Other current liabilities	204,983	196,199
Accrued expenses and deferred income	1,132,682	841,193
Total current liabilities	1,364,641	1,064,688
Total equity and liabilities	2,736,667	2,191,911

Consolidated cash-flow statements

SEK thousand	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Operating activities		
Operating profit	455,653	383,386
Adjustment for non-cash items	121,351	74,469
Interest and dividends received	11,849	6,967
Interest paid	-2,062	-1,555
Income tax paid	-71,635	-73,473
Cash flow from operations before changes in working capital	515,156	389,794
Changes in working capital		
Change in inventories	-12,825	1,257
Change in receivables	-299,595	-119,590
Change in current liabilities	237,752	345,461
Cash flow from operations	440,488	616,922
Investing activities		
Acquisitions of intangible assets	-55,752	-44,272
Acquisitions of tangible assets	-37,036	-30,103
Short-term investment	-120,000	–
Depreciation of tangible assets	–	6,029
Cash flow from investing activities	-212,788	-68,346
Financing activities		
Repayment of lease liabilities	-26,627	-24,366
Repayment of long-term liabilities	–	-1,017
Redemption of shares	-192,662	-173,365
Cash flow from financing activities	-219,289	-198,748
Cash flow for the period	8,411	349,828
Cash and cash equivalents, opening balance	808,775	454,854
Exchange-rate difference in cash and cash equivalents	8,056	4,093
Cash and cash equivalents, closing balance	825,242	808,775

Condensed consolidated statement of changes in equity

SEK thousand	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Equity at start of period	1,080,737	895,623
Comprehensive income for the period	392,580	352,368
Dividend/redemption of shares	-192,662	-173,365
Share-based payments	16,014	6,111
Equity at end of period	1,296,669	1,080,737

PARENT COMPANY

Condensed Parent Company income statements

SEK thousand	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Net sales	35,670	27,641	128,645	131,079
Capitalized work for own use	1,270	0	3,647	917
Other operating income	10	8	224	37
Total income	36,950	27,649	132,516	132,033
Goods for resale	-2,688	-789	-2,830	-9,598
Personnel costs	-16,259	-14,218	-60,223	-56,908
Other external costs	-27,734	-28,340	-107,295	-102,657
Depreciation/amortization	-320	-418	-1,488	-2,016
Total operating expenses	-47,001	-43,765	-171,836	-171,179
Operating loss	-10,051	-16,116	-39,320	-39,146
Total financial items	-654	28,717	15,184	51,522
Profit/loss after financial items	-10,705	12,601	-24,136	12,376
Appropriations	436,014	254,250	436,014	254,250
Profit before tax	425,309	266,851	411,878	266,626
Tax on earnings for the period	-87,794	-50,076	-85,027	-50,030
Profit for the period	337,515	216,775	326,851	216,596

Parent Company statement of comprehensive income

SEK thousand	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Profit for the period	337,515	216,775	326,851	216,596
Total comprehensive income for the period	337,515	216,775	326,851	216,596

Condensed Parent Company balance sheets

SEK thousand	Apr 30 2023	Apr 30 2022
Assets		
Intangible assets	3,647	201
Tangible assets	3,699	3,926
Financial assets	226,245	143,451
Total fixed assets	233,591	147,578
Accounts receivable	240	808
Receivables from Group companies	664,145	504,090
Other current assets	25,871	24,480
Short-term investments	120,000	—
Cash and bank balances	662,611	683,803
Total current assets	1,472,867	1,213,181
Total assets	1,706,458	1,360,759
Equity and liabilities		
Restricted equity	268,927	265,390
Unrestricted equity	565,322	414,295
Total equity	834,249	679,685
Provisions	916	—
Long-term liabilities	—	—
Current liabilities	871,293	681,074
Total equity and liabilities	1,706,458	1,360,759

NOTES

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and the Swedish Securities Markets Act. The accounting policies and calculation methods applied are consistent with those described in Sectra's 2021/2022 Annual and Sustainability Report.

Note 2 Related-party transactions

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

Note 3 Number of shares

	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
No. of common shares ²				
Before dilution	192,667,489	192,662,325	192,667,489	192,662,325
After dilution ¹	192,667,489	192,667,455	192,667,489	192,667,455
Average, before dilution	192,667,489	192,662,325	192,664,046	192,639,088
Average, after dilution ¹	192,667,489	192,667,455	192,667,466	192,667,355

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

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

Note 4 Operating segments and sales

Sales by business segment

SEK million	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Imaging IT Solutions	635.5	570.7	2,079.0	1,727.2
Secure Communications	78.2	63.5	234.5	184.9
Business Innovation	22.6	22.0	73.8	66.4
Other Operations	34.3	26.9	124.7	98.9
Group eliminations	-45.9	-34.1	-161.2	-128.3
Total	724.7	649.0	2,350.8	1,949.1

Operating profit/loss by business segment

SEK million	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Imaging IT Solutions	182.8	146.2	462.4	416.0
Secure Communications	17.2	5.8	19.2	-3.0
Business Innovation	6.5	4.1	10.5	6.1
Other Operations	-9.6	-14.8	-36.2	-35.7
Group eliminations	-0.1	-0.2	-0.2	0.0
Total	196.8	141.1	455.7	383.4

Sales by geographic market

SEK million	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
United States	197.8	174.9	687.0	547.1
Sweden	144.9	102.0	472.9	378.8
UK	142.3	172.4	381.7	370.7
Netherlands	37.9	54.3	135.8	150.3
Rest of Europe	129.3	116.2	490.5	401.9
Rest of World	72.5	29.2	182.9	100.3
Total	724.7	649.0	2,350.8	1,949.1

Recurring and non-recurring external revenue by business segment

Group

SEK million	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Recurring revenue	376.6	280.8	1,359.9	1,081.4
Of which cloud recurring revenue, CRR	72.9	50.5	254.6	181.4
Non-recurring revenue	348.1	368.2	990.9	867.7
Total	724.7	649.0	2,350.8	1,949.1
Share of recurring revenue, %	52.0	43.3	57.8	55.5

Imaging IT Solutions

SEK million	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Recurring revenue	348.4	257.0	1,258.1	994.4
Of which cloud recurring revenue, CRR	68.9	47.7	241.2	172.0
Non-recurring revenue	285.0	315.5	819.2	734.4
Total	633.4	572.5	2,077.3	1,728.8
Share of recurring revenue, %	55.0	44.9	60.6	57.5

Secure Communications

SEK million	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Recurring revenue	23.4	20.8	86.5	76.1
Of which cloud recurring revenue, CRR	0.0	0.1	0.0	0.1
Non-recurring revenue	54.8	42.1	147.7	106.8
Total	78.2	62.9	234.2	182.9
Share of recurring revenue, %	29.9	33.1	36.9	41.6

Business Innovation

SEK million	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Recurring revenue	4.8	2.8	14.7	10.3
Of which cloud recurring revenue, CRR	4.0	2.6	13.4	9.3
Non-recurring revenue	8.3	10.7	24.0	26.5
Total	13.1	13.5	38.7	36.8
Share of recurring revenue, %	36.6	20.7	38.0	28.0

Other Operations

SEK million	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Recurring revenue	0.1	0.1	0.5	0.6
Of which cloud recurring revenue, CRR	–	–	–	–
Non-recurring revenue	–	–	–	–
Total	0.1	0.1	0.5	0.6
Share of recurring revenue, %	100.0	100.0	100.0	100.0

Note 5 Financial definitions and alternative performance measures

The Group applies the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures (see below). 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. A number of new alternative performance measures were introduced during the fiscal year (refer to page 14).

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 21.

Recurring revenue churn

SEK thousand	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Recurring revenue from customer customer contracts that have concluded or not been renewed	18,225	–
Recurring revenue	1,359,895	–
Share of recurring revenue, %	1.3	-

Purpose

Indicates the share of recurring revenue from customer contracts that have concluded or not been renewed.

Calculation

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

Equity per share before dilution

	Apr 30 2023	Apr 30 2022
Equity, SEK thousand	1,296,669	1,080,737
Number of shares before dilution at the end of the period	192,667,489	192,662,325
Equity per share before dilution, SEK	6.73	5.61

Purpose

Measures the company's net value per share and shows if a company is increasing shareholder capital over time given currently available participations.

Calculation

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

Equity per share after dilution

	Apr 30 2023	Apr 30 2022
Equity, SEK thousand	1,296,669	1,080,737
Number of shares after dilution at the end of the period	192,667,489	192,667,455
Equity per share after dilution, SEK	6.73	5.61

Purpose

Measures the company's net value per share and shows if a company is increasing shareholder capital over time given the maximum number of available participations.

Calculation

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

Value added

SEK thousand	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Operating profit	455,653	383,386
Personnel costs	1,169,329	945,176
Value added	1,624,982	1,328,562

Purpose

Shows the value of the company's production.

Calculation

Operating profit plus personnel costs.

Non-interest-bearing liabilities and interest-bearing liabilities

SEK thousand	Apr 30 2023	Apr 30 2022
Non-interest-bearing liabilities	1,357,736	1,048,551
Interest-bearing liabilities	82,262	62,624
Total liabilities	1,439,998	1,111,175

Purpose

Indicates the proportion of the Company's liabilities with and without interest. Included in the calculation of the debt/equity ratio and capital employed.

Calculation

Non-interest-bearing liabilities refers to liabilities without interest, such as accounts payable, advances from customers and tax liabilities. Interest-bearing liabilities refers to liabilities with interest, such as lease liabilities.

Cash flow per share before dilution

	3 months Feb–Apr 2023	3 months Feb–Apr 2022	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Cash flow from operations, SEK thousand	382,177	414,421	440,488	616,922
Number of shares before dilution at the end of the period	192,667,489	192,662,325	192,667,489	192,662,325
Cash flow per share before dilution, SEK	1.98	2.15	2.29	3.20

Purpose

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

Calculation

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

Cash flow per share after dilution

	3 months Feb–Apr 2023	3 months Feb–Apr 2022	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Cash flow from operations, SEK thousand	382,177	414,421	440,488	616,922
Number of shares after dilution at the end of the period	192,667,489	192,667,455	192,667,489	192,667,455
Cash flow per share after dilution, SEK	1.98	2.15	2.29	3.20

Purpose

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

Calculation

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

Ratio of contracted order bookings to net sales

SEK thousand	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Contracted order bookings	4,635,715	2,320,198
Net sales	2,350,752	1,949,140
Ratio of contracted order bookings to net sales	1.97	1.19

Purpose

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

Calculation

Contracted order bookings divided by net sales.

Liquidity

SEK thousand	Apr 30 2023	Apr 30 2022
Current assets	2,208,381	1,669,592
Unutilized overdraft facilities	15,000	15,000
Current liabilities	1,364,641	1,064,688
Liquidity	1.6	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 Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Nominal change, %	11.7	23.3	20.6	19.4
Exchange-rate effect, %	-5.0	-5.7	-8.0	-2.5
Change in unadjusted exchange rates, %	6.7	17.6	12.6	16.9

Purpose

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

Calculation

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

Unadjusted exchange rates – operating profit

	3 months Feb-Apr 2023	3 months Feb-Apr 2022	Full-year May-Apr 2022/2023	Full-year May-Apr 2021/2022
Nominal change, %	39.4	-13.9	18.9	9.5
Exchange-rate effect, %	-11.4	-7.4	-16.3	-4.7
Change in unadjusted exchange rates, %	28.0	-21.3	2.6	4.8

Purpose

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

Calculation

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

Unadjusted exchange rates – recurring revenue

	3 months Feb–Apr 2023	3 months Feb–Apr 2022	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Nominal change, %	34.2	11.3	25.8	11.7
Exchange-rate effect, %	-4.7	-5.0	-7.5	-2.1
Change in unadjusted exchange rates, %	29.5	6.3	18.3	9.6

Purpose

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

Calculation

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

Order bookings – guaranteed**Purpose**

Indicates future revenue in the company.

Calculation

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

Order bookings – contracted**Purpose**

Indicates future revenue in the company.

Calculation

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

P/E ratio

SEK	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Share price at end of period	161.7	124.80
Earnings per share before dilution for the rolling 12-month period	1.95	1.63
P/E ratio, multiple	82.9	76.6

Purpose

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

Calculation

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

Earnings per share before dilution

	3 months Feb–Apr 2023	3 months Feb–Apr 2022	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Profit for the period, SEK thousand	154,629	112,465	374,957	314,793
Average number of shares at the end of the period before dilution	192,667,489	192,662,325	192,664,046	192,639,088
Earnings per share before dilution, SEK	0.80	0.58	1.95	1.63

Purpose

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

Calculation

Profit/loss after tax divided by the average number of shares before dilution at the end of the period.

This performance measure is defined in accordance with IFRS.

Earnings per share after dilution

	3 months Feb–Apr 2023	3 months Feb–Apr 2022	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Profit for the period, SEK thousand	154,629	112,465	374,957	314,793
Average number of shares at the end of the period after dilution	192,667,489	192,667,455	192,667,466	192,667,355
Earnings per share after dilution, SEK	0.80	0.58	1.95	1.63

Purpose

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

Calculation

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

Return on equity

SEK thousand	3 months Feb–Apr 2023	3 months Feb–Apr 2022	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Profit for the period	154,629	112,465	374,957	314,793
Equity at start of period	1,144,012	959,025	1,080,737	895,623
Equity at end of period	1,296,669	1,080,737	1,296,669	1,080,737
Average equity	1,220,341	1,019,881	1,188,703	988,180
Return on equity, %	12.7	11.0	31.5	31.9

Purpose

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

Calculation

Profit for the period divided by average adjusted equity.

Return on capital employed (ROCE)

SEK thousand	3 months Feb–Apr 2023	3 months Feb–Apr 2022	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Profit after financial items	201,898	141,443	479,390	394,505
Financial expenses	-725	-380	-2,062	-1,555
Average capital employed	1,301,685	1,084,568	1,261,146	1,056,218
Return on capital employed, %	15.6	13.1	38.2	37.5

Purpose

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

Calculation

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

Return on total capital

SEK thousand	3 months Feb–Apr 2023	3 months Feb–Apr 2022	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Profit after financial items	201,898	141,443	479,390	394,505
Financial expenses	-725	-380	-2,062	-1,555
Average total assets	2,502,405	2,010,073	2,464,289	1,921,932
Return on total capital, %	8.1	7.1	19.5	20.6

Purpose

Shows the return on total assets.

Calculation

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

Operating margin

SEK thousand	3 months Feb–Apr 2023	3 months Feb–Apr 2022	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Operating profit	196,784	141,145	455,653	383,386
Net sales	724,703	649,023	2,350,752	1,949,140
Operating margin, %	27.2	21.7	19.4	19.7

Purpose

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

Calculation

Operating profit divided by net sales.

Operating profit per share

	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Operating profit, SEK thousand	455,653	383,386
Number of shares before dilution	192,667,489	192,662,325
Operating profit per share, SEK	2.36	1.99

Purpose

Shows earnings per share before interest and taxes.

Calculation

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

Debt/equity ratio

SEK thousand	Apr 30 2023	Apr 30 2022
Interest-bearing liabilities	82,262	62,624
Equity	1,296,669	1,080,737
Debt/equity ratio	0.06	0.06

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	Apr 30 2023	Apr 30 2022
Equity	1,296,669	1,080,737
Total assets	2,736,667	2,191,911
Equity/assets ratio, %	47.4	49.3

Purpose

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

Calculation

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

Capital employed

SEK thousand	Apr 30 2022	Apr 30 2022
Total assets	2,736,667	2,191,911
Non-interest-bearing liabilities	1,357,736	1,048,551
Capital employed	1,378,931	1,143,360

Purpose

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

Calculation

Total assets reduced by non-interest-bearing liabilities.

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

SEK	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Operating profit per share before dilution	2.360	1.990
Operating profit per share before dilution five years earlier	1.125	1.030
Growth in operating profit per share before dilution over a five-year period, %	110.0	93.3

Purpose

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

Calculation

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

Profit margin

SEK thousand	3 months Feb–Apr 2023	3 months Feb–Apr 2022	Full-year May–Apr 2022/2023	Full-year May–Apr 2021/2022
Profit after financial items	201,898	141,443	479,390	394,505
Net sales	724,703	649,023	2,350,752	1,949,140
Operating margin, %	27.9	21.8	20.4	20.2

Purpose

Shows a comparison of profitability regardless of corporate tax rate.

Calculation

Profit after financial items divided by net sales.

KEY FIGURES AND OTHER INFORMATION**Key figures**

	Full-year Apr 30 2023	Full-year Apr 30 2022
Contracted order bookings, SEK million	4,635.7	2,320.2
of which guaranteed order bookings, SEK million	2,606.5	2,320.2
Operating margin, %	19.4	19.7
Profit margin, %	20.4	20.2
Average no. of employees	1,015	908
Cash flow per share before dilution, SEK ¹	2.29	3.20
Cash flow per share after dilution, SEK ¹	2.29	3.20
Value added, SEK million	1,625.0	1,328.6
P/E ratio, multiple	82.9	76.6
Share price at end of period, SEK	161.7	124.8
Return on equity, %	31.5	31.9
Return on capital employed, %	38.2	37.5
Return on total capital, %	19.5	20.6
Equity/assets ratio, %	47.4	49.3
Liquidity ratio, multiple	1.6	1.6
Equity per share before dilution, SEK	6.73	5.61
Equity per share after dilution, SEK	6.73	5.61

¹ Cash flow from operations.

Condensed consolidated income statements by quarter

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

Key figures by quarter

	2022/2023				2021/2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Contracted order bookings, SEK million	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	811.6	484.0	605.6	705.3	1,017.4	439.6	470.0	393.2
Operating margin, %	27.2	15.0	19.2	13.3	21.7	14.4	20.0	22.2
Cash flow per share before dilution, SEK ¹	1.98	0.43	0.20	-0.33	2.15	0.79	0.21	0.05
Cash flow per share after dilution, SEK ¹	1.98	0.43	0.20	-0.33	2.15	0.79	0.21	0.05
Earnings per share before dilution, SEK ¹	0.80	0.38	0.49	0.28	0.58	0.33	0.34	0.38
Return on equity, %	12.7	6.5	8.5	4.9	11.0	6.3	6.6	7.8
Return on capital employed, %	15.6	7.8	10.2	5.8	13.1	7.3	7.8	9.2
Equity/assets ratio, %	47.4	50.4	52.3	54.9	49.3	52.5	61.3	59.6
Equity per share, SEK ¹	6.73	5.94	5.54	5.95	5.61	4.98	5.38	5.06
Share price at end of period, SEK ¹	161.7	147.44	146.40	185.90	124.80	152.50	209.60	137.20

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

Five-year summary

	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
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 ¹	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
Return on total capital, %	19.5	20.6	22.1	21.6	19.6
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 Feb–Apr 2023	3 months Feb–Apr 2022	Δ %	12 months May-Apr 2022/2023	12 months May-Apr 2021/2022	Δ %	Apr 30 2023	Apr 30 2022	Δ %
US dollar, 1 USD	10.29	9.47	8.7	10.40	8.89	17.0	10.22	9.71	5.3
Euro, 1 EUR	11.14	10.38	7.3	10.86	10.19	6.6	11.25	10.25	9.8
British pound, 1 GBP	12.65	12.31	2.8	12.51	12.00	4.3	12.77	12.18	4.8

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. Genetic information plays an important role 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.