

# Sectra contributes to a healthier and safer society



**SECTRA**  
Knowledge and passion

A photograph of a nurse in blue scrubs with a stethoscope around her neck, leaning over a young girl in a hospital bed. The nurse is holding a large, white, fluffy teddy bear. The girl is looking up at the bear with a gentle smile. The scene is brightly lit, suggesting a clean, clinical environment.

# Our customers make society work

Sectra offers solutions for medical IT and cybersecurity. We help hospitals and those who are training future healthcare personnel to improve their efficiency so that patients receive better care. We support defense forces, other authorities and various critical social functions in securing their communication against eavesdropping and protecting their systems against unauthorized access. This is how we create conditions for a healthier and safer society.

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See the Auditor's report on pages 120–123 for which parts that include the audited Annual Report, the audited Corporate Governance Report and the audited statutory Sustainability Report.

# Sectra—a company with global trust

## Why we exist

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

## How we work

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

## What we do

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

60+

Countries with customers

2,351

Net sales, SEK million

1,100+

Employees

## Our operating areas

### Imaging IT Solutions

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



Share of consolidated sales

[Read more on pages 32–37](#)

### Business Innovation

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



Share of consolidated sales

[Read more on pages 38–42](#)

### Secure Communications

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



Share of consolidated sales

[Read more on pages 45–49](#)

# Why invest in Sectra



## Seven good reasons to invest in Sectra

### 1 International niche markets with healthy 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.

### 2 Stability, profitability and long-term growth

Sectra has an over 45-year history of growth and profitability. Over half of the company's sales comprise recurring revenue from long-term customer contracts.

### 3 Customer-focused corporate culture

A 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.

### 4 Strong brand with multinational reach

Sectra is an established brand in niche areas where trust and stable products are important success factors. We have a multinational reach, with thousands of customers worldwide.

### 5 Innovation

By maintaining a high pace of innovation and continuously investing in new 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.

### 6 Sustainable business model

Contributing to a healthier and safer society 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 more sustainable society.

### 7 Long-standing owners and dedicated management

Our principal owners, who have been involved in the company since the 1980s, are dedicated to the long-term development of the company, and all members of Group Management are shareholders in Sectra.

# Examples of the value we create

## Improved cancer care with digital pathology and increased cooperation

We help pathologists transition from the microscope to technology that makes it possible to review tissue samples digitally. This reduces the variance between reviews, and makes it easier to share resources and expertise and reap the benefits of innovative technology such as AI. For patients, digitization leads to a lower risk of receiving the wrong treatment, shorter wait times and more equitable care.

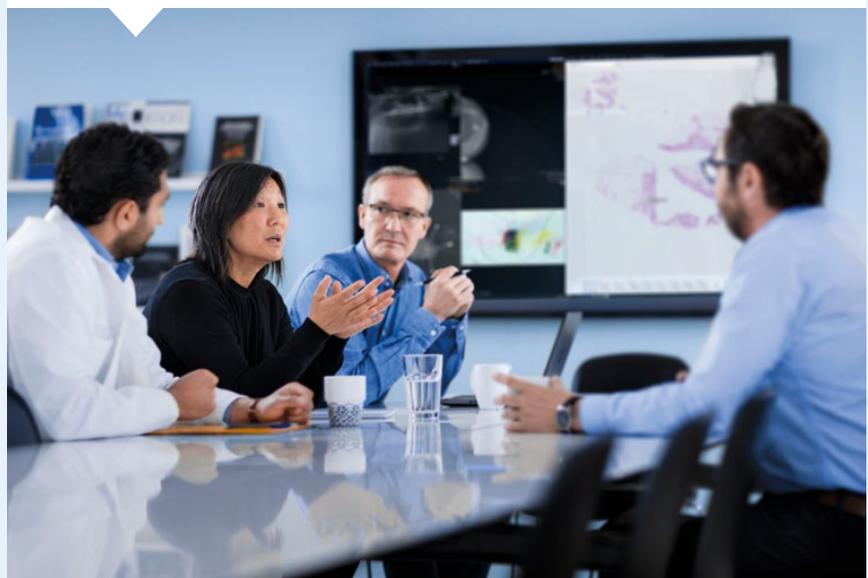


## Better quality of care thanks to complete patient overviews

We help healthcare providers manage all types of medical images through the same solution. Healthcare teams are provided with a complete patient overview by integrating our medical imaging IT system with other healthcare information systems. With the support of Sectra's solutions, users are able to make faster and more accurate diagnoses, which leads to better patient care.

## Shorter care times and more consistent quality of care through sharing of resources

More and more healthcare providers are using a shared imaging IT solution to make it easier to share resources and specialist expertise. For example, specialists can more easily cooperate across a region and review patient images regardless of which hospital they were taken at. Hospitals can also share resources in the event of temporary workload peaks or local resource shortages. This supports a more consistent quality of patient care and shorter care times.





## Reduced risk of disruptions and interruptions thanks to analysis and monitoring

Our encrypted communication solutions, analysis services and data traffic monitoring in critical systems help customers mitigate their vulnerabilities. This reduces the risk of society going without electricity or drinking water.

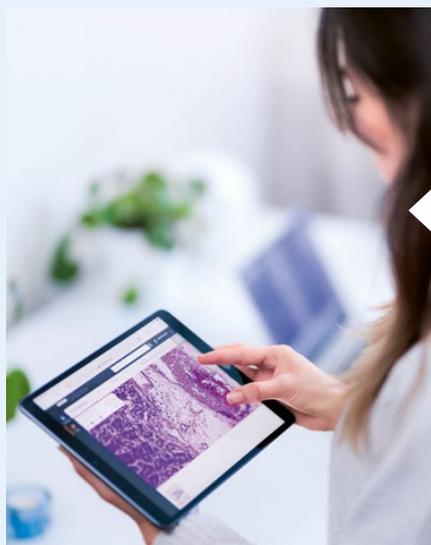
## Remote work with the same high level of security as the office

With products and services for secure mobile communication, we help defense organizations, ministries of foreign affairs, civil authorities and companies manage sensitive information while working remotely. Our products and services provide the same high level of security as when work is performed from the office.



## Avoiding unnecessary suffering for patients

With an image-based analysis service, 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.



## Students who are better prepared for professional life in healthcare

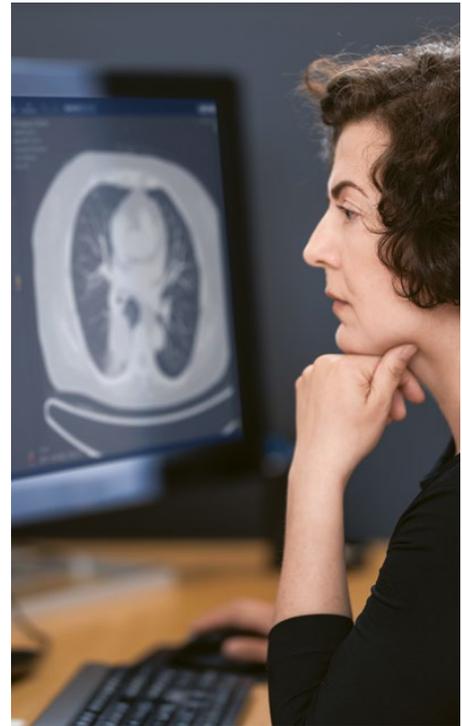
Our service for medical education works as a bridge between theory and practice. Students gain access to medical images and tools, which leads to deeper insights into anatomy as well as functions and processes in the body.

- » Read more about these and other examples that show how we help our customers at [medical.sectra.com/customerstories](https://medical.sectra.com/customerstories) and [communications.sectra.com/customerstories](https://communications.sectra.com/customerstories)

# The year in brief

## Imaging IT Solutions

- Sectra's radiology module, Sectra PACS, wins awards for highest customer satisfaction. This marks Sectra's tenth consecutive win in the US, its fourth consecutive win in Canada and its second consecutive win in Asia/Oceania.
- Major, long-term customer contracts lead to historically high levels of contracted order bookings. The two largest contracts are with Region Hovedstaden in Denmark and the Health and Social Care Service in Northern Ireland.
- Continued growth in our single largest market, the US, where large regional healthcare providers sign agreements with Sectra.
- A growing number of healthcare providers around the world choose Sectra, and sales increase in all geographic markets.
- Sectra strengthens its position in the digital pathology market through orders from hospitals in countries including Denmark, France, the UK, South Korea and the US. More than 1.5 million cases so far have been reviewed with Sectra's pathology solution.
- More customers choose the Sectra One subscription service, often delivered as a cloud service, resulting in increased recurring revenue.



## #1 in customer satisfaction



## Business Innovation

- Start of a new business unit, Genomics IT, for innovation and development of additional IT support for precision diagnostics. This area is important for cancer diagnostics and supplements our offerings in pathology and radiology.
- The next generation of cloud-based education portals is launched, and the number of users of Sectra's cloud service for medical education grows significantly.
- Several customers in Canada and the US include Sectra's orthopaedics services in their subscription agreements for medical imaging IT.
- The journal Acta Orthopaedic publishes a follow-up study where the Sectra Implant Movement Analysis (IMA) 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.
- Research results pave the way for clinical benefits of AI.



## Secure Communications

- Many countries are increasing their investments in defense and public security. Sectra's ability to help customers with these needs leads to increased order bookings and an improved financial performance.
- Magnus Skogberg takes office as the new President of the operating area.
- The Dutch Ministry of Defense expands its use of the Sectra Tiger/S mobile encryption system to include secure file sharing at the highest classification level.
- Swedish authorities expand their partnership with Sectra through new orders of systems and solutions to strengthen the Swedish civil and military defense's ability to communicate securely.
- NATO approves the most recent version of Sectra Tiger/S. The product includes new functions that help officials exchange information even more securely and efficiently. Customers in NATO countries order Sectra Tiger/S devices, including an authority in Finland.
- An energy company orders Sectra's service for monitoring operational systems, which helps customers detect risks and vulnerabilities before they affect daily operations.

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## The year in brief—continued

### Business model, goals and strategies

- Our ability to make our customers successful, which is one of our fundamental strategies, enables us to grow.
- Internal and external measurements show that Sectra is an equal opportunity workplace with satisfied employees and a strong culture.
- The Group's order intake, sales and operating profit exceed previous records. All financial goals have been met.

Read more on pages 14–27.



### Capital Markets Day 2023

Presentations focusing on customer value and sustainable growth:  
[investor.sectra.com/cmd2023](http://investor.sectra.com/cmd2023)



### Specific uncertainties

The security situation in Europe is contributing to greater uncertainty than normal. With a strong financial position, positive cash flows and a significant share of recurring revenue, we are well equipped to manage specific uncertainties.

Read more about risks and risk management on pages 83–85.

### Financial key figures

**2,351**

Net sales  
SEK million

**456**

Operating profit  
SEK million

**4,636**

Contracted order bookings  
SEK million

**2.29**

Cash flow per share  
SEK

**1.95**

Earnings per share  
SEK

**1.10**

Redemption price/dividend  
per share, SEK

Refer to the five-year summary on page 53 for additional performance measures.  
 Refer to page 71 for the proposed share redemption program.

### Recurring revenue



Recurring revenue amounted to SEK 1,360 million, of which SEK 255 million pertains to cloud-based services.



## CEO letter

“Creating customer value and having a strong corporate culture pays off. The two most important reasons why customers choose Sectra are our personnel and our Sectra culture. A corporate culture shaped by employees who understand that if we don’t do our job, customers can’t do theirs—and that our customers’ efforts are crucial to some of society’s most critical functions.”

Torbjörn Kronander, koncernchef och vd

# CEO letter

Sectra's success depends on satisfied customers who operate in growing markets where a trusted supplier is absolutely critical. We maintain our customers' trust and create value with the help of a strong corporate culture and long-term investments in innovations that can solve problems to ensure that society continues to function in the future.

Customer satisfaction and customer value can only be achieved with motivated and happy employees. Our success in this regard is reflected in success for Sectra. We won more and 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. All operating areas are now growing, and the transition to service sales and cloud deliveries is progressing. All of this is due to our ability to deliver customer value and build a long-term sustainable company by providing critical components for modern healthcare, medical education and increased cybersecurity in society.

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. The customers are healthcare providers who manage image volumes for millions of patients. Their confidence in our ability to deliver very large and 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 firmly believe that the combination of radiology, pathology and genomics in a shared IT system will strengthen and consolidate Sectra's offering in medical diagnostics.
- Secure Communications reported a substantial earnings improvement and is now contributing to the Group's devel-

opment with increasing 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 are unique in that they will probably need to grow regardless of the economic situation.
- We experienced a strong currency tailwind during the year, which helped to offset the financial effects of our ongoing transition to service offerings, especially in Imaging IT Solutions.
- We are evaluating and testing generative AI 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.

There are, of course, many other things that happened, and you can read about them in other parts of our Annual Report and Sustainability Report.

## Great need for cost-effective and sustainable healthcare

The social costs of healthcare are alarmingly high in many countries. This is largely due to demographic shifts with a growing proportion of elderly patients, which is increasing the burden on hospitals. To meet these challenges, the healthcare system not only needs to cut costs, but also streamline its operations and find ways to address the growing workload without compromising on quality of care.

Our mission in medical IT is to help our customers deliver high-quality healthcare and medical education in a cost-efficient and safe manner. We offer scalable IT systems that can handle large and growing volumes of medical images, and a key element of our product strategy is to focus on diagnostics and the monitoring of age-related diseases.

Demand for our medical IT solutions as cloud services is growing. By moving IT systems, which have traditionally been located in the data centers of hospitals, into the cloud, where we take greater responsibility for infrastructure and operations, we can help hospitals reduce the workload for their IT departments. Moreover, the migration will help to reduce vulnerability to data breaches and enable our customers to lower their climate impact by sharing their capacity and resources dynamically and energy efficiently.

## Sectra's role in strengthening the resilience of society

The volatile security situation and the war in Europe are reminders of the importance



“A long-term and sustainable future is created through satisfied customers and happy employees.”

Torbjörn Kronander

of our work with secure communication. Many organizations are now experiencing a growing need for secure and approved solutions that can simplify the exchange of classified information. Information that could seriously compromise the security of a company, or a nation and its allies, should it fall into the wrong hands. Sectra's solutions ensure that the information that is exchanged remains secure throughout the entire process.

Budget appropriations for cybersecurity for the defense forces, authorities and critical infrastructure have increased, and we are well positioned with offerings that meet customers' stringent demands. Not only in Sweden, but also across the entire EU and NATO. We contribute encryption products that improve the ability of civil and military defense to communicate securely, and protect IT systems that are essential to the security of our societies.

#### **Transition to services and cloud deliveries**

Transitioning our customer offering and operations to service sales and cloud deliveries is one of the most extensive changes we have ever made. The transition will continue for several more years, since the interest in service delivery rather than purchasing licenses varies between different markets and customers. It is expected to accelerate even further. In our medical IT areas, service sales clearly dominate in the transactions now being discussed. Several hospitals have ordered our cloud-based services, with deployment scheduled for 2023/2024.

The transition is impacting Sectra's financial performance, and the year's outcome would have been even higher if all deliveries had taken place in the form of traditional software licenses. This revenue is by no means lost—it has merely been postponed in the form of recurring revenue. We have gradually added new key

figures to our financial reporting to better reflect our progress in these areas. The most recent change is that, in addition to the proportion of recurring revenue in various categories, we also report the amount of recurring revenue lost (churn).

Our growth strategy is built on taking good care of our customers. In turn, they expand their use of Sectra's solutions and recommend us to others. We are attracting many new customers and many of these contracts, especially in Europe, still involve large initial deliveries of non-recurring revenue. This is continuing to result in major financial fluctuations between quarters, even if recurring revenue is growing.

#### **We are leading future progress**

As a customer-oriented and innovative company, we are continuously investing for the future. With the ability to “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. We were pioneers in digital pathology, for example, and can now see how other suppliers are adding this to their offerings through either acquisitions or partnerships. We are still staying one step ahead by gathering radiology, pathology and genomics in consolidated IT support for, primarily, cancer diagnostics.

#### **Outlook**

The needs for increased productivity in healthcare and strengthened cybersecurity are great. We are well positioned to meet these challenges. Customer value, innovation and corporate culture remain key elements of our strategic plan. With these as our base, we will deliver secure, scalable and user-friendly solutions that create significant customer value in medical IT and cybersecurity. Customer value that is then passed on to us through the payments we receive for our services.

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 an important and tangible impact on people's health and on security in our society.

Torbjörn Kronander  
President and CEO of Sectra AB

A photograph of three business professionals in a meeting. A woman with long red hair is in the foreground, seen from the back, holding a pen and looking at a whiteboard. A woman with long blonde hair is in the middle ground, smiling and looking towards the man. A man with a beard and short brown hair is in the background, looking towards the woman. The setting is a bright, modern office with large windows.

# Sectra's approach to creating value

A strong corporate culture is the foundation for how we create value for our customers, our employees, society at large and thereby for our shareholders. The Sectra culture revolves around customer needs and a long-term approach to everything we do. On the following pages, you can read about our goals and priorities for sustainable business development.

# A strong corporate culture lays the foundation

## Corporate culture and values

Sectra's corporate culture is based on customer needs, and we adopt a long-term approach to what we do. This strong corporate culture is the foundation for how we create value for our customers.

## Mission statements

### Medical IT

To increase the effectiveness of healthcare, while maintaining or increasing the quality of care.

### Cybersecurity

To strengthen the stability and efficiency of society's most important functions through solutions for critical IT security.

## Operating areas



## Vision

To contribute to a healthier and safer society.

## Goals

At Sectra, we are determined to create significant value for our customers. 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 our customers. Value that is then passed on to us through the payments we receive for the improvements that our products and services create. This is what pays our employees' salaries and enables innovation and the investments needed to continue making our existing and new customers more successful.

Our success is monitored through result indicators for our operational targets and financial goals. In addition, there are also business-specific goals that are followed up in each operating area and business unit. This ensures that our operations create value and contribute to sustainable business development.

Read more on page 26.

## Group-wide strategies for 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.

Read more on page 18.

### 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.

Read more on page 20.

### 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.

Read more on page 24.

### Geographic expansion

Expansion mainly takes place in areas and regions where Sectra holds an established position. Expansion is primarily to be achieved through organic growth, in certain cases supplemented by acquisitions that strengthen the Group's organic growth.

Read more on page 25.

# Our focus on sustainability

Sectra's vision is to contribute to healthier and safer societies. Achieving this requires satisfied customers and employees as well as long-term, responsible action as a company on behalf of all stakeholders. That is why we focus our efforts in these sustainability areas.



## Satisfied customers

The value we create for customers is Sectra's largest contribution to more sustainable societies. We help our customers provide more patients with the best care possible and protect communication and critical infrastructure in today's digital society. Our work helps make people's lives healthier and safer.

Strategies and prioritized activities:  
Customer value pages 18–19 and innovation page 24.

Contribution to the UN SDGs: SDGs 3, 8, 9 and 16



## Satisfied employees

Having satisfied and dedicated employees is a precondition for delivering maximum customer value. We safeguard our corporate culture, fair working conditions, equality and diversity.

Strategies and prioritized activities:  
Corporate culture and employees pages 20–23.

Contribution to the UN SDGs: SDGs 5 and 8



## Responsible conduct

Our approach to conducting long-term sustainable operations can be summarized as follows: treat our customers and other stakeholders as we would like to be treated ourselves. This leads to successful teamwork and prosperous business.

Strategies and prioritized activities:  
Taking responsibility for the environment and climate, following fair business principles, counteracting corruption and respecting human rights.

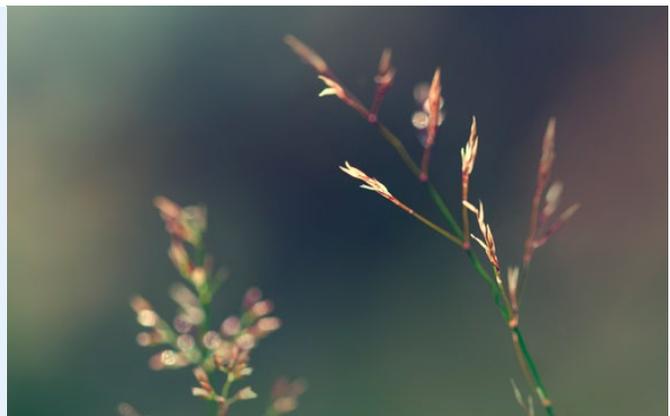
Read more in the Sustainability Report on pages 72–85.

Contribution to the UN SDGs: SDGs 8 and 16

## Sustainability targets

Sustainability is an integrated part of our vision and mission statements, and is therefore part of our strategic priorities. That is why our Group-wide operational targets and financial goals also serve as our overall sustainability targets. Read more about our strategic initiatives on pages 26–27.

Additional result indicators are used to monitor the results of the operational sustainability agenda in prioritized and statutory sustainability areas. Read more in the Sustainability Report on pages 72–85.



## Examples of the value we create for our stakeholders

### Customers

- Increased productivity, high quality and security in the healthcare sector, particularly in the use and management of medical images.
- Easier planning and monitoring of orthopaedic procedures.
- Health and social care students and employees who are better prepared for working life.
- Protection against eavesdropping, unauthorized data access and cyberattacks.

### Patients

- Faster diagnosis and treatment, especially in areas related to illnesses among the elderly.
- More reliable diagnoses yield better care outcomes.
- Increased access to specialists, regardless of where care is sought.
- Increased security regarding patient data.

### Society and citizens

- Increased efficiency and quality in medical diagnostic imaging and patient care.
- Increased cybersecurity in critical social functions.
- Job opportunities and tax payments in the countries where we operate.
- Innovations and research results that could contribute to a healthier and safer society and a lower climate impact.

### Distribution partners and suppliers

- Increased business opportunities that provide social benefit.
- Revenue and job opportunities

### Employees

- Possibilities for making society healthier and safer.
- Meaningful employment at an equal-opportunity workplace with highly engaged colleagues.
- Different career paths and personal development.
- Competitive employment terms and benefits.
- Safe and healthy work environment.

### Shareholders

- Return generated by increased social benefit.
- Initiatives and investments in niche markets, growth areas and innovation that could contribute to returns over a long period.

## How we contribute to the UN Sustainable Development Goals



### Good Health and Well-Being

The focus in Sectra's medical operations is on good health and well-being for patients and for society as a whole. Cancer diseases, osteoarthritis and orthopaedic surgery represent some of the most costly and resource-intensive areas in the healthcare sector. Our solutions facilitate and optimize diagnosis, planning and follow-up of patients in these areas.



### Gender Equality

We value and promote equal treatment and gender equality within our operations. Roles are to be filled based on the individual's skills and characteristics. All employees are to be treated with equal respect.



### Decent Work and Economic Growth

Sectra offers opportunities for work and a livelihood. We strive to provide fair workplace conditions and to contribute to economic growth in the communities where we operate.



### Industry, Innovation and Infrastructure

Within the critical infrastructure product segment, Sectra helps society to secure, for example, water and electricity supply and to protect these against different types of threats. Within the medical technology area, we help healthcare providers meet the challenges that come with an aging population combined with a decline in the proportion of people of working age. The solutions we offer make healthcare available for more people and allow healthcare providers to maintain a high quality of care.



### Peace, Justice and Strong Institutions

Within the secure communications product segment, Sectra helps politicians, authorities and the defense forces to ensure a functioning government. We also actively work to combat corruption and bribery and to comply with the laws and regulations in the areas where the company operates.

# Our strong customer focus builds trust

Sectra is an established brand in niche markets where trust is a vital success factor. Building this trust—like developing solutions that provide real value for our customers—requires that we understand and care for customers.

## Prioritized activities

- Hiring and retaining the right personnel.
- Leading through a customer-oriented corporate culture.
- Measuring and following up customer satisfaction.
- Involving customers in product and business development.
- Building each employee's understanding of our customers.



### What makes us stand out—our employees

Sectra's solutions are recognized for their stability and usability. But according to our customers, what truly sets Sectra apart from its competitors is its employees—a group of highly skilled individuals who are more than happy to share their experiences and are prepared to go the extra mile to solve customers' problems. The Sectra spirit is built on our customer-oriented corporate culture.

### Customer satisfaction is top priority

A high degree of customer satisfaction is central to Sectra's identity as a company, and the impetus to create value for our customers unites us. Satisfied customers are also an effective sales and marketing strategy, since this is the ultimate proof that we have quality solutions that create value in our customers' operations and are delivered by excellent staff. We are convinced that if we prioritize customer satisfaction, we will also have satisfied employees. With satisfied customers

and employees, Sectra will continue to be successful—which will also satisfy our owners. Moreover, a high degree of customer satisfaction means going to work is more enjoyable and attracting new employees is easier.

### Close partnerships with demanding customers

Some of the most important parts of Sectra's values and how we act are built on thorough knowledge of our users' day-to-day activities. We always strive to be there for our customers. Developing products that create real value and solve customers' problems requires our employees to understand their day-to-day operations. Working closely with our customers is therefore a part of many of our processes. For example, we partner closely with customers and research institutions on our long-term product development. All employees, regardless of role, also conduct customer visits every year to keep their understanding of the daily operations of our customers up to date.

This culture helps motivate and engage our employees to truly understand and solve the customers' problems and create added value for them. This understanding also leads to integrity and allows employees to turn down offers from potential clients whose challenges we are not equipped to solve.

“The knowledge to meet expectations.

The passion to exceed them.”



## Sectra's corporate culture focuses on the customer



Having a strong drive to always meet or exceed customer expectations.



Collaborating with demanding customers and competent end users.



Continuously improving and innovating in high-tech fields.



Offering solutions that benefit both individuals and society.



Showing tolerance and respect for each other as individuals and friends.



Thinking for oneself and assuming responsibility—act and act smart.



Spreading job satisfaction and joy.

# An engaging corporate culture

Sectra has over 1 100 employees in 14 countries. Both in-house and third-party surveys show that Sectra is a workplace where employees are satisfied and feel that they are doing important things and have the opportunity to develop as individuals. This environment is something we nurture, enabling our employees to create value for our customers.

## Prioritized activities

- Hire for attitude and ability. Train for skill.
- Guide decisions and conduct using a strong corporate culture.
- Create an environment where everyone, especially those working most closely with our customers, has the possibility of affecting the company's decisions and driving change.
- Create conditions for employees to continuously develop.



### Attitude, ability and willingness to learn

Our customers expect to meet especially driven staff who want to understand and help them. That is why we recruit new employees based on the candidates' attitude and characteristics, and on whether they fit in with the Sectra culture. In addition, we look for individuals who are willing and able to continually learn new things. We operate in a rapidly changing world where today's knowledge could be of limited value tomorrow. That is why the ability to re-learn and develop is important to us. In addition to their immediate supervisor and colleagues, all new employees are interviewed by the Group CEO. This rigorous employment process reflects how important we consider recruiting the right people for the company to be—individuals with the potential to grow and create value for our customers.

### An engaging corporate culture

Sectra's culture is our way of ensuring that we meet our customers' expectations. It guides our conduct, governs our priorities and creates shared values that bind us together.

We work strategically and proactively to maintain and develop this corporate culture. We focus on leadership, communication, recruitment and training as well as evaluation of both managers and employees. For many years, we have conducted a "rookie training" for new employees. Over three days, we provide them with insight into what Sectra stands for, how we create value for our customers and how each individual contributes to creating that value. We also have similar training for managers, where the focus is on customer value, culture and conduct.

### Attractive and equal-opportunity workplace

Attracting talent is important for Sectra's growth. That is why we focus on being a workplace where employees can thrive, develop and have the preconditions to create value for our customers.

At Sectra, everyone should be treated with equal respect, curiosity and attention regardless of how long they have been employed, the role they have, how old or what gender they are. We are deeply convinced that everyone working at Sectra is employed because they have the ability to create value for our customers. This ability is what we value and focus on.

We monitor how well we succeed at meeting our employees' expectations of their workplace in annual internal surveys, where we follow up various performance measures (refer to page 76).



One important reason why our customers choose Sectra is our personnel. Dedicated employees who feel like they're doing something important every day—something that can affect millions of patients. Nurturing this motivation is the most important thing I do.

Marie Ekström Trägårdh, President of the Imaging IT Solutions operating area and Executive Vice President of Sectra AB

#### Possibilities for continued growth

Ensuring that our employees develop on a personal level as well as in terms of their expertise is important for employee job satisfaction and for our customers. This is why Sectra University, our educational organization, provides opportunities for in-house and external continuing education for Sectra employees and the staff of our partners. It also provides efficient onboarding in conjunction with a change of role or new employment.

Employees are encouraged to grow and develop as individuals in various ways, for example through job rotation among departments, roles and national organizations. This spreads the company's combined expertise and promotes collaboration

within the Group. We also provide various career alternatives. In addition to managerial roles, employees who have expert knowledge in a specific area can be promoted to senior roles without staff responsibilities or can be recommended for Sectra's annual seniority program. Each year, employees who are regarded as truly embodying Sectra's culture, who have a desire to work hard when needed and who possess extraordinary expertise in a particular area can be nominated by their colleagues and be appointed as seniors or fellows. In addition to the sense of honor and gratification that comes from being appointed, these employees receive expanded benefits and increased freedom to govern their work on their own.

#### Managers who challenge

The foremost task of managers at Sectra is to make it possible for our employees to meet customer expectations for both expertise and attitude, thereby delivering value. The foundation is an understanding of and a focus on customers in every decision we make. Our employees have a strong influence on the company, and a mandate to make intelligent decisions on their own.

Managers should lead and act in accordance with our culture, creating clarity by providing feedback and communicating goals as well as expectations and priorities.

# Sectra welcomes future employees

At Sectra, our success largely rests on our motivated employees who have a strong drive to help our customers. The satisfaction and well-being of our employees is also essential for our success. Actively supporting the possibility of combining family and work is important for Sectra. Here are some of the new additions that brightened the world during the fiscal year.



**Elliot Svahn**  
September 7, 2022  
Lina Larsson, Functional Area Manager,  
Technical Information,  
Sweden



**Axel Dencker**  
January 29, 2023  
Rasmus Dencker,  
Software Engineer,  
Sweden



**Beatriz Vaz Faria**  
November 2, 2022  
Patrícia Vaz,  
Project Manager,  
UK



**Diana Freitas da Silva**  
May 26, 2022  
Maria da Silva,  
Account Manager,  
USA



**Thomas Joseph Atkins**  
January 24, 2023  
Presley Atkins,  
Project Applications Specialist,  
USA



**Oscar Wilhelmsson Schwang**  
August 4, 2022  
Gustaf Schwang,  
President Sectra Orthopaedic Solutions,  
Sweden



**Iris Zeijlon**  
June 11, 2022  
Tom Axelsson, Software Engineer &  
Technical Solution Specialist,  
Sweden



**Phoenix Aborn**  
 May 2, 2022  
 Brittany Aborn,  
 Director of Talent Acquisition,  
 USA



**Tatem Michael Woodroof**  
 January 3, 2023  
 John Velleca (granddad),  
 Process Owner, Deployment,  
 USA



**Tage Lindvall**  
 May 9, 2022  
 Martin Lindvall,  
 Senior Researcher,  
 Sweden



**Levi Scott**  
 June 6, 2022  
 Sara Hedlund,  
 Project Manager,  
 Sweden



**Lexi Theander**  
 June 15, 2022  
 Jamie Senewiratne,  
 Quality Manager,  
 Sweden



**Riley Poxson**  
 February 1, 2023  
 Josefin Nissa,  
 Deployment Engineer,  
 Sweden



**Lilly Häger**  
 February 21, 2023  
 Elin Häger, Technical Project Manager,  
 and Simon Häger, Head of Strategic  
 Analysis, Sweden



**Billie Prothero**  
 September 7, 2022  
 Mitch Prothero,  
 Project Engineer,  
 Australia



**Filip Schagerlind**  
 March 18, 2023  
 Marjan Skrjanc, Vice President  
 Sales & Market Communication,  
 Sweden

# Innovation for sustainable growth

We want customers to know that Sectra is a future-proof choice that can help them meet the challenges of today as well as tomorrow. Our strategy for innovation is based on allowing customers' needs, combined with Sectra's knowledge of trends and technology, to dictate progress and renewal in our customer offering.

## Prioritized activities

- Constantly seeking improvement and innovation in our value creation, guided by our corporate culture.
- Conducting research projects in close cooperation with customers, research centers and other parties.
- Pursuing agile development processes in close cooperation with customers.
- Conducting focused projects in a number of future areas such as data security, AI and precision medicine.



The Group's R&D costs

## 25

patent families in the Group

## 10-15%

of consolidated sales are invested in R&D every year

### Customer-centric product development

We continuously invest in new and ongoing development of products and services. Development takes place in close dialogue with customers to ensure that we deliver solutions that make a real difference in our customers' daily operations. In the past few years, for example, we have:

- expanded our enterprise imaging solution with functionality for digital pathology, cardiology and ophthalmology
- developed a platform to integrate external AI applications into customers' Sectra solutions in healthcare
- launched new functions for secure digital communication and remote collaboration for operations that handle sensitive information
- invested in developing services to support critical infrastructure in society.

### Research to meet future needs

Through research, we help push the boundaries beyond what customers are focusing on today. Our research team develops knowledge, methods and prototypes that pave the way for product development. Many of our innovation projects are conducted together with universities, hospitals and strategic partners around the world. For example, we participate in projects to accelerate the development of AI-based diagnostic methods. Our projects in the field of data security focus on methods for protection against network traffic analysis and new cryptographic methods. Read more about our research in the section for each operating area.

You can find examples of our research partners and scientific publications in medical technology at: [medical.sectra.com/research](https://medical.sectra.com/research)

### Development in every part of the business

We want to deliver as much value as possible to our customers. That is why we engage in a close dialogue with our customers to continuously evaluate and develop how we interact with them, how we provide services and how we package our solutions. One example of such packaging is Sectra One, our enterprise imaging solution as a subscription service. We are also modernizing and digitizing our internal systems within accounting, order management and data analysis.

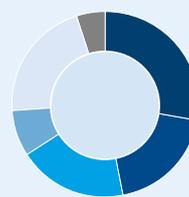
# International presence

Sectra believes that it is better to be big in fewer countries than to be small in many. Our ambition is to be the largest or second largest supplier in selected segments, in the countries where we conduct our own sales.

## Prioritized activities

- Continue to grow and become the leader in the segments and regions where the company conducts its own sales. Special efforts are ongoing in the US, where Sectra has high levels of customer satisfaction as well as significant growth potential.
- Implement controlled growth initiatives, carried out by the Group itself and through partners, in a small number of carefully selected markets. France and Canada are the latest countries in which Sectra has initiated such efforts. In both countries, we have gained important reference customers, which will be of great value for our future development in these markets.
- Establish operations in additional countries, and sign agreements with new distribution partners in selected segments and markets.

Sales per market 2022/2023



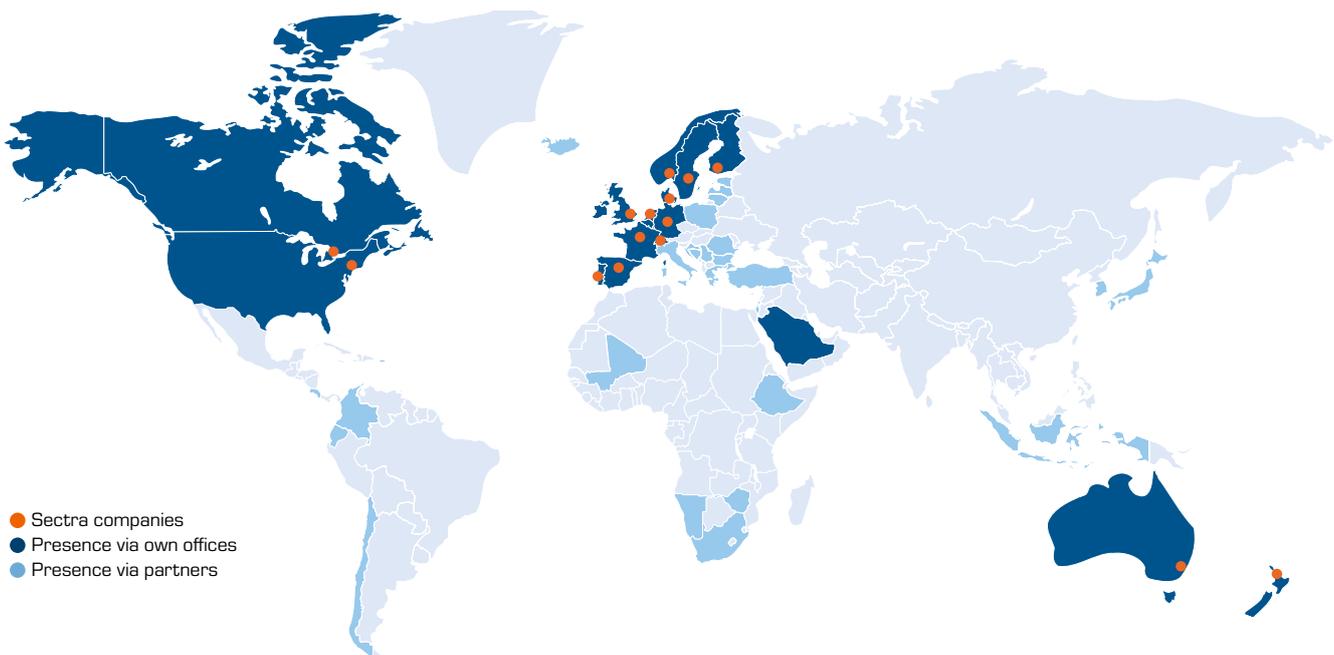
|                  | Share | SEK m |
|------------------|-------|-------|
| ● US             | 29%   | 687   |
| ● Sweden         | 20%   | 473   |
| ● UK             | 16%   | 382   |
| ● Netherlands    | 6%    | 136   |
| ● Rest of Europe | 21%   | 491   |
| ● Rest of World  | 8%    | 183   |

**19**

countries with direct sales

**~30**

partners



- Sectra companies
- Presence via own offices
- Presence via partners

\* The map does not include countries where Sectra's services and products are sold on a project basis via agents, a model used, for example, within the Medical Education business unit.

# Group-wide goals

Customers are Sectra's top priority. We create profitable growth by having satisfied customers and dedicated employees, which ultimately benefits our owners.

## Operational targets

Sectra's overall goal is to create significant value for the company's customers. Our success is monitored through several Group-wide result indicators in the areas described below and through the financial goals presented on the next page.



### Customers

The advantages and value we create for customers lay the foundation for Sectra's long-term, sustainable success. High levels of customer satisfaction are the ultimate proof that we deliver value and that Sectra's services and products markedly improve customers' operations.

Our progress toward the goal is measured on an ongoing basis through internal customer satisfaction surveys based on the Net Promoter Score (NPS) methodology and through leading external evaluations in each area, such as KLAS for our medical IT systems.



### Corporate culture, employees and processes

Our employees—and the corporate culture that shapes their conduct and decision-making—are our main competitive advantage. We therefore aim to ensure we have satisfied employees who perceive Sectra as an attractive, equal-opportunity workplace without bullying or harassment. We want our employees to feel that our corporate culture motivates and inspires them. This is crucial to our ability to recruit and retain the right personnel.

We follow up our progress toward achieving these goals with a number of result indicators, which are based on answers from an annual employee survey. To ensure we have the right process and that we can grow in an efficient manner, we also monitor our operating profit in relation to payroll expenses over time.



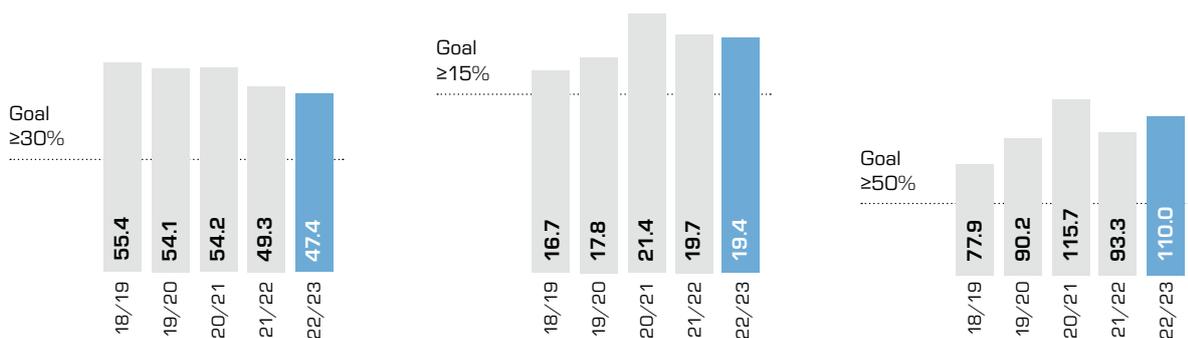
### Innovation and new business

Sectra aims to be a future-proof partner for our customers. Innovation and continuous development are therefore important. This target can be summarized in a quote ascribed to hockey great Wayne Gretzky: "Skate to where the puck is going to be." In other words, we must ensure that Sectra is well positioned to meet future customer needs.

How well we meet this target is monitored through our annual employee survey.

## Financial goals

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. We reinvest our profit in areas that have the potential to increase customer value and thereby contribute to stable and long-term returns for our shareholders. All Group-wide financial goals exceed the target levels.



### 1. Stability

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

A strong financial position provides security for customers and enables investments in products, services and areas that create additional value.

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

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

A healthy operating margin means that the business transactions in which Sectra can provide the most value are given higher priority than devoting resources to areas in which such value is lower. Favorable profitability enables Sectra to implement growth initiatives that generate a strong long-term return for its shareholders.

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. Growth

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

Monitoring growth in profit rather than sales is more relevant for Sectra, since the share of services and deliveries via the internet is increasing at the expense of deliveries of software licenses and hardware, for example.

The goal is calculated per share in order to include the effects of potential acquisitions paid for with treasury shares and other dilution effects. This places the focus on ensuring that each acquisition results in higher operating profit per share, which is in the best interests of the shareholders.

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.



Imaging IT  
Solutions

Business  
Innovation

# Medical IT

To maintain a high quality of care despite today's population trend, the healthcare sector has to accomplish more with the same or fewer resources. Healthcare for an aging population entails enormous challenges. Medical diagnostic imaging, planning and the monitoring of surgical procedures and training are crucial elements in meeting these challenges.

# Trends and needs driving the healthcare market

## Trends

### Fewer people to care for more

More than one in five people in Europe and North America are currently over the age of 60, a number that continues to rise. Improved living conditions and healthcare are allowing people to live longer lives. At the same time, fewer children are being born and the working age population is decreasing.<sup>1</sup> A shortage of personnel in various parts of the healthcare system is already noticeable today, and it is expected to increase going forward.

### More patients with chronic diseases and considerable need for care

Elderly people primarily suffer from diseases such as cancer, cardiovascular diseases, neurological diseases, diseases of the musculoskeletal system, and loss of sight and hearing. Thus, increased efficiency in diagnosing and monitoring the progression of these diseases is a high priority.

### Digitization

A higher degree of digitization in healthcare enables greater efficiency, increased availability and improved quality of care.

At the same time, systems and information are becoming more vulnerable to human error and cybersecurity threats.

### Medical advances

Improved prevention, diagnostic and treatment methods allow more patients to survive their illnesses. This means that they are undergoing follow-up examinations, which is contributing to an increase in diagnostic imaging. Moreover, diagnostic imaging is being used in more treatment methods, such as new types of radiation therapy to treat cancer.

### Personalized medicine

Genomics, the analysis of genetic information, is increasingly being used to improve diagnoses and choose the right treatment. This is resulting in a greater need to access and efficiently manage genetic information along with other diagnostic data. As healthcare becomes more personalized, the use of diagnostic imaging is also increasing as it is an important tool for monitoring patients.

## Customer challenges and needs

### Resource consolidation and collaboration

To accomplish more with the same or fewer resources, cooperation regarding resources and patients needs to increase. This situation is exacerbated by patients moving between different healthcare providers as well as by physicians becoming increasingly specialized, causing expertise to be scattered more widely. Cooperation may involve remote image reviews, sharing resources within a region or collaborating more closely within and between departments. In order to boost cost efficiency and competitiveness, growing numbers of mergers of healthcare providers are also being carried out.

### Support for increased diagnostics

Pressure on the healthcare sector is increasing the need to streamline diagnostics. This could take place, for example, through new technology, new functions or increased user friendliness in tools that are used to review medical images and write responses. New types of medical equipment are making it possible to use diagnostic imaging at an earlier stage of care and allowing more quantitative assessments during diagnosis and follow-up, which is placing greater pressure on diagnostic imaging departments. More high-resolution and multi-dimensional images are also substantially increasing the amount of data, which poses a challenge when it comes to the storage, distribution and review of images.

### Patient integrity and cybersecurity

Improved access to, and presentation of, relevant patient information is a prerequisite for improving the efficiency of care processes,

avoiding incorrect treatment and reducing care times. At the same time, the amount of cybercrime targeting the healthcare sector is on the rise, which represents a threat to the healthcare sector's ability to save patients' lives and protect their privacy. Since the consequences of cybercrime could be serious, healthcare providers are forced to pay ransom, making crime even more lucrative in this sector. The need for increased cybersecurity is driving the transition to more cloud-based solutions in healthcare.

### Educating more people more efficiently

In most countries, there is a shortage of qualified healthcare personnel, particularly specialists. At the same time, the use of new technology in diagnostics and treatment is increasing, which demands more frequent professional development. Creating more modern and efficient basic and continuing education programs for physicians, nurses and veterinarians is a top priority for many hospitals and universities.

### Enterprise solutions and cloud-based services

Operational, security and collaborative advantages are driving customer demand for enterprise solutions and cloud-based services. By replacing existing IT systems with cloud-based services, healthcare providers can reduce their own need for expertise in IT and cybersecurity, where many sectors are struggling to find personnel.

# Medical images are crucial to diagnosis and care

Medical images play an important role in illness diagnosis, treatment and follow-up. Sectra's solutions can therefore create considerable value for healthcare, patients and society at large.

## Examples of when medical images are used in the healthcare sector



Diagnosing heart problems



Early detection of cancerous tumors



Assessing tumor aggressiveness and spread



Treatment follow-up



Dialogue regarding patients between healthcare departments



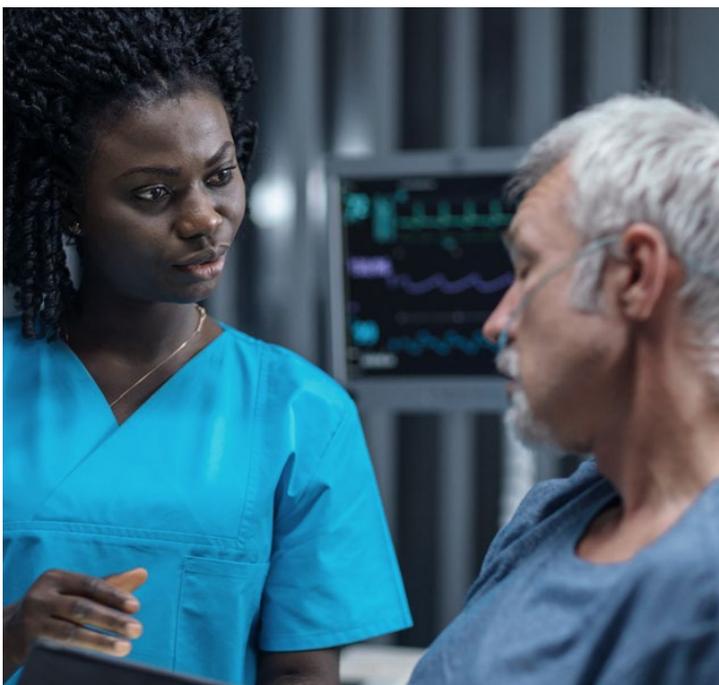
Direct dialogue with patients where they are able to see their images



Diagnosis, planning of treatment and monitoring of musculoskeletal injuries and diseases



Training of medical students and professional development of healthcare personnel



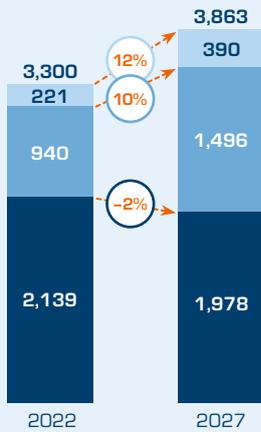
## We help the healthcare sector meet the challenges of an aging population

Efficient diagnostic imaging for illnesses affecting elderly people is highly prioritized in the healthcare sector. With our diagnostic imaging solutions, we can meet customers' growing needs within areas such as:

- cancer
- cardiovascular diseases
- musculoskeletal diseases
- ear and eye diseases
- neurological diseases

# Market size

The global market for IT systems for radiology and cardiology<sup>2</sup>, USD million



## Medical imaging IT

Existing IT systems for radiology are being replaced with consolidated solutions for image management across entire organizations or regions, known as enterprise imaging. This trend has gained momentum in developed countries where picture archiving and communication systems (PACS) for radiology and cardiology, vendor-neutral archive solutions and electronic medical record systems have achieved a high penetration level. Sectra's enterprise imaging solution also handles medical images in fields such as pathology, ophthalmology and other diagnostic imaging areas not included in the estimates presented here.

- Cardiology IT Enterprise
- Radiology IT Enterprise
- Radiology IT Standalone
- Compound annual growth rate 2022-2027

## Digital pathology

Pathologists are transitioning from microscopes to digital examination of tissue samples and the market is growing rapidly. Swedish healthcare is a pioneer and has made the most progress worldwide, having digitized primary diagnostics at more than 50% of the country's pathology labs. While Sweden is home to 32 pathology labs, the equivalent figure for the US is over 5,000, which highlights the major growth potential within the area of digital pathology for primary diagnostics. As in other diagnostic imaging areas in healthcare, digitization also provides entirely new possibilities to use innovative technology such as AI and large databases to increase quality and efficiency.

The global market for all digital pathology software<sup>3</sup>, USD million



- Compound annual growth rate 2022-2027



## Cloud usage is accelerating

Healthcare providers' interest in cloud services has been strengthened by the economic pressure on healthcare caused by the pandemic. In the global radiological IT market, the share of cloud services amounted to approximately 25% in 2022 (hosted cloud 6% and hybrid 19%). The proportion is growing and is predicted to exceed 40% in 2027.<sup>2</sup>

## Medical education

# 3,600+

educational institutions<sup>6,7</sup> and hospitals worldwide offer basic and specialist medical training.

The global market for IT systems for orthopaedics<sup>4</sup>, USD million



## Orthopaedics

Hundreds of millions of people suffer from osteoarthritis, a disease that often leads to hip, knee and shoulder joint replacement surgery. The number of patients affected by the disease has doubled over only a few generations<sup>5</sup>. According to the UN World Health Organization (WHO), the disease is one of the main global healthcare challenges, alongside cancer and stroke.

- Compound annual growth rate 2020-2025

# Operating area Imaging IT Solutions

Sectra Imaging IT Solutions is a leader in medical imaging IT, and offers IT systems and services that help customers care for more patients, while retaining or improving the level of quality.



Enterprise IT platform and applications with modules for medical diagnostics

Sectra’s offering allows healthcare providers to manage all medical images in the same system. The offering consists of an IT platform and applications that enable unified management of medical images, videos and documents. All content is stored and made available securely for healthcare personnel throughout the hospital.

The solutions are delivered as traditional system installations, cloud services or services where Sectra is responsible for the operation of the system. Our service subscription offerings are called Sectra One, and Sectra One Cloud when they are completely cloud-based.

**Advantages of Sectra One:**

- Shorter time to treatment with complete patient overview and integrated diagnostics
- Greater scalability and a high level of flexibility to expand functionality and services module by module
- Having fewer IT systems to maintain increases IT security and provides more time to create value for the entire enterprise

**Products and services**

IT systems for diagnostics, archiving, presentation and communication of all types of medical images and related patient information. We also sell support and upgrade agreements, training and other services connected to the use and implementation of Sectra's solutions.

**Employees:** 832

**Customers**

Healthcare providers—normally major hospitals, regions, hospital systems and private clinic chains—that are growing and being consolidated.

**Sales channels and geographic presence**

In-house sales organizations in 18 countries and partners in some 30 countries. The largest markets are the Netherlands, Scandinavia, the UK and the US.

**Competitors**

Agfa, Change Healthcare, Fujifilm, GE Healthcare, INFINITT Healthcare, Intelrad, Philips/Carestream Health and Vital Images. Our competitors also include local companies such as Mach7 Technologies, Visage Imaging and Visus, and when it comes to image archives, major IT companies such as Hyland Software.



## Where we are headed

The long-term ambition of the operating area is to be the leader in making customers' diagnostics more efficient and contribute to improved care outcomes for patients. We are also to be a strategic partner in diagnostic imaging with particular focus on cancer diagnostics.

## Where we are now

Sectra is one of the world's leading providers of IT systems for managing medical images and patient information related to diagnostic imaging. We have more than 2,000 installations of medical IT systems worldwide, including several of the world's top-ranked hospitals.

**Top-ranked in customer satisfaction**

When our customers are satisfied, we know that we are delivering value and solutions that meet our users' needs. Within the radiology segment, Sectra has been top-ranked in customer satisfaction for ten consecutive years in the US, four years in Canada and two years in Asia/Oceania.

We also received the second highest ranking in Europe in the digital pathology product category. The surveys were performed by analyst company KLAS Research, which is considered the industry standard for customer satisfaction surveys specializing in IT systems in healthcare.

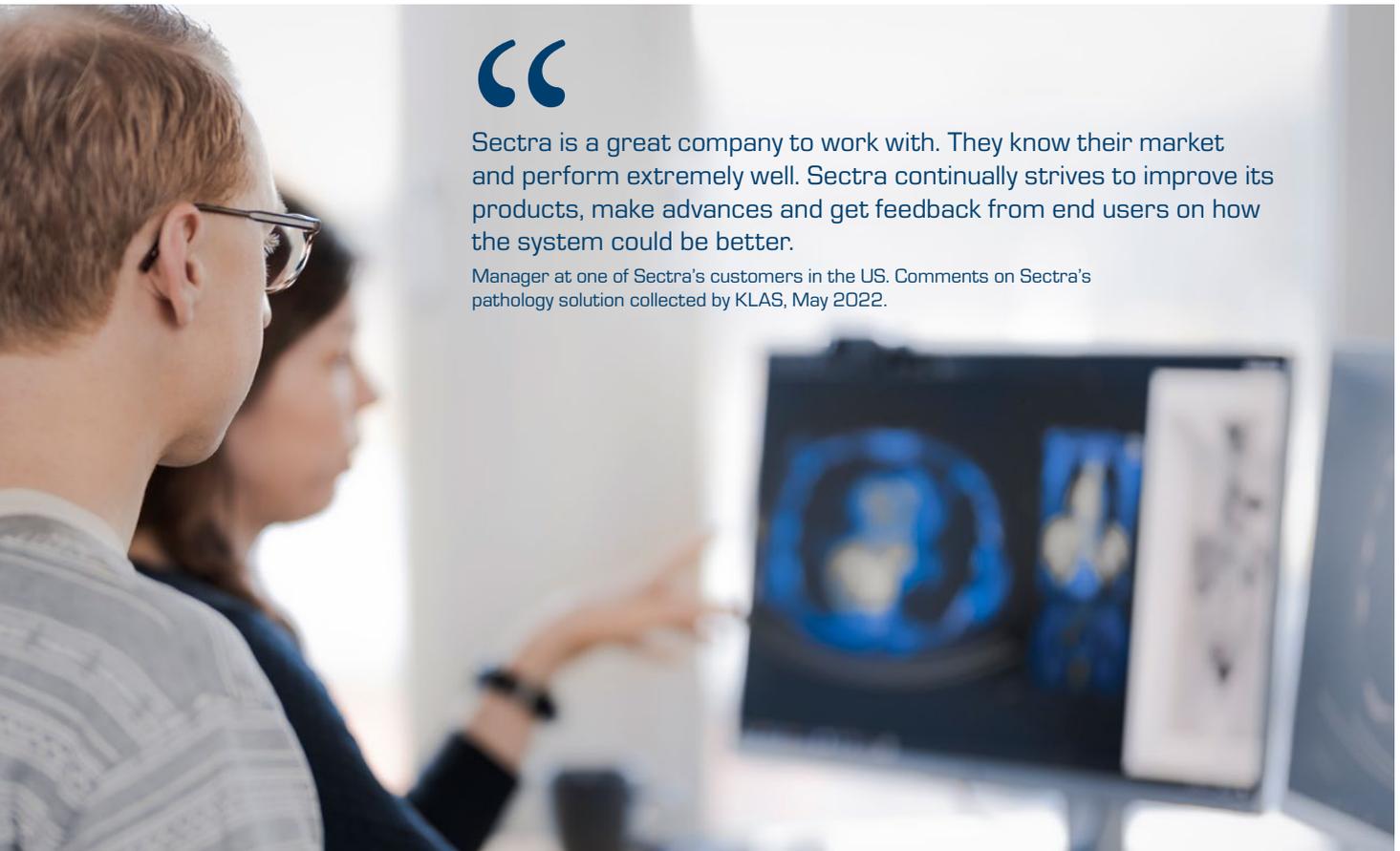
**Strong position as an enterprise vendor**

We have long held a strong position in IT systems for managing radiology images, and today we are the enterprise imaging vendor that many customers are turning to. This is especially the case for cancer diagnostics, where our investment in one system for radiology as well as pathology and other images is appreciated by customers. When procuring new solutions, it is common for customers to evaluate their total imaging needs. However, they frequently purchase and implement systems for an individual specialty, often starting with radiology. This boosts sales to new and existing customers. As the first and only supplier able to offer radiology, pathology, orthopaedics and ophthalmology

in the same solution, we are well positioned to help customers consolidate their IT systems and collaborate more effectively between specialties. Sectra has begun a genomics initiative in order to further support customer needs (see page 40).

**More customers are digitizing pathology**

We have a leading market position in pathology and are considered drivers in the industry. More than 1.5 million cases have been diagnosed using our solution, and it is used for primary diagnostics at over 75 laboratories around the world. In addition to new customers who choose Sectra to digitize pathology, our existing customers are also increasingly adding it to their enterprise solutions. This is especially the case in Europe, but we are also seeing a shift in the US, where more and more customers have done so in recent years.



“

Sectra is a great company to work with. They know their market and perform extremely well. Sectra continually strives to improve its products, make advances and get feedback from end users on how the system could be better.

Manager at one of Sectra's customers in the US. Comments on Sectra's pathology solution collected by KLAS, May 2022.

#### **Fastest-growing in the US, and significant potential in newer markets**

Sectra commands a market-leading position in the Netherlands, Norway, Portugal and Sweden, and a prominent position in the UK. In some countries, we command such a large market share that our growth potential in certain product segments is limited. However, this is not the case in the US, where we have a relatively small market share but very high customer satisfaction. The business is growing the fastest there, thanks to a steadily increasing level of trust from several healthcare providers. We also have considerable growth potential in the Canadian and French markets, which are newer for us. In markets where we don't have an established position, we are growing with distribution partners that align with our strategy and corporate culture.

#### **Subscription as the main alternative, focusing on the cloud**

In the not too distant future, the majority of new customers are expected to purchase cloud-based services. Replacing traditional IT systems with cloud services provides them with an opportunity to reduce their need for IT and cybersecurity expertise since many customers have difficulty filling these roles. To meet growing customer demand, in recent years we have prepared for the transition to cloud-based solutions and for service deliveries where we assume total responsibility for operation and infrastructure. All new products that are developed are designed to run efficiently in a cloud environment.

In addition to product development, we have changed how we package and sell our offerings as recurring services through

a new model called Sectra One. We also have strategic partnerships for cloud services infrastructure. At the same time, we implemented a new organization, strengthened our competence within the area and increased coordination within and between our various regions. These measures will help us grow with greater scalability and internal efficiency.

We were one of the first to make this transition, which has helped put Sectra's offering on the cutting edge. Several customers, in both Europe and the US, use our cloud-based services today. Sectra One has been the main alternative in the US since 2021, and the majority of new US agreements are now subscription-based. More and more customers are choosing this alternative in other countries as well, both new customers and those renewing their agreements.

The ability to manage all medical images in a single system is unique in today’s market. We are also the only company with a delivery model where—through true SaaS deliveries—we assume total responsibility for the service, including cloud costs, for the entire duration of the contract.

**More and larger customer projects than ever before**

We meet the needs of extremely large organizations. The growing volumes of medical images and the consolidation taking place in healthcare are leading to larger customers, higher demands for efficiency and more extensive procurements than before. In order to meet these needs, we are continually working to increase scalability, improve processes and use our resources even more efficiently.

The results of these efforts include new methods, preconfigured systems and best practices such as new tools that enable customers to perform installation and training for parts of the systems themselves.

**Product development and research for improved patient care**

To meet customer demand, the existing products are being developed and long-term growth initiatives are ongoing in new areas such as AI and ophthalmology. AI plays an important role when it comes to tackling the challenges facing healthcare due to personnel shortages and higher workloads. Sectra is therefore working to facilitate the implementation of various AI applications in clinical use so that physicians have better decision support.

One of the latest additions to Sectra’s enterprise solution is an ophthalmology module. The module was developed in partnership with a customer in the US and was recently made available to customers in all of our markets. Sectra is also conducting several of its own research projects (see page 40).



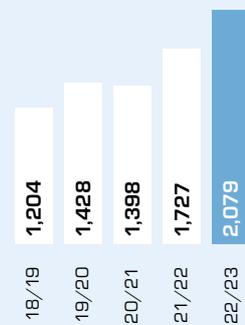
**Marie Ekström Trägårdh**

President of the Imaging IT Solutions operating area and Executive Vice President of Sectra AB

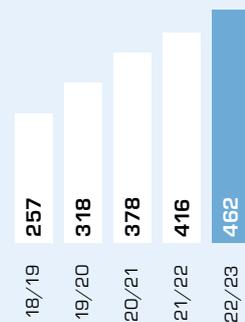
**Financial performance**

For comments on the company’s financial performance, refer to the [Administration Report](#) on page 66.

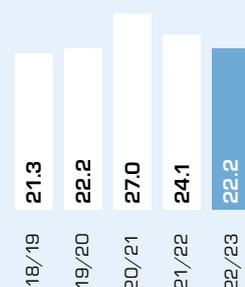
SALES, SEK MILLION



OPERATING PROFIT, SEK MILLION



OPERATING MARGIN, %



## The way forward

The activities being prioritized by the operating area in order to achieve its long-term ambitions are shown below. Some activities have the potential to make positive contributions to the earnings trend within one or two years, but the majority have a longer time horizon.

### Prioritized activities

Grow while maintaining high customer satisfaction by continuously measuring and monitoring customer opinions and needs.

Adapt all levels of the organization for the transition to cloud-based service deliveries.

Expand partnerships with existing customers where Sectra's products and services can contribute to further efficiency enhancements.

Grow within radiology, cardiology, pathology, ophthalmology and other areas of medical imaging by adding new customers in regions where Sectra already has an established customer base. This includes a continued focus on the US, where Sectra has a very high level of customer satisfaction, but a relatively small market share.

Continue the transition to subscriptions and cloud-based solutions to provide customers with increased access to new functionality and facilitate their expansion.

Operational efficiency and increased digitization of internal processes to increase the scalability of existing resources and to more efficiently support the customer—from first contact to procurement, installation and the long-term relationship.

Continued product development and strengthening of the product portfolio. Special focus on medical imaging IT in diseases affecting the elderly, particularly cancer diagnostics.

For information on risks, refer to the [Sustainability Report](#) on page 83 and [Risks, risk management and sensitivity analysis](#) in Note 29 on page 116.



### Focusing on growth opportunities

Sectra is well positioned to meet the healthcare sector's needs to increase its productivity, improve patient care and make the best use of available resources. Demand for cloud-based services and delivery models such as Sectra's is growing in many countries. Consolidating or replacing older IT systems in healthcare settings continues to be an important growth opportunity. There are also diagnostic specialties, such as pathology and ophthalmology, that are on the threshold of major IT-related change. These are niches where we have significant opportunities to grow with our scalable and modular offerings. We see an opportunity to expand in Europe and North America in particular as well as in several selected countries in other regions. We are growing with distribution partners in markets where we do not have an established position.



In March 2023, we were invited to speak at a meeting on integrated diagnostics hosted by the National Academies of Sciences, Engineering, and Medicine. This is a clear sign that Sectra is on the cutting edge when it comes to software for integrated diagnostics and is regarded as a technology leader in the field.

Torbjörn Kronander, President and CEO • See the event at <https://bit.ly/3nepWfE>

## Integrated diagnostics adds considerable value to cancer care

Improving the efficiency of diagnostics and follow-up in cancer care is a common thread that runs through our offering. Sectra's solutions for more efficient reviewing, reporting and collaboration in connection with diagnostic imaging create value for our customers and their patients. The new initiative for IT support for genomics (see page 39) is in line with this strategy.



Shorter time for radiologists and pathologists to make a diagnosis and communicate their results.



Lower costs and shorter lead times when images are available digitally.



Easier collaboration creates the conditions for better quality of care.



**We endeavor 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 our solution between 2020 and 2025.

# Operating area Business Innovation

## Business units

Genomics IT, Medical Education and Orthopaedics.

## Research and future projects

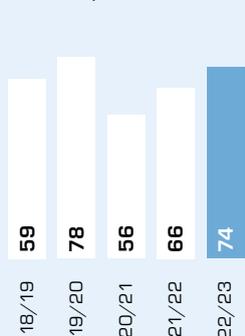
Sectra's medical technology research department and various future projects. Business Innovation also manages and develops Sectra's patent portfolio.

Employees: 42

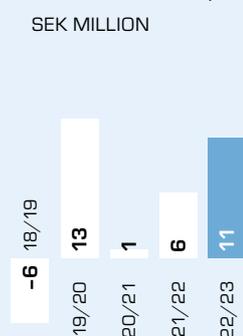
## Financial performance

For comments on the company's financial performance, refer to the [Administration Report](#) on page 66.

SALES, SEK MILLION



OPERATING PROFIT, SEK MILLION



## The Group incubator

Business Innovation is the Group's primary incubator. This includes business units, research operations and future projects that, in their current phases, can benefit from being pursued in an incubator environment or that do not easily fit into any of our existing operating areas. The latter may be because the products and services are intended for a customer segment that we are not currently targeting. The long-term ambitions for Business Innovation are to:

- contribute to better care for patients by solving difficult and important problems encountered by Sectra's customers
- commercialize new technology, validate clinical benefits or pursue projects that could lead to new and innovative solutions that add value for customers in Sectra's niche areas
- give smaller operations and business units the best conditions to develop and grow
- build and manage a strong patent portfolio in Sectra's key areas
- develop business models for new products and services

The research department's roles are to support Sectra's established areas and to evaluate and conduct long-term, high-risk projects that can result in business within three to ten years.

In Business Innovation, there are currently only medical technology projects and operations, but this may be expanded to include projects in other areas in the future.



Gustaf Schwang,  
General Manager  
Orthopaedics business unit



Johan Carlegrim,  
General Manager Medical  
Education business unit



Fredrik Lysholm,  
General Manager Genomics  
IT business unit



Claes Lundström,  
Research Director  
Medical Systems

### Some projects soar while others fade away

Sound scientific and medical evidence is essential in healthcare. Implementing new technologies and methods is often a protracted process and associated with high risk. As a result, some research and other early-phase projects will never grow to any major degree.

In some cases, the operations in Business Innovation are already profitable with existing customers, but they need to grow further. In the long term, the business units and projects are to be managed in one of the following ways:

- become a separate operating area
- incorporate the unit into an existing operating area. This occurred, for example, when digital pathology was transferred to Imaging IT Solutions in 2014, due to the major synergies identified
- discontinue if the unit does not offer sufficient potential. This occurred, for example, with the osteoporosis business unit in 2017/2018
- spin off as an independent company or be sold to an external party if this proves to be the best solution from a financial standpoint, for example when the business unit for low-dose mammography products was divested in 2011 and when patents were sold in 2015.



## IT support for genomics—new business unit

It is becoming increasingly crucial to be able to predict how each individual patient will react to a treatment, particularly in cancer care. This is called precision medicine, an area where personalized treatment can be further improved by combining radiology and pathology with an analysis of genetic information. This type of analysis is called genomics. In 2022, Sectra added a new business unit, Genomics IT, due to the increasing importance of genomics in medical diagnostics. The area, which is related to pathology, is growing rapidly in cancer diagnostics.

In order to take advantage of the benefits of personalized medicine, healthcare providers need to not only manage the

growing quantity of patient data, but also cooperate between multiple specialties and receive support for new diagnostic workflows. This is an area where we see continued opportunities for Sectra to drive innovation and product development in order to create significant customer value. By combining medical imaging IT for radiology and pathology with IT support for genomics, we are helping to develop the diagnostics of the future. This is a long-term development project, and the situation is similar to when we launched development of our digital pathology product in Business Innovation as an expansion of radiology.

## Orthopaedics

Joint replacement surgery is by far the largest segment within orthopaedics and is responsible for more than one third of all revenue in the orthopaedics market. The segment is also expected to rise sharply due to the aging population. In addition, several million surgeries are performed globally every year due to fractures caused by accidents, falls and activity-related injuries. To meet the growing need for better, more efficient care related to these kinds of surgical procedures, Sectra offers IT systems for image-based planning and follow-up of orthopaedic surgery.

For healthcare providers, increased precision in diagnosis, planning and monitoring leads to reduced costs, since the operating time is shortened while the number of implants to be prepared before every surgery is reduced. For the patient, shorter operating times reduce the risk of postoperative infections and other complications. An accurate diagnosis before surgery also reduces the risk of unnecessary and risky surgery, such as revision surgery in the case of a suspected loose implant.

Sectra's orthopaedics offering also includes tools that improve and simplify work for radiologists who specialize in the musculoskeletal system (musculoskeletal radiology). These tools allow radiologists to perform otherwise difficult and time-consuming measurements more quickly and efficiently. In addition, the ability for orthopaedic surgeons and radiologists to work together in the same system also saves additional time, with faster diagnoses as a result.

Furthermore, our solutions also contribute to simplifying and streamlining the proof-of-concept process for new implants. Sectra's service now makes it possible to use computer tomography to measure movement between the implant and bone in an entirely new way. Scientists and implant manufacturers are thus able to increase the quality and long-term survival rates of new implants, which is of the utmost importance for patient security.

### The way forward

The business unit's ambition is to contribute to improved orthopaedic preoperative planning and postoperative follow-up through the development and sale of services and software for image-based orthopaedic planning and follow-up. This is how we can help our customers provide better, more cost-efficient care to patients.

#### Prioritized activities:

- primarily growing in those parts of Europe and North America where the business unit has an in-house sales organization and where Sectra already has an established customer base
- sales to larger customers with a significant orthopaedic department, who thus have a need for our entire product portfolio
- ongoing development of our musculoskeletal radiology offering
- gathering evidence and disseminating knowledge of our products and services via clinical studies.

#### Customers and sales channels

The business unit's customers are private and public orthopaedic clinics as well as manufacturers of prosthetics and implants. Sales take place through an in-house sales organization, distribution partners and as part of Sectra Imaging IT Solutions' customer offerings.

#### Market position

Sectra is currently the market leader in preoperative planning of orthopaedic procedures in Scandinavia. We also command a strong market position in several other countries, including the Netherlands and the UK, and have a growing customer base in the US.



## Medical education

A growing need for care, continued personnel shortages and an explosive increase in medical knowledge are creating challenges when it comes to training healthcare personnel effectively. Managing these challenges requires new ways of working, new tools and increased investments in the type of service that Sectra offers in medical education. We enable effective and continual learning through digital tools and actual patient cases in Sectra Education Portal, our cloud-based education portal.

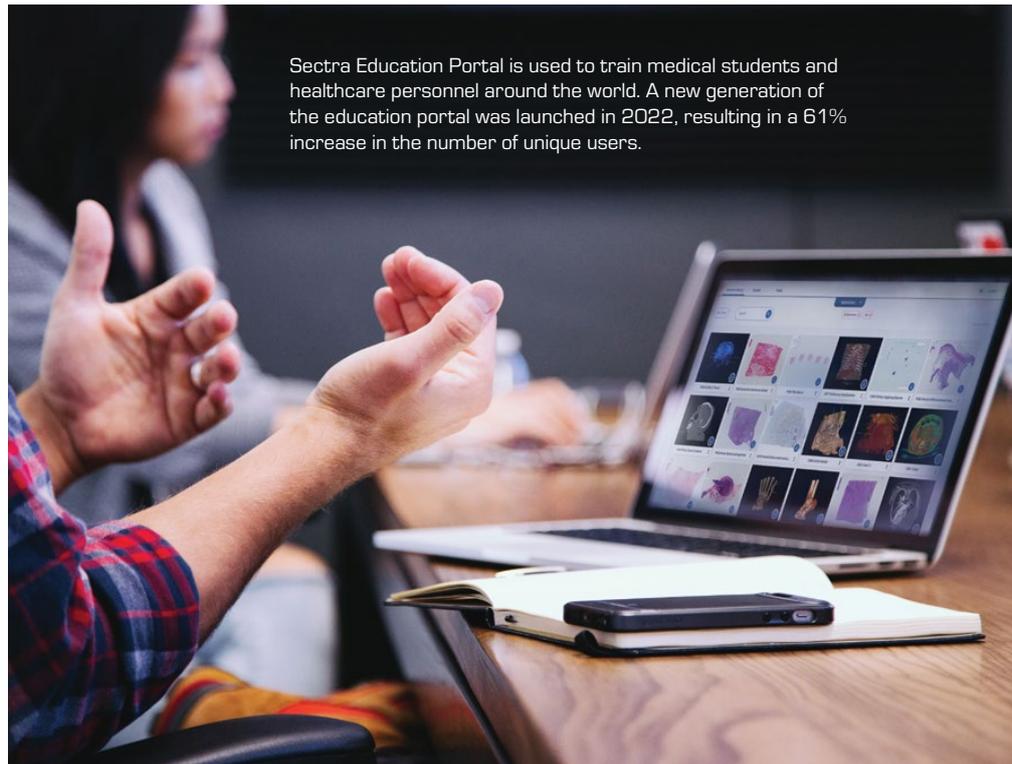
Using medical images and Sectra's advanced visualization tools for learning makes it possible to base the user's understanding on real clinical scenarios. This makes learning more efficient at all levels, all the way from basic knowledge for students to advanced professional development for specialists and other qualified healthcare personnel. The education portal is available at any time, anywhere—in hospitals, universities or at home—and it allows students and healthcare personnel to take control of their own learning.

In addition to Sectra Education Portal, we also offer training terminals—Sectra's visualization table<sup>8</sup>, for example—that are adapted to training in the classroom or lecture hall.

### The way forward

Our ambition is to help our customers to improve and streamline medical education, by continually developing and selling our cloud-based education portal so that more people are able to take advantage of reality-based learning, as well as to facilitate lifelong learning for healthcare personnel. Prioritized activities:

- continuing to expand existing customers' usage in order to help them maximize the value of the portal
- increasing sales and the number of subscribers, focusing primarily on Europe and North America
- developing our education portal to enable increasing usage.



Sectra Education Portal is used to train medical students and healthcare personnel around the world. A new generation of the education portal was launched in 2022, resulting in a 61% increase in the number of unique users.

### Customers and sales channels

The business unit's customers are educational institutions and hospitals offering basic and specialist medical or veterinary studies, either privately or publicly. Sales mainly take place through an international network of distribution partners. Sales may also take place as part of Sectra Imaging IT Solutions' customer offerings in certain markets, or directly to customers in selected countries such as Sweden.

### Market position

Sectra's cloud-based solution with advanced visualization tools that is used in medical diagnostics, combined with a broad library of actual patient cases, is a unique offering for medical learning at all levels. Our customers can be found in more than 50 countries, and include many of the world's leading educational institutions and hospitals.

## Research

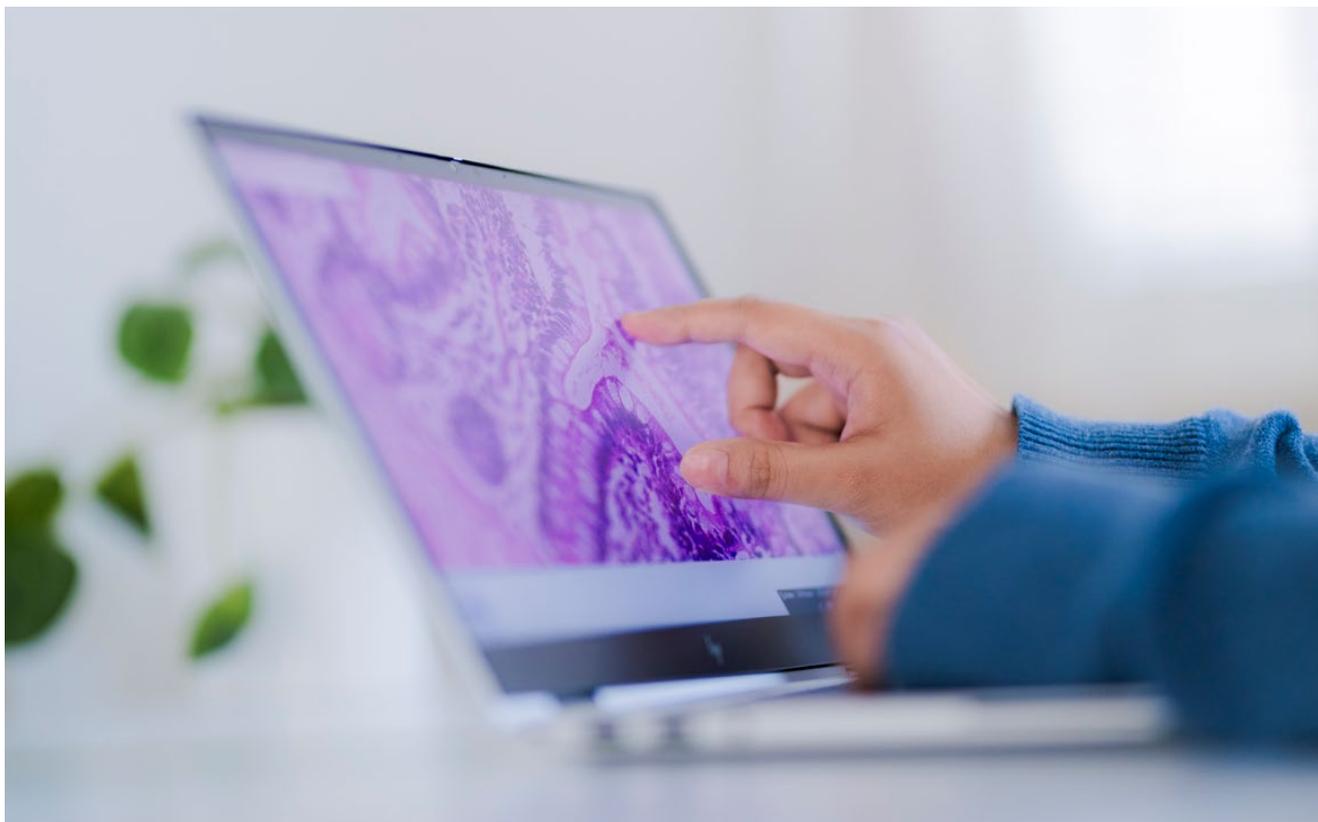
The research department conducts and participates in projects to provide scientific support for existing technology as well as to create new products—all in an effort to boost the company’s long-term business value. Two of the people who work at the department divide their positions between Sectra and Linköping University, where the research is primarily performed in cooperation with the Center for Medical Image Science and Visualization (CMIV). Sectra is currently involved in approximately ten research projects, including projects in the fields of digital pathology and genomics. Previous projects have resulted in expansions and improvements to our product offering.

### Progress in data-intensive diagnostics

An overarching theme for the initiatives in the research department is data-intensive diagnostics that support healthcare’s development towards precision medicine. One area Sectra is studying is the decision support that will be needed for the healthcare sector’s diagnostic analyses in genomics, known as variant interpretation.

Sectra also contributes research in diagnostic imaging so that AI can move from the laboratory to clinical reality. Sectra is one of the main participants in the Vinnova-funded project AIDA, which serves as a national arena for research into AI for medical image analysis, with the aim of leveraging the full benefits of AI-based tools in the healthcare sector.

Sectra is also participating in the large-scale Swedish AI initiative WASP (Wallenberg AI, Autonomous Systems and Software Program). Within pathology, the multiyear Bigpicture EU project (under the Innovative Medicines Initiative) continued, with the aim of developing the largest ever database of pathology images to be used for research and innovation in AI. Sectra’s contribution will accelerate the development of improved diagnostic methods based on AI and support collaborative efforts between healthcare and research.





# Cybersecurity

IT developments in society, increased cybercrime and increased information collection by foreign powers are driving the need to reduce vulnerabilities in critical social functions and infrastructure, thus strengthening our shared stability and safety.

# Need for increased information security

## Trends

### Information collection and cyberthreats are increasing

The changes in the global situation have resulted in a growing threat scenario, and various actors are looking to have the upper hand when it comes to information through unauthorized access and eavesdropping. In addition, technological progress is making it possible to carry out remote attacks on information-based systems and the number of cyberattacks has increased drastically.<sup>9</sup> Regulations are being expanded in order to make society more resistant. This imposes requirements for how authorities and other operations essential to society manage their information from a security perspective.

### Improved defense capabilities in numerous countries

Many countries are strengthening their defense capabilities in order to make their societies more resistant, which is increasing requirements for information security. A tense security situation on the European continent poses a greater need to defend critical assets. This growing need is leading to higher budgetary funding

for cybersecurity for defense forces, authorities and critical infrastructure.

### Increased mobility

We see a higher need for mobility and flexibility in order to share operation-critical and sensitive information within defense organizations as well as between different military units. This is also the case for collaboration and information exchange within and between civil authorities and other critical social functions. Requirements for secure access to internal networks and secure information transfer are also growing due to remote work.

### Accelerating digitization

The focus on productivity and efficiency gains is driving a development towards more connected IT/OT systems where work tasks can be automated or carried out in a decentralized model. Old operating systems are also being connected to the internet, which poses a risk of information leaks if not done securely.

## Customer challenges and needs

### Access to solutions that protect information management

Operations in general, and society's critical functions in particular, need to protect the confidentiality, accuracy and availability of their information. This means that information must not end up in the wrong hands or outside operations, it must not have been modified by an unauthorized party and it must always be available when needed. When any of these information security aspects are lacking, for example when employees become less effective or are unable to carry out their tasks, significant costs and consequences can arise for operations. Classified communication solutions and systems that protect the information are needed to counteract this. One clear development is that regulation has become more stringent, which in turn is further increasing organizations' need for information security expertise and solutions that help meet these requirements. This can be about, for example, controlling data flows, encryption, logging or stronger authentication that ensures the user's authorization.

### High levels of information security in remote working

Growing demand for mobile or remote working is creating a significant need for solutions and services for secure file transfers, connections to internal networks, secure video conferencing and chat functions. Systems that are to be used for handling classified information must, according to national legislation, be reviewed and approved by an independent security authority.

### Better protection against cyberthreats

Complex internet-connected systems that are out of date represent a major risk for all types of operations. The cost and consequences of cybersecurity incidents are particularly high within critical infrastructure since they have an effect on society at large. Companies and authorities therefore need to ensure that they can manage, and ideally prevent, cyberattacks and incidents. This increases the demand for solutions that can detect access violations and other unauthorized data traffic in critical operating systems at an early stage.



According to the 2022 annual review by the Swedish Military Intelligence and Security Service, advanced state actors are searching for vulnerabilities in our society without drawing a distinction between civilian and military, private and public, or between the physical and digital domains. Critical social infrastructure is a core target.<sup>10</sup> The threat scenario is the same in other countries.

# Operating area Secure Communications

Sectra helps defense forces, other authorities and various critical social functions in Europe and in NATO to secure their communication against eavesdropping and to protect their systems against unauthorized access. By helping our customers maintain their accessibility, we contribute to a safer society.

### Customer segments

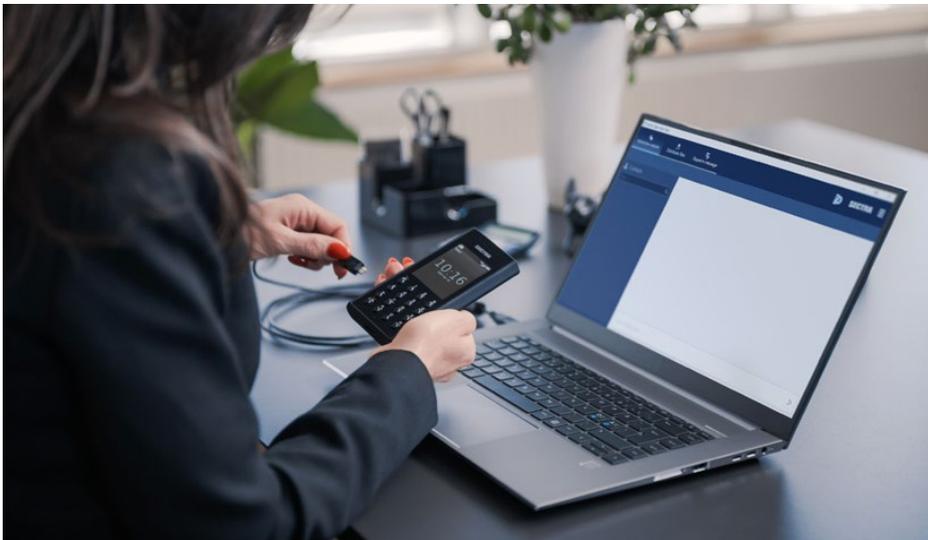
Sectra meets customer needs in two segments:

- customers that handle classified information and thus need to protect information at various classification levels
- customers who need high operating security by monitoring critical operating systems.

### Sales channels and geographic presence

Sectra primarily has direct sales. We have our own offices in the Netherlands and Sweden, which are our largest markets, as well as in Finland.

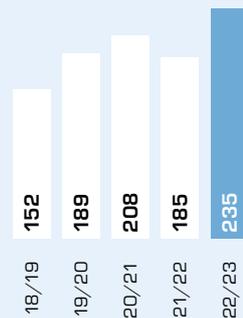
Employees: 97



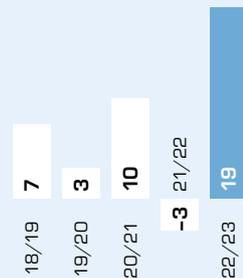
### Financial performance

For comments on the company's financial performance, refer to the [Administration Report](#) on page 66.

SALES, SEK MILLION



OPERATING PROFIT, SEK MILLION



OPERATING MARGIN, %



## Classified information

### Customers

Organizations that handle classified information, including the highest classification level of TOP SECRET, such as defense, civil authorities and multilateral organizations like the EU and NATO.

### Offering

- Secure mobile workplaces, including crypto solutions for secure mobile communication, collaborative platforms for digital meetings and VPN solutions for secure connections to internal networks.
- Protecting data in high-performing networks.

### Competitors

Advenica, Bittium, Secunet, Secusmart, Thales and Tutus.



### Market

There is a significant need for crypto solutions to strengthen information security. Based on the trends we see in society, this need is growing. Nevertheless, growth is largely governed by how much national budgets allocate to defense. Over time, there are periods of high levels of new investments as well as periods of maintenance investments in existing systems. However, customers are restrictive with information about crypto systems and planned investments. As a result, no relevant external market research is available.

The market is also affected by national approval processes, export restrictions and political considerations that prioritize the domestic crypto industry. As a result, Sectra's crypto solutions are sold exclusively in Europe. The barrier to entry in the market segment is very high since customers impose legal requirements on agreements regarding classified information, including related processes, organizations, procedures and secure development environments so that they can deliver at the national security level.



## Monitoring services for critical operating systems

### Customers

Primarily players in the energy sector and particularly critical process industry. Sectra's technology also has the potential to, for example, monitor building automation in healthcare and systems for water supply.

### Offering

Services to detect and manage risks and vulnerabilities and to monitor critical operating systems.

### Competitors

Mnemonic, Nixu and Saab Combitech



### Market

When it comes to solutions for critical operating systems in the energy sector, Sectra's initial focus is the Swedish market. In Sweden, for example, there is a total of 120 small and 24 mid-size and large energy companies.

Market penetration is still low. Investments were held back during the COVID-19 pandemic but are expected to increase in the coming years, driven by new EU directives on safety-critical operations.

Operations are not subject to the same approval processes and export restrictions as crypto solutions. On the other hand, customers often require information to be processed within a country's borders.

## Where we are headed

The operating area's long-term ambition is to be a leading provider of advanced encryption systems, secure communication and critical cybersecurity solutions for society's most important functions. We mainly focus on operations that handle sensitive information, including government authorities such as defense departments and other operations that require a high level of security. Ensuring that these players can execute their tasks in a secure manner increases the potential for an open, safe and stable society.

## Where we are now

Sectra helps customers in Europe to secure their communication against eavesdropping and to protect their systems against unauthorized access. We have more than 45 years of experience in the area and are considered one of the world's leading players in advanced crypto solutions, especially in the mobile domain.

### Protecting classified information

Our offering to defense departments and other public sectors is a central part of the operating area. These customer segments are currently responsible for the majority of the operating area's revenue. We provide crypto solutions and services that meet customers' regulatory and national security requirements for handling a country's most sensitive information. Our solutions are used by customers in most European countries, and by the EU and NATO for encryption of both voice and data transfer. We have built a high level of trust within this customer group through a deep understanding of customer needs, high-quality products and skilled personnel.

Our customers are undergoing a shift. Organizations of the future will be mobile,

even if they work with classified information. To maintain our market position, we are moving from focusing on classified mobile phones to offering secure mobile workplaces. The technical platform is continuously developed and the product portfolio is supplemented with third-party solutions to meet customer needs for efficient and secure information sharing. There is also a shift happening in Sectra's business model in all customer segments, from product and project deliveries to an increased share of service deliveries.

### Cybersecurity services for society's critical functions

We provide cybersecurity services for critical social functions in Sweden, such as energy companies and the process industry. The goal is to meet the growing need for security solutions to prevent cybercrime and to ensure continuous operation. We help these operations in their efforts to detect and manage risks and vulnerabilities and to monitor critical operating systems. Security analyses have been conducted for both major and more local Swedish players, and Sectra's monitoring services have been deployed at several energy companies and in other critical infrastructure areas. We have initiated business, but we are still in the investment and establishment phase in this growth segment.



**Magnus Skogberg**

President of the Secure Communications operating area

**A complex business environment**

The operations are characterized by long business cycles, and during the years of the pandemic opportunities to carry out important business negotiations were limited. This led to delays, particularly in areas where we are targeting new customers. The market situation is gradually normalizing, 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. 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, crypto development and cybersecurity both in Sweden and in the rest of Europe. These acute needs have led to higher budgetary funding for cybersecurity for defense forces, authorities and critical infrastructure.

**Research and development**

We have increased the resources devoted to research and technological development in order to remain on the cutting edge. We are conducting research in areas including traffic analysis protection, cryptography and data security. We are also working closely with research and educational institutions in Sweden, including the

Vinnova project Sustainable Energy with Adaptive Security. The project objective is to enable new digital energy services in the cloud through improved security procedures and adaptive methods for assessing security and risk. The project also includes an investigation of how to monitor security in this new service landscape. Sectra is contributing its security and risk analysis expertise to the project to enable the secure digitization of the energy sector.





### Growth opportunities

Budgetary funding for defense and cybersecurity is rising, and we are in a strong position with offerings that add considerable value to customers' operations. In line with our prioritized activities, we are assessing the possibility of ramping up our initiatives through partnerships that can supplement our customer offerings or broaden our market. We also see opportunities to expand our international product portfolio for security-approved communication solutions, so that we can grow in new geographic areas in the European market.

## The way forward

The table below shows a number of activities being prioritized by the operating area to achieve its long-term ambition—being a leading provider of advanced encryption systems, secure communication and critical cybersecurity solutions for society's most important functions. Some activities have the potential to make positive contributions to the earnings trend within one or two years, but the majority have a longer time horizon.

### Prioritized activities

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Maintain a high level of customer satisfaction by providing good service and working closely with customers during the development of new offerings.

---

Sales of security-approved communication solutions to existing and new customers in Europe, particularly within Sweden and the Netherlands, the rest of the Nordic region as well as EU and NATO organizations.

---

Sales of customer-specific assignments. Focus on assignments that either provide important developments in expertise or are deemed to have significant potential to result in product sales.

---

Increase the customer base and volumes in critical infrastructure. Transform investments that have been made into sustainable profitability—partly through partnerships.

---

Ongoing development of the customer offering for secure remote work via VPN, smartphones/tablets and third-party applications with extra protection against access violations.

---

Increased cooperation with other companies to meet our customers' security-related needs.

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For information on risks, refer to the [Sustainability Report](#) on page 83 and [Risks, risk management and sensitivity analysis](#) in Note 29 on page 116.

# Long-term commitment to a healthier and safer society

Sectra carried out its first consulting assignment in the late 1970s. A few years later, the company recruited additional joint owners with grand visions for Sectra's future. This marked the start of the company's expansion and development into a well-established brand in the area of information security and medical IT.



Sectra's founders Viiveke Fåk, Robert Forchheimer and Ingemar Ingemarsson are major shareholders in the company.

## 1978

A team of researchers from the Institute of Technology at Linköping University are presented with the task of creating a security solution for banks. In order to take on the assignment, Professor Ingemar Ingemarsson forms the company Sectra (SECure TRAnsmiSSion) together with his postgraduate students Viiveke Fåk, Rolf Blom and Robert Forchheimer.

## 1993

Delivery of a medical imaging IT system to Mjölby health center, the first in Sweden to use digital radiology images.



## 1998

With Sectra Tiger, the Swedish defense forces are the first in the world to use security-approved crypto mobile telephony.

## 1980-tal

### 1985

Jan-Olof Brüer, now the company's Chairman and second-largest owner, becomes joint owner and President. Sectra transitions into the development and sale of products and system solutions in data security and image encoding.

### 1987

The Swedish defense forces place an order for the development of a cryptoprocessor, which marks the start of a focus on crypto products for classified information.

## 1990-tal



### 1989

Guided by a vision of digital radiology images, Torbjörn Kronander starts and leads Sectra's operations within medical IT until 2012, when he takes over as CEO.

## 2000-tal

### 1999

The share is listed on Nasdaq Stockholm AB. Sectra becomes the first in the world to offer a system for digital planning of orthopaedic surgery.

**2013**

Our digital image management system is named “Best in KLAS” for the first time for having the highest level of customer satisfaction. The attention this attracts boosts growth. We have now won the award ten years in a row in the US, four years in a row in Canada and two years in a row in Asia/Oceania. In Europe, we are ranked second highest.



**2015**

Launch of solutions for digital pathology, enabling pathologists to review tissue samples digitally instead of with a microscope.

**2016**

The offering in secure communications is expanded to include cybersecurity for critical infrastructure, initially focused on the energy sector.

**2018**

We celebrate 40 years of knowledge and passion for contributing to a healthier and safer society.



**2020**

Sectra has primarily assisted healthcare providers in Europe with the introduction of digital pathology. Following formal FDA approval, healthcare providers in the US can also begin to use Sectra’s digital pathology solution for primary diagnostics and remote viewing.

**2010-tal**



**2010**

Launch of visualization technology for reality-based medical education and training.

“Given the fact that customer confidence is a critical success factor, we have always prioritized stable, long-term growth over rapid, high-risk expansion.”

**2016**

The Group’s sales surpass SEK 1 billion. Thanks to its long-term private and institutional owners, Sectra has developed at a controlled pace and remained a Swedish company.

**2020-tal**

**2020 och 2022**

Sectra is recognized by the Swiss investment analysis company ALPORA as a leader in innovation with a particularly high level of innovation efficiency.

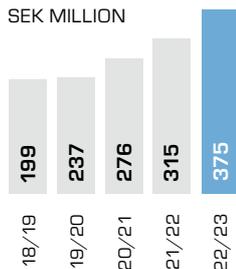
**2021 och 2022**

Sectra ranks among the top four companies in Universum’s annual survey of Sweden’s best employers.

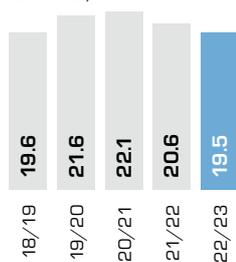
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# Increased stability and profit

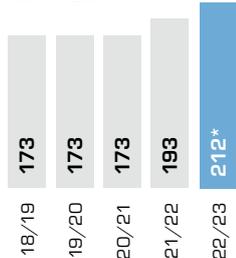
NET PROFIT FOR THE YEAR,  
SEK MILLION



RETURN ON TOTAL  
CAPITAL, %



REDEMPTION/DIVIDEND  
TO SHAREHOLDERS,  
SEK MILLION



\* Board's proposal to the 2023 AGM. The figure is adjusted for the company's holding of treasury shares.

## 2022/2023

### Increased recurring revenue and healthy order book

Satisfied customers and happy employees are reflected in the financial performance. Sectra posts its highest sales, earnings, and contracted order bookings to date. Recurring revenue is increasing and currency fluctuations are contributing positively to the Group's financial results.

## 2021/2022

### More and larger customer projects than ever before

A year characterized by war in Europe and a lingering pandemic. Nevertheless, Sectra is growing with satisfied customers. Extensive customer projects are contributing to record-high sales. Recurring revenue is increasing, operating profit is the strongest to date and the Group's financial goals have been exceeded. Cash flow was strong, mainly due to an increase in advances from customers.

## 2020/2021

### Record-breaking order bookings and pandemic effects

Although the COVID-19 pandemic and major currency fluctuations have temporarily dampened sales in some markets, demand for Sectra's offering is growing. With the most satisfied customers in the market for many years, Sectra is winning new, extensive customer contracts. This fiscal year was the strongest to date in terms of earnings, and the Group's three financial goals were exceeded.

The operating margin was well over the target of 15%, mainly due to the effect of temporarily lower costs for travel and trade fair events as a result of pandemic restrictions.

## 2019/2020

### The US overtakes Sweden as Sectra's largest market

Long-term efforts in creating value for customers, patients and society at large resulted in the best earnings year in Sectra's history. All operating areas are growing. Geographically, operations in the US represented the single largest growth in sales, thus overtaking Sweden as Sectra's largest market.

## 2018/2019

### Long-term customer contracts and increased synergies

New multiyear customer contracts contributed to record-high order bookings, laying the foundation for stable growth over the long term. Successful medical IT system sales in the US as well as Sectra's new growth markets of Canada and France. Increasing synergies between medical IT and cybersecurity had a positive effect on the Group's performance.

» Interested in the company's ten-year history? Visit [investor.sectra.com/ten-year-summary](https://investor.sectra.com/ten-year-summary)

## Strategic acquisitions and divestments

Sectra has grown both organically and through acquisitions. The company's first acquisition was carried out in 1995. Over the years, Sectra also divested various smaller operations. Most recently in 2011, Sectra divested the operation for development and sales of the low-dose mammography product MicroDose Mammography, an innovation that halved the radiation doses delivered during mammography examinations.

## Sectra's most recent acquisitions

| Year | Company  | Country   | Operating area        |
|------|--|-----------|-----------------------|
| 2019 | Assets in Columbitech AB, including the shares in Columbitech Inc. | Sweden/US | Secure Communications |
| 2015 | RxEye AB   | Sweden    | Imaging IT Solutions  |
| 2015 | EXP Analytics Oy   | Finland   | Secure Communications |
| 2015 | it-mark ApS  | Denmark   | Imaging IT Solutions  |
| 2012 | Product rights for radiation dose monitoring system                | Sweden    | Imaging IT Solutions  |
| 2012 | Burnbank Systems Ltd. <sup>1</sup>                                 | UK        | Imaging IT Solutions  |

<sup>1</sup> The name of the company has been changed to Sectra Products UK Ltd.

| <b>Amounts in SEK thousand unless otherwise stated.</b>               |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>For a definition of key figures, see Note 33 on page 116.</b>      |                  |                  |                  |                  |                  |
|   | <b>2022/2023</b> | <b>2021/2022</b> | <b>2020/2021</b> | <b>2019/2020</b> | <b>2018/2019</b> |
| <b>Sales, earnings and order bookings</b>                             |                  |                  |                  |                  |                  |
| Net sales   | 2,350,752        | 1,949,140        | 1,632,427        | 1,661,138        | 1,413,522        |
| Of which recurring revenue  | 1,359,895        | 1,081,399        | 967,753          | -                | -                |
| Of which cloud recurring revenue (CRR)                                | 254,569          | 181,499          | 144,431          | -                | -                |
| Annual sales growth, %  | 20.6             | 19.4             | -1.7             | 17.5             | 16.9             |
| Depreciation/amortization   | -91,939          | -81,216          | -78,919          | -72,231          | -46,809          |
| Impairment  | 0                | 0                | -4,194           | -7,443           | 0                |
| Operating profit  | 455,653          | 383,386          | 350,076          | 295,348          | 235,541          |
| Growth in operating profit per share over five years, %               | 110.0            | 93.3             | 115.7            | 90.2             | 77.9             |
| Profit before tax   | 479,390          | 394,505          | 348,245          | 303,037          | 248,792          |
| Net profit for the year   | 374,957          | 314,793          | 275,512          | 237,354          | 198,979          |
| Contracted order bookings   | 4,635,715        | 2,320,198        | 2,651,650        | 1,815,956        | 2,132,839        |
| Of which guaranteed order bookings                                    | 2,606,544        | 2,320,198        | 2,615,650        | 1,815,956        | 2,132,839        |
| <b>Profitability</b>  |                  |                  |                  |                  |                  |
| Gross margin, %   | 23.3             | 23.8             | 26.5             | 22.6             | 20.0             |
| Operating margin, %   | 19.4             | 19.7             | 21.4             | 17.8             | 16.7             |
| Profit margin, %  | 20.4             | 20.2             | 21.3             | 18.2             | 17.6             |
| Return on total capital, %  | 19.5             | 20.6             | 22.1             | 21.6             | 19.6             |
| Return on capital employed, %   | 38.2             | 37.5             | 37.4             | 36.8             | 35.9             |
| Return on equity, %   | 31.5             | 31.9             | 32.2             | 30.7             | 29.8             |
| Value added, SEK million  | 1,625.0          | 1,328.6          | 1,204.6          | 1,110.5          | 912.3            |
| <b>Funding and capital employed</b>                                   |                  |                  |                  |                  |                  |
| Capital employed, SEK million   | 1,380.0          | 1,143.4          | 969.1            | 904.6            | 759.4            |
| of which, goodwill  | 51.7             | 49.9             | 46.3             | 49.2             | 56.8             |
| of which, other intangible and tangible assets                        | 344.8            | 295.2            | 289.6            | 294.7            | 166.0            |
| Liquidity ratio, multiple   | 1.6              | 1.6              | 1.8              | 1.7              | 1.7              |
| Equity/assets ratio, %  | 47.4             | 49.3             | 54.2             | 54.1             | 55.4             |
| Debt/equity ratio   | 0.06             | 0.06             | 0.08             | 0.11             | 0.04             |
| Investments, SEK million  | 212.8            | 74.4             | 67.7             | 78.5             | 34.9             |
| <b>Cash flow</b>  |                  |                  |                  |                  |                  |
| Cash flow from operating activities before changes in working capital | 515,156          | 389,794          | 382,143          | 327,274          | 209,299          |
| Operating cash flow   | 440,488          | 616,922          | 372,187          | 296,272          | 252,542          |
| Cash flow from investing activities                                   | -212,788         | -68,346          | -66,820          | -78,536          | -34,875          |
| Cash flow from financing activities                                   | -219,289         | -198,748         | -198,688         | -196,543         | -168,933         |
| Cash flow for the year  | 8,411            | 349,828          | 106,679          | 21,193           | 48,734           |
| <b>Employees</b>  |                  |                  |                  |                  |                  |
| No. of employees, average   | 1,015            | 908              | 828              | 780              | 706              |
| No. of employees at the end of the period <sup>1</sup>                | 1,093            | 982              | 876              | 820              | 746              |
| Sales per employee, SEK million                                       | 2.3              | 2.1              | 1.9              | 2.0              | 1.9              |
| Value added per employee, SEK million                                 | 1.6              | 1.5              | 1.5              | 1.4              | 1.2              |
| <b>The share</b>  |                  |                  |                  |                  |                  |
| Dividend/redemption per share <sup>2</sup> , SEK                      | 1.10             | 1.00             | 0.90             | 0.90             | 0.90             |
| Dividend yield, %   | 0.7              | 0.8              | 0.7              | 1.1              | 1.4              |
| Earnings per share, SEK   | 1.95             | 1.63             | 1.43             | 1.24             | 1.04             |
| Earnings per share after dilution <sup>3</sup> , SEK                  | 1.95             | 1.63             | 1.43             | 1.23             | 1.03             |
| Cash flow per share, SEK  | 2.29             | 3.20             | 1.93             | 1.54             | 1.31             |
| Cash flow per share after dilution <sup>3</sup> , SEK                 | 2.29             | 3.20             | 1.93             | 1.54             | 1.30             |
| Equity per share, SEK   | 6.73             | 5.61             | 4.65             | 4.24             | 3.80             |
| Equity per share after dilution <sup>3</sup> , SEK                    | 6.73             | 5.61             | 4.65             | 4.24             | 3.78             |
| No. of shares on balance-sheet date <sup>4,5</sup>                    | 192,667,489      | 192,662,325      | 192,627,470      | 192,530,100      | 191,764,355      |
| Average no. of shares <sup>5</sup>                                    | 192,664,046      | 192,639,088      | 192,570,670      | 192,083,415      | 190,987,015      |
| Share price on balance-sheet date, SEK                                | 161.7            | 124.8            | 121.0            | 84.0             | 64.4             |
| P/E ratio, multiple   | 82.9             | 76.6             | 84.6             | 68.0             | 61.8             |

<sup>1</sup> Refers to the number of employees excluding temporary employees.

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

<sup>3</sup> Dilution is based on issued convertible programs. There are no convertible programs outstanding April 30, 2023. Refer to Note 3.

<sup>4</sup> Adjusted for share splits as well as bonus issues and new share issues. Comparative figures have been restated due to the 5:1 share split that Sectra carried out in 2021/2022.

<sup>5</sup> Number does not include treasury shares, see Note 20.

# The share

Sectra's shareholder value is created through customer value and our contributions to sustainable societies. Investments in areas and innovation that increase customer value have enabled stable and long-term returns for shareholders over time.

## Share redemption program 2022

The 2022 AGM resolved to transfer SEK 1.00 per share, a total of SEK 193.7 million, to the shareholders through a share redemption program. Redemption was implemented through a 2:1 share split, combined with a mandatory redemption process and a stock dividend to restore the share capital. No ordinary dividend was paid.

## Proposal for the 2023 share redemption program

The Board of Directors proposes that the 2023 AGM resolve to transfer SEK 1.10 per share to the shareholders via the same type of redemption process that has been used for the past 12 years. Read more about the proposal for appropriation of profits on page 71. The proposal corresponds to a dividend yield of 0.7% based on the balance-sheet date share price. Combined with the price trend during 2022/2023, this represents total value growth of 30.4% for the Sectra share.

## Repurchase of own shares

During the fiscal year, 453,406 Class C shares were issued to secure the obligations under a new long-term performance-based incentive program. All Class C shares were repurchased by Sectra to ensure the future delivery of performance shares and to finance the costs of social security contributions related to the incentive program. The Class C shares were thereafter converted to Class B shares. Sectra's holding of treasury shares at the end of the fiscal year was 1,453,406 Class B shares, corresponding to 0.7% of the share capital and 0.5% of the voting rights in the company.

## Dividend policy

Sectra's dividend policy is that the dividend for each year is to be adapted to the company's capital requirements for both operation and growth, and to the shareholders' demand for a dividend yield. The objective is to provide shareholders with a balanced and favorable dividend yield over time and to adjust the dividend so that the company's equity/assets ratio is never less than 30%.

## Share price trend May 2018–April 2023

» To see the current share price, visit [investor.sectra.com/share](https://investor.sectra.com/share)

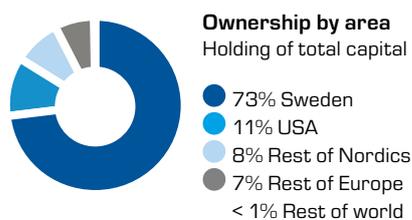
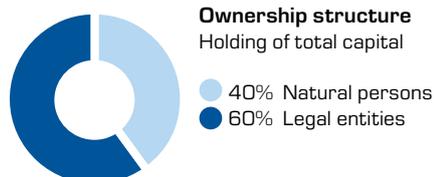


| Share data  | Apr 30, 2023     | Apr 30, 2022 |
|---|------------------|--------------|
| Market capitalization total no. of shares, SEK million        | 31,389           | 24,169       |
| No. of shareholders   | 13,800           | 13,868       |
| No. of shares   | 194,120,895      | 193,662,325  |
| Closing price, SEK  | 161.70           | 124.80       |
| 52-week high, SEK   | 189.90           | 250.20       |
| 52-week low, SEK  | 111.40           | 107.20       |
| 52-week price trend, %  | 29.57            | 3.14         |
| Stockholm Stock Exchange Total Index OMXSPI, 52-week trend, % | 2.63             | -5.76        |
| Annual turnover rate  | 0.20             | 0.30         |
| Annual average volume per day                                 | 152,207          | 231,870      |
| Marketplace   | Nasdaq Stockholm |              |
| Ticker  | SECT B           |              |
| ISIN code Class B share                                       | SE0018245953     |              |
| Listing   | March 3, 1999    |              |
| Segment   | Large cap        |              |
| Sector  | Health Care      |              |

### Share capital development and number of shares

The total number of shares outstanding on the balance-sheet date was 13,103,460 Class A shares and 181,017,435 Class B shares. All shares carry equal rights to the company's assets and profits. One Class A share confers ten votes, while one Class B share confers one vote. The total number of votes is 312,052,035. For the share capital's development since the listing in 1999, visit [investor.sectra.com/share-capital](http://investor.sectra.com/share-capital)

| Date                | Transaction  | Change in share capital, SEK | Total share capital, SEK | Total no. of shares |
|---------------------|--|------------------------------|--------------------------|---------------------|
| Apr 30, 2022        | Opening balance  |                              | 38,732,465               | 193,662,325         |
| Oct 11, 2022        | Share redemption program 2022—2:1 split                | 0                            | 38,732,465               | 387,324,650         |
| Oct 25, 2022        | Share redemption program 2022—share redemption         | -19,366,232.50               | 19,366,232.50            | 193,662,325         |
| Oct 25, 2022        | Share redemption program 2022—stock dividend           | 19,366,232.50                | 38,732,465               | 193,662,325         |
| Nov 15, 2022        | New share issue 453,406 Class C shares                 | 90,681.20                    | 38,823,146.20            | 194,115,731         |
| Nov 28, 2022        | Conversion of 453,406 Class C shares to Class B shares | 0                            | 38,823,146.20            | 194,115,731         |
| Jan 24, 2023        | New share issue—redemption of convertibles             | 1,032.80                     | 38,824,179               | 194,120,895         |
| <b>Apr 30, 2023</b> | <b>Closing balance</b>                                 |                              | <b>38,824,179</b>        | <b>194,120,895</b>  |



### Largest owners

The number of shares comprises direct shareholdings and holdings through related parties at April 30, 2023. For current holdings, [investor.sectra.com/shareholders](http://investor.sectra.com/shareholders)

| Shareholders                   | Class A shares    | Class B shares     | Capital      | Votes        |
|--------------------------------|-------------------|--------------------|--------------|--------------|
| Torbjörn Kronander             | 2,328,100         | 13,193,555         | 8.0%         | 11.7%        |
| Jan-Olof Brüer                 | 2,328,110         | 13,074,155         | 7.9%         | 11.7%        |
| Shannon AB *                   | 3,118,430         | 2,291,820          | 2.8%         | 10.7%        |
| Frithjof Qvigstad              | 1,314,330         | 9,512,595          | 5.6%         | 7.3%         |
| Nordea Investment Funds ****   | 0                 | 20,680,789         | 10.7%        | 6.6%         |
| SEB Investment Management ***  | 0                 | 20,184,126         | 10.4%        | 6.5%         |
| Viiveke Fåk **                 | 1,108,500         | 5,440,750          | 3.4%         | 5.3%         |
| Robert Forchheimer **          | 1,011,015         | 5,890,520          | 3.6%         | 5.1%         |
| Ingemar Ingemarsson **         | 1,106,735         | 153,415            | 0.6%         | 3.6%         |
| Fjärde AP-fonden               | 0                 | 9,542,439          | 4.9%         | 3.1%         |
| AMF Försäkring och Fonder      | 0                 | 8,042,612          | 4.1%         | 2.6%         |
| Thomas Ericson                 | 681,645           | 800,000            | 0.8%         | 2.4%         |
| JP Morgan Chase Bank NA        | 0                 | 6,626,398          | 3.4%         | 2.1%         |
| State Street Bank and Trust Co | 0                 | 5,686,597          | 2.9%         | 1.8%         |
| Swedbank Robur Fonder          | 0                 | 3,825,601          | 2.0%         | 1.2%         |
| <b>15 largest owners</b>       | <b>12,996,865</b> | <b>124,945,372</b> | <b>71.1%</b> | <b>81.7%</b> |
| Other owners                   | 106,595           | 56,072,063         | 28.9%        | 18.3%        |
| <b>Total</b>                   | <b>13,103,460</b> | <b>181,017,435</b> | <b>100%</b>  | <b>100%</b>  |

\* Shannon AB is owned jointly by Torbjörn Kronander and Jan-Olof Brüer.

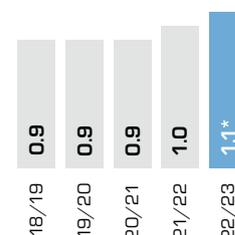
\*\* Sectra's founders.

\*\*\* Includes SEB AB Luxembourg.

\*\*\*\* Includes Nordea SICAV.

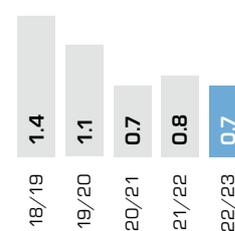
Source: Euroclear Sweden

### DIVIDEND/REDEMPTION PER SHARE, SEK

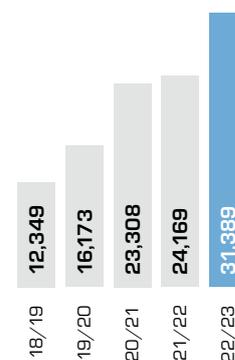


\* Board's proposal to the 2023 AGM

### DIVIDEND YIELD, %



### MARKET CAPITALIZATION TOTAL NO. OF SHARES, SEK MILLION



### Analysts

The following analysts monitor Sectra and regularly publish analyses:

Carnegie  
Kristofer Liljeberg

Stifel  
David Vignon

# Board of Directors



## Jan-Olof Brüer

Chairman of the Board  
Remuneration Committee Chairman  
Member of the Audit Committee

Born 1951/Elected 2013/Chairman of the Board since 2018

**Sectra holdings:** 3,887,325 Class A shares and 14,220,065 Class B shares

**Board fees 2022/2023:** SEK 620,000

**Board member's independence:** Independent in relation to the company and management. One of the company's largest shareholders with 17.0% of the votes and 9.3% of the capital

**Education/Title:** PhD (Technology), Master of Business Administration, officer in the armored troops with the Swedish Defense Forces and Honorary Doctor of Medicine from Linköping University

**Professional experience/previous assignments:** Previously President and CEO of Sectra AB 1985–2012 and Board assignment for Arcam AB

**Other posts:** Board member of Shannon AB, Conflux AB, Sectra Communications AB, Lilla Hallmare Gärd och Förvaltning and others



## Torbjörn Kronander

Board member  
President and CEO of Sectra AB

Born 1957/Employed 1985/Elected 1988/President and CEO since 2012

**Sectra holdings:** 3,887,315 Class A shares and 14,339,465 Class B shares, of which 20,000 Class B shares pertain to savings shares in LTIP 2021 SROW and a corresponding number of share rights have been allotted, as well as 15,000 share rights in LTIP 2022

**Board fees 2022/2023:** SEK 0

**Board member's independence:** President and CEO of Sectra AB and one of the company's largest shareholders with 17.1% of the votes and 9.4% of the capital

**Education/Title:** PhD (Technology), Master of Business Administration, officer in the Naval Reserve and Honorary Doctor of Medicine from Linköping University

**Professional experience/previous assignments:** Previously President—and founder—of Sectra's medical operation and Executive Vice President of Sectra AB, full-time at Sectra since 1991, ship captain, and Board member of Cellavision AB and others

**Other posts:** Board member of Shannon AB, Center for Medical Image Science and Visualization (CMIV), Medtech4health AB, Ancylus OÜ and others, and member of the Royal Swedish Academy of Engineering Sciences



## Anders Persson

Board member  
Member of the Audit Committee

Born 1953/Elected 2004

**Sectra holdings:** 215,750 Class B shares

**Board fees 2022/2023:** SEK 340,000

**Board member's independence:** Independent in relation to the company, management and the company's major shareholders

**Education/Title:** Doctor of Medicine, Professor, Senior Physician

**Professional experience/previous assignments:** Director of Center for Medical Image Science and Visualization (CMIV) at Linköping University and Senior Physician in radiology

**Other posts:** Board member of Center for Medical Image Science and Visualization (CMIV) and others

Board members at the time of the approval of the 2022/2023 Annual Report. Refer to the [Corporate Governance Report](#) for information on changes during the fiscal year.

The number of shares comprises direct shareholdings, holdings through related parties and legal entities on the balance-sheet date of April 30, 2023. Torbjörn Kronander and Jan-Olof Brüer's holdings include 50% each of a holding through the jointly owned legal entity Shannon AB.

» For current holdings, see [investor.sectra.com/board-of-directors](http://investor.sectra.com/board-of-directors)



## Birgitta Hagenfeldt

Board member  
Audit Committee Chairman

Born 1961/Elected 2018

**Sectra holdings:** 15,000 Class B shares

**Board fees 2022/2023:** SEK 400,000

**Board member's independence:** Independent in relation to the company, management and the company's major shareholders

**Education/Title:** Master of Business Administration

**Professional experience/previous assignments:** Previously CFO and Executive Vice President of Avanza Bank Holding, Head of Administration at the fund company RAM Rational Asset Management AB and Authorized Public Accountant at KPMG

**Other posts:** Board member of Försäkringsaktiebolaget Avanza Pension, RAM Rational Asset Management AB, RAM ONE AB, Checkin.com Group AB and Stabelo Group AB



## Tomas Puusepp

Board member  
Member of the Remuneration Committee

Born 1955/Elected 2017

**Sectra holdings:** 5,164 Class B shares

**Board fees 2022/2023:** SEK 280,000  
**Board member's independence:** Independent in relation to the company, management and the company's major shareholders

**Education/Title:** Bachelor of Science in Engineering

**Professional experience/previous assignments:** CEO of Investest AB. Previously President and CEO and several senior positions at Elekta. Various positions at the Research Institute of Physics at Stockholm University, Scanditronix and Ericsson

**Other posts:** Board member of Permobil Holding AB, Implantica AG (publ), Elekta Foundation, Instoria Sweden AB and Instoria Invest AB



### Fredrik Robertsson

Board member

Born 1967/Elected 2020

**Sectra holdings:** 0

**Board fees 2022/2023:** SEK 280,000 Board member's independence: Independent in relation to the company, management and the company's major shareholders

**Education/Title:** Master of Science in political science, PhD candidate, leadership training with the Swedish Defense Forces

**Professional experience/previous assignments:** Group Chief Security Officer at Ericsson. Previously Major General, CIO and assorted other senior positions in the Swedish Defense Forces. Board assignment for Teracom and representative in NATO's Committee for Standardization

**Other posts:** Member of the Cybersecurity Council for the Swedish Civil Contingencies Agency (MSB)



### Ulrika Unell

Board member

Born 1968/Elected 2022

**Sectra holdings:** 0

**Board fees 2022/2023:** SEK 280,000 Board member's independence: Independent in relation to the company, management and the company's major shareholders

**Education/Title:** Master of Science in Applied Physics and Electrical Engineering

**Professional experience/previous assignments:** Head of Strategy, Business Development and PA at Tekniska Verken i Linköping AB. Previously CEO of Lärandegruppen i Sverige, Head of Site at Ericsson AB in Linköping, Head of Strategy, Product and Solutions for Global Engineering IT and Test Environment at Ericsson and other senior positions at Ericsson as well as Research Engineer at the Swedish Defence Research Agency and others

**Other posts:** Board member of Linköping University, Tekniska verken Linköping Nät AB, Tekniska verken Katrineholm Nät AB, Mjölby kraftnät AB, Utvecklingsklustret: Energi AB, Utsikt Bredband AB and others



### Andreas Örneus

Board member  
Employee representative

Born 1981/Employed 2007/Elected 2018

**Sectra holdings:** 300 Class B shares, of which 300 pertain to savings shares in LTIP 2021 SROW and a corresponding number of share rights have been allotted, as well as 1,000 share rights in LTIP 2022

**Education/Title:** Bachelor of Information Technology

**Position:** Reporting Solution Specialist, Imaging IT Solutions operating area



### Filip Klintenstedt

Board member  
Employee representative

Born 1981/Employed 2008/Elected 2019

**Sectra holdings:** 6,250 Class B shares, of which 1,000 pertain to savings shares in LTIP 2021 SROW and a corresponding number of share rights have been allotted, as well as 1,500 share rights in LTIP 2022

**Education/Title:** Master of Science in Information Technology

**Position:** VP Technology Sectra North America



### Pontus Svärd

Deputy Board member  
Employee representative

Born 1976/Employed 2002/Elected 2021

**Sectra holdings:** 1,500 share rights in LTIP 2022

**Education/Title:** Master of Science in Information Technology

**Position:** Product Manager, Imaging IT Solutions operating area



### Bengt Hellman

Deputy Board member  
Employee representative

Born 1980/Employed 2014/Elected 2022

**Sectra holdings:** 220 Class B shares, all of which pertain to savings shares in LTIP 2021 SROW and a corresponding number of share rights have been allotted, as well as 1,000 share rights in LTIP 2022

**Education/Title:** Master of Science in Information Technology

**Position:** Software Developer, Imaging IT Solutions operating area

# Group Management



## Torbjörn Kronander

President and CEO of Sectra AB and Board member

Born 1957/Employed 1985/Elected 1988/President and CEO since 2012

**Sectra holdings:** One of the company's largest owners with 3,887,315 Class A shares and 14,339,465 Class B shares, of which 20,000 pertain to savings shares in LTIP 2021 SROW and a corresponding number of share rights have been allotted, as well as 15,000 share rights in LTIP 2022

**Education/Title:** PhD (Technology), Master of Business Administration, officer in the Naval Reserve and Honorary Doctor of Medicine from Linköping University

**Professional experience/previous assignments:** Previously President—and founder—of Sectra's medical operation, Executive Vice President of Sectra AB, full-time at Sectra since 1991, ship captain, and Board member of Cellavision AB and others

**Other posts:** Member of the Royal Swedish Academy of Engineering Sciences, Board member of Shannon AB, Center for Medical Image Science and Visualization (CMIV), Medtech4health AB, Ancylus OÜ and others



## Marie Ekström Trägårdh

President of Imaging IT Solutions operating area and Executive Vice President of Sectra AB

Born 1961/Employed 1996/President of Imaging IT Solutions since 2012

**Sectra holdings:** 250,985 Class B shares, of which 20,000 Class B shares pertain to savings shares in LTIP 2021 SROW and a corresponding number of share rights have been allotted, as well as 15,000 share rights in LTIP 2022

**Education/Title:** Bachelor of Science in Systems Science and IT

**Professional experience/previous assignments:** Formerly President of Sectra Sverige AB, Executive Vice President of Sectra's Imaging IT Solutions operating area and senior positions at Sectra, Board assignment for Swedish Medtech and Pled-pharma, Consultant at Frontec AB, Developer/Project Manager/Product Manager at Fujitsu ICL

**Other posts:** Board member of the Royal Swedish Academy of Engineering Sciences



## Magnus Skogberg

President of the Secure Communications operating area

Born 1976/Employed 2022/President of Secure Communications since August 2022

**Sectra holdings:** 1,500 Class B shares

**Education/Title:** Master of Science in Information Technology

**Professional experience/previous assignments:** Experience from the defense and security industry and business operations regarding technologically advanced solutions. Previously senior positions in international sales and other executive positions at the defense and security company Saab AB



**Jessica Holmquist**  
Chief Financial Officer

Born 1976/Employed 2022

**Sectra holdings:** 3,000 Class B shares

**Education/Title:** Master of Science in Economics and Business and CEMS Master in International Management

**Professional experience/previous assignments:** Previously Business Area Controller Corporate and acting Group controller at the defense and security company Saab AB, held various senior positions in the finance function since 2012, Senior Manager Corporate Finance and experience of auditing listed companies from PwC.

**Other posts:** Board member of Mrent AB, Maskinia Holding AB and Gyllene Näktergalen Fastigheter AB



**Lisa Everhill**  
Chief People and Brand Officer

Born 1979/Employed 2006

**Sectra holdings:** 14,895 Class B shares

**Education/Title:** Master of Science in Business Administration and Economics

**Professional experience/previous assignments:** Formerly Market Communication and Investor Relations Manager and other senior positions in Sectra's medical operation



**Per Andersnäs**  
Chief Information Officer

Born 1962/Employed 1997

**Sectra holdings:** 3,000 Class B shares

**Education/Title:** Master of Science in Information Technology

**Professional experience/previous assignments:** Formerly Product Development Director Imaging IT Solutions operating area and others, senior positions in Sectra's medical operation

Members of Group Management at the time of the approval of the 2022/2023 Annual Report. The number of shares comprises direct shareholdings, holdings through related parties and legal entities on the balance-sheet date of April 30, 2023. Torbjörn Kronander's holdings include 50% of a holding through a legal entity owned jointly with Chairman of the Board Jan-Olof Brüer.

» For current holdings, see [investor.sectra.com/executive-management](https://investor.sectra.com/executive-management)

# Corporate Governance Report

Sectra is a public Swedish limited-liability company, listed on the Nasdaq Stockholm Exchange since 1999. The company's highest decision-making body is the General Meeting, which is normally held once a year in the form of an Annual General Meeting (AGM). The 2023 AGM is scheduled for September 7.

Sectra's corporate governance structure is defined by external legislation, self-regulating standards and internal regulations. Management and control are divided between the shareholders, the Board of Directors and the President. The company's highest decision-making body is the General Meeting. It appoints Sectra's Board of Directors, which is the company's highest administrative body and is responsible for managing the company's affairs, safeguarding and promoting a healthy corporate culture and identifying how sustainability topics impact the company's risks and business opportunities. The Board appoints the President, who is responsible for ongoing administration and for coordinating the operations according to prevailing law, the Articles of Association, the Board's formal work plan, the directive for the President and instructions for financial reporting as well as other guidelines and instructions provided by the Board.

Sectra applies the Swedish Corporate Governance Code ("the Code"). Sectra's work methods in 2022/2023 deviated from rules 2:3 and 2:4 of the Code regarding the members of the Nomination Committee and an explanation for these deviations is presented under the heading Nomination Committee below. No breaches of applicable listing regulations or good stock market practice regarding Sectra have been reported by Nasdaq Stockholm's disciplinary committee or the Swedish Securities Council's disciplinary committee.

This Corporate Governance Report was prepared in accordance with the rules and application instructions stipulated in Swedish legislation, mainly Chapter 6, Section 6 of the Annual Accounts Act, and the Code. In accordance with the Annual Accounts Act, the auditor's statement is enclosed to the report. In the report, "Sectra," "Sectra AB," "the company" and "the Parent Company" refer to Sectra AB (publ), and "the Group" refers to the Sectra Group, which encompasses Sectra AB and its Group companies.

## Articles of Association

Sectra's Articles of Association are available on the Group's website. According to the Articles of Association, members of the Board of Directors are elected annually by the AGM.

The Articles of Association do not contain any restrictions regarding the appointment or dismissal of Board members or amendments to the Articles of Association. Decisions must be made in accordance with the Swedish Companies Act.

## Ownership and voting rights

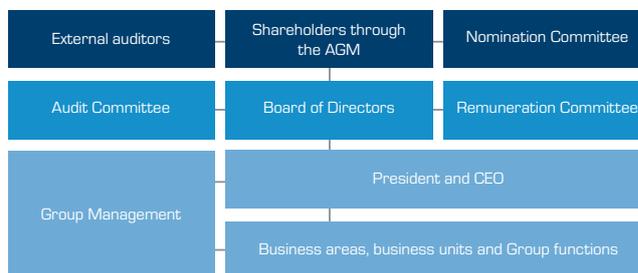
On the balance-sheet date, Sectra's share capital totaled SEK 38,824,179 distributed between 194,120,895 shares and 312,052,035 votes. Of these shares, 13,103,460 are Class A shares and 181,017,435 are Class B shares. Sectra's holding of treasury shares at the end of the fiscal year was 1,435,406 Class B shares,

corresponding to 0.7% of the share capital and 0.5% of the voting rights in the company.

All shares carry equal rights to the company's assets and profits. One Class A share confers ten votes, while one Class B share confers one vote. Information about the largest shareholders and the ownership structure is presented on page 55. The largest shareholders are represented in the Nomination Committee.

The Articles of Association contain a right of first refusal clause for the transfer of Class A shares. No other agreements between shareholders entailing restrictions on the right to transfer shares are

## Corporate governance structure



### Significant external regulations

- Swedish legislation, such as the Companies Act and the Annual Accounts Act
- Nasdaq Stockholm Rule Book for Issuers
- International Financial Reporting Standards (IFRS)
- Swedish Corporate Governance Code
- EU regulations

### Significant internal regulations

- Articles of Association  
[investor.sectra.com/articles-of-association](https://investor.sectra.com/articles-of-association)
- The Board's formal work plan, the directive for the President and instructions for financial reporting
- Financial Policy, instructions for authorization, and financial reporting guidelines
- Code of Conduct, Quality Policy, Risk Management Policy, Insider Policy, Internal and External Communications Policy, Information Security Policy, etc.
- Processes and regulations for quality control, internal control, and risk management

known to the company. Nor is the company party to any agreements that would take effect should control of the company change through public purchase offers.

## General Meeting

Shareholders exercise their influence in the company through the General Meeting. The General Meeting appoints Board members and auditors, and make decisions regarding appropriation of the company's earnings, amendments to the Articles of Association, changes in the share capital and share-based incentive programs. The General Meeting also makes decisions concerning Board and auditor fees as well as guidelines for remuneration of senior executives. The company prepares the agenda for the General Meeting, but the shareholders have the right to influence it and propose matters to be addressed. The agenda is reviewed and approved by the Board of Directors, and consists of items that are required by law as well as other matters.

The notice of the Meeting is published in a press release, on the company's website and in an advertisement in the Swedish Official Gazette (Post och Inrikes Tidningar). Publication of the notice is announced in the daily newspaper Svenska Dagbladet. Agendas, notices, minutes and other General Meeting documents are available on Sectra's website.

## 2022 AGM

The AGM was held on September 8, 2022 in Linköping. In total, 81.7% of the voting rights and 71.0% of the shares were represented at the Meeting. The main resolutions passed were as follows:

- Adoption of the consolidated income statement and balance sheet and the Parent Company income statement and balance sheet, and discharge of the members of the Board and the President from liability.
- Distribution of SEK 1.00 per share to the shareholders through a share redemption program.
- Approval of the remuneration report.
- Re-election of Board members Anders Persson, Birgitta Hagenfeldt, Fredrik Robertsson, Jan-Olof Brüer, Tomas Puusepp and Torbjörn Kronander as well as the new election of Ulrika Unell. Jan-Olof Brüer was re-elected as Chairman of the Board. The Board also includes two employee representatives, with two deputies appointed by the local branch of the Swedish Association of Graduate Engineers at Sectra; refer to page 57.
- Re-election of Ernst & Young AB as auditor.
- Fees to the Board of Directors and Audit Committee (see below) as well as the auditor.
- Modified guidelines for salary and other remuneration to senior executives at Sectra.
- Introduction of a long-term performance-based incentive program for employees (refer to Note 3) and related measures for implementing the program and financing the costs for social security contributions in accordance with the terms and conditions.
- Authorization of the Board of Directors, during the period until the 2023 AGM, to decide on new share issues of a maximum of 18,500,000 Class B shares and to decide on the acquisition and divestment of all of the company's treasury shares. As of the publication date of this report, these authorizations have not been utilized.

For further information about the resolutions, please visit [investor.sectra.com/agm2022](https://investor.sectra.com/agm2022).

## Fees for 2022/2023

In accordance with the resolution of the AGM, a fee of SEK 560,000 was paid to the Chairman of the Board and a fee of

SEK 280,000 to each of the other Board members who were not employees of the company. For Audit Committee work, a fee of SEK 60,000 was paid to each of the Board's external members and SEK 120,000 to the Audit Committee's Chairman. No separate fees were paid for Remuneration Committee work. Fees to auditors were paid in accordance with approved invoices.

## Nomination Committee

The Nomination Committee has the task of preparing and submitting proposals to the AGM for:

- Election of the Chairman and other AGM-elected members to the company's Board
- Allocation of Board fees between 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 directives, if the Nomination Committee deems such amendments to be necessary, and
- Chairman of the AGM.

Ahead of the AGM, shareholders have the opportunity to submit proposals to the Nomination Committee, for example, via [investor@sectra.com](mailto:investor@sectra.com). The Nomination Committee's proposals and explanatory statement are published not later than in conjunction with the notice of the AGM.

During the course of its work, the Nomination Committee pays particular attention to the diversity and breadth of the Board's composition as well as the requirement of working toward an even gender balance pursuant to Sectra's Diversity Policy; refer to page 63. As a basis for its work, the Nomination Committee reviews the Board's assessment of its work and the Chairman of the Board's presentation of the work of the Board, and holds talks with the members of the Board. When drafting proposals for the election of auditors and fees for audit work, the Audit Committee assists the Nomination Committee.

Sectra's Nomination Committee is appointed in accordance with the instructions adopted by the AGM. Before agreeing to the assignment, its members assess whether it would create a conflict of interest and notify the company that no conflict of interest exists. The Nomination Committee comprises four members, one of whom is the Chairman of the Board and three of whom represent the largest shareholders in the company. 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.

Information about the composition of the Nomination Committee for the 2023 AGM was announced in a press release on December 20, 2022. The Nomination Committee comprises the following members:

- Torbjörn Kronander representing his own and related parties' shareholdings. President of Sectra AB and not independent in relation to the company and its management.
- Patrik Jönsson representing SEB Investment Management. Independent in relation to the company and its management.
- Mats Andersson representing Nordea Investment Funds. Independent in relation to the company and its management.
- Jan-Olof Brüer in his role as Chairman of the Board and representing his own and related parties' shareholdings. Independent in relation to the company and its management.

Patrik Jönsson, who represents the company's sixth-largest shareholder in terms of votes, was appointed Chairman of the Nomination Committee. Torbjörn Kronander, the company's largest shareholder in terms of votes, decided to abstain from the chairmanship due to his role as President of Sectra AB.

The fact that President Torbjörn Kronander is part of the Nomination Committee is a deviation from Rule 2:3 of the Code, which states that neither the President nor other members of management is to be a member of the Nomination Committee. The participation on the Nomination Committee of Sectra's largest shareholder in terms of voting rights Torbjörn Kronander and Jan-Olof Brüer, who are both members of Sectra's Board of Directors, deviates from Code rule 2:4, which states that not more than one of the Board members included in the Nomination Committee is to be dependent in relation to the company's major shareholders. The reason for this deviation is that, as principal owners, they would otherwise find it difficult to combine their roles as major shareholders with an active ownership role.

### Board of Directors

According to the Articles of Association, Sectra's Board of Directors is to comprise not fewer than three and not more than nine AGM-elected members. The members of the Board are elected annually by the AGM for the period until the next AGM is held. The Board currently consists of seven AGM-elected members with no deputies, and two employee representatives with two deputies.

For information on the Board members' independence in relation to the company and its management as well as the company's

major shareholders refer to the table below. With the exception of Torbjörn Kronander, President and CEO of Sectra AB, none of the AGM-elected Board members holds an operational role in the company. The Board of Directors has established an Audit Committee and a Remuneration Committee. Refer to the table for information about the members of each committee. No Sustainability Committee has been established. Strategies and risks connected to these issues are managed by the Board of Directors in its entirety.

For information regarding the current Board members' backgrounds, other assignments and holdings of shares and other securities in Sectra, refer to pages 56–57.

### Activities of the Board of Directors

In 2022/2023, the Board held ten minuted meetings, one of which was the statutory meeting of the current Board on September 8, 2022. Refer to the table below for information about each member's attendance.

The role of the Chairman of the Board is to lead the work of the Board and to ensure that it fulfills its duties. The Board's work follows an annual agenda with themes and fixed agenda items, including adoption of the Board's formal work plan, a directive for the President, instructions for reporting, the Group's budget, the year-end report and the framework for financial reporting. Four meetings were held in conjunction with publication of the company's full-year and interim reports. The company's CFO regularly participates in Board meetings. Other senior executives participate in Board meetings when necessary.

### Members of Sectra's Board of Directors and committees

| AGM-elected members                               | Elected | Attendance/<br>number of<br>meetings | Committees <sup>1</sup>   | Independent in relation<br>to the company and<br>its management | Independent in<br>relation to major<br>shareholders |
|---|---------|--------------------------------------|---|---|---|
| Torbjörn Kronander                                | 1988    | 10/10                                |   | No  | No  |
| Anders Persson                                    | 2004    | 10/10                                | Member of the Audit Committee                                       | Yes   | Yes   |
| Jan-Olof Brüer,<br>Chairman of the Board          | 2013    | 10/10                                | Chairman of Remuneration Committee<br>Member of the Audit Committee | Yes   | No  |
| Tomas Puusepp                                     | 2017    | 10/10                                | Member of the Remuneration Committee                                | Yes   | Yes   |
| Birgitta Hagenfeldt                               | 2018    | 10/10                                | Chairman of the Audit Committee                                     | Yes   | Yes   |
| Fredrik Robertsson                                | 2020    | 10/10                                |   | Yes   | Yes   |
| Ulrika Unell,<br>elected at the AGM               | 2022    | 8/10                                 |   |   |   |
| Jonas Yngvesson,<br>stepped down at the 2022 AGM  | 2019    | 4/10                                 |   |   |   |
| Christer Nilsson,<br>stepped down at the 2022 AGM | 2008    | 4/10                                 |   |   |   |
| <b>Employee representatives</b>                   |         |                                      |   |   |   |
| Andreas Örnéus                                    | 2018    | 8/10                                 |   | No  | Yes   |
| Filip Klintenstedt                                | 2019    | 8/10                                 |   | No  | Yes   |
| <b>Deputy employee representatives</b>            |         |                                      |   |   |   |
| Pontus Svärd                                      | 2021    | 3/10                                 |   | No  | Yes   |
| Bengt Hellman,<br>appointed at the AGM            | 2022    | 1/10                                 |   | No  | Yes   |
| Maja Modigh,<br>stepped down in June 2022         | 2020    | 0/10                                 |   | No  | Yes   |

<sup>1</sup> Pertains to committee members as of the balance-sheet date on April 30, 2023.

## Themes and issues in focus at Board meetings 2022/2023

| JUNE–JULY  | SEPTEMBER   | OCTOBER   | NOVEMBER–DECEMBER  | MARCH   | APRIL   |
|--|---|---|--|---|---|
| <ul style="list-style-type: none"> <li>• Year-end report</li> <li>• Changes to external reporting and alternative performance measures</li> <li>• Follow-up of long-term contracts to hedge against inflation</li> <li>• Proposed appropriation of profits</li> <li>• Follow-up of employee survey</li> <li>• Sustainability Report</li> <li>• Official Annual Report</li> <li>• Corporate Governance Report</li> <li>• Remuneration report</li> <li>• Proposals to and notice of the AGM</li> </ul> | <ul style="list-style-type: none"> <li>• Three-month report</li> <li>• Contracts and insurance</li> <li>• Focus on the orthopaedics business unit</li> <li>• Statutory meeting and the Board's formal work plan, the directive for the President, instructions for reporting and the directive for the Audit Committee</li> </ul> | <ul style="list-style-type: none"> <li>• Strategy meeting focusing on future of medical diagnostics</li> <li>• Budget guidelines</li> <li>• Results of the Board evaluation</li> <li>• Adoption of the grant notice and agreement, and the terms and conditions of the performance-based incentive program LTIP 2022</li> </ul> | <ul style="list-style-type: none"> <li>• Issue and repurchase of Class C shares for LTIP 2022</li> <li>• Six-month report</li> <li>• Forecast</li> <li>• Risk analysis and Risk Management Policy</li> <li>• Focus on the Imaging IT Solutions operating area</li> <li>• Date set for the AGM</li> </ul> | <ul style="list-style-type: none"> <li>• Nine-month interim report</li> <li>• Forecast</li> <li>• Focus on the Secure Communications operating area</li> <li>• Employees and remuneration survey</li> <li>• Financial policy</li> <li>• Evaluation of the accounting function</li> <li>• Goodwill and impairment testing</li> <li>• Preliminary budget</li> <li>• Calendar for financial reporting 2023/2024</li> <li>• Visit to the Center for Medical Image Science and Visualization (CMIV)</li> </ul> | <ul style="list-style-type: none"> <li>• Budget and business plans</li> <li>• Focus on the Medical Education business unit</li> </ul> |

During the fiscal year, the Board devoted particular attention to the results of customer satisfaction surveys, long-term financial and operational goals, material risks and risk management, competition analysis, major investments, share-based incentive programs for employees, the future of medical diagnostics and evaluation of acquisitions and other structural matters.

The Board also conducted an evaluation of its work, which formed the basis for planning the Board's activities in the coming year. This evaluation took the form of a survey and the results were followed up and discussed at Board meetings. The Nomination Committee was informed about the contents of the 2022 evaluation.

#### Sustainable and responsible business

The Board of Directors has overall responsibility for ensuring Sectra's capacity to create long-term value for its customers and employees as well as its shareholders and other stakeholders. The issue of sustainability is addressed every year at Board meetings. Information and knowledge of sustainability issues is communicated by the organization at these meetings.

Material sustainability related issues are frequently on the agenda of the Board of Directors. How sustainability issues impact the company's risks and opportunities is followed up in an annual review of the risks within the Group. The company acts responsibly and ethical guidelines for Sectra's conduct in society have been established by the Board.

#### Audit Committee

The main task of the Audit Committee is to support the Board in its work to increase quality and strengthen the supervision of the company's financial risk exposure, risk management and financial statements. During the fiscal year, the Committee held five minuted meetings at which the Committee discussed matters pertaining to financial reporting, interim reports, the Annual Report, Financial Policy, risk management and internal processes, the Audit Committee's formal work plan and other tasks of the auditors. The Committee has also submitted a recommendation to the Nomination Committee pertaining to the choice of auditor. All members of the Committee attended the meetings. The employee

representatives were invited to participate. The company's CFO and auditor regularly participate in Audit Committee meetings to provide and/or receive information about relevant issues noted during the audit and continuous reporting.

#### Remuneration Committee and remuneration of senior executives

The main task of the Remuneration Committee is to prepare the Board's decisions on matters pertaining to principles for remuneration and other terms of employment for the President and management and the guidelines for remuneration of senior executives and remuneration reports that the AGM is legally obliged to establish. The Committee held four meetings during the fiscal year, which were attended by all members.

In July 2022, the Board of Directors evaluated the remuneration to senior executives and the current remuneration structures and levels in the company as well as programs for variable remuneration to company management, both ongoing and those that ended during the year. Variable cash remuneration is linked to predetermined and measurable criteria and can be based on financial and share-related goals as well as non-financial goals such as sustainability, customer satisfaction, quality and corporate culture. The Board's remuneration report to the 2022 AGM is available on Sectra's website.

Remuneration and other terms of employment for senior executives directly subordinate to the President are decided on by the President in accordance with the guidelines adopted by the AGM (refer to page 66 of the Administration Report) and the salary policy established by the President.

#### Diversity Policy for the Board of Directors

The Board of Sectra has established a Diversity Policy, which entails that the Nomination Committee is to apply the requirements of Rule 4:1 of the Code in its work and other specific regulatory conditions pertaining to the Board's composition. According to the Code, taking into account the company's operations, stage of development and other circumstances, the Board is to have an appropriate composition, characterized by diversity and breadth in terms of the AGM-elected members' expertise, experience and background.

An even gender balance is to be pursued. To achieve this, the Nomination Committee must strive for diversity on Sectra's Board in respect of expertise, age, nationality and gender as well as business experience, qualifications and professional background. The policy also stipulates that the Nomination Committee is to give particular consideration to ensuring that the experience and expertise of the Board members matches the Sectra Group's priorities and stage of development.

### President

The President and CEO of Sectra AB is Torbjörn Kronander. For information about his background, education and holding of shares and other financial instruments in Sectra, refer to page 58. The President is responsible for ensuring that the ongoing administration is handled in accordance with the guidelines provided by the Board. Responsibility for the operational activities is decentralized to the Imaging IT Solutions and Secure Communications operating areas as well as the Genomics IT, Medical Education, Orthopaedics and Research business units, which are part of the Business Innovation operating area. Responsibility for the coordination of certain central functions, such as IT and regulatory affairs, Group finance, and People and Brand (corporate culture, brand, recruitment and marketing communication), lies with each function.

The President ensures that the Board receives factual, comprehensive and relevant information and decision-making data and engages in ongoing dialogue with the Chairman of the Board, and keeps the Chairman informed about the company's performance and financial position.

### Auditor and external auditing

The 2022 AGM re-elected Ernst & Young AB as the external auditor for a period of one year, with Authorized Public Accountant Andreas Troberg as Auditor in Charge. Ernst & Young AB has been Sectra's auditor since the 2020 AGM.

The company's auditor regularly participates in Audit Committee meetings. The auditor participated in the Board meeting at which the year-end report was presented, and communicated his observations and suggestions to the Board. In conjunction with this meeting, the auditor held a meeting with the Board without the attendance of representatives of company management. The auditor also participated in the Board meeting at which the annual review of risks was presented and discussed.

The auditor's examination and audit of the year-end report and Annual Report were conducted in May to June 2023. In addition to the audit assignment, Ernst & Young AB also reviewed the nine-month interim report, submitted certifications in accordance with the Companies Act and, in accordance with the established guidelines, carried out permitted non-audit services in the form of tax advisory services to a lesser degree, reviewed work pertaining to business ethics risks in a selection of the Group's companies and provided other services such as consultations related to accounting policies. Fees to auditors are paid on the basis of invoices received, in accordance with an AGM resolution. For more information, refer to Note 4.

### Internal control and risk management regarding financial reporting

The overall aim of the internal control is to ensure that the shareholders' investments and the Group's assets are protected, that the appropriate accounting documents are prepared and that the financial information used in the operations and when publishing is reliable.

At present, the Board is of the opinion that sufficient control of the financial statements and risk management are achieved through collaboration with the company's external auditors and the thorough reviews and follow-up carried out at the meetings of the Audit Committee. At the subsequent Board meeting, the Chairman of the Audit Committee presents the items that have been discussed and the proposals and matters to be addressed by the entire Board.

### Internal auditing

The Board of Directors has assessed the need for a special auditing function (internal auditing) and concluded that such a function is currently unjustified at Sectra considering the scope of the business and the existing internal control structures. The Board re-examines the need annually.

### Control environment

The procedures are designed to ensure efficiency in the operations and compliance with laws and regulations. The company has implemented specific control activities to continuously monitor and control the risks associated with the business.

An essential part of the control environment is the policies, instructions and procedures that are maintained by the organizational structure which clearly defines roles and responsibility. The Board is ultimately responsible for the internal control, but the ongoing administration has been delegated to the President.

### Risk assessment

Group Management identifies and evaluates the most serious risks associated with the Group's operations. Where risks are identified, control requirements are formulated and must be followed. Where necessary, new control requirements are established. The most serious risks are assessed based on potential financial damage to Sectra's operations, the likelihood of occurrence and mitigating measures that have been implemented. Weighed together, these three factors yield an assessed level of risk. The risk analysis is addressed annually by the Board and, if necessary, additional monitoring and control measures are conducted. For information about the company's most serious risks, refer to page 83 and Note 29.

### Control activities

The Board's measures to monitor internal control in connection with financial reporting include thorough reviews and follow-ups at the meetings with the Audit Committee, which maintains regular contact with external auditors. The control structure has been designed to manage the risks deemed by the Board and Executive Management to be significant to the Group's operating activities, financial reporting and compliance with laws and regulations. The primary objective of the company's control activities is to prevent and identify errors as early as possible so that any deficiencies can be resolved. Procedures and activities have been designed to detect and manage the most essential risks related to financial reporting.

The business areas, business units and Group companies are monitored by the President and CFO through regular reports and personal meetings with each management team of companies included in the Sectra Group.

The Board receives monthly reports in which the President and CFO present the earnings and financial position of the Group and its business areas for the preceding period. Work relating to monthly and annual accounts is well-defined and reporting is conducted in accordance with standardized reporting templates, including comments regarding all significant income statement and balance-sheet items. Financial managers and controllers with functional respon-

sibility for accounting, reporting and analysis are employed at both central and unit levels. This enables several controls of the company's financial reports to be performed, which reduces the risk of errors.

#### Internal information and communication

Financial reporting is governed by internal guidelines and instructions. The CFO is responsible for informing financial managers and controllers about Group-wide accounting policies as well as other matters pertaining to financial reporting. Financial managers and controllers in the Group are responsible for ensuring a high level of quality in the internal reports and that reporting to the Parent Company takes place at the agreed time for financial reporting.

#### Follow-up

Follow-up of internal control is carried out continuously through monthly and interim reports to the Board outlining the company's financial outcome, including comments from Group Management. In addition, follow-up takes place through reports from the Audit Committee and the company's auditors. The company's Auditor in Charge also participates in most Audit Committee meetings and at least one Board meeting per year, during which the most significant observations during the year's audit are reported directly to the

Board. At the same time, the Board is able to present questions to the auditor.

At company level, follow-up is performed through weekly and monthly reporting to the Parent Company and personal visits to subsidiaries by the CFO, Accounting Manager or Group Controller. During these visits, a review of essential procedures and compliance with Group-wide policies and guidelines is conducted.

#### External information

The Sectra Group's disclosure of information is regulated by an Internal and External Communications Policy established by the Board. All communication should comply with the listing agreement for listed companies in Sweden. The financial information provided by Sectra is to be accurate and current, and provide comprehensive information about the Group's operations and financial performance to all stakeholder groups. The company observes a silent period during 30 days prior to the publication of a year-end or interim report.

The Board adopts the Group's annual report, year-end report and interim reports. All financial reports and press releases are published on the Group's website at [sectra.com](https://www.sectra.com) and distributed simultaneously to the media and Nasdaq Stockholm.

Linköping, date as indicated by our electronic signature  
The Board of Sectra AB (publ)

**Jan-Olof Brüer**  
Chairman of the Board

**Torbjörn Kronander**  
President and CEO of Sectra AB

**Anders Persson**  
Board member

**Birgitta Hagenfeldt**  
Board member

**Tomas Puusepp**  
Board member

**Fredrik Robertsson**  
Board member

**Ulrika Unell**  
Board member

**Andreas Örnéus**  
Board member,  
Employee representative

**Filip Klintenstedt**  
Board member,  
Employee representative

### Auditor's report on the corporate governance statement

To the general meeting of the shareholders of Sectra AB (publ), corporate identity number 556064-8304

#### Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the financial year May 1, 2022 – April 30, 2023 on pages 60–65 and that it has been prepared in accordance with the Annual Accounts Act.

#### The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards

in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

#### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6, section 6, the second paragraph, points 2-6 of the Annual Accounts Act and chapter 7, section 31, the second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, the date stated by our electronic signature

Ernst & Young AB

**Andreas Troberg**  
Authorized Public Accountant

# Administration report

The Board of Directors and the President of Sectra AB (publ), Corporate Registration Number 556064-8304, hereby submit the Annual Report and the consolidated financial statements for the period from May 1, 2022 to April 30, 2023. The following sustainability report, income statements, balance sheets, statements of changes in equity, cash-flow statements and notes comprise an integrated part of the Annual Report.

## Governance

Sectra applies the Swedish Corporate Governance Code ("the Code"). Sectra has prepared a Corporate Governance Report in accordance with the rules and application instructions in Swedish legislation and in the Code. The Corporate Governance Report is presented on pages 60–65 of this Annual Report and the auditor's statement on the Corporate Governance Report is presented on page 65.

## Sustainability Report

The statutory Sustainability Report is included in Sectra's Sustainability Report, which encompasses pages 4, 6–7, 14–27 and 72–85. The Sustainability Report has been prepared in accordance with the requirements of the Swedish Annual Accounts Act. The Report encompasses the Parent Company Sectra AB and all units included in Sectra's consolidated financial statements for the 2022/2023 fiscal year, refer to Note 13. The auditor's statement on the Sustainability Report is included in the auditor's report on pages 120–123.

## The Group's operations and structure

Sectra conducts research, development and sales of high-tech products and services in the niche markets of medical imaging IT and cybersecurity. Sectra AB is the Parent Company of the Group, which comprises the operating areas Imaging IT Solutions, Secure Communications and Business Innovation. Other Operations pertain to joint functions for administration, recruitment, Group finance, IT, regulatory affairs, people and brand, and investor relations activities. Sectra's operating areas are organized as separate companies based on the customer segments and geographic markets targeted. The Group has its head office in Sweden and several subsidiaries around the world, refer to Note 13.

## Significant events

### 2022/2023 fiscal year

- The Group's contracted order bookings, sales and operating profit exceeded previous records. Currency effects had a positive impact on the outcome.
- All operating areas grew, and the transition to service sales and cloud deliveries progressed, which contributed to increased recurring revenue.
- Jessica Holmquist (refer to page 59) assumed the position of CFO on May 1, 2022. The previous CFO transitioned to a new role as a senior advisor to company management.
- Through a share redemption program totaling SEK 192.7 million, SEK 1.00 per share was distributed to shareholders in October 2022.

### After the balance-sheet date

- The Board of Directors and President proposed that the 2023 AGM resolve to distribute SEK 1.10 per share to the shareholders through a share redemption program, refer to page 71.

## Outlook

Sectra plays a key role in meeting the need for medical imaging IT and cybersecurity by helping to solve major societal challenges in changing markets. The global trends of an aging population and increased digitization in society mean that these markets are expected to grow even in a weaker economic climate.

Sectra is well positioned with stable solutions, high customer satisfaction and long-term investments in the future. Our recipe for success is customer satisfaction, which in turn requires happy employees, in that order. Add to this a focus on growing markets, reasonable cost control, a clear vision of where the company is headed and the perseverance to stay the course. Sectra's development over the years is a testament to what a strong combination this is.

## Financial overview, Group

| Key figures                               | 2022/2023 | 2021/2022 | Change, % |
|---|-----------|-----------|-----------|
| Contracted order bookings, SEK million    | 4,635.7   | 2,320.2   | 99.8      |
| of which guaranteed order bookings        | 2,606.5   | 2,320.2   | 12.3      |
| Net sales, SEK million                    | 2,350.8   | 1,949.1   | 20.6      |
| of which recurring revenue                | 1,359.9   | 1,081.4   | 25.8      |
| of which cloud recurring revenue (CRR)    | 254.6     | 181.4     | 40.4      |
| Operating profit, SEK million             | 455.7     | 383.4     | 18.9      |
| Net financial items, SEK million          | 23.7      | 11.1      | 113.5     |
| Profit after financial items, SEK million | 479.4     | 394.5     | 21.5      |
| Profit after tax, SEK                     | 375.0     | 314.8     | 19.1      |
| Operating margin, %                       | 19.4      | 19.7      | n/a       |
| Profit margin, %                          | 20.4      | 20.2      | n/a       |
| Earnings per share before dilution, SEK   | 1.95      | 1.63      | 19.6      |
| Cash flow per share, SEK <sup>1</sup>     | 2.29      | 3.20      | -28.4     |

<sup>1</sup> Cash flow from operations after changes in working capital.

## Comments on order bookings, sales and earnings

Demand for Sectra's customer offerings is high in all operating areas. Contracted order bookings rose 99.8% to SEK 4,635.7 million, more than half of which pertained to guaranteed order bookings. Order bookings included two comprehensive, long-term customer contracts for managing large volumes of images. Together these contracts account for a contracted order value of approximately SEK 1.8 billion, of which over SEK 400 million is guaranteed. Orders of this size contribute to long-term stability, but also lead to significant variations in order bookings between individual quarters and periods.

All operating areas reported sales growth, and net sales rose 20.6% to SEK 2,350.8 million. Based on unadjusted exchange rates, consolidated sales increased 12.6%. 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, refer to Note 29.

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. Lost recurring revenue (recurring revenue churn) for the fiscal year was 1.3%. Non-recurring revenue also increased from the comparative year. The growth was attributable to deliveries in secure communication and other non-recurring revenue from new customers deploying Sectra's medical IT systems and services.

Sectra grew 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.

The Group's operating profit rose 18.9% to SEK 455.7 million. Based on unadjusted exchange rates, operating profit increased 2.6% compared with the comparative year. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact. The operating margin was 19.4% (19.7), which exceeded Sectra's financial goal of 15%. 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.

#### Financial position and cash flow

On the balance-sheet date, the Group's cash and cash equivalents amounted to SEK 825.2 million (808.8) and to SEK 945.2 (808.8) including short-term investments of SEK 120.0 million (0). The Group's debt/equity ratio was 0.06 (0.06). Interest-bearing lease liabilities amounted to SEK 82.3 million (62.6).

Cash flow from operations amounted to SEK 440.5 million (616.9), corresponding to cash flow from operations per share of SEK 2.29 (3.20). The year-on-year change was primarily the result of an increase in capital tied up in customer projects. Cash flow from investing activities (see below) amounted to SEK -212.8 million (-68.3).

The Group's total cash flow was 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 the short-term investment. This result includes a disbursement of SEK 192.7 million (173.4) to the shareholders through share redemption programs.

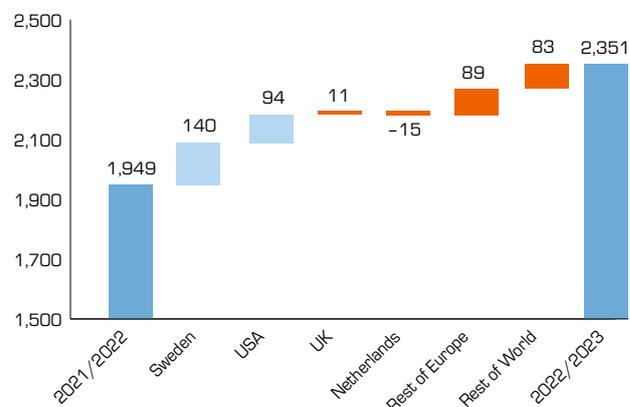
#### Investments, depreciation/amortization and R&D

Group investments amounted to SEK 212.8 million (74.4). This change was primarily due to a short-term investment of SEK 120.0 million. The outcome includes capitalized work for own use of SEK 55.7 million (44.3). At the end of the fiscal year, capitalized development costs totaled SEK 170.7 million (149.8).

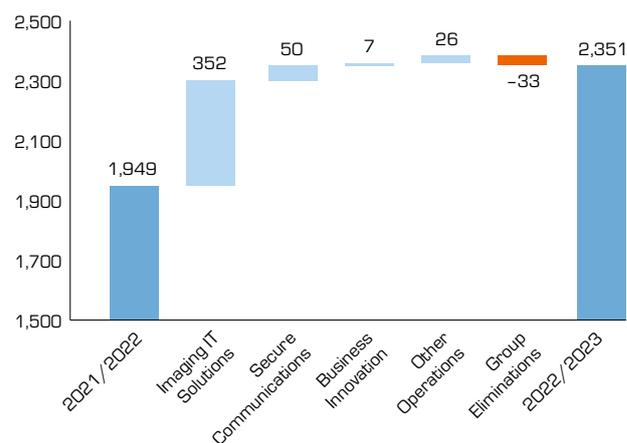
Depreciation/amortization totaled SEK 91.9 million (81.2). Of this figure, SEK 34.9 million (32.2) pertained to capitalized development costs and SEK 27.5 million (25.2) pertained to right-of-use assets.

R&D costs for the fiscal year amounted to SEK 269.8 million (248.3). Every year, Sectra invests 10–15% of its consolidated sales in research and development (R&D) projects. For further information, refer to page 24 and Note 10.

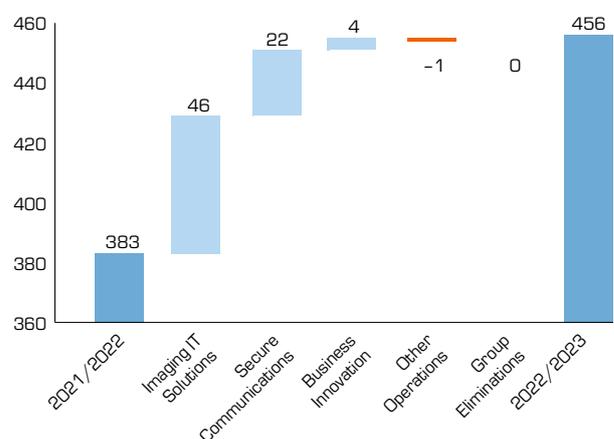
#### Sales trend per geographic market, SEK million



#### Sales trend per operating segment, SEK million



#### Earnings trend per operating segment, SEK million



**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.

**Financial overview, operating areas and Parent Company**

**Imaging IT Solutions**

In 2022/2023, Imaging IT Solutions’ sales rose 20.4% to SEK 2,079.0 million (1,727.2). The operating area is reaping the rewards of its customer satisfaction. Many new hospitals around the world chose Sectra as a supplier during the fiscal year. A majority of new contracts signed pertained to Sectra One or Sectra One Cloud, which contributed to an increase in recurring revenue of 26.5% to SEK 1,258.1 million (994.4). We also helped existing customers manage increased volumes of medical images and broaden their use of Sectra’s solutions to more medical imaging areas.

All geographic areas reported growth. 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. In North America, we also continued to grow in the US, which is Sectra’s largest market.

The operating area’s operating profit rose 11.2% to SEK 462.4 million (416.0), corresponding to an operating margin of 22.2% (24.1). 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. At the same time, these were offset by currency movements that were advantageous for Sectra.

Read more about the operating area on page 32.

**Business Innovation**

In 2022/2023, sales for Business Innovation increased to SEK 73.8 million (66.4), up 11.1% from the comparative year. Operating

profit amounted to SEK 10.5 million, compared with SEK 6.1 million in the comparative year. The transition to sales of services and cloud deliveries contributed to an increase in recurring revenue of 42.7% to SEK 14.7 million (10.3). In the long term, recurring revenue will contribute to reducing the significant variations in outcomes between different quarters and periods.

Read more about the operating area on page 38.

**Secure Communications**

In 2022/2023, Secure Communications’ sales increased 26.8% to SEK 234.5 million (184.9). Operating profit increased to SEK 19.2 million (–3.0). The outcome in terms of sales and earnings was the strongest to date for the operating area. The long-term trend is positive, but outcomes continue to vary greatly between quarters.

Secure Communications’ operations are characterized by long business cycles, and opportunities to carry out important business negotiations during the years of the pandemic were limited. High contracted order bookings in the most recent fiscal year indicate that the market situation has normalized after the pandemic years, although certain challenges remain. While demand for our solutions is growing, the global shortage of components and strained labor market continue to impact the growth rate.

Read more about the operating area on page 45.

**Other Operations and Parent Company**

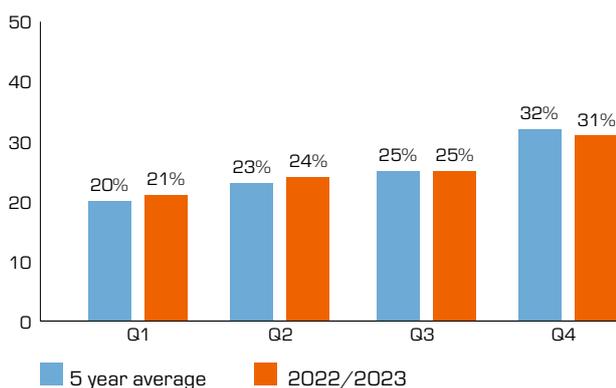
Sales from Other Operations are mainly intra-Group in nature and for 2022/2023 amounted to SEK 124.7 million (98.9). The change mainly pertained to increased central management of costs distributed across the organization. An operating loss of SEK –36.2 million (–35.7) was reported.

For information about the Parent Company’s financial outcome, please refer to the following income statements, balance sheets, accounting policies and notes.

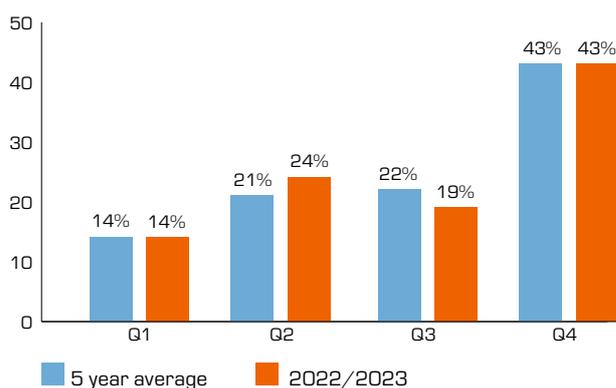
**Specific external factors**

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.

**Share of net sales per quarter, seasonal pattern**



**Share of operating profit per quarter, seasonal pattern**



Sectra is well equipped to manage these external factors based on a strong financial position, positive cash flows and a significant share of recurring revenue. No need for impairment is deemed to exist owing to the war in Europe.

## The share

### Major shareholders

On the balance-sheet date, Sectra had 13,800 (13,868) shareholders. Of these, the following shareholders had direct and indirect holdings comprising more than 10% of the number of votes for the total number of shares in the company on the balance-sheet date:

- Torbjörn Kronander, who directly and indirectly through the company Shannon AB represents 17.1% of the voting rights.
- Jan-Olof Brüer, who directly and indirectly through the company Shannon AB and other related parties represents 17.0% of the voting rights.

### 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 the performance-based incentive program LTIP 2022 (see below).
- conversion to 5,164 Class B shares in the 2018/2023 convertible program that expired on January 31, 2023. Sectra therefore has no convertible programs outstanding.

One Class A share confers ten votes, while one Class B share confers one vote. All shares carry equal rights to the company's assets and profits. The Articles of Association contain a right of first refusal clause for the transfer of Class A shares. No other agreements between shareholders entailing restrictions on the right to transfer shares are known to the company. Nor is the company party to any agreements that would take effect should control of the company change through public purchase offers.

For further information, refer to Note 20.

### Repurchase of own shares and holding of treasury shares

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 the 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 at the end of the fiscal year was 1,453,406, corresponding to approximately 0.7% of the total number of shares in the company.

### Incentive program 2022

In accordance with the AGM's resolution, a long-term performance-based incentive program was introduced, LTIP 2022, for employees in the Sectra Group. In total, 93.8% of entitled employees chose to participate in the program. Participants were allotted a total of 737,700 share rights. During the fiscal year, total costs for the program amounted to SEK 7.8 million, which was recognized as personnel costs.

Following the set vesting period, participants will receive shares in Sectra free of charge provided they remain employed by the company and certain performance conditions have been met. In addition to the 453,406 shares issued during the fiscal year, 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%.

For more information about this and other ongoing incentive programs, refer to Note 3.

### Authorization

In addition to what has been previously mentioned, the 2022 AGM authorized the Board, for the period until the next AGM, to decide on:

- a new share issue of a maximum of 18,500,000 shares. The purpose of the authorization was to enable the use of newly issued shares to finance market investments and acquisitions of companies or operations.
- the buy back, or divestment, of the company's own shares. Divestment can take place on Nasdaq Stockholm or in conjunction with acquisitions of companies or operations. The purpose of this is 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 this authorization is that the 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.

### Guidelines for remuneration to senior executives

In accordance with the guidelines prepared by the Board, the 2022 AGM adopted the following policies for remuneration and other terms of employment for senior executives of Sectra AB. All current agreements follow these principles. The resolution entails the following changes to the principles adopted by the 2020 AGM:

- variable cash remuneration may total a maximum of 100% (previously 50%) of the Basic Salary as regards financial, operational, non-financial and individually adapted goals; and
- that the term "Basic Salary" should be understood, provided that it pertains to the decision concerning variable cash remuneration, to mean the executive's fixed cash salary excluding vacation allowance.

### Scope and applicability of the guidelines

These guidelines cover the President and CEO, other members of Group Management and, where applicable, remuneration to Board members for work performed above and beyond their commission. The guidelines will be applied to contractual remuneration, and changes made to remuneration already contracted, after the guidelines are adopted by the 2022 AGM.

The guidelines do not cover remuneration that has been resolved on by the General Meeting of Shareholders. Board fees will not be paid to executives employed in the Group.

**The guidelines' promotion of the company's business strategy, long-term interests and sustainability**

Briefly, Sectra's business strategy entails developing and selling products and services for medical IT and cybersecurity. Helping our customers improve the efficiency and quality of patient care and increase cybersecurity in critical social functions is the company's most significant contribution to a more sustainable society. For more information about the company's business strategy, refer to Sectra's latest Annual Report available at the company's website, [sectra.com](https://www.sectra.com).

Successfully implementing the company's business strategy and looking after the company's long-term interests including sustainability assumes that the company can recruit and retain qualified employees. This requires the company to offer competitive remuneration. These guidelines make it possible to offer senior executives competitive total remuneration.

Long-term share-based incentive programs have been introduced at the company in certain years. These programs are adopted, where necessary, by the General Meeting of Shareholders and are thus not covered by these guidelines.

**Forms of remuneration, etc.**

The terms and conditions of remuneration must emphasize remuneration after performance, and varies in relation to the individual's performance and the Group's earnings. Total remuneration is on market terms and can consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

**Fixed remuneration**

Fixed remuneration consists of a basic annual salary (the "Basic Salary"), which is to be competitive in the relevant market and reflect the responsibilities that the job entails. Salary levels will be reviewed once a year to ensure continued competitiveness and to reward individual performances.

**Variable remuneration**

Variable cash remuneration covered by these guidelines must be intended to promote the company's business strategy and long-term interests, including sustainability.

Variable cash remuneration will be based on predetermined and measurable criteria. These criteria must be based on (i) financial earnings (profit, financial efficiency and sales) or alternately operational goals that over the long term are intended to lead to solid financial results; (ii) share-related goals and (iii) non-financial goals such as sustainability, customer satisfaction, quality and corporate culture. They should also consist of individually adapted quantitative or qualitative goals.

Meeting the criteria for disbursement of variable cash remuneration should be measurable over a period of one or more years. Variable cash remuneration can total a maximum of 100% of the Basic Salary excluding vacation allowance as regards financial, operational, non-financial and individually adapted goals and a maximum of 25% as regards share-related goals during the relevant measurement period.

When the measurement period for meeting the criteria for disbursement of variable cash remuneration has concluded, the extent to which the criteria were met must be determined. The Remuneration

Committee is responsible for assessment regarding variable cash remuneration to the President. As regards variable cash remuneration to other executives, the President is responsible for the assessment. As regards financial goals, the assessment must be based on the latest financial information released by the company.

In addition to variable remuneration that executives may receive in accordance with these guidelines, the Board of Directors may decide that such executives could be covered by programs for variable remuneration that also cover personnel categories other than senior executives such as all employees in the Group or in a particular business area. Such programs must entitle all employees (regardless of position) to the possibility of the same nominal remuneration.

The Board of Directors must also have the legal or contractual possibility—with the ensuing limitations—of demanding the return in full of erroneously disbursed variable remuneration ("clawback"). A clawback of this kind, where applicable, must be issued within five years of the disbursement.

**Pension and other benefits**

For the President and other executives covered by these guidelines, retirement and survivor benefits including health insurance must be provided and are to be defined-contribution. Variable cash remuneration must not be pensionable. Pension premiums must total a maximum of 30% of the Basic Salary.

The executive must be provided with the possibility of exchanging a portion of the Basic Salary with other benefits such as life insurance, healthcare insurance and a company car, provided that it is cost-neutral for the company.

As regards terms of employment subject to laws other than Swedish, the company may make the proper adjustments concerning pension and other benefits in order to comply with compulsory regulations or local practice, in which case the overall goals of these guidelines must be met to the greatest possible extent.

**Period of notice**

The period of notice must be linked to the age of the executive, in accordance with the following policies.

Upon termination by the company or the executive, the period of notice must be at most (i) six months, if at the time of termination the executive is age 40 or younger; (ii) 12 months, if at the time of termination the executive is age 41–50; (iii) 18 months, if at the time of termination the executive is age 51–60; and (iv) 24 months, if at the time of termination the executive is age 61 or older. From the date the executive turns 67, however, the period of notice must be at most six months.

**Salary and conditions of employment for employees**

In preparing the Board's proposal for these remuneration guidelines, salary and conditions of employment for the company's employees were taken into account through information on total employee remuneration, the components of remuneration and the increase (and rate of increase) of the remuneration forming a part of the basis for decision by the Board and the Remuneration Committee in assessing the reasonableness of the guidelines and the ensuing limitations.

**The decision-making process for adopting, reviewing and implementing the guidelines**

The Board of Directors has set up a Remuneration Committee, the tasks of which include preparing the Board's decisions on proposals for guidelines on remuneration to senior executives. The Board

of Directors will draw up proposals for new guidelines at least once every four years, and present the proposal for resolution by the AGM. The guidelines will be in force until new guidelines are adopted by the General Meeting of Shareholders.

Remuneration to the President and, where applicable, Board members (above and beyond ordinary remuneration resolved on by shareholders' meetings) is decided by the Board based on the recommendations of the Remuneration Committee. Remuneration to other executives is determined by the President. The Remuneration Committee must also monitor and evaluate programs for variable remuneration to Group Management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent in relation to the company and Group Management. To the extent they are affected by such issues, neither the President nor other members of Group Management are present when the Board discusses and decides on issues related to remuneration.

#### Departures from the guidelines

The Board of Directors may decide to temporarily depart from the guidelines in full or in part if, in an individual case, there are particular reasons to do so and a departure is necessary to safeguard the company's long-term interests including its sustainability, or to ensure the company's financial strength. As indicated above, the tasks of the Remuneration Committee include preparing Board decisions on remuneration issues, which includes decisions on departures from the guidelines.

#### Changes in Sectra's reporting

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 were changed during the 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, the recognition of order bookings will be divided between contracted and guaranteed order bookings. As of the 2023/2024 fiscal year, order bookings will be entirely excluded from the financial statements. 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 rec-

ognized 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 has also clarified 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. We have also started recognizing the reduction in recurring revenue attributable to customers that leave Sectra ("Recurring revenue churn").

#### Proposed appropriation of profits

In accordance with a Board decision on July 5, 2023, this Annual Report has been signed by the Board of Directors of Sectra AB (publ) and approved for publication. The Parent Company and consolidated income statements and balance sheets included in the Annual Report and consolidated financial statements are subject to approval by the AGM on September 7, 2023.

The following funds are at the disposal of the AGM (SEK):

|                         |             |
|-------------------------|-------------|
| Share premium reserve   | 134,851,366 |
| Retained earnings       | 103,619,984 |
| Net profit for the year | 326,850,999 |
|                         | 565,322,349 |

The Board and President propose that the profits be appropriated so that SEK 565,322,349 is carried forward. In addition, it is proposed that the AGM resolves that SEK 1.10 per share be distributed to the shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital. This entails a distribution of SEK 211,934,238 to the company's shareholders. The figure is adjusted for the company's holding of treasury shares. The corresponding distribution to the shareholders in the preceding year was SEK 1.00 per share, corresponding to SEK 192,662,325. No ordinary dividend is proposed.

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 external factors listed on page 68. 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 and a timetable for a mandatory redemption process will be published in the notice of the AGM and the full proposal to the AGM.

# Sustainability Report

The foundation for Sectra's sustainability work is our vision, the value we create for our customers and our corporate culture, where responsible conduct permeates everything that we do. Our vision and business models are described on pages 14–15. Strategies and priorities in our focus areas of satisfied customers, happy employees and corporate culture are described on pages 16–21 and responsible business conduct on page 78. The customer offering is described briefly on pages 4, 32, 39–41 and 46. These sections are supplemented below by detailed descriptions of governance, processes, risks and risk management as well as the result indicators we use to monitor our work on various sustainability matters. These descriptions include statutory information about social conditions and employees, the environment and climate, respect for human rights and anti-corruption. We also describe how we work with customer value, information security, quality, product safety and taxes. Sectra reports with reference to the 2021 GRI standards; see the sustainability index on page 124 for references to relevant information.

## Sustainability targets

Value creation is integrated into our strategic business priorities—customer value, corporate culture, innovation and international expansion. Through the goals we have defined to create value for our customers, we also create value for our employees, shareholders and society as a whole. That is why our Group-wide operational targets and financial goals also serve as our overall sustainability targets (see pages 26–27). They are monitored quarterly using the same process: from the operating area to the management team to the Board. Additional sustainability disclosures and result indicators are used to monitor the results of the operational sustainability agenda in the key sustainability areas that have been identified

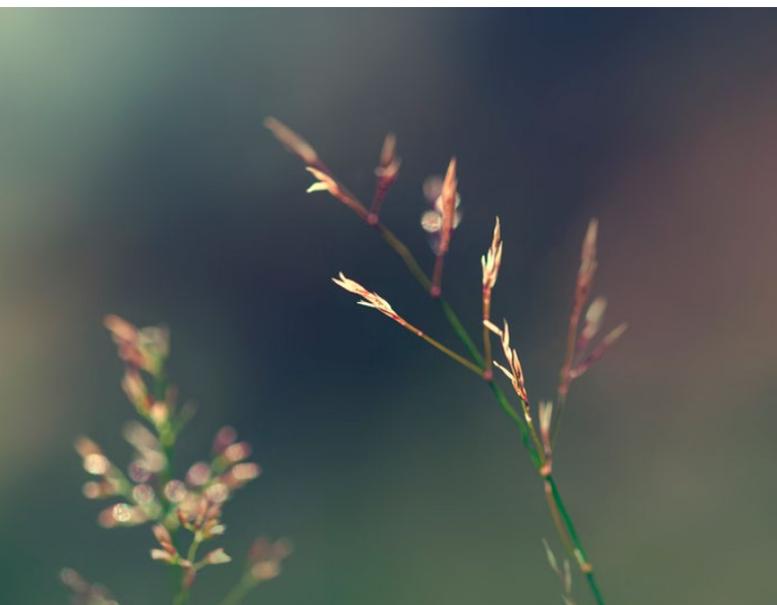
through the risk analyses included in our process for risk management. Additionally, all operating areas and business units have established business-specific operating targets that are monitored using result indicators. The Objectives and Key Results (OKR) method is used to measure major change goals. This determines the direction for our organization and enables us to more efficiently prioritize, focus and measure the level of success in our work.

## Overall governance, processes and follow-up

The Board of Directors is the company's highest administrative body and is responsible for managing the company's affairs as well as safeguarding and maintaining Sectra's corporate culture. The Board determines Group-wide policies and is responsible for identifying how sustainability issues impact the company's risks and opportunities, which are followed up in an annual review of the risks within the Group. The Group's Board includes employee representatives appointed by the local branch of the Swedish Association of Graduate Engineers. These representatives provide employees with insight into the company's governance and the opportunity to affect decisions and issues pertaining to social situations and employees as well as other sustainability areas.

Responsibility for financial, environmental and social issues, and sustainability initiatives as well as for maintaining society's confidence in Sectra lies with the President/CEO in accordance with the instructions established by the Board. The organization is decentralized, which for example means that all customer-related sustainability issues rest with the different business areas, with responsibility delegated to the respective operating area and business unit managers.

Sectra's management system, The Sectra Way, encompasses policies, processes and procedures for managing the companies in the Group as well as the sustainability agenda. The adequacy and efficiency of the management system is followed up during management's annual review (Management Review), which is described in the quality standards that Sectra follows. These reviews also include a follow-up of the annual analysis and review of stakeholders that can be expected to have some level of demands on Sectra. The analysis includes both internal and external stakeholders. Sectra's key stakeholders are the groups that are most impacted by our operations; refer to page 17. An ongoing dialogue is maintained, primarily with the Group's customers, employees, owners, sub-suppliers and distributors. This dialogue provides us with valuable information about various needs and challenges as well as key sustainability topics. If we identify demands that are not managed by any of the processes in Sectra's management system, the risks and opportunities they entail are evaluated. If a risk or opportunity is deemed significant, a change is proposed to The Sectra Way for management to address. For more information about management, see the Corporate Governance Report on pages 60–65.



## Sustainability in Sectra's value chain

Our value chain, and how we strive for more sustainable development in every step, is illustrated below.



92%

Europe and the US, share of consolidated sales\*\*

58%

Recurring revenue, share of consolidated sales\*\*

## Examples of sustainability initiatives in 2022/2023

- Improved ability to protect, detect and respond in the event of cyber-related incidents.
- Improved ability to manage and respond in the event of crises through the preparation of procedures and the completion of training.
- Initiated work to certify cloud-based services for medical imaging in accordance with CSA STAR 1 and 2.
- Continued implementation of a new global ERP system. The system will strengthen the ability of our operations to grow efficiently and in a scalable manner while limiting financial risks through the consolidation of existing systems.
- Initiated the implementation of a central solution for visualization and the compilation of data from various systems, which will lead to improved analysis and facilitate data-driven decision-making processes.
- Efforts to increase the efficiency and quality of the introduction and internal training of new employees, partly linked to key roles in the areas focusing on the installation and operation of customer systems.
- Review and update of the Group's environmental policy. Efforts are ongoing to define goals and result indicators as well as processes for following up on environmental and climate-related work.

\*Sectra's sub-suppliers are mainly companies in the following product categories: consultancy services, customer hardware, financial services, hardware, infrastructure services, personal equipment and subscriptions, premises/facilities, shipping, software components, and travel.

\*\*Refer to "Revenue recognition" in Note 2.

### Customer value, quality and safety

Quality control and product safety are highly important, since Sectra’s products and services can mean the difference between life and death for individuals and large groups of people. Moreover, some products handle sensitive and classified information that may be crucial for national security or the integrity of an individual. Sectra’s management system contains policies, procedures and guidelines for how issues concerning customer satisfaction, information security, personal data and patient security are to be managed. This is supplemented by certification programs and internal training to ensure that employees and distributors have the right skills and conditions to act responsibly and safely.

#### Customer value

The value we create for customers lays the foundation for Sectra’s long-term, sustainable success. Satisfied customers are the ultimate proof that we deliver customer value that markedly improves customers’ operations. In all our markets, we routinely conduct our own customer satisfaction measurements by using the Net Promoter Score (NPS) method, based on how our customers respond to the question “How likely are you to recommend Sectra to a friend or colleague?”. These surveys provide important information for achieving high customer satisfaction and continuing to develop as a company. Customer feedback on Sectra reflects high-quality deliveries and a high level of satisfaction with our staff. This was also confirmed externally by surveys such as “Best in KLAS”. Read more about “Best in KLAS” at [www.sectra.com/klas](http://www.sectra.com/klas).

#### Quality and product safety

Sectra’s operating areas are certified according to relevant standards in their respective areas, including:

- ISO 9001 Quality Management
- ISO 13485 Medical Devices and the Medical Device Single Audit Program (MDSAP).

The company’s products are subject to industry-specific regulations and requirements. Sectra’s crypto products are evaluated and approved by security authorities since they are used to protect highly sensitive information. Sectra’s medical IT systems comply with relevant patient security requirements, such as the European directive for CE marking, the Medical Device Directive 93/42/EEC and the Medical Devices Regulation (EU) 2017/745. The systems have received regulatory approval from the authorities in all markets where they are sold, such as the notified body applied to in Europe, the US Food and Drug Administration (FDA) in the US, Health Canada in Canada and the Therapeutic Goods Administration (TGA) in Australia.

The company’s products are developed, manufactured, marketed, sold and maintained in accordance with quality-control processes and procedures. This includes, for example, continuous improvements to the quality, safety and effectiveness of its products before, during and after they are delivered to customers. The company’s procedures and processes for follow-up after delivery mean, for example, that incidents involving Sectra’s products and services are systematically investigated in order to identify the underlying causes. Based on these investigations, corrective and/or preventive measures are taken for the products in question and, in certain cases, reports are submitted to customers and the relevant supervisory authorities.

Recurring internal controls and annual reviews by external certifying auditors are used to monitor compliance with standards, processes and procedures as well as measures to address any shortcomings. The result of this systematic work, certification and regulatory approval is high levels of patient and information security in Sectra’s customer offerings.

**CUSTOMER SATISFACTION**

**Governance**  
Corporate culture  
The procedure for measuring and monitoring customer satisfaction  
*Responsible:*  
Brand Manager, operations managers and regional managers

**Review procedure**  
Monitoring and analysis in management groups for the respective subsidiaries  
Management Review at Group level, annual evaluation and decisions on measures  
Regular reporting to the Board  
Internal controls and external certifying auditors annually review our compliance with our own procedures and call our attention to any shortcomings that may need to be addressed

**Result indicator**  
NPS ≥ 20


**Result**  
High level of customer satisfaction

**QUALITY AND PRODUCT SAFETY**

**Policies/Governance**  
Quality policies for Medical IT and Secure Communications Relevant regulations and standards in the respective areas  
Internal processes and procedures for quality assurance and incident management  
Own certification programs and internal training courses for employees and distributors  
*Responsible:*  
President/CEO, Operations Managers and Quality Managers

**Review procedure**  
Management Review at Group level, annual evaluation and decisions on measures  
Internal controls and external certifying auditors annually review our compliance with standards as well as our own processes and procedures, and call our attention to any shortcomings that need to be addressed  
Sectra’s crypto products are evaluated and approved by security authorities  
Government authorities review and approve the medtech products that Sectra sells

**Examples of result indicators**  
Trends, results from internal and external certification audits Trends, number of security reports/incidents per million diagnostic imaging examinations  
Number of customer visits/employee per year  
Trend, quality index (includes number of incident reports and issued reported to customer support)  
Number of customers with fully supported solutions Customer satisfaction  
Degree of innovation


**Result**  
High level of quality and product safety

**Information security and data protection**

Information security and personal data protection are deeply rooted in the company’s processes, procedures, products and services since these areas play a very important role in maintaining a high level of trust from our customers, employees and other stakeholders. Sectra’s operating areas have relevant certifications in each area, including:

- ISO 27001, Information security management
- ISO 27017, Security controls for cloud services
- ISO 27018, Protection of personally identifiable information (PII) in public cloud services.

Sectra’s CEO is responsible for the company’s information security policy. All Group employees are covered by the policy, which describes goals for how we preserve the confidentiality, accuracy and accessibility of Sectra’s information and that of our customers. These goals include:

- following applicable security and privacy provisions and customer demands
- ensuring a high level of security awareness among employees
- having a strong ability to protect, detect and respond to damaging activities and other security incidents
- maintaining high availability for critical systems and services
- having effective recovery procedures.

Confidentiality agreements are signed with all employees and consultants since they can be exposed to or have access to confidential information. Individuals working in the Secure Communications operating area and other relevant positions in the Sectra Group also undergo security checks and are provided with mandatory training for handling confidential defense information. Sensitive information is handled in small groups and, in special cases, a logbook is kept with the names of the people who have access to the information. Executive Management and employees in particularly exposed positions use Sectra’s solutions for secure communications.

Sectra has established a policy that provides roles and responsibilities for data protection within the Group and how we work with data protection, both internally and in the products and services we provide.

The policy includes all Group employees and includes guidelines and principles regarding the protection of personal data during processing, the right to have data erased, technical and organizational measures, use of processors, reporting of personal data crime and transferring personal data outside the EU. The goal of the policy is to follow data protection and privacy laws in the various markets where Sectra operates and to ensure that our customers, our employees and other relevant parties can rely on us when it comes to data protection.

The CEO, together with the operating area and business unit managers, has the overall responsibility for ensuring that Sectra meets its data protection obligations when processing personal data. The department and line managers are responsible for implementing appropriate procedures, processes, controls and training to ensure that employees in their area comply with the data protection policy. The overall data protection agenda is monitored by the Group’s Data Protection Officer (DPO), who is also responsible for reviewing the data protection policy. The DPO provides information and advice, assists with training, conducts internal audits and consequence assessments, monitors compliance with laws and the policy for the protection of personal data and is responsible for reporting any deviations to the supervisory authorities. The DPO also acts as the contact person for Sectra’s employees, supervisory authorities, and data subjects. The allocation of responsibilities among managers, the DPO and employees is described in the policy.

**INFORMATION SECURITY AND DATA PROTECTION**

**Policies/Governance**

- Code of Conduct
- Information security policy Data protection policy
- Policy for permitted use of assets Policy for general security in the offices
- Policy for IT communication
- Policy for IT operations
- Policy for software and hardware management Internal processes and procedures for incident management Own certification programs and internal training courses

*Responsible:*

President/CEO, IT Manager, Quality Manager, Information Security Manager

**Review procedure**

Management Review at Group level, annual evaluation and decisions on measures

Internal controls and external certifying auditors annually review our compliance with standards as well as our own processes and procedures, and call our attention to any shortcomings that need to be addressed

**Examples of result indicators**

Results of external security and certification audits

Percentage of employees who have successfully completed obligatory training in information security as well as data protection and privacy

Labor hours lost per employee due to interruptions in internal IT systems and services

Number of data protection incidents investigated and reported



**Result**

Sectra maintains the trust of its customers, employees and other stakeholders through high levels of information security and compliance with relevant data protection and privacy laws.



In 2022, Sectra was named a “Cybersecurity Transparent Leader” by Censinet and KLAS Research based on an evaluation of the company’s cyber security preparedness.

Training in basic information security, the General Data Protection Regulation (GDPR) and data protection is an obligatory part of the introduction for all new employees and is repeated regularly. There is also obligatory Health Insurance Portability and Accountability Act (HIPAA) training for all employees who might come into contact with patient information from the US market. This training covers general information security and privacy matters. All employees who might come into contact with patient information from the UK undergo an equivalent information security course developed by the National Health Service (NHS). All training is digital and provided through the platform Sectra uses to support development and employee training. Completed data protection activities and training are documented to demonstrate compliance with applicable data protection legislation and internal regulations.

### Social conditions and employees

Having satisfied and dedicated employees is a precondition for delivering maximum customer value, and our corporate culture is an important governance tool. That is why we value the Sectra culture and our employees' satisfaction and safety on the job. Our long-term efforts to maintain and improve our corporate culture include developing and clarifying internal procedures throughout the entire employee life cycle, from recruitment to the day they leave us.

Sectra offers a workplace with an attractive work environment and competitive terms. We support our employees' professional development and ensure their health, safety and well-being as well as engagement. Sectra's workplaces in Sweden have a safety representative and a work environment representative. They work together with the company healthcare service in a safety committee to ensure that the company follows laws and regulations for physical and psychosocial work environments.

#### SOCIAL CONDITIONS AND EMPLOYEES

##### Policies/Governance

- Corporate culture
- Work environment policy
- Policy and procedure for systematic health and safety work, and fire prevention efforts
- Alcohol and drug policy
- Policy for gender equality and diversity
- Policy for salaries and bonus payments
- Budget and forecast processes for planning resource needs
- Recruitment process
- Procedures for personnel management
- System support for recruitment, development and training (talent management)
- Whistleblower policy
- Responsible:*  
President/ CEO, operations managers, regional managers

##### Monitoring/Review procedure

- Internal and external training
- Leadership program
- Annual employee survey
- Performance appraisals with every employee, at least once per year
- The safety committee and local safety representative
- Management Review at Group level, annual evaluation and decisions on measures
- Internal controls and external certifying auditors annually review our compliance with our own processes and procedures, and call our attention to any shortcomings that need to be addressed
- Employee union representatives on the Board

##### Examples of result indicators

- Corporate culture index: ≥3.5 on a five-point scale
- Employees' "gut feeling" when coming to work: ≥3.5 on a five-point scale
- Equal treatment: ≥3.5 on a five-point scale
- Leadership index: ≥3.5 on a five-point scale
- eNPS ≥20
- Result of annual health questionnaire and health examinations
- Reporting safety incidents at the workplace



**Result**  
Dedicated employees who are satisfied, improving as individuals and doing their best to meet or exceed customer expectations.

Healthier employees and minimal absence due to illness.

#### Recruitment

We help hospitals and those who are training future healthcare personnel to improve their efficiency so that patients can receive better care. We help authorities and critical social functions with cybersecurity.

Sectra is thus a workplace where employees can feel they are creating meaningful results in their work and contributing to a healthier and safer society. This strengthens our ability to hire and retain employees who have the right expertise, abilities and attitude. Attracting new talent and retaining key individuals are important for meeting customers' needs and expectations.

Identifying, planning and monitoring the need for employees and expertise are part of the planning process in Sectra's management system and are included in personnel management procedures as well as budget and forecast processes. During recruitment, there is a process to help managers make decisions and evaluate candidates based on abilities and attitude. This process includes, for example, instructions for screening, proficiency tests, work tests and interviews. At Sectra, all candidates are interviewed by the recruiting manager, colleagues and the CEO. This rigorous process reflects how essential recruitment is for our success. We also have an internal program to reward employees who recommend candidates that are later employed.

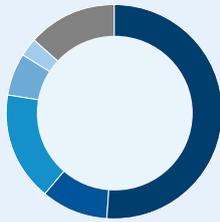
Sectra has a program to appeal to and attract young talents from selected universities. The program includes, for example, participating in job fairs, collaborations with student organizations, opportunities for thesis projects and summer jobs as well as company evenings. We measure our attractiveness through our employee Net Promoter Score (eNPS) and questionnaires for participants at our various events.

#### Professional development

Given that knowledge rapidly becomes outdated, continuous development of individual skills as well as the company's approach and products is a top priority. Our processes for personnel management include procedures for developing employees, strengthening leadership and monitoring employee satisfaction. We do this through performance reviews, employee surveys, competence training and leadership development. Responsibility for evaluating and determining the need for competence and training to bridge any gaps lies with each role owner/head of function.

Our employees' motivation to share knowledge within the organization and to independently pursue their own continuous development is evaluated and encouraged, for example in performance appraisals. Managers and employees work together to identify development needs and draw up development plans in conjunc-

### Key figures, employees



#### Geographic distribution of employees

- Sweden: 48%
- UK: 11%
- North America: 19%
- Netherlands: 6%
- Australia/New Zealand: 3%
- Rest of Europe: 14%

#### Number of employees on balance-sheet date



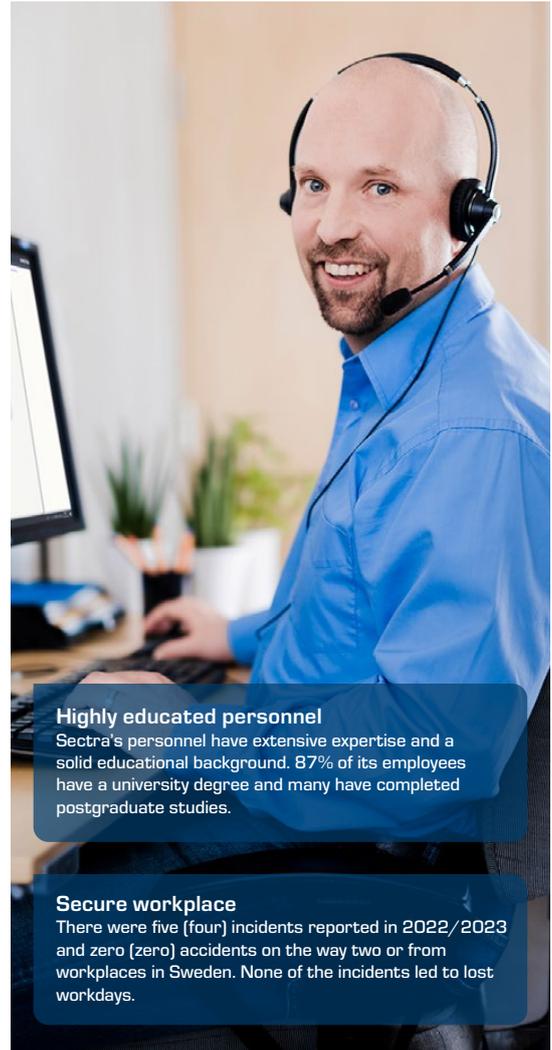
#### Share of employees with permanent employment



● Permanent employment ● Temporary workers <sup>1</sup>

| Gender balance, %                     | April 30, 2023 |       | April 30, 2022 |       |
|---------------------------------------|----------------|-------|----------------|-------|
|                                       | Men            | Women | Men            | Women |
| All employees                         | 67             | 33    | 68             | 32    |
| Line managers                         | 62             | 38    | 69             | 31    |
| Management groups, incl. presidents   | 64             | 36    | 66             | 34    |
| Group Management                      | 50             | 50    | 67             | 33    |
| AGM-elected Board members             | 71             | 29    | 87             | 13    |
| Board, incl. employee representatives | 82             | 18    | 83             | 17    |

Read more in Note 3.



#### Highly educated personnel

Sectra's personnel have extensive expertise and a solid educational background. 87% of its employees have a university degree and many have completed postgraduate studies.

#### Secure workplace

There were five (four) incidents reported in 2022/2023 and zero (zero) accidents on the way two or from workplaces in Sweden. None of the incidents led to lost workdays.

<sup>1</sup>Temporary workers are used in a very limited capacity for certain tasks, such as summer jobs, thesis projects and specific roles for young people who want to work for a while before continuing to higher education. In accordance with local legislation, these positions become permanent if they last for a long enough time (24 months in Sweden, for example). Hired consultants represent only a marginal portion of our resources. They are only used during peak seasons and when there is a temporary need for expertise. However, these positions are still required to have reasonable terms of employment.

tion with regular employee reviews, at least once per year. This is conducted using an established process for personnel management, which is part of Sectra's management system. Training programs, various certification programs and supervision then help to ensure that employees and managers have the correct skills for their roles and duties. Sectra offers leadership development programs for both new and more experienced managers, during which Sectra's leadership philosophy is presented.

Many of Sectra's internal courses are digital. Quality is assured through practical steps and course evaluations. Managers are responsible for following up on whether employees meet the training criteria for their specific roles. Both managers and employees have access to system support to ensure this.

A large portion of training is conducted internally, but we also partner with external parties such as the Stockholm School of Economics. Sectra also actively contributes to the education of engineers and healthcare personnel, for example through guest lectures at universities.

#### Work environment

The Group takes a proactive and systematic approach to occupational health and safety issues. The following are examples of Sectra's work environment goals:

- No employee shall be exposed to a risk of injury or sickness due to their work.
- All employees shall experience a good quality of life in their work with respect to physical, psychological and social conditions.
- The company shall take rapid and conscientious action to ensure its employees can return to work after long-term illness, work-related injury or other problems.
- Employees shall not be under the influence of alcohol or drugs during working hours and help shall be offered to employees who need it for alcohol- or drug-related reasons.

We value a high level of well-being among our employees and take care to ensure that they have a sound work environment without stress levels that are detrimental to their health and well-being. This is achieved through initiatives like flexible working conditions and allowing employees to influence their work situation to the greatest extent possible, including choosing where they work. The majority of our employees have non-regulated working hours, meaning that they have considerable opportunities to schedule their own hours. The company follows standard practice for parental leave and the right to part-time hours for employees with children.

Our ambition is to identify problems with physical and mental health as early as possible to provide the necessary support, preferably before sick leave is necessary. Discussions about health and work least once per year. These conversations are followed up as necessary with health examinations and other measures. Questions about work environment are also included in the annual employee survey. Appropriate steps are then taken based on the answers to these questions. Managers and employees also meet regularly to discuss work situations and employee well-being to detect signals of physical and mental stress early on. If employees are affected by these issues, there are processes and procedures in place that support managers and personnel in handling illnesses and rehabilitation to be able to return to work.

The work environment agenda is based on Sectra's work environment and fire protection policy as well as established processes for identifying risks and deciding on measures to take. Work environment matters and incident reporting are followed up based on the rules in each country. Incidents and accidents are investigated and reported according to current regulations.

Preventative measures are taken to avoid accidents in the future. In the event of long-term absence due to illness, managers work with employees and the company healthcare service to make the rehabilitation process as beneficial and as effective as possible. An individual rehabilitation plan is created to make it possible for employees to return to work safely.

#### Equal treatment and diversity

Sectra's workplace shall be distinguished by equal opportunities and equal treatment, with everyone assuming responsibility for the treatment of their fellow human beings. This is reflected in our corporate culture where "showing tolerance and respect for each other as individuals and friends" is one of the core values that permeate our training of new employees and managers as well as performance reviews. In line with our policy in the area, we work continuously to promote equal treatment and there is zero tolerance regarding all forms of bullying and harassment.

Sectra's organization has global operations, where language skills and the ability to operate in different cultures are important success factors. We are seeking to achieve a better gender balance, but are limited by the low availability of female engineers in our technology-intensive niche areas. Appointments to all positions are based on the individual's competence and individual traits. Refer to page 76 for examples of result indicators and the results of our work with social conditions and personnel.

#### Corporate responsibility and the Code of Conduct

Working together with Sectra is to be viewed as a stamp of quality for customers as well as employees and partners. Our corporate culture, in combination with our Code of Conduct, is a crucial factor in ensuring that the company's business is fair, honest and complies with applicable laws. Together with quality and control processes, this helps to guide the decisions and actions of managers, partners and employees during the course of their daily work.

#### Code of Conduct

Sectra conducts global businesses, with its principal exposure to countries in Europe and North America. Our work on increasing our market shares and winning the loyalty of new customers cannot jeopardize our ethical behavior and responsibility. The company's model for working with customers, distributors, sub-suppliers and strategic partners is based on responsibility, transparency and knowledge sharing. We endeavor to build long-lasting relationships since these give us the time to develop both an understanding of

#### CORPORATE RESPONSIBILITY AND THE CODE OF CONDUCT

##### Policy/Governance

Corporate culture

Code of Conduct, which addresses areas like respect for human rights and anti-corruption

Whistleblower policy

Financial policy

Insider policy and processes as well as internal training in managing insider information

Quality and control procedures

*Responsible:*

President/CEO, operations managers, regional managers, partner operations managers

##### Review procedure

Annual follow-ups are part of Management Reviews

External auditors carry out specific recurring audit procedures in subsidiaries worldwide

Internal controls and external consultants annually review our compliance with standards as well as our own policies, processes and procedures, and call our attention to any shortcomings that need to be addressed

##### Result indicator

Sectra's operations, and partner operations related to Sectra, must be free of corruption



#### Result

Responsible, ethical business conduct

each other's values as well as mutual respect. These close, long-term partnerships play a very important role in Sectra's success.

Sectra's Board has adopted a Code of Conduct; refer to investor.sectra.com/sustainability. The Code addresses various areas, such as compliance with laws, product safety, developing and manufacturing products, documentation and reporting, use and protection of the company's assets, work environment, confidential information, anti-corruption, respect for human rights, conflicts of interest, marketing and sales, use of social media and competition. The Code describes the values and fundamental principles that apply to Board members, all employees and external parties such as sub-suppliers, consultants, distributors and partners. When it comes to external parties, this is regulated through the terms of agreement or, in the case of large companies over which we have only a minor influence, the choice of partner. Compliance with the Code of Conduct is included in all distribution agreements, for example, and Sectra is entitled to terminate its business relationships at short notice if the Code is not followed. We can also transfer ongoing service agreements to new distributors or take over the agreements ourselves. There is a follow-up every year, which can lead to a more detailed review as needed. The monitoring results of external parties form part of the annual Management Review, and are regulated in Sectra's management system. In addition, regulatory audits are conducted regularly for a selection of the processes in Sectra's management system.

#### Respect for human rights

Sectra's operations, to a large extent, are about people. Respecting human rights is important for our success and for our ability to live up to our stakeholders' expectations. We work to promote human rights in all parts of Sectra's operations, which is addressed in the Code of Conduct. Sectra respects human rights, as expressed in the International Bill of Human Rights, in every country where

we operate. The company also respects the principles of fundamental rights in the ILO Declaration on Fundamental Principles and Rights at Work. This means, for example, that Sectra does not accept discrimination, lack of freedom of association, child labor, forced labor, employees under the age of 18 being exposed to dangerous conditions or other failures to comply with human rights. We are also aware of the new EU legislation entailing that companies need to conduct due diligence to identify how the potential impact of human rights violations is managed and reported according to the UN's Guiding Principles on Business and Human Rights.

Sectra's impact in the area of human rights is evaluated and addressed in Sectra's annual risk assessment. Operations are conducted by employees primarily located in Sweden and other countries with strong labor rights legislation and with a limited number of suppliers and partners. The risk of human rights violations is therefore assessed as being low. The risk analysis carried out during the fiscal year did not identify any specific risks of human rights violations in Sectra's work environment. Nor did the analysis identify any risk that Sectra's operations could violate human rights.

#### Taxes

The Board has established a financial policy that forbids tax evasion through transfer pricing. Sectra pays tax in each country where it operates in accordance with prevailing law and the OECD's Transfer Pricing Guidelines, which helps to boost development in the local community in each country.

#### Social action

Sectra is involved in various social action projects. These projects are connected to our products and solutions, training and expertise, or highlight our role as an employer, and strengthen our brand over the long term. They can be projects that help improve health and safety in society or that create added value for our employees and other stakeholders.

#### Anti-corruption

Sectra's Code of Conduct stipulates that the company does not accept any form of corruption such as bribes, conflicts of interest,

embezzlement, kickbacks, blackmail or nepotism/favoritism. We work proactively to ensure that neither the company nor its partners or suppliers are involved in any form of corrupt activities. For a description of material risks connected to corruption and how these are combated, refer to the description under Corruption and deviations from the Code of Conduct on page 84. Neither company management nor the Board received any indication of instances of corruption during 2022/2023 or previous fiscal years.

#### Whistleblower policy

Employees must feel confident that they can report irregularities and serious incidents that impact the company without fear of adverse consequences. Sectra has therefore established a whistleblower policy that includes all Group employees. No cases were reported to management under the whistleblower function in 2022/2023 or previous fiscal years.

The policy describes how employees and managers can report inappropriate behavior or other deviations. All reports made in accordance with this whistleblower policy are given serious consideration and handled professionally, quickly and in confidence. Incoming cases are handled by the line managers, operating area managers, quality managers or the President. First, an investigation takes place to determine whether there is cause for further investigation. If a report is considered correct in accordance with the guidelines stipulated in the policy, the whistleblower receives a written response from the company about the complaint. Depending on how serious the case is, Sectra may then transfer the matter to the Board or an appropriate external authority, or file a police report. If the report includes very sensitive or confidential information, the employee may choose to remain anonymous.

In the event that the whistleblower elects to be anonymous, their identity will not be revealed provided that it is not required by law to do so. As far as possible, all evidence that can be traced back to the employee will be kept secret. Nor does Sectra tolerate harassment or disciplinary measures by the company for someone who has reported irregularities in good faith.

### Cloud technology and a strong corporate culture assist radiologists in Ukraine

The Russian invasion of Ukraine made it difficult for radiologists in the country to review radiology images and dictate results. Healthcare personnel were scripted, relocated, or simply chose to leave the country. Ukraine maintained a functioning internet, which enabled Sectra and Microsoft to act together on a request for assistance. As a result, physicians in the Sumy region now review about 1,000 examinations per month using Sectra's enterprise imaging solution, available via Microsoft Azure cloud service.

This is a project that is outside the box in many ways. These needs subsist in a region in which we are not typically active. The project is being conducted without allocated resources, without knowledge of the language, without easy access to healthcare personnel and without any payment in return. Instead, we have an extremely strong desire to act, stable and easy-to-use technology and a corporate culture that gives our employees the authority to make decisions.



### Environmental and climate impact

Sectra’s activities are largely comparable with working in a traditional office environment, meaning that our environmental and climate impact is limited. Individual company-specific risks related to climate change have been identified. These risks have a low risk index. Accordingly, reporting on targets and result indicators in the area is sparse.

However, the fact that the operations have a limited impact does not mean that we can stop addressing these issues. Together with other parts of society, we must continue taking action and assuming responsibility for how our activities and objectives impact the environment in order to contribute to the UN Sustainable Development Goals (SDGs) and the realization of Agenda 2030. Sectra’s work must therefore be characterized by consistent environmental consideration and continuous improvements in respect of climate impact and resource use.

#### Environmental policy and plan

Sectra’s management system includes an environmental policy, environmental goals and processes that describe how the potential environmental impact of the operations is identified, assessed and managed as well as the follow-up of compliance with obligations and requirements and the measures taken to achieve these goals. Environmental efforts are followed up annually in the Management Review. The CEO is responsible for the environmental aspects of Sectra’s operations. Department heads, operating area and business unit managers and country organizations carry out the environmental policy in their operations.

Sectra’s environmental efforts are inspired by ISO 14001. The operations in the Netherlands, which already hold ISO 14001 certification, have defined climate goals that are followed up by management. In the rest of the Group, goals and result indicators will be gradually introduced. By measuring and analyzing data, we can make better-informed decisions about activities and measures that contribute to reducing Sectra’s environmental and climate impact. In Belgium, the Netherlands, the UK, Sweden and Germany, we have begun measuring the climate impact of our operations.

#### Internal environmental and climate impact

The company endeavors to ensure that its workplaces and premises are environmentally friendly. By using technical equipment that is modern, green and energy efficient, for example, we can save energy and resources. Environmentally friendly alternatives are used where possible and when economically justified to minimize climate impact from travel and transportation. Telephone and videoconferencing are widely used.

#### External environmental impact and climate reporting

Sectra primarily sells proprietary software and services and, to a lesser extent, physical products, including those from external suppliers. Proprietary physical products are produced by sub-suppliers in Europe. With respect to the resale of hardware and services, the Group’s external suppliers are large, global companies with processes and policies in place for key sustainability issues. In product development, manufacturing and purchasing, Sectra takes responsibility for combating and reducing our own and our customers’ environmental and climate impact by:

- using modern, energy-efficient information technology to the greatest extent possible
- choosing materials for our physical products that have the smallest possible environmental impact and that are affordable without compromising on product quality

### LIMITED ENVIRONMENTAL AND CLIMATE IMPACT

#### Policy/Governance

Environmental plan

Environmental policy [investor.sectra.com/sustainability](https://investor.sectra.com/sustainability)

#### Responsible:

President/CEO, operations managers and regional managers

#### Review procedure

Annual follow-ups are part of the Management Review

#### Result indicator

Work is under way to establish indicators to be followed up



#### Result

Continuous improvement processes to reduce climate impact and resource use

- prioritizing the purchase of products and services with reduced environmental impact compared to the alternatives
- recycling used material when possible.

From an environmental perspective, the IT solutions for medical diagnostic imaging that Sectra develops, for example, are highly advantageous. By enabling remote viewing, these systems help to reduce the number of patient trips as well as the transportation of medical images and pathology tests.

#### Climate reporting

Sectra surveys the climate impact caused by its operations. The scope of the climate report and the number of units covered are continually being increased.

We report our greenhouse gas (GHG) emissions according to Scope 1–3 of the GHG Protocol. Scope 3 emissions were reported for the first time this year and pertain to 2022. Scope 1 encompasses business travel by service vehicle and company car, Scope 2 encompasses purchased electricity, district heating and district cooling, and Scope 3 encompasses business travel by air and private vehicle, employee commuting, and waste.

The report for the calendar year 2022 includes incomplete data from our operations in Belgium, the Netherlands, the UK, Sweden and Germany. The reports for 2020 and 2021 pertain only to the operations in Sweden.

Renewable or fossil-free sources of energy are chosen wherever possible. The climate report below includes electricity consumption from 100% fossil-free sources, of which 99.3% comes from renewable sources.

| GHG emissions, metric tons              | 2022       | 2021       | 2020       |
|---|------------|------------|------------|
| <b>Scope 1</b>                          | <b>255</b> | <b>43</b>  | <b>23</b>  |
| Business travel                         | 255        | 43         | 23         |
| <b>Scope 2</b>                          | <b>166</b> | <b>163</b> | <b>122</b> |
| Energy consumption                      | 166        | 163        | 122        |
| <b>Scope 3</b>                          | <b>135</b> | <b>-</b>   | <b>-</b>   |
| Business travel                         | 79         | -          | -          |
| Waste                                   | 1          | -          | -          |
| Employee commuting                      | 54         | -          | -          |
| <b>Total GHG emissions, metric tons</b> | <b>556</b> | <b>326</b> | <b>244</b> |

**Recycling**

Reducing the amount of waste and recycling as much as possible is part of our strategic and day-to-day environmental work. Sectra is listed in REPA, the Swedish register for producer responsibility, for recycling of packaging and with the Swedish Environmental Protection Agency for recycling of electronics and handling of electronic waste. The company’s operations are not subject to notification or permit requirements under the Swedish Environmental Code.

**Reporting according to the EU taxonomy**

The EU Taxonomy Regulation applies to Sectra since it is a listed company. This means that Sectra is to declare the proportion of its economic activities that is taxonomy-eligible and taxonomy-aligned. Sectra has analyzed the requirements of the Taxonomy Regulation, having carried out a review to determine which activities are taxonomy-eligible. Based on this analysis, our assessment is that the Group’s operations—research, development and sales of medical IT systems and services for diagnostic imaging as well as security products to protect information—are currently not taxonomy-eligible. As such, 0% of Sectra’s turnover is eligible and

no capital expenditure (CapEx) or operating expenses (OpEx) are connected with these operations. Since the EU taxonomy is new, we will follow developments, interpretations and general practice related to the legislation and, when necessary, adjust our assessments and information.

**Reporting principles**

The reporting principles and assessments made for eligible activities are essentially unchanged compared with last year. The following definitions are used to report turnover, CapEx and OpEx in accordance with Article 8 of the EU Taxonomy Regulation.

Turnover – total turnover corresponds to net sales recognized in the consolidated income statement.

OpEx – pertains to expenditures for research and development, short-term leases and expenditures for maintenance and repair.

CapEx – pertains to investments in capitalized development, tangible assets and leases recognized as right-of-use assets in accordance with IFRS 16.

**Proportion of turnover from products or services with economic activities that qualify as environmentally sustainable – disclosure covering year 2022/2023**

| Economic activities (1)   | Code(s) (2) | Absolute turnover (3)<br>SEK million | Proportion of turnover (4)<br>% | Substantial contribution criteria |                               |                                |                      |               |                                  | DNSH criteria<br>(Do No Significant Harm) |                                |                                 |                       |                | Taxonomy-aligned proportion of turnover, year 22/23 (18)<br>% | Taxonomy-aligned proportion of turnover, year 21/22 (19)<br>% | Category (enabling activity) (20)<br>E | Category (transitional activity) (21)<br>T |
|---|-------------|--------------------------------------|---------------------------------|-----------------------------------|-------------------------------|--------------------------------|----------------------|---------------|----------------------------------|---|--------------------------------|---------------------------------|-----------------------|----------------|---|---|--|--|
|   |             |                                      |                                 | Climate change mitigation (5)     | Climate change adaptation (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11)            | Climate change adaptation (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) |   |   |  |  |
| <b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>  |             |                                      |                                 |                                   |                               |                                |                      |               |                                  |   |                                |                                 |                       |                |   |   |  |  |
| <b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>  |             |                                      |                                 |                                   |                               |                                |                      |               |                                  |   |                                |                                 |                       |                |   |   |  |  |
| Turnover (A.1)  |             | 0                                    | 0                               | -                                 | -                             | -                              | -                    | -             | -                                | -   | -                              | -                               | -                     | -              | -   | -   | -                                      |  |
| <b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b> |             |                                      |                                 |                                   |                               |                                |                      |               |                                  |   |                                |                                 |                       |                |   |   |  |  |
| Turnover (A.2)  |             | 0                                    | 0                               | -                                 | -                             | -                              | -                    | -             | -                                | -   | -                              | -                               | -                     | -              | -   | -   | -                                      |  |
| <b>Total (A.1 + A.2)</b>  |             | <b>0</b>                             | <b>0</b>                        | <b>-</b>                          | <b>-</b>                      | <b>-</b>                       | <b>-</b>             | <b>-</b>      | <b>-</b>                         | <b>-</b>                                  | <b>-</b>                       | <b>-</b>                        | <b>-</b>              | <b>-</b>       | <b>-</b>  | <b>-</b>  | <b>-</b>                               |  |
| <b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>  |             |                                      |                                 |                                   |                               |                                |                      |               |                                  |   |                                |                                 |                       |                |   |   |  |  |
| Turnover (B)  |             | 2,350.8                              | 100                             |                                   |                               |                                |                      |               |                                  |   |                                |                                 |                       |                |   |   |  |  |
| <b>Total (A+B)</b>  |             | <b>2,350.8</b>                       | <b>100</b>                      |                                   |                               |                                |                      |               |                                  |   |                                |                                 |                       |                |   |   |  |  |

**Proportion of CapEx from products or services associated with economic activities that qualify as environmentally sustainable – disclosure covering year 2022/2023**

| Economic activities (1)   | Code(s) (2) | Absolute CapEx (3)<br>SEK million | Proportion of CapEx (4)<br>% | Substantial contribution criteria |                               |                                     |                      |               |                                  | DNSH criteria<br>(Do No Significant Harm) |                                |  |                       |                |                                  | Taxonomy-aligned proportion of CapEx, year 22/23 (18)<br>% | Taxonomy-aligned proportion of CapEx, year 21/22 (19)<br>% | Category (enabling activity) (20)<br>E | Category (transitional activity) (21)<br>T |
|---|-------------|-----------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------------|----------------------|---------------|----------------------------------|---|--------------------------------|--|-----------------------|----------------|----------------------------------|--|--|--|--|
|   |             |                                   |                              | Climate change mitigation (5)     | Climate change adaptation (6) | Water and marine resources (7)<br>% | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11)            | Climate change adaptation (12) | Water and marine resources (13)<br>Y/N | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) |  |  |  |  |
| <b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>  |             |                                   |                              |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |  |  |  |  |
| <b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>  |             |                                   |                              |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |  |  |  |  |
| CapEx (A.1)   |             | 0                                 | 0                            | -                                 | -                             | -                                   | -                    | -             | -                                | -   | -                              | -                                      | -                     | -              | -                                | -  | -  | -                                      |  |
| <b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b> |             |                                   |                              |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |  |  |  |  |
| CapEx (A.2)   |             | 0                                 | 0                            | -                                 | -                             | -                                   | -                    | -             | -                                | -   | -                              | -                                      | -                     | -              | -                                | -  | -  | -                                      |  |
| <b>Total (A.1 + A.2)</b>  |             | <b>0</b>                          | <b>0</b>                     | <b>-</b>                          | <b>-</b>                      | <b>-</b>                            | <b>-</b>             | <b>-</b>      | <b>-</b>                         | <b>-</b>                                  | <b>-</b>                       | <b>-</b>                               | <b>-</b>              | <b>-</b>       | <b>-</b>                         | <b>-</b>   | <b>-</b>   | <b>-</b>                               |  |
| <b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>  |             |                                   |                              |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |  |  |  |  |
| CapEx (B)   |             | 138,0                             | 100                          |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |  |  |  |  |
| <b>Total (A+B)</b>  |             | <b>138,0</b>                      | <b>100</b>                   |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |  |  |  |  |

**Proportion of OpEx from products or services associated with economic activities that qualify as environmentally sustainable – disclosure covering year 2022/2023**

| Ekonomiska verksamheter (1)   | Code(s) (2) | Absolute CapEx (3)<br>SEK million | Proportion of OpEx (4)<br>% | Substantial contribution criteria |                               |                                     |                      |               |                                  | DNSH criteria<br>(Do No Significant Harm) |                                |  |                       |                |                                  | Taxonomy-aligned proportion of OpEx, year 22/23 (18)<br>% | Taxonomy-aligned proportion of OpEx, year 21/22 (19)<br>% | Category (enabling activity) (20)<br>E | Category (transitional activity) (21)<br>T |
|---|-------------|-----------------------------------|-----------------------------|-----------------------------------|-------------------------------|-------------------------------------|----------------------|---------------|----------------------------------|---|--------------------------------|--|-----------------------|----------------|----------------------------------|---|---|--|--|
|   |             |                                   |                             | Climate change mitigation (5)     | Climate change adaptation (6) | Water and marine resources (7)<br>% | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11)            | Climate change adaptation (12) | Water and marine resources (13)<br>Y/N | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) |   |   |  |  |
| <b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>  |             |                                   |                             |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |   |   |  |  |
| <b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>  |             |                                   |                             |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |   |   |  |  |
| OpEx (A.1)  |             | 0                                 | 0                           | -                                 | -                             | -                                   | -                    | -             | -                                | -   | -                              | -                                      | -                     | -              | -                                | -   | -   | -                                      |  |
| <b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b> |             |                                   |                             |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |   |   |  |  |
| OpEx (A.2)  |             | 0                                 | 0                           | -                                 | -                             | -                                   | -                    | -             | -                                | -   | -                              | -                                      | -                     | -              | -                                | -   | -   | -                                      |  |
| <b>Total (A.1 + A.2)</b>  |             | <b>0</b>                          | <b>0</b>                    | <b>-</b>                          | <b>-</b>                      | <b>-</b>                            | <b>-</b>             | <b>-</b>      | <b>-</b>                         | <b>-</b>                                  | <b>-</b>                       | <b>-</b>                               | <b>-</b>              | <b>-</b>       | <b>-</b>                         | <b>-</b>  | <b>-</b>  | <b>-</b>                               |  |
| <b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>  |             |                                   |                             |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |   |   |  |  |
| OpEx (B)  |             | 338,7                             | 100                         |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |   |   |  |  |
| <b>Total (A+B)</b>  |             | <b>338,7</b>                      | <b>100</b>                  |                                   |                               |                                     |                      |               |                                  |   |                                |  |                       |                |                                  |   |   |  |  |

Sectra's risk universe:

|                                     |                       |                             |                              |                              |  |
|-------------------------------------|-----------------------|-----------------------------|------------------------------|------------------------------|--|
| Accounting                          | Acquisitions          | Communication and marketing | Competition                  | Customers                    | Cybersecurity and information security |
| Employees                           | Financing             | Geopolitics                 | Governance, risk and control | Intellectual property rights | Laws and regulations                   |
| Physical safety and personal safety | Products and services | Project completion          | Purchasing and logistics     | Sustainability               | Technology                             |

Risks and risk management

Given the fact that customer confidence is a critical success factor, we prioritize stable, long-term growth over rapid, high-risk expansion. Because Sectra is active in several industries and a large number of markets, the Group's overall exposure to political and market risks, for example, is limited.

To prevent risks, the company has established a number of policy documents that explain our values, how our managers and employees are expected to conduct themselves, and risk management in various areas. For example, the document covers:

- policy and process for risk management
- policy and process for managing information security risks
- policy and process for managing medical technology risks
- Financial policy
- Code of Conduct and plans for gender equality, environment and work environment; see the respective sections above

The risk universe illustrated above is used in efforts to identify risks. Operational and financial risks as well as risks related to prevailing economic conditions are continuously analyzed. Measures are taken as needed to reduce the Group's risk exposure. Assessments of all significant risks involved in reaching strategic goals are

documented in a risk register. Identified risks are assessed based on factors such as their potential impact on operations (whether they are primarily financial, legal or reputational), the threat they pose and the likelihood of the risk arising. Measures are followed up regularly. The Board and company management also conduct an annual review of risks and risk management.

The risks judged to have a risk index of moderate or high are described below. The risk index is calculated as assessed consequence multiplied by assessed likelihood that the risk might arise.

The likelihood is assessed, when possible, as threat multiplied by vulnerability.

Risk index trend: ▲ up ◊ stable ▼ down

● Indicates sustainability risks. The risks that Sectra has identified in the areas of environment, social conditions and personnel as well as human rights that are deemed to be low are not reported.

● Refers to financial risks (currency, interest, credit and liquidity risks). Read more about how the company assesses these risks in Note 29 on page 115 under Risks and risk management.

Risks with high or moderate risk index score Description

Measures to limit risk

RISK AREA: CYBERSECURITY AND INFORMATION SECURITY

**Cyberattacks, access violations or loss of data in IT systems and cloud-based services**

Risk level: Moderate



- The following risks have been identified in this area:
- Access violations and/or loss of data in Sectra's internal systems
  - Access violations and/or loss of data in systems and cloud-based services delivered to customers.
  - Access violations at customer sites due to shortcomings in Sectra's installation.
  - Security corrections in systems not installed in time by customers.

The threat level for violations and data theft has increased globally, and cybercrime is a serious threat to Sectra as well as to other companies. Healthcare is one of the most vulnerable targets, having received increased focus from attackers. If any of the above risks should occur, this could result in damage to patients and customers as well as to Sectra's reputation, which could lead to extensive financial consequences for the company.

Sectra works continuously to strengthen cybersecurity and information security. Internal security regulations and relevant certifications are implemented. Obligatory training for employees helps increase security awareness and expertise.

Specific tools are used to detect and protect the company and customers against cybercrime. Systems are monitored continuously, and security tests and security scans are carried out regularly.

In addition to improving the security of internal systems and networks as well as detecting and addressing any access violations, during the fiscal year we focused particularly on strengthening our incident and crisis preparedness.

Refer to the additional information under the heading **Information security** on page 75.

| Risks with high or moderate risk index score  | Description  | Measures to limit risk  |
|---|--|---|
| <b>RISK AREA: EMPLOYEES</b>   |  |   |
| <p><b>Not attracting and/or retaining the right people</b></p> <p>Risk level: Moderate</p>       | <p>The following risks have been identified in this area:</p> <ul style="list-style-type: none"> <li>• Not being able to attract or retain the right skills</li> <li>• Dependence on specific individuals</li> </ul> <p>Sectra's main asset is its employees. It is therefore important to attract and retain the right people in different parts of the organization. Since there is high demand for qualified resources in the market, the risk of not attracting and retaining the right people has increased in the last few years. The loss of specific individuals could impact different parts of the operations.</p>   | <p>Sectra works actively to be an attractive long-term employer. Our primary competitive strength is the company's recognized, strong corporate culture and the fact that we offer work that provides meaningful support for critical social functions. We can attract new employees, and retain existing ones, by offering competitive terms and regularly following up with our employees and being attentive to their perception of the company. Sectra also works continually to improve internal procedures, processes and documentation in order to minimize its dependency on specific individuals in the operations. Read more under the heading <a href="#">Social conditions and employees</a> on page 76 and the <a href="#">employee strategy</a> on page 20.</p> |
| <b>RISK AREA: FINANCING</b>   |  |   |
| <p><b>Outstanding accounts receivable</b></p> <p>Risk level: Moderate</p>                        | <p>The Group's customers primarily include government authorities, public healthcare providers and other reputable customers with high credit ratings, although payment practices vary between countries. Sectra is exposed to greater credit risks in countries where many of its customers are privately owned, such as the US. An increase in the number of partners outside Europe is contributing to a higher risk of potential credit problems.</p>  | <p>Procedures are in place to ensure thorough credit ratings of customers and partners. To minimize credit risks in fixed-price projects, Sectra makes extensive use of advance partial payments and bank guarantees. The risk level is assessed as stable in light of mitigating measures to manage the risk.</p>  |
| <p><b>Currency exchange risks</b></p> <p>Risk level: Moderate</p>                              | <p>The Group's exposure to currency exchange risks mainly arises through transactions in foreign currencies in the form of customer and supplier payments and, to a lesser extent, in connection with the translation of foreign subsidiaries' income statements and balance sheets. The Group's largest exposures are in USD, EUR and GBP.</p>  | <p>Risks and payment flows in foreign currencies are continuously monitored. Intra-Group financing among subsidiaries is carried out in the local currency. The Group does not currently hedge its transaction exposure since the costs involved in effectively managing hedging contracts are deemed to be higher than any potential gains. The need for hedging contracts is continuously evaluated. In 2022/2023, currency fluctuations had a positive impact on the Group's operating profit. See the description of the financial outcome in the administration report.</p>  |
| <b>RISK AREA: LAWS AND REGULATIONS</b>  |  |   |
| <p><b>Legal risk connected to data protection legislation</b></p> <p>Risk level: Moderate</p>  | <p>We operate in industries and countries where regulations concerning the protection of data and personal privacy have been become more stringent in the last few years, for example through Schrems II, a judgment issued in the EU that makes it difficult to use US-based cloud service suppliers for storing or processing personally identifiable information within the EU. The introduction of more stringent regulation entails a risk that the company might be found in breach of privacy laws.</p>   | <p>Risk analyses are carried out for data processing regarding all cloud-based services. When necessary, additional protective measures are taken for personal data, such as encryption or pseudonymization. Basic training in data protection and processing of personal data is obligatory for all employees. Read more under <a href="#">Information security and protection</a> on page 75.</p>   |
| <b>RISK AREA: PHYSICAL SAFETY, PERSONAL SAFETY AND CONTINUITY</b>   |  |   |
| <p><b>Product liability and property risks</b></p> <p>Risk level: Moderate</p>                 | <p>Through its operations, Sectra assumes product liability, which means that personal injury or damage to property caused by the company's systems at the premises of a customer or third party could lead to compensation claims. Increased sales of cloud-based services are leading to greater risk exposure and a need for new types of insurance, such as cyber insurance. The terms and conditions for the cover offered by these types of insurance is, however, not always clear.</p> <p>The probability of risk pursuant to product responsibility is deemed to be low, as Sectra has historically never had any claims for damages. However, the overall risk is increasing due to a rise in cyber threats in society. Any claims that may arise due to cyber threats may have a substantial financial impact on the operations. Accordingly, the assessed risk level is deemed to be moderate.</p> | <p>We work continuously to improve security in our products, systems and cloud-based services.</p> <p>Insurance needs are evaluated on an annual basis. Insurance policies have been taken out for the property and liability risks to which the Group is exposed.</p>  |

| Risks with high or moderate risk index score   | Description   | Measures to limit risk   |
|--|---|--|
| <b>RISK AREA: PROJECT COMPLETION</b>   |   |  |
| <p><b>Resource shortages in major customer projects</b></p> <p>Risk level: Moderate</p>         | <p>In the Employees risk area, we have identified the risk of not being able to attract and retain the right personnel (see above). This risk is closely associated with not being able to deliver major customer contracts if we lack adequate personnel resources. This could lead to financial consequences as well as consequences for our brand.</p> <p>As we secure more and more complex customer contracts and with greater competition in the labor market, this risk has risen.</p> | <p>We are working actively to be an attractive employer and to deliver our projects in an efficient way in order to minimize the risk of resource shortages. Before new, major customer contracts are entered into, thorough risk analyses and evaluations of delivery capacity are performed.</p>   |
| <b>RISK AREA: REPORTING</b>  |   |  |
| <p><b>Goodwill and other acquisition-related assets</b></p> <p>Risk level: Moderate</p>         | <p>Sectra's balance sheet includes relatively large values linked to goodwill and other acquisition-related assets. Since Sectra reports in accordance with IRFS, there is no continual depreciation of goodwill. If events were to take place that led to a decline in the value of Sectra's assets related to goodwill, this could have material impact on earnings.</p>  | <p>Goodwill and other acquisition-related assets are regularly tested for impairment in order to mitigate the risk of a situation arising that could have a material impact on earnings at a particular time. When acquisitions are conducted, thorough assessments are made of the items reported in order to ensure that the valuations are well founded.</p>  |
| <b>RISK AREA: SUSTAINABILITY</b>   |   |  |
| <p><b>Corruption and deviations from the Code of Conduct</b></p> <p>Risk level: Moderate</p>  | <p>The focus on business ethics is high, both within the company and in the global business environment. This is particularly true of corruption and especially bribes. Sectra's risk exposure in this area has increased as a result of the growing number of distribution partners, which are more difficult to monitor using internal procedures.</p>  | <p>The Code of Conduct contains a strict anti-corruption policy, which is intended to limit the risk of individual instances of bribery. For more information, refer to the headings Corporate responsibility and the Code of Conduct. The Code of Conduct is included in all distribution agreements and Sectra is entitled to terminate its business relationships at short notice if the code is not followed. Other measures include ongoing assessments of subsidiaries and distributors and specific recurring audit procedures for selected subsidiaries.</p> |

### Board of Directors' affirmation

We believe that the consolidated financial statements and Annual Report were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and generally accepted accounting principles and present a true and fair view of the Group's and the Parent Company's financial position and earnings.

The Administration Report for the Group and the Parent Company presents a fair review of the Group's and the Parent

Company's operations, financial position and earnings and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Annual Report also includes the Group's and the Parent Company's statutory Sustainability Report in accordance with Chapter 6, Section 10 of the Annual Accounts Act (refer to page 72).

Linköping, the date stated by our electronic signature

**Torbjörn Kronander**  
President and CEO  
Board member

**Jan-Olof Brüer**  
Chairman of the Board

**Birgitta Hagenfeldt**  
Board member

**Anders Persson**  
Board member

**Tomas Puusepp**  
Board member

**Fredrik Robertsson**  
Board member

**Ulrika Unell**  
Board member

**Andreas Örnéus**  
Board member  
Employee representative

**Filip Klintenstedt**  
Board member  
Employee representative

Our auditor's report was submitted on  
the date stated by our electronic signature  
Ernst & Young AB

**Andreas Troberg**  
Authorized Public Accountant

**Consolidated income statements**

| SEK thousand                                    | Note | 2022/2023         | 2021/2022         |
|---|------|-------------------|-------------------|
| <b>Operating income</b>                         |      |                   |                   |
| Net sales                                       | 2    | 2,350,752         | 1,949,140         |
| Capitalized work for own use                    |      | 55,661            | 44,272            |
| Other operating income                          |      | 1,580             | 1,296             |
| <b>Total income</b>                             |      | <b>2,407,993</b>  | <b>1,994,708</b>  |
| <b>Operating expenses</b>                       |      |                   |                   |
| Goods for resale                                |      | -262,897          | -286,043          |
| Personnel costs                                 | 3    | -1,169,329        | -945,176          |
| Other external costs                            | 4, 5 | -428,175          | -298,887          |
| Depreciation of tangible assets                 | 11   | -25,111           | -19,187           |
| Amortization of intangible assets and goodwill  | 10   | -39,311           | -36,850           |
| Depreciation of right-of-use assets             | 12   | -27,517           | -25,179           |
| <b>Total operating expenses</b>                 |      | <b>-1,952,340</b> | <b>-1,611,322</b> |
| <b>Operating profit</b>                         |      | <b>455,653</b>    | <b>383,386</b>    |
| <b>Financial items</b>                          |      |                   |                   |
| Interest income and similar profit/loss items   | 6    | 25,799            | 12,674            |
| Interest expenses and similar profit/loss items | 7    | -2,062            | -1,555            |
| <b>Total financial items</b>                    |      | <b>23,737</b>     | <b>11,119</b>     |
| <b>Profit after financial items</b>             |      | <b>479,390</b>    | <b>394,505</b>    |
| Taxes   | 9    | -104,433          | -79,712           |
| <b>Net profit for the year</b>                  |      | <b>374,957</b>    | <b>314,793</b>    |
| Attributable to:                                |      |                   |                   |
| Parent Company owners                           |      | 374,957           | 314,793           |
| <b>Earnings per share, SEK</b>                  |      |                   |                   |
| Before dilution                                 |      | 1.95              | 1.63              |
| After dilution                                  |      | 1.95              | 1.63              |
| <b>No. of shares on balance-sheet date</b>      |      |                   |                   |
| Before dilution                                 |      | 192,667,489       | 192,662,325       |
| After dilution                                  | 3    | 192,667,489       | 192,667,455       |
| Average no. of shares before dilution           |      | 192,664,046       | 192,639,088       |
| Average no. of shares after dilution            | 3    | 192,667,466       | 192,667,355       |

**Consolidated statement of comprehensive income**

| SEK thousand  | Note | 2022/2023      | 2021/2022      |
|---|------|----------------|----------------|
| <b>Net profit for the year</b>  |      | <b>374,957</b> | <b>314,793</b> |
| <b>Items that may be reclassified to profit and loss</b>                |      |                |                |
| Change in translation differences from translating foreign subsidiaries |      | 17,623         | 37,575         |
| <b>Other comprehensive income for the year</b>                          |      | <b>17,623</b>  | <b>37,575</b>  |
| <b>Total comprehensive income for the year</b>                          |      | <b>392,580</b> | <b>352,368</b> |
| Attributable to:  |      |                |                |
| Parent Company owners   |      | 392,580        | 352,368        |

**Consolidated balance sheets**

| SEK thousand   | Note       | Apr 30, 2023     | Apr 30, 2022     |
|--|------------|------------------|------------------|
| <b>ASSETS</b>  |            |                  |                  |
| <b>Fixed assets</b>                                  |            |                  |                  |
| Intangible assets and goodwill                       | 10         | 236,969          | 218,244          |
| Tangible assets                                      | 11         | 74,556           | 61,913           |
| Right-of-use assets                                  | 12         | 84,905           | 64,969           |
| Other shares and participations                      | 28         | 20               | 19               |
| Long-term accounts receivable                        | 2, 28      | 125,204          | 172,620          |
| Deferred tax assets                                  | 9          | 6,632            | 4,554            |
| <b>Total fixed assets</b>                            |            | <b>528,286</b>   | <b>522,319</b>   |
| <b>Current assets</b>                                |            |                  |                  |
| Inventories  | 16         | 36,601           | 23,681           |
| Accounts receivable                                  | 17, 28, 29 | 386,153          | 339,650          |
| Current tax assets                                   |            | 4,622            | 9,173            |
| Other receivables                                    |            | 16,322           | 8,864            |
| Prepaid expenses and accrued income                  | 18         | 100,376          | 68,641           |
| Contract assets/recognized non-invoiced income       | 2, 18      | 719,065          | 410,808          |
| Short-term investments                               | 28         | 120,000          | 0                |
| Cash and bank balances                               | 19, 28     | 825,242          | 808,775          |
| <b>Total current assets</b>                          |            | <b>2,208,381</b> | <b>1,669,592</b> |
| <b>Total assets</b>                                  |            | <b>2,736,667</b> | <b>2,191,911</b> |
| <b>EQUITY AND LIABILITIES</b>                        |            |                  |                  |
| <b>Equity</b>  |            |                  |                  |
| Share capital  | 20         | 38,825           | 38,733           |
| Other contributed capital                            |            | 361,470          | 361,081          |
| Reserves   |            | 123,447          | 105,824          |
| Retained earnings, including net profit for the year |            | 772,927          | 575,099          |
| <b>Equity attributable to Parent Company owners</b>  |            | <b>1,296,669</b> | <b>1,080,737</b> |
| <b>Long-term liabilities</b>                         |            |                  |                  |
| Long-term provisions                                 | 21         | 12,461           | 3,308            |
| Deferred tax liabilities                             | 9, 21      | 5,928            | 4,773            |
| Non-current lease liabilities                        | 12, 22, 28 | 56,968           | 37,892           |
| Other long-term liabilities                          | 22, 28     | 0                | 513              |
| <b>Total long-term liabilities</b>                   |            | <b>75,357</b>    | <b>46,486</b>    |
| <b>Current liabilities</b>                           |            |                  |                  |
| Accounts payable                                     | 28         | 67,425           | 70,503           |
| Current tax liabilities                              |            | 51,935           | 22,099           |
| Current provisions                                   | 21, 28     | 1,682            | 2,954            |
| Current lease liabilities                            | 12, 22, 28 | 25,294           | 24,342           |
| Other current liabilities                            | 23, 28     | 85,623           | 103,597          |
| Accrued expenses and deferred income                 | 24         | 390,398          | 372,406          |
| Contract liabilities/invoiced non-recognized income  | 2, 24      | 742,284          | 468,787          |
| <b>Total current liabilities</b>                     |            | <b>1,364,641</b> | <b>1,064,688</b> |
| <b>Total equity and liabilities</b>                  |            | <b>2,736,667</b> | <b>2,191,911</b> |

Pledged assets and contingent liabilities, see Note 25.

**Consolidated cash-flow statements**

| SEK thousand   | Note | 2022/2023       | 2021/2022       |
|--|------|-----------------|-----------------|
| <b>OPERATING ACTIVITIES</b>  |      |                 |                 |
| Operating profit   |      | 455,653         | 383,386         |
| Adjustment for non-cash items                                      | 26   | 121,351         | 74,469          |
| Interest and dividends received                                    | 6    | 11,849          | 6,967           |
| Interest paid  | 7    | -2,062          | -1,555          |
| Income tax paid  |      | -71,635         | -73,473         |
| <b>Cash flow from operations before changes in working capital</b> |      | <b>515,156</b>  | <b>389,794</b>  |
| <b>Changes in working capital</b>                                  |      |                 |                 |
| Change in inventories  |      | -12,825         | 1,257           |
| Change in receivables  |      | -299,595        | -119,590        |
| Change in current liabilities                                      |      | 237,752         | 345,461         |
| <b>Cash flow from operations</b>                                   |      | <b>440,488</b>  | <b>616,922</b>  |
| <b>INVESTING ACTIVITIES</b>  |      |                 |                 |
| Acquisitions of intangible assets                                  | 10   | -55,752         | -44,272         |
| Acquisitions of tangible assets                                    | 11   | -37,036         | -30,103         |
| Short-term investment  |      | -120,000        | 0               |
| Depreciation of tangible assets                                    |      | 0               | 6,029           |
| <b>Cash flow from investing activities</b>                         |      | <b>-212,788</b> | <b>-68,346</b>  |
| <b>FINANCING ACTIVITIES</b>  |      |                 |                 |
| Repayment of lease liabilities                                     | 12   | -26,627         | -24,366         |
| Repayment of long-term liabilities                                 |      | 0               | -1,017          |
| Redemption of shares   |      | -192,662        | -173,365        |
| <b>Cash flow from financing activities</b>                         |      | <b>-219,289</b> | <b>-198,748</b> |
| <b>Cash flow for the year</b>                                      |      | <b>8,411</b>    | <b>349,828</b>  |
| 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                         | 19   | 825,242         | 808,775         |

## Consolidated statement of changes in equity

| SEK thousand   | Reserves      |                              |                     |                | Retained earnings,<br>including net profit<br>for the year | Total equity     |
|--|---------------|------------------------------|---------------------|----------------|--|------------------|
|  | Share capital | Other contributed<br>capital | Translation reserve | Other reserves |  |                  |
| <b>Opening balance May 1, 2021</b>                       | <b>38,526</b> | <b>358,526</b>               | <b>951</b>          | <b>67,298</b>  | <b>430,322</b>   | <b>895,623</b>   |
| Net profit for the year                                  |               |                              |                     |                | 314,793  | 314,793          |
| Other comprehensive income for the year                  |               |                              | 37,575              |                |  | 37,575           |
| <b>Total comprehensive income for the year</b>           | <b>0</b>      | <b>0</b>                     | <b>37,575</b>       | <b>0</b>       | <b>314,793</b>   | <b>352,368</b>   |
| New share issue  | 200           |                              |                     |                | -200   | 0                |
| Share-based incentive programs                           |               |                              |                     |                | 3,549  | 3,549            |
| Conversion to shares                                     | 7             | 2,555                        |                     |                |  | 2,562            |
| Redemption of shares                                     |               |                              |                     |                | -173,365   | -173,365         |
| <b>Total transactions with<br/>Parent Company owners</b> | <b>207</b>    | <b>2,555</b>                 | <b>0</b>            | <b>0</b>       | <b>-170,016</b>  | <b>-167,254</b>  |
| <b>Closing balance April 30, 2022</b>                    | <b>38,733</b> | <b>361,081</b>               | <b>38,526</b>       | <b>67,298</b>  | <b>575,099</b>   | <b>1,080,737</b> |
| Net profit for the year                                  |               |                              |                     |                | 374,957  | 374,957          |
| Other comprehensive income for the year                  |               |                              | 17,623              |                |  | 17,623           |
| <b>Total comprehensive income for the year</b>           | <b>0</b>      | <b>0</b>                     | <b>17,623</b>       | <b>0</b>       | <b>374,957</b>   | <b>392,580</b>   |
| New share issue  | 91            |                              |                     |                | -91  | 0                |
| Share-based incentive programs                           |               |                              |                     |                | 15,624   | 15,624           |
| Conversion to shares                                     | 1             | 388                          |                     |                |  | 389              |
| Redemption of shares                                     |               |                              |                     |                | -192,662   | -192,662         |
| <b>Total transactions with<br/>Parent Company owners</b> | <b>92</b>     | <b>388</b>                   | <b>0</b>            | <b>0</b>       | <b>-177,129</b>  | <b>-176,649</b>  |
| <b>Closing balance April 30, 2023</b>                    | <b>38,825</b> | <b>361,470</b>               | <b>56,149</b>       | <b>67,298</b>  | <b>772,927</b>   | <b>1,296,669</b> |

Share capital is described in more detail in Note 20.

Other contributed capital comprises premiums paid in conjunction with share issues. The translation reserve includes exchange-rate differences arising in the translation of foreign subsidiaries' financial statements. Other reserves include the statutory reserve.

There are no non-controlling interests in the Sectra Group.

**Parent Company income statements**

| SEK thousand                                    | Note | 2022/2023       | 2021/2022       |
|---|------|-----------------|-----------------|
| <b>Operating income</b>                         |      |                 |                 |
| Net sales                                       | 2    | 128,645         | 131,079         |
| Capitalized work for own use                    |      | 3,647           | 917             |
| Other operating income                          |      | 224             | 37              |
| <b>Total income</b>                             |      | <b>132,516</b>  | <b>132,033</b>  |
| <b>Operating expenses</b>                       |      |                 |                 |
| Goods for resale                                |      | -2,830          | -9,598          |
| Personnel costs                                 | 3    | -60,223         | -56,908         |
| Other external costs                            | 4, 5 | -107,295        | -102,657        |
| Amortization of intangible assets               | 10   | -201            | -702            |
| Depreciation of tangible assets                 | 11   | -1,287          | -1,314          |
| <b>Total operating expenses</b>                 |      | <b>-171,836</b> | <b>-171,179</b> |
| <b>Operating loss</b>                           |      | <b>-39,320</b>  | <b>-39,146</b>  |
| <b>Profit/loss from financial items</b>         |      |                 |                 |
| Interest income and similar profit/loss items   | 6    | 20,031          | 51,525          |
| Interest expenses and similar profit/loss items | 7    | -4,847          | -3              |
| <b>Total financial items</b>                    |      | <b>15,184</b>   | <b>51,522</b>   |
| <b>Profit/loss after financial items</b>        |      | <b>-24,136</b>  | <b>12,376</b>   |
| Appropriations                                  | 8    | 436,014         | 254,250         |
| <b>Profit before tax</b>                        |      | <b>411,878</b>  | <b>266,626</b>  |
| Tax on net profit for the year                  | 9    | -85,027         | -50,030         |
| <b>Net profit for the year</b>                  |      | <b>326,851</b>  | <b>216,596</b>  |

**Parent Company statement of comprehensive income**

| SEK thousand                                   | Note | 2022/2023      | 2021/2022      |
|--|------|----------------|----------------|
| <b>Net profit for the year</b>                 |      | <b>326,851</b> | <b>216,596</b> |
| Other comprehensive income                     |      | 0              | 0              |
| <b>Total comprehensive income for the year</b> |      | <b>326,851</b> | <b>216,596</b> |

**Parent Company balance sheets**

| SEK thousand                           | Note | Apr 30, 2023     | Apr 30, 2022     |
|--|------|------------------|------------------|
| <b>ASSETS</b>                          |      |                  |                  |
| <b>Fixed assets</b>                    |      |                  |                  |
| Intangible assets                      | 10   | 3,647            | 201              |
| Tangible assets                        | 11   | 3,699            | 3,926            |
| Participations in Group companies      | 13   | 54,496           | 36,715           |
| Participations in associated companies | 14   | 564              | 564              |
| Receivables from Group companies       | 15   | 170,994          | 105,998          |
| Deferred tax assets                    | 9    | 191              | 174              |
| <b>Total fixed assets</b>              |      | <b>233,591</b>   | <b>147,578</b>   |
| <b>Current assets</b>                  |      |                  |                  |
| Receivables from Group companies       |      | 664,145          | 504,090          |
| Accounts receivable                    | 17   | 240              | 808              |
| Other receivables                      |      | 3,540            | 7,286            |
| Prepaid expenses and accrued income    | 18   | 22,331           | 17,194           |
| Short-term investments                 |      | 120,000          | 0                |
| Cash and bank balances                 | 19   | 662,611          | 683,803          |
| <b>Total current assets</b>            |      | <b>1,472,867</b> | <b>1,213,181</b> |
| <b>Total assets</b>                    |      | <b>1,706,458</b> | <b>1,360,759</b> |
| <b>EQUITY AND LIABILITIES</b>          |      |                  |                  |
| <b>Equity</b>                          |      |                  |                  |
| <i>Restricted equity</i>               |      |                  |                  |
| Share capital                          | 20   | 38,825           | 38,733           |
| Statutory reserve                      |      | 226,456          | 226,456          |
| Fund for development costs             |      | 3,647            | 201              |
| <b>Total restricted equity</b>         |      | <b>268,927</b>   | <b>265,390</b>   |
| <i>Unrestricted equity</i>             |      |                  |                  |
| Share premium reserve                  |      | 134,851          | 134,463          |
| Retained earnings                      |      | 103,620          | 63,236           |
| Net profit for the year                |      | 326,851          | 216,596          |
| <b>Total unrestricted equity</b>       |      | <b>565,322</b>   | <b>414,295</b>   |
| <b>Total equity</b>                    |      | <b>834,249</b>   | <b>679,685</b>   |
| <b>Long-term liabilities</b>           |      |                  |                  |
| Provisions                             | 21   | 916              | 0                |
| <b>Total long-term liabilities</b>     |      | <b>916</b>       | <b>0</b>         |
| <b>Current liabilities</b>             |      |                  |                  |
| Accounts payable                       |      | 9,107            | 5,732            |
| Liabilities to Group companies         |      | 813,063          | 656,837          |
| Current tax liabilities                |      | 29,275           | 0                |
| Other current liabilities              | 23   | 812              | 1,841            |
| Accrued expenses and deferred income   | 24   | 19,036           | 16,664           |
| <b>Total current liabilities</b>       |      | <b>871,293</b>   | <b>681,074</b>   |
| <b>Total equity and liabilities</b>    |      | <b>1,706,458</b> | <b>1,360,759</b> |

**Parent Company cash-flow statements**

| SEK thousand   | Note | 2022/2023       | 2021/2022      |
|--|------|-----------------|----------------|
| <b>OPERATING ACTIVITIES</b>  |      |                 |                |
| Operating loss   |      | -39,320         | -39,146        |
| Adjustment for non-cash items                                      | 26   | 4,160           | 17,158         |
| Interest and dividends received                                    | 6    | 16,321          | 32,979         |
| Interest paid  | 7    | -4,847          | -3             |
| Income tax paid  |      | -50,068         | -53,083        |
| <b>Cash flow from operations before changes in working capital</b> |      | <b>-73,754</b>  | <b>-42,096</b> |
| <b>Changes in working capital</b>                                  |      |                 |                |
| Change in receivables  |      | -167,246        | -35,627        |
| Change in current liabilities                                      |      | 165,644         | 171,957        |
| <b>Cash flow from operations</b>                                   |      | <b>-75,356</b>  | <b>94,234</b>  |
| <b>INVESTING ACTIVITIES</b>  |      |                 |                |
| Acquisitions of intangible assets                                  | 10   | -3,647          | -917           |
| Acquisitions of tangible assets                                    | 11   | -1,059          | -4,028         |
| Divestment of intangible assets                                    | 10   | 0               | 17,567         |
| Divestment of tangible assets                                      | 11   | 0               | 21,198         |
| Formation of subsidiaries  |      | 0               | -1,018         |
| Acquisition of short-term investments                              |      | -120,000        | 0              |
| Payment of loans to subsidiaries                                   | 15   | -62,810         | -18,388        |
| Repayment of loans from subsidiaries                               | 15   | 630             | 146,309        |
| <b>Cash flow from investing activities</b>                         |      | <b>-186,886</b> | <b>160,722</b> |
| <b>FINANCING ACTIVITIES</b>  |      |                 |                |
| Repayment of long-term loan  |      | -2,301          | 0              |
| Group contributions received/paid                                  | 8    | 436,014         | 254,250        |
| Redemption of shares   |      | -192,662        | -173,365       |
| <b>Cash flow from financing activities</b>                         |      | <b>241,051</b>  | <b>80,885</b>  |
| <b>Cash flow for the year</b>                                      |      | <b>-21,191</b>  | <b>335,841</b> |
| Cash and cash equivalents, opening balance                         |      | 683,802         | 347,961        |
| Exchange-rate difference in cash and cash equivalents              |      | 0               | 0              |
| Cash and cash equivalents, closing balance                         | 19   | 662,611         | 683,802        |

## Statement of changes in Parent Company's equity

| SEK thousand   | Share capital <sup>1</sup> | Statutory reserve | Fund for development costs | Share premium reserve | Retained earnings, including net profit for the year | Total equity    |
|--|----------------------------|-------------------|----------------------------|-----------------------|--|-----------------|
| <b>Opening balance May 1, 2021</b>                   | <b>38,526</b>              | <b>226,456</b>    | <b>17,200</b>              | <b>131,909</b>        | <b>219,294</b>                                       | <b>633,384</b>  |
| Change in fund for development costs                 |                            |                   | -16,999                    |                       | 16,999   | 0               |
| Net profit for the year                              |                            |                   |                            |                       | 216,596  | 216,596         |
| <b>Total comprehensive income for the year</b>       | <b>0</b>                   | <b>0</b>          | <b>0</b>                   | <b>0</b>              | <b>216,596</b>                                       | <b>216,596</b>  |
| New share issue                                      | 200                        |                   |                            |                       | -200   | 0               |
| Share-based incentive programs                       |                            |                   |                            |                       | 508  | 508             |
| Conversion to shares                                 | 7                          |                   |                            | 2,555                 |  | 2,562           |
| Redemption of shares                                 |                            |                   |                            |                       | -173,365   | -173,365        |
| <b>Total transactions with Parent Company owners</b> | <b>207</b>                 | <b>0</b>          | <b>0</b>                   | <b>2,555</b>          | <b>-173,057</b>                                      | <b>-170,295</b> |
| <b>Closing balance April 30, 2022</b>                | <b>38,733</b>              | <b>226,456</b>    | <b>201</b>                 | <b>134,463</b>        | <b>279,832</b>                                       | <b>679,685</b>  |
| Change in fund for development costs                 |                            |                   | 3,446                      |                       | -3,446   | 0               |
| Net profit for the year                              |                            |                   |                            |                       | 326,851  | 326,851         |
| <b>Total comprehensive income for the year</b>       | <b>0</b>                   | <b>0</b>          | <b>0</b>                   | <b>0</b>              | <b>326,851</b>                                       | <b>326,851</b>  |
| New share issue                                      | 91                         |                   |                            |                       | -91  | 0               |
| Share-based incentive programs                       |                            |                   |                            |                       | 19,987   | 19,987          |
| Conversion to shares                                 | 1                          |                   |                            | 388                   |  | 389             |
| Redemption of shares                                 |                            |                   |                            |                       | -192,662   | -192,662        |
| <b>Total transactions with Parent Company owners</b> | <b>92</b>                  | <b>0</b>          | <b>0</b>                   | <b>388</b>            | <b>-172,766</b>                                      | <b>-172,286</b> |
| <b>Closing balance April 30, 2023</b>                | <b>38,825</b>              | <b>226,456</b>    | <b>3,647</b>               | <b>134,851</b>        | <b>430,471</b>                                       | <b>834,249</b>  |

<sup>1</sup> On the balance-sheet date, Sectra's share capital totaled SEK 38,824,179 distributed among 194,120,895 shares. Of these shares, 13,103,460 are Class A shares and 181,017,435 are Class B shares. Of the Class B shares, 1,453,406 are treasury shares. Share capital is described in more detail in Note 20.

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## Note 1 Accounting policies

### Introduction

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as adopted by the EU. In addition, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplemental Accounting Rules for Groups were applied.

The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. This means that the EU-approved IFRS rules and statements are applied as far as possible within the framework of the Annual Accounts Act and Swedish taxation practices. The rules for measurement and clarification follow IFRS and are the same as those applied within the Group, except that the arrangement follows the Annual Accounts Act and may thus deviate from IFRS in certain cases. Untaxed reserves and appropriations are also recognized in the Parent Company in accordance with Swedish law. Participations in subsidiaries are recognized in accordance with the cost method. Expenditures that are directly attributable to business combinations are included in the cost. In accordance with RFR 2, exchange-rate differences arising on monetary items comprising part of a net investment in a foreign operation are to be recognized in profit and loss and not in other comprehensive income. When development costs are capitalized, the corresponding amount is transferred from unrestricted equity to restricted equity under the "Fund for development costs," and is to be recognized separately in the balance sheet. IFRS 16 Leases has no impact on the Parent Company's financial statements, since leases are recognized in accordance with the exemption in RFR 2. The costs for leases are recognized on a straight-line basis over the term of the lease. No rights of use and lease liabilities are recognized in the Parent Company's balance sheet.

Holdings of treasury shares are recognized as a reduction of unrestricted equity by an amount that corresponds to the cost of the shares.

All amounts are in SEK thousands, unless otherwise stated.

### New and amended accounting policies applicable from 2022/2023

New and amended IFRS that entered force in 2022/2023 had no significant effects on the financial statements. The accounting policies and calculation methods are otherwise unchanged compared with those applied in the 2021/2022 fiscal year.

### New and amended accounting policies applicable from 2023/2024 or later

New and amended IFRS with future application are not deemed to have any significant effects on the financial statements.

### Basis of preparation for the reports

Assets, provisions and liabilities are measured at cost or nominal value unless otherwise stated in the notes that follow. The preparation of financial statements in accordance with IFRS requires that the Group uses accounting assumptions and estimates for the future; refer to page 97 for information on estimates and judgments.

### Consolidated financial statements

The consolidated financial statements have been prepared using the acquisition method, and cover those companies in which the Parent Company, directly or through subsidiaries, exerts a controlling influence. A controlling influence means that the Parent Company directly or through subsidiaries has an influence over the company, is entitled to variable returns and is also able to exercise its influence over the company to affect these returns. The Group's internal receivables and liabilities, revenues and expenses, and unrealized gains or

losses arising from transactions between Group companies, have been eliminated in their entirety during preparation of the consolidated financial statements.

### Translation of foreign subsidiaries

#### Functional currency

The consolidated financial statements are presented in SEK, which is the Parent Company's functional and reporting currency. Items in the financial statements for companies in the Group are valued in the currency that is used where the company has its main operations, that is, in its functional currency.

#### Transactions and balance-sheet items

Transactions in functional currencies are recognized initially in the functional currency at the currency rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate prevailing on the balance-sheet date (year-end rate). Exchange-rate differences arising on the payment of transactions in foreign currencies are recognized in other external costs. Exchange-rate differences arising on the translation of monetary assets and liabilities at the year-end rate are recognized in other external costs (with respect to accounts receivable and accounts payable) or in net financial items (with respect to loans to subsidiaries and cash and cash equivalents in foreign currency).

#### Financial statements of foreign operations

The assets and liabilities of foreign Group companies are translated at the year-end rate. The income statements are translated at the average rate during the reporting period. The exchange-rate differences that occur are recognized in other comprehensive income.

### Segment reporting

The identification of operating segments is based on the areas of operation monitored by the Board of Directors and Executive Management in the internal reporting, and on whether an individual segment's sales exceed 10% of the Group's total sales. The CEO is the chief operating decision-maker.

The Group's operations are divided into the following segments: Imaging IT Solutions, Secure Communications, Business Innovation and Other Operations. Other Operations pertain to Sectra's joint functions for administration, recruitment, Group finances, people and brand, IT, regulatory affairs and investor relations activities as well as the Group's financing activities.

All transactions between segments are conducted on business terms, and are based on prices charged to non-related customers in conjunction with independent sales of identical goods or services.

### Revenue

Revenue is recognized in accordance with IFRS 15 Revenue from Contracts with Customers.

In assessing whether revenue is to be recognized, the Group follows a five-step procedure in accordance with the standard.

The Group often conducts sales transactions that encompass several of the Group's products and services (e.g. delivery of software licenses, and service and upgrade contracts).

In all cases, the total transaction price of a contract is allocated to the specific performance obligations based on its relative standalone selling price. When determining the transaction price, the effects of variable consideration and the existence of a significant financing component are taken into account where applicable. Variable remuneration is based, where applicable, on an hourly rate or per task, for example per examination. When payment is received more than one year after the performance obligation is completed, a financing

component is calculated and recognized as financial revenue over the duration of the performance obligation. Revenue is recognized either over time or at a point in time, when the Group meets the performance obligations by transferring the promised goods or services to the customer. In cases where revenue is recognized over time, the input method is primarily used. Revenue is thus recognized on the basis of the inputs required to complete the performance obligation. Key inputs include labor hours expended and costs incurred in relation to the total labor hours expected and total costs for completing the performance obligation.

The payment terms vary between contracts. The Group does not have any standardized terms and conditions for payment, since they vary from customer to customer. Contracts normally cover additional orders. Extensions or revisions that are not covered by existing contracts are preceded by new negotiations and signing new contract documents, including a complete assessment according to the five-step model in IFRS 15.

The Group recognizes a contract liability (invoiced non-recognized income) when payment has been received for an unfulfilled performance obligation, refer to Note 2. Similarly, if the Group satisfies a performance obligation before consideration has been received, the Group recognizes a contract asset (recognized non-invoiced income), refer to Note 2.

Contracts delivered in the form of a complete solution, where the assessment is made that the contract pertains to a combined performance obligation, are recognized as revenue continuously over the contract period. Costs connected to the set-up of the solution are capitalized and expensed during the contract period.

Performance obligations concerning roll-outs, training, migration of existing data, and other types of consultation are recognized in conjunction with the work being carried out.

Revenue recognized over time is defined in all material respects as recurring revenue, provided that the revenue is expected to recur for more than 12 months from the reporting date. Revenue recognized at a point in time is defined in all material respects as non-recurring revenue.

#### *Imaging IT Solutions*

The segment's customer contracts include various combinations of deliveries of licenses, installation services, support and maintenance services and upgrades, hardware, and hardware support and maintenance. Significant integration and adaptation of licenses and installation services normally takes place, which is considered a performance obligation and is to be recognized in revenue over time during the installation phase. Support and maintenance services as well as updates are considered a performance obligation according to the contracts and are recognized as revenue over a period of time corresponding to the contract period. Contracts delivered in the form of complete solutions, such as Sectra One Cloud, are growing in this category. See the description of how these are recognized above.

#### *Secure Communications*

The segment's customer contracts include various combinations of pre-studies, component deliveries, installation services, support and maintenance services and upgrades, and product deliveries. Pre-studies are recognized as revenue as the work is executed. Hardware is considered a single performance obligation and is recognized as revenue at a given point in time when delivery is made to the customer. Installation services are considered a single performance obligation that is recognized as revenue over time during the installation phase. Support and maintenance services are considered a distinct performance obligation according to the contracts and are recognized as revenue over a period of time corresponding to the contract period.

#### *Business Innovation*

The segment's customer contracts include various combinations of licenses, hardware, upgrades and expanded warranty offerings. Licenses and hardware are considered a single performance obligation and revenue is recognized at a given point in time when delivery is made to the customer. Subscriptions concerning access to Sectra's systems, such as Sectra Education Portal, are recognized as revenue during the contract period. Upgrades are considered a distinct performance obligation and are recognized as revenue over a period of time corresponding to the contract period. Expanded warranties are considered to comprise a separate performance obligation, with revenue recognized over a period of time corresponding to the expanded warranty period.

#### **Pensions and post-retirement benefits to employees**

The Sectra Group has defined-contribution pensions only, which means that the Group makes payments to various pension institutions on an ongoing basis. These payments are expensed continuously and constitute the Group's pension costs for the year, which are recognized under "personnel costs". Sectra has no other pension obligations and is not responsible for any value changes in the paid-in premiums. This means that Sectra does not bear the risk when pensions are paid, and no pension obligations are recognized as liabilities in the balance sheet. For other remuneration of employees, see Note 3.

#### *Share-based remuneration of employees*

In 2022/2023, a new performance-based share program (long-term incentive program) was introduced for all employees (LTIP 2022). Two performance-based share programs were already in place: one for North America (LTIP 2021 NA) and one for the rest of the world (LTIP 2021 SROW).

The programs are recognized in accordance with IFRS 2 Share-based Payment and settled with equity instruments. The fair value of the Sectra share on the allotment date, taking into account the vesting conditions, is recognized in profit and loss as personnel costs including social security expenses. Examples of vesting conditions include rankings in external customer satisfaction measurements carried out by KLAS and earnings objectives. A corresponding increase in equity is recognized in accordance with IFRS 2 since share-based plans have no direct impact on cash flow. The expected number of allotted shares on each balance-sheet date in the vesting period and the effect of any change in previous estimates are recognized in profit and loss with a corresponding adjustment of equity. For more information, refer to Note 3.

#### **Intangible assets and goodwill**

Intangible assets are recognized at cost less amortization and impairment losses for all intangible assets excluding goodwill. Goodwill is recognized at cost less impairment losses. For the purpose of identifying any impairment requirements, yields are individually measured when the need is indicated, and annually for incomplete development projects and goodwill. If the carrying amount exceeds the recoverable amount, the differences are charged against profit for the period on an ongoing basis as they arise. For an asset that does not generate cash flows, the recoverable amount is calculated for the cash-generating unit to which the asset belongs. The recoverable amount is the higher of the asset's net selling price and value in use. Value in use is calculated as the present value of future cash flows for specific assets. The amortization period for intangible assets exceeds five years if the asset is expected to generate financial benefits, based on individual assessment, over a period exceeding five years. Impairment is reversed if the asset's recoverable amount exceeds its carrying amount. Impairment losses on goodwill are never reversed.

*Capitalized development costs*

Sectra develops proprietary software and equipment in the fields of medical imaging and secure communications. All research costs are expensed directly, and customer-related development costs are included in project costs, which are expensed at the time of revenue recognition. Internal development costs for standard products are capitalized and recognized as intangible assets to the extent that they are expected to generate financial benefits in the future. Additional requirements for capitalization are that project costs can be reliably estimated, that it is technically possible to complete the project, and that the Group has the necessary resources to complete development. Capitalized project costs include all expenses directly attributable to materials, services and remuneration of employees. Capitalized development costs are subject to straight-line amortization over the period of use per individual asset. Amortization of capitalized development costs commences when the asset is completed and sales have commenced.

*Goodwill*

Goodwill represents future economic benefits arising from a business acquisition that are not specifically identified and recognized separately. Goodwill is recognized at cost less accumulated impairment losses. Refer to Note 10 for a description of impairment testing.

*Patents and licenses*

Acquired patent rights are recognized at cost and subject to straight-line amortization over the assets' ten-year estimated period of use. Acquired license rights are recognized at cost and subject to straight-line amortization over the assets' estimated period of use.

*Trademarks and customer relationships*

Trademarks and customer relationships pertain to acquisition-related assets. These rights are initially measured at fair value and subject to straight-line amortization over the assets' ten-year estimated period of use. Acquired customer contracts are long-term, valid for up to ten years. The probability of renewal of contracts after expiry is very high, even for shorter contract periods, which is why the period of use has been deemed to be ten years. Acquired trademarks have been built up over a long period of time in the acquired companies and are closely linked to customer values, which justifies a period of use of ten years.

**Tangible assets**

Depreciation is based on the original cost and estimated useful lifetimes.

|                                |  |
|--------------------------------|--|
| Buildings                      | 40 years   |
| Office furniture               | 10 years   |
| Equipment and office machines  | 5 years  |
| Equipment at customer premises | 3–10 years, depending on the useful life in each agreement |

**Leases**

A lease is defined as an agreement or part thereof that transfers the right of use for an asset (the underlying asset) for a given amount of time in exchange for remuneration. The Group's leased assets comprise primarily premises and vehicles. Sectra recognizes a right-of-use asset and the associated lease liability upon entering into an agreement. Leases with a term of 12 months or less or where the underlying asset has a low value are not included in the right-of-use asset or liability in the balance sheet. These agreements are expensed on a straight-line basis over the term of the contract. The liability is initially measured at the present value of remaining lease payments over

the term of the contract. Discounts are at the Group's incremental borrowing rate. The right-of-use asset is initially measured at the value of the liability plus any direct expenditures, as well as lease payments made on or before the start date of the contract. The right-of-use asset is depreciated on a straight-line basis over the term of the lease.

**Taxes**

The Group's total tax comprises current tax and deferred tax. Deferred tax pertains to tax on temporary differences and loss carryforwards. Current tax is calculated on the taxable surplus, including any adjustments to previous years' current tax. Deferred tax assets pertaining to loss carryforwards are recognized only if it is likely that future profits will arise that will entail lower tax in the future.

**Financial instruments**

Financial instruments include both assets and liabilities. Long-term receivables, securities holdings and other receivables, accounts receivable and cash and cash equivalents are recognized as assets. Financial liabilities include accounts payable, liabilities for additional purchase considerations and other lease liabilities.

**Financial assets**

Except for those accounts receivables that do not contain a significant financing component and are measured at their transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value.

After the initial measurement at fair value, financial assets are measured based on the Group's business model for managing the asset and the type of cash flow the asset gives rise to.

Financial assets are classified in the categories of amortized cost, fair value via profit and loss, or fair value via other comprehensive income. In the periods included in the financial statement, the Group has no financial assets categorized as measured at fair value through profit or loss or other comprehensive income.

*Long-term accounts receivable*

The expected term of long-term accounts receivable exceeds 12 months, and recognition is accordingly at the discounted amount expected to flow in under the amortized cost method. Any impairment of long-term accounts receivable impacts other external costs.

*Accounts receivable*

The expected term of accounts receivables is brief, and recognition is accordingly at the undiscounted amount expected to flow in under the amortized cost method. Any impairment of accounts receivables impacts other external costs.

*Cash and cash equivalents*

Cash and cash equivalents consist of funds deposited in banks and similar institutions.

*Impairment of financial assets*

Financial assets are recognized in the balance sheet when the company becomes party to the agreement and are derecognized when the agreement expires or the company loses control over the assets. A loss allowance is recognized when an expected credit loss exists under the original terms of the receivable. The IFRS 9 impairment model uses forward-looking information to account for expected credit losses. Credit loss recognition is not dependent on the Group first identifying a credit loss event. Instead, the Group accounts for more extensive information in the assessment of credit risk and measurement of expected credit losses. When determining the expected credit losses,

the Group uses its historical experience, external indicators and forward-looking information for the calculation.

#### Financial liabilities

Financial liabilities are classified in the categories of amortized cost, fair value via profit and loss, or fair value via other comprehensive income. In the periods included in the financial statement, the Group has no financial liabilities categorized as measured at fair value through profit or loss or other comprehensive income. Financial liabilities are initially measured at fair value adjusted for transaction costs. They are subsequently measured at amortized cost using the effective interest method, except for financial liabilities measured at fair value through profit and loss.

A financial liability is derecognized from the balance sheet when the obligation specified is discharged and all liability expires. Interest expenses are recognized in profit and loss.

#### Accounts payable

Accounts payable are measured at amortized cost. The expected term of accounts payable is brief, and the liabilities are accordingly recognized at the undiscounted nominal amount.

#### Provisions

A provision is recognized in the balance sheet when the Group has an existing legal or informal obligation due to a past event and an outflow of economic resources may be required to settle the obligation and a reliable estimate of the amount can be made.

#### Fair value

The method for calculating the fair value of financial assets and liabilities is based on three measurement levels. At measurement Level 1, fair value is calculated based on quoted market prices and instruments traded in an active market. At measurement Level 2, quoted market prices are not available, but variables for the calculation of fair value are obtained from market quotations. At measurement Level 3, fair value is calculated based on data that is not available in the market. The Group's financial assets and liabilities mainly belong to measurement Level 2 and 3, refer to Note 28.

#### Cash-flow statement

The cash-flow statement has been prepared using the indirect method. Cash flows in foreign currencies are restated at the average exchange rate. Change in receivables includes changes in accounts receivable (including long-term accounts receivable), prepaid expenses and accrued income, and contract assets. Acquisitions and/or divestments of subsidiaries are included, net after cash and cash equivalents acquired or divested, in cash flow from investing activities.

#### Important estimates and judgments and uncertainty in estimates

At year-end, certain judgments are made in regard to the application of accounting policies that affect the carrying amounts recognized on the balance-sheet date. These estimates for reporting purposes may deviate from the actual outcome. The following estimates may involve a risk of changes in the carrying amounts.

*Revenue recognition* is based on contracts with customers of varying degrees of complexity. Contracts with several different types of revenue streams such as licenses, hardware, upgrades or support are considered more complex. Critical assessments are made of how much revenue will be recognized and at what point in time. Company management assesses how revenues will be allocated to each identified performance obligation. Different policies for recognizing revenue can thereby be applied to different performance obligations,

depending on the assessments made. Applied policies include full revenue recognition at the beginning of the contract, linear revenue recognition over the term of the contract or revenue recognition based on the delivery rate of services over the term of the contract. Allocation of the contract's total value to each performance obligation is based on each obligation's independent sales price, whether actual or estimated.

*Impairment requirements relating to intangible assets including goodwill* are assessed on an ongoing basis, based on the calculated recoverable amount per cash-generating unit. The recoverable amount is based on the unit's value in use, which consists of estimated future cash flows during its useful life. Estimates are based on budgeted long-term targets and anticipated growth. Group synergy effects were taken into consideration when calculating cash flow associated with goodwill. The present value of the forecast future cash flows for all development projects has been calculated using an after-tax discount rate of between 8.9% and 10.9% (8.4–10.4). An after-tax discount rate of between 8.9% and 10.9% (8.4–10.4) has been used when calculating cash flows associated with goodwill. The growth rate assessment has been set in line with market trends and growth goals in the operating areas. Assumptions regarding future cash flows may be uncertain.

*The useful life of intangible assets* is based on the estimated life of the asset. Amortization of intangible assets is based on estimated useful life per asset, which can have major significance for the Group's earnings and financial position.

## Note 2 Operating segments and sales

Information regarding the company's operating segments and geographic areas is used to evaluate sales and earnings in the Group and to allocate the Group's resources among various segments. The identified operating segments are: Imaging IT Solutions, Secure Communications, Business Innovation and Other Operations. Regarding the geographic distribution, the basis for distribution is the customer's billing address.

Imaging IT Solutions develops and sells medical IT systems and services that help customers care for more patients, while retaining or improving the level of quality. The segment's offering encompasses IT systems for managing, archiving and presenting all types of medical images and patient information as well as IT systems for operational follow-up and radiation dose monitoring. The segment also offers maintenance in the form of support, system monitoring, consulting services related to integration, system design, data migration and business development. The largest product area in the segment is IT solutions for managing and archiving radiology images and patient information.

Secure Communications develops and sells products and services for secure voice and data communications and the protection of society's

most sensitive IT infrastructure. The segment offers products for secure voice and data communications, and project-based development as well as security and threat analyses, and system monitoring services for control systems in society's critical operations. Development and production take place in Sweden. Sales are primarily conducted in EU countries from the business area's offices in Sweden, the Netherlands and Finland.

Sectra's business units in Business Innovation develop and sell IT systems for planning and monitoring orthopaedic surgery as well as products for medical education. Sectra carries out research projects and manages and develops its patent portfolio in this segment. As of the 2022/2023 fiscal year, the Genomics IT business unit is also included with a focus on innovation and development of IT support, primarily for precision diagnostics in cancer care.

Other Operations pertain to Sectra's joint functions for administration, recruitment, Group finance, people and brand, IT, regulatory affairs and activities related to investors.

### Operating segments

|                               | Imaging IT Solutions |           | Secure Communications |         | Business Innovation |        | Other Operations |           |
|-------------------------------|----------------------|-----------|-----------------------|---------|---------------------|--------|------------------|-----------|
|                               | 22/23                | 21/22     | 22/23                 | 21/22   | 22/23               | 21/22  | 22/23            | 21/22     |
| Net sales                     | 2,078,987            | 1,727,162 | 234,455               | 184,891 | 73,811              | 66,449 | 124,670          | 98,956    |
| Of which, external            | 2,077,341            | 1,728,838 | 234,188               | 182,907 | 38,689              | 36,823 | 534              | 572       |
| Depreciation/<br>amortization | 60,472               | 49,421    | 13,429                | 13,679  | 3,331               | 4,066  | 14,707           | 14,050    |
| Operating profit/loss         | 462,362              | 416,005   | 19,188                | -3,006  | 10,475              | 6,074  | -36,228          | -35,666   |
| Assets                        | 2,514,574            | 2,002,893 | 198,329               | 151,495 | 97,857              | 75,377 | 1,760,306        | 1,392,655 |
| Liabilities                   | 2,059,362            | 1,618,407 | 160,437               | 121,597 | 77,698              | 59,159 | 926,565          | 710,649   |
| Investments <sup>3</sup>      | 68,359               | 53,243    | 12,714                | 9,845   | 10,657              | 6,342  | 1,059            | 4,945     |

|                               | Eliminations <sup>1</sup> |            | Total Group <sup>2</sup> |           |
|-------------------------------|---------------------------|------------|--------------------------|-----------|
|                               | 22/23                     | 21/22      | 22/23                    | 21/22     |
| Net sales                     | -161,171                  | -128,318   | 2,350,752                | 1,949,140 |
| Of which, external            | 0                         | 0          | 2,350,752                | 1,949,140 |
| Depreciation/<br>amortization | 0                         | 0          | 91,939                   | 81,216    |
| Operating profit/loss         | -144                      | -21        | 455,653                  | 383,386   |
| Assets                        | -1,834,397                | -1,430,509 | 2,736,669                | 2,191,911 |
| Liabilities                   | -1,784,064                | -1,398,638 | 1,439,998                | 1,111,174 |
| Investments <sup>3</sup>      | 0                         | 0          | 92,789                   | 74,375    |

**Note 2 Operating segments and sales, cont.****Geographic areas**

|                          | Sweden    |           | United Kingdom |         | Netherlands |         | Rest of Europe |         |
|--------------------------|-----------|-----------|----------------|---------|-------------|---------|----------------|---------|
|                          | 22/23     | 21/22     | 22/23          | 21/22   | 22/23       | 21/22   | 22/23          | 21/22   |
| Net sales                | 472,905   | 378,789   | 381,704        | 370,692 | 135,834     | 150,322 | 490,397        | 401,884 |
| Imaging IT Solutions     | 317,690   | 279,385   | 381,257        | 370,102 | 92,431      | 90,916  | 441,989        | 367,409 |
| Secure Communications    | 148,271   | 94,560    | 0              | 0       | 43,403      | 59,189  | 42,220         | 28,431  |
| Business Innovation      | 6,944     | 4,844     | 448            | 590     | 0           | 217     | 5,654          | 5,472   |
| Other Operations         | 0         | 0         | 0              | 0       | 0           | 0       | 534            | 572     |
| Assets                   | 1,293,485 | 1,104,361 | 434,357        | 312,565 | 153,570     | 152,265 | 337,958        | 252,318 |
| Investments <sup>3</sup> | 73,010    | 62,594    | 11,991         | 8,056   | 1,170       | 890     | 5,790          | 1,560   |

|                          | US      |         | Rest of World |         | Total Group <sup>2</sup> |           |
|--------------------------|---------|---------|---------------|---------|--------------------------|-----------|
|                          | 22/23   | 21/22   | 22/23         | 21/22   | 22/23                    | 21/22     |
| Net sales                | 687,006 | 547,140 | 182,906       | 100,313 | 2,350,752                | 1,949,140 |
| Imaging IT Solutions     | 678,427 | 537,244 | 165,547       | 83,782  | 2,077,341                | 1,728,839 |
| Secure Communications    | 294     | 727     | 0             | 0       | 234,188                  | 182,907   |
| Business Innovation      | 8,285   | 9,169   | 17,358        | 16,531  | 38,689                   | 36,823    |
| Other Operations         | 0       | 0       | 0             | 0       | 534                      | 572       |
| Assets                   | 396,114 | 269,428 | 121,183       | 100,974 | 2,736,667                | 2,191,911 |
| Investments <sup>3</sup> | 0       | 1,107   | 827           | 168     | 92,788                   | 74,375    |

**Recurring revenue per segment**

|                                       | Imaging IT Solutions |                  | Secure Communications |                | Business Innovation |               | Other Operations |            |
|---------------------------------------|----------------------|------------------|-----------------------|----------------|---------------------|---------------|------------------|------------|
|                                       | 22/23                | 21/22            | 22/23                 | 21/22          | 22/23               | 21/22         | 22/23            | 21/22      |
| Non-recurring revenue                 | 819,246              | 734,399          | 147,643               | 106,817        | 23,968              | 26,525        | 0                | 0          |
| Recurring revenue                     | 1,258,095            | 994,439          | 86,545                | 76,090         | 14,721              | 10,298        | 534              | 572        |
| Of which cloud recurring revenue, CRR | 241,163              | 171,972          | 46                    | 140            | 13,360              | 9,337         | 0                | 0          |
| <b>Total external revenue</b>         | <b>2,077,341</b>     | <b>1,728,838</b> | <b>234,188</b>        | <b>182,907</b> | <b>38,689</b>       | <b>36,823</b> | <b>534</b>       | <b>572</b> |
| Share of recurring revenue, %         | 60.6%                | 57.5%            | 36.9%                 | 41.6%          | 38.0%               | 28.0%         | 100.0%           | 100.0%     |

|                                       | Total Group      |                  |
|---------------------------------------|------------------|------------------|
|                                       | 22/23            | 21/22            |
| Non-recurring revenue                 | 990,857          | 867,740          |
| Recurring revenue                     | 1,359,895        | 1,081,399        |
| Of which cloud recurring revenue, CRR | 254,569          | 181,449          |
| <b>Total external revenue</b>         | <b>2,350,752</b> | <b>1,949,140</b> |
| Share of recurring revenue, %         | 57.8%            | 55.5%            |

**Note 2 Operating segments and sales, cont.****Contract balance**

|  | 22/23   | 21/22   |   | 22/23   | 21/22   |
|--|---------|---------|---|---------|---------|
| Accounts receivable <sup>4</sup>           | 386,153 | 339,650 | Invoicing during the fiscal year related to the opening balance for contract assets for the period                | 164,935 | 178,567 |
| Long-term accounts receivable <sup>4</sup> | 125,204 | 172,620 | Revenue recognition during the fiscal year related to the opening balance for contract liabilities for the period | 395,520 | 222,741 |
| Contract assets <sup>4,5</sup>             | 719,065 | 410,808 |   |         |         |
| Contract liabilities <sup>6</sup>          | 742,284 | 468,787 |   |         |         |

<sup>1</sup> 98.2% (93.8) of the Parent Company's total sales are attributable to other companies in the Group. Purchases from Group companies amounted to 1.9% (25.3).

<sup>2</sup> Sectra has no customers that individually contribute more than 10% of total net sales. Of the Group's total intangible and tangible assets, amounting to SEK 396.4 million, SEK 279.6 million is attributable to Sweden, SEK 76.3 million to the UK and SEK 40.5 million to other countries.

<sup>3</sup> Refers to investments in tangible and intangible assets for the year. See Notes 10 and 11.

<sup>4</sup> Refer to Note 17.

<sup>5</sup> Recognized non-invoiced income constitutes contract assets according to IFRS 15. This item comprises non-invoiced income attributable to performance obligations that have been satisfied according to customer contracts, but that is dependent on terms other than the remaining calendar time before payment of the consideration falls due. During the fiscal year, 49% of the opening balance was invoiced. For a distribution of contract assets per currency, refer to Note 17.

<sup>6</sup> Advances received for installation services not yet performed as well as prepaid service and support revenue constitute customer payments received before the goods or services have been transferred (contract liabilities) and for which revenue is expected to be recognized during the coming fiscal years. Installation services revenue is recognized during the installation phase, while service and support revenue is recognized during the contract period. During the fiscal year, 94% of the opening balance was recognized as revenue.

**Note 3 Employees and personnel costs****Average number of employees and percentage of women**

|                       | 22/23        |                | 21/22      |                |
|-----------------------|--------------|----------------|------------|----------------|
|                       | Total        | of whom, women | Total      | of whom, women |
| <b>Parent Company</b> |              |                |            |                |
| Sweden                | 53           | 23             | 50         | 22             |
| <b>Group</b>          |              |                |            |                |
| Australia             | 30           | 8              | 23         | 7              |
| Denmark               | 22           | 7              | 15         | 5              |
| Finland               | 2            | 0              | 2          | 1              |
| France                | 14           | 6              | 10         | 4              |
| Canada                | 25           | 11             | 16         | 7              |
| Netherlands           | 57           | 18             | 57         | 16             |
| Norway                | 29           | 11             | 28         | 10             |
| New Zealand           | 2            | 0              | 2          | 0              |
| Portugal              | 34           | 14             | 30         | 8              |
| Spain                 | 4            | 1              | 4          | 1              |
| United Kingdom        | 109          | 32             | 91         | 26             |
| Sweden                | 485          | 146            | 465        | 134            |
| Germany               | 38           | 11             | 31         | 8              |
| US                    | 164          | 62             | 134        | 48             |
| <b>Group total</b>    | <b>1,015</b> | <b>327</b>     | <b>908</b> | <b>275</b>     |

On the balance-sheet date, the proportion of female Board members amounted to 34% (11) including employee representatives on all Boards of Directors of the Group's companies and to 22% (10) on the Parent Company's Board of Directors. The proportion of women in all management groups of the Group's companies, including company presidents, amounted to 36% (34) and the proportion of women in Group Management to 50% (33).

**Salaries and other remuneration**

|                     | Group          |                | Parent Company |               |
|---------------------|----------------|----------------|----------------|---------------|
|                     | 22/23          | 21/22          | 22/23          | 21/22         |
| Board and President | 44,985         | 39,708         | 7,727          | 7,907         |
| Other employees     | 866,471        | 692,078        | 31,724         | 29,135        |
| <b>Total</b>        | <b>911,456</b> | <b>731,786</b> | <b>39,451</b>  | <b>37,042</b> |

**Social security expenses**

|                                  | Group          |                | Parent Company |               |
|----------------------------------|----------------|----------------|----------------|---------------|
|                                  | 22/23          | 21/22          | 22/23          | 21/22         |
| <b>Board and President</b>       |                |                |                |               |
| Social security contributions    | 8,178          | 9,350          | 2,655          | 2,709         |
| Pension costs                    | 4,382          | 3,987          | 938            | 924           |
| <b>Total Board and President</b> | <b>12,560</b>  | <b>13,337</b>  | <b>3,593</b>   | <b>3,633</b>  |
| <b>Other employees</b>           |                |                |                |               |
| Social security contributions    | 147,841        | 152,918        | 9,697          | 8,492         |
| Pension costs                    | 48,487         | 38,886         | 2,478          | 2,396         |
| <b>Total other employees</b>     | <b>196,328</b> | <b>191,804</b> | <b>12,175</b>  | <b>10,888</b> |

**Note 3 Employees and personnel costs, cont.****Remuneration of the Board, President and other senior executives 2022/2023**

|  | Board fee    | Basic salary  | Variable remuneration | Other remuneration | Pension premiums | Total         |
|--|--------------|---------------|-----------------------|--------------------|------------------|---------------|
| Jan-Olof Brüer, Chairman of the Board                                  | 594          | 0             | 0                     | 0                  | 0                | 594           |
| Anders Persson   | 333          | 0             | 0                     | 0                  | 0                | 333           |
| Christer Nilsson <sup>1</sup>  | 123          | 0             | 0                     | 0                  | 0                | 123           |
| Tomas Puusepp  | 276          | 0             | 0                     | 0                  | 0                | 276           |
| Birgitta Hagenfeldt  | 373          | 0             | 0                     | 0                  | 0                | 373           |
| Jonas Yngvesson <sup>1</sup>   | 90           | 0             | 0                     | 0                  | 0                | 90            |
| Fredrik Robertsson   | 276          | 0             | 0                     | 0                  | 0                | 276           |
| Ulrika Unell <sup>2</sup>  | 186          | 0             | 0                     | 0                  | 0                | 186           |
| <b>Total remuneration of the Board</b>                                 | <b>2,251</b> | <b>0</b>      | <b>0</b>              | <b>0</b>           | <b>0</b>         | <b>2,251</b>  |
| President Torbjörn Kronander   | 0            | 3,756         | 1,719                 | 0                  | 938              | 6,413         |
| Other senior executives (five individuals)                             | 0            | 7,054         | 1,276                 | 0                  | 1,478            | 9,808         |
| <b>Total remuneration of the President and other senior executives</b> | <b>0</b>     | <b>10,810</b> | <b>2,995</b>          | <b>0</b>           | <b>2,416</b>     | <b>16,221</b> |
| <b>Total</b>   | <b>2,251</b> | <b>10,810</b> | <b>2,995</b>          | <b>0</b>           | <b>2,416</b>     | <b>18,472</b> |

<sup>1</sup> Stepped down at the 2022 AGM

<sup>2</sup> Elected at the 2022 AGM

**Remuneration of the Board, President and other senior executives 2021/2022**

|  | Board fee    | Basic salary  | Variable remuneration | Other remuneration | Pension premiums | Total         |
|--|--------------|---------------|-----------------------|--------------------|------------------|---------------|
| Jan-Olof Brüer, Chairman of the Board                                  | 506          | 0             | 0                     | 0                  | 0                | 506           |
| Anders Persson   | 303          | 0             | 0                     | 0                  | 0                | 303           |
| Christer Nilsson   | 353          | 0             | 0                     | 0                  | 0                | 353           |
| Tomas Puusepp  | 253          | 0             | 0                     | 0                  | 0                | 253           |
| Birgitta Hagenfeldt  | 303          | 0             | 0                     | 0                  | 0                | 303           |
| Jonas Yngvesson  | 253          | 0             | 0                     | 0                  | 0                | 253           |
| Fredrik Robertsson   | 253          | 0             | 0                     | 0                  | 0                | 253           |
| <b>Total remuneration of the Board</b>                                 | <b>2,224</b> | <b>0</b>      | <b>0</b>              | <b>0</b>           | <b>0</b>         | <b>2,224</b>  |
| President Torbjörn Kronander   | 0            | 3,861         | 1,820                 | 0                  | 924              | 6,605         |
| Other senior executives (five to nine individuals) <sup>1</sup>        | 0            | 9,831         | 2,309                 | 0                  | 1,865            | 14,005        |
| <b>Total remuneration of the President and other senior executives</b> | <b>0</b>     | <b>13,692</b> | <b>4,129</b>          | <b>0</b>           | <b>2,789</b>     | <b>20,610</b> |
| <b>Total</b>   | <b>2,224</b> | <b>13,692</b> | <b>4,129</b>          | <b>0</b>           | <b>2,789</b>     | <b>22,834</b> |

<sup>1</sup> Group Management comprised nine individuals from May to September, and five individuals as of October.

**Preparation and decision-making process**

The Board fee was decided at the AGM in accordance with the proposal of the Nomination Committee. Guidelines for remuneration of the President and other senior executives are determined at the AGM. Remuneration to the President/CEO was prepared by the Remuneration Committee and decided by the Board of Directors. The President/CEO prepared and decided on the remuneration of other senior executives.

**Remuneration of the Board**

Fees are paid to the Board Chairman and other external members in accordance with the decision of the AGM. Internal Board members are not paid a fee. The resolved fees for external Board members amount to SEK 280,000 (270,000) to each Board member and SEK 560,000 (540,000) to the Chairman of the Board. For Audit Committee work, SEK 60,000 (50,000) was paid to external Board members and SEK 120,000 (100,000) to the Chairman of the Audit Committee. No separate fees were paid for Remuneration Committee work. Other remuneration pertains to consultant services for assignments in which a Board member has specialist expertise.

**Remuneration of the President and other senior executives**

The terms and conditions of remuneration must emphasize remuneration after performance, and varies in relation to the individual's performance and the Group's earnings.

Total remuneration is on market terms and can consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. "Other senior executives" refers to the five individuals who, together with the President/CEO, comprised Group Management during the fiscal year.

**Terms of notice and severance pay**

The period of notice must be linked to the age of the executive, in accordance with the following policies.

Upon termination by the company or the executive, the period of notice must be at most (i) six months, if at the time of termination the executive is age 40 or younger; (ii) 12 months, if at the time of termination the executive is age 41 – 50; (iii) 18 months, if at the time of termination the executive is age 51 – 60; and (iv) 24 months, if at the time of termination the executive is age 61 or older. From the date the executive turns 67, however, the period of notice must be at most six months.

**Pension**

For the President and other senior executives, retirement and survivor benefits including health insurance must be provided and are to be defined-contribution. Variable cash remuneration must not be pensionable. Pension premiums must total a maximum of 30% of the basic salary.

### Note 3 Employees and personnel costs, cont.

#### Long-term incentive programs

The Group has two types of incentive programs, convertible programs and performance-based incentive programs (LTIP). The programs enable employees to acquire shares in the company. As of April 30, 2023, there are no outstanding convertible programs remaining. Performance-based incentive programs are targeted at all employees, and the outcome depends on a number of terms and conditions, such as continued employment during the vesting period and earnings or sustainability criteria.

#### Convertible programs

|                        | May 1,<br>2022 | Increase due to<br>recalculated price | Concluded<br>programs | Apr 30,<br>2023 |
|------------------------|----------------|---------------------------------------|-----------------------|-----------------|
| Number of convertibles | 5,130          | 34                                    | -5,164                | 0               |
| <b>Total</b>           | <b>5,130</b>   | <b>34</b>                             | <b>-5,164</b>         | <b>0</b>        |

Recalculation occurred as a result of the share redemption program.

#### Performance-based incentive program

|  | LTIP 2021   | LTIP 2022   |
|--|-------------|-------------|
| Program term                                     | 2022-2026   | 2023-2027   |
| Share rights originally allotted                 | 358,057     | 737,700     |
| Share price on allotment, SEK                    | 200.20      | 148.80      |
| Theoretical value on allotment, SEK <sup>1</sup> | 53,560,685  | 93,038,841  |
| Allotment date                                   | 31 Dec 2021 | 31 Dec 2022 |
| End date   | 31 Dec 2026 | 31 Dec 2027 |

<sup>1</sup> The theoretical value on allotment is calculated based on the number of shares allotted multiplied by the share price on the allotment date, with the share price reduced by the present value of the anticipated dividends not credited to the holder during the term of the program, and in LTIP SROW also the present value of the pledging of shares during the term of the program since this requires that own shares have been invested in addition to the fulfillment of performance criteria.

|   | LTIP 2021      | LTIP 2022      |
|---|----------------|----------------|
| <b>2021/2022</b>  |                |                |
| Allotted during the year                                    | 358,057        | -              |
| Forfeited/expired during the year                           | -4,400         | -              |
| Exercised during the year                                   | -              | -              |
| <b>Number of share rights outstanding,<br/>Apr 30, 2022</b> | <b>353,657</b> | <b>-</b>       |
| <b>2022/2023</b>  |                |                |
| Allotted during the year                                    | 150            | 737,700        |
| Forfeited/expired during the year                           | -8,045         | -26,760        |
| Exercised during the year                                   | -              | -              |
| <b>Number of share rights outstanding,<br/>Apr 30, 2023</b> | <b>345,762</b> | <b>710,940</b> |

The aim of the performance-based incentive programs is to retain and recruit competent employees, which is expected to contribute to the Group's continued favorable performance. The programs are to promote well-founded decision-making and desirable results in a manner that corresponds with the company's vision and values. The intention is to increase the participants' sense of investment in the company, which is expected to be good for the company in the long term. The programs are to encourage increased ownership in the company, with the allotment of performance shares taking place on the condition that certain performance criteria are met. Increased partial ownership among the company's employees is expected to result in a stronger sense of loyalty to the company.

Each participant is allotted an individual number of share rights, meaning the right to receive a performance share free of charge provided that the certain conditions are met. Of the total 737,700 share rights

allotted (358,057), 56,000 share rights (58,000) pertain to the President and senior executives.

#### Employment conditions (all programs)

Participation in the programs is voluntary and available to all employees, provided that they are or are considered to be permanent employees on at least a 50% basis as of the date of the AGM's resolution to implement the programs.

When switching between the Sectra Communications Group and other companies in the Sectra Group, the criteria for the program the participant is switching to are to apply from the end of the next calendar year following the change.

For every calendar year during the terms of the programs in which any of the below performance conditions have not been met, one tenth of all of the participant's share rights will be forfeited. For LTIP 2021, all savings shares must be retained during the entire term.

#### Performance conditions LTIP 2021

LTIP 2021 comprises two different programs: one for employees in North America (LTIP 2021 NA) and one for employees in the rest of the world (LTIP 2021 SROW).

For every calendar year during the term of the program (qualification period) for employees in North America, Sectra must have a) received a minimum of one "Best in KLAS" award (in any category), and b) received a first, second or third place ranking in "Best in KLAS for PACS/Radiology for large hospitals" in the US or Canada depending on where the participant is employed.

For employees in the rest of the world, in addition to the performance conditions above, the employee must have deposited savings shares in a deposit account specified by Sectra. One savings share comprises one Class B share in Sectra AB. The number of savings shares is to correspond to the number of share rights the employee has been allotted. The savings shares are to be deposited during the entire qualification period.

For every calendar year during the qualification period for employees in companies other than Sectra Communications AB and its subsidiaries (the Sectra Communications Group), Sectra must have a) received a minimum of one "Best in KLAS" award (in any category), and b) received a first, second or third place ranking in "Best in KLAS for PACS/Radiology for large hospitals" in the US.

For employees in the Sectra Communications Group, the Sectra Communications Group must have, for every calendar year during the qualification period, a) achieved an operating margin of at least 15%, and b) achieved EBIT growth of at least 8% year-on-year.

#### Performance conditions LTIP 2022

For every calendar year during the qualification period for participants in the program who are not employees of the Sectra Communications Group, Sectra must have a) received a minimum of one "Best in KLAS" award (in any category) in the employee's region, and b) received a first, second or third place ranking in "Best in KLAS for PACS/Radiology for large hospitals" in the US. "Region" refers to i) for employees in the US: the US, ii) for employees in Canada: Canada, iii) for employees in Europe incl. Sweden: Europe and iv) for employees in ANZ: Asia-Pacific.

For employees in central functions in Sweden (Sectra AB, Sectra Imaging IT Solutions AB, Sectra Medical Education AB and Sectra Orthopaedics AB) and employed outside of the previously mentioned regions, Sectra must have a) received a minimum of two "Best in KLAS" awards in any category in any of the regions for each calendar year during the qualification period.

For employees of the Sectra Communications Group, the Sectra Communications Group must have, for every calendar year during the qualification period, a) achieved an operating margin of at least 10% for the 2022/2023 fiscal year and at least 15% for the following fiscal years, and b) achieved EBIT growth of at least 10% year-on-year.

#### Reporting of performance-based incentive programs

Costs during the fiscal year amounted to SEK 20,938 thousand (4,107), which is recognized in personnel costs. In the balance sheet, SEK 15,624 thousand (3,549) has been recognized in equity and the remaining SEK 3,997 thousand (558) in provisions (refer to Note 21).

In the Parent Company, the subsidiaries' costs are recognized as investments in subsidiaries and an increase in unrestricted equity.

**Note 4 Fees to auditors**

|  | Group        |              | Parent Company |              |
|--|--------------|--------------|----------------|--------------|
|  | 22/23        | 21/22        | 22/23          | 21/22        |
| EY   |              |              |                |              |
| Audit fees                                       | 3,746        | 2,855        | 2,035          | 1,453        |
| Audit activities in addition to audit assignment | 346          | 180          | 330            | 180          |
| Tax advisory services                            | 0            | 86           | 0              | 0            |
| Other services                                   | 1,620        | 126          | 283            | 126          |
| Audit fees to other auditors                     |              |              |                |              |
| Audit fees                                       | 469          | 105          | 0              | 0            |
| Other services                                   | 0            | 0            | 0              | 0            |
| <b>Total</b>                                     | <b>6,181</b> | <b>3,352</b> | <b>2,648</b>   | <b>1,759</b> |

Audit assignments involve an examination of the Annual Report and consolidated financial statements, accounting records and the administration of the Board of Directors and the President and other tasks performed by the company's auditor, including audit consultancy. The fee for audit assignments includes the statutory audit performed in each country. Audit activities in addition to the audit assignment pertain to quality-assurance services.

**Note 5 Operating lease expenses**

|   | Parent Company |               |
|---|----------------|---------------|
|   | 22/23          | 21/22         |
| Lease expenses recognized for the year          | 15,818         | 14,431        |
| Nominal value of agreed future lease payments:  |                |               |
| Due for payment within 1 year                   | 16,250         | 16,404        |
| Due for payment after 1 year but within 5 years | 39,167         | 25,544        |
| Due for payment after more than 5 years         | 0              | 0             |
| <b>Total agreed future lease payments</b>       | <b>55,417</b>  | <b>41,948</b> |

The Parent Company's leases pertain chiefly to office space.

**Note 6 Interest income and similar profit/loss items**

|                                      | Group         |               | Parent Company |               |
|--------------------------------------|---------------|---------------|----------------|---------------|
|                                      | 22/23         | 21/22         | 22/23          | 21/22         |
| Other interest income                | 11,849        | 6,966         | 4,953          | 5             |
| Interest income from Group companies | 0             | 0             | 11,369         | 8,774         |
| Dividends                            | 0             | 0             | 0              | 24,200        |
| Exchange difference, net             | 13,950        | 5,708         | 3,709          | 18,546        |
| <b>Total</b>                         | <b>25,799</b> | <b>12,674</b> | <b>20,031</b>  | <b>51,525</b> |

**Note 7 Interest expenses and similar profit/loss items**

|  | Group        |              | Parent Company |          |
|--|--------------|--------------|----------------|----------|
|  | 22/23        | 21/22        | 22/23          | 21/22    |
| Interest expenses                      | 2,062        | 1,555        | 21             | 3        |
| Interest expenses from Group companies | 0            | 0            | 4,826          | 0        |
| <b>Total</b>                           | <b>2,062</b> | <b>1,555</b> | <b>4,847</b>   | <b>3</b> |

**Note 8 Appropriations**

|                     | Parent Company |                |
|---------------------|----------------|----------------|
|                     | 22/23          | 21/22          |
| Group contributions | 436,014        | 254,250        |
| <b>Total</b>        | <b>436,014</b> | <b>254,250</b> |

Group contributions paid and received in the Parent Company are recognized as appropriations in profit and loss in accordance with the alternative rule for Group contributions in RFR 2 / IAS 27.

**Note 9 Tax on net profit for the year**

|                           | Group           |                | Parent Company |                |
|---------------------------|-----------------|----------------|----------------|----------------|
|                           | 22/23           | 21/22          | 22/23          | 21/22          |
| Current tax               | -105,899        | -83,701        | -85,044        | -50,028        |
| Deferred tax              | 1,466           | 3,989          | 17             | -2             |
| <b>Total tax expenses</b> | <b>-104,433</b> | <b>-79,712</b> | <b>-85,027</b> | <b>-50,030</b> |

**Relationship between the Group's tax expense and recognized tax per applicable tax rate**

|   |                 |                |                |                |
|---|-----------------|----------------|----------------|----------------|
| Profit before tax   | 479,390         | 394,505        | 411,878        | 266,626        |
| <b>Tax per applicable tax rate for the Parent Company, 20.6% (20.6)</b>     | <b>-98,754</b>  | <b>-81,268</b> | <b>-84,847</b> | <b>-54,925</b> |
| Adjustment of tax for previous years  | -489            | 1,468          | 2              | 0              |
| Tax effect of non-deductible expenses                                       | -2,575          | -979           | -212           | -94            |
| Tax effect of non-taxable income  | 548             | 2,180          | 14             | 4,993          |
| Tax effect of changed tax rates or regulations                              | -11             | -705           | 0              | 0              |
| Tax effect of other tax rates in foreign subsidiaries                       | 642             | -680           | 0              | 0              |
| Tax effect of loss carryforwards where deferred tax has not been recognized | -4,639          | -11            | 0              | 0              |
| Other items   | 845             | 283            | 16             | -4             |
| <b>Tax on net profit for the year</b>                                       | <b>-104,433</b> | <b>-79,712</b> | <b>-85,027</b> | <b>-50,030</b> |

**Deferred tax liabilities**

|  |              |              |          |          |
|--|--------------|--------------|----------|----------|
| Deferred tax liabilities on fixed assets   | 5,133        | 3,497        | 0        | 0        |
| Deferred tax liabilities on current assets | 7            | 0            | 0        | 0        |
| Deferred tax liabilities on surplus values | 788          | 1,276        | 0        | 0        |
| <b>Total deferred tax liabilities</b>      | <b>5,928</b> | <b>4,773</b> | <b>0</b> | <b>0</b> |

**Deferred tax assets**

|  |              |              |            |            |
|--|--------------|--------------|------------|------------|
| Deferred tax assets on fixed assets                  | 32           | 165          | 0          | 0          |
| Deferred tax assets on current assets                | 472          | 816          | 191        | 174        |
| Deferred tax assets on current liabilities           | 3,790        | 3,550        | 0          | 0          |
| Deferred tax assets on provisions                    | 0            | 23           | 0          | 0          |
| Deferred tax assets on unutilized loss carryforwards | 2,338        | 0            | 0          | 0          |
| <b>Total deferred tax assets</b>                     | <b>6,632</b> | <b>4,554</b> | <b>191</b> | <b>174</b> |

Loss carryforwards that have arisen have unlimited time limits.

**Note 10 Intangible assets and goodwill**

|   | Group                                  |                       |                                   |                                     |                         |                 | Parent Company                       |
|---|--|-----------------------|-----------------------------------|-------------------------------------|-------------------------|-----------------|--------------------------------------|
|   | Capitalized development <sup>1,6</sup> | Goodwill <sup>2</sup> | Patents and licenses <sup>3</sup> | Customer relationships <sup>4</sup> | Trademarks <sup>5</sup> | Total           | Capitalized development <sup>1</sup> |
| Opening cost  | 357,983                                | 74,999                | 15,325                            | 55,601                              | 8,016                   | 511,924         | 33,528                               |
| Translation difference  | 0                                      | 2,900                 | 8                                 | 1,121                               | 164                     | 4,193           | 0                                    |
| Investments for the year  | 44,272                                 | 0                     | 0                                 | 0                                   | 0                       | 44,272          | 917                                  |
| Reclassification for the year                                       | 0                                      | 0                     | 0                                 | 0                                   | 0                       | 0               | -32,772                              |
| <b>Accumulated cost as of April 30, 2022</b>                        | <b>402,255</b>                         | <b>77,899</b>         | <b>15,333</b>                     | <b>56,722</b>                       | <b>8,180</b>            | <b>560,389</b>  | <b>1,673</b>                         |
| Opening amortization and impairment                                 | -220,298                               | -28,719               | -2,905                            | -45,037                             | -7,967                  | -304,925        | -15,975                              |
| Translation difference  | 0                                      | 735                   | -4                                | -1,260                              | 159                     | -370            | 0                                    |
| Amortization for the year   | -32,189                                | 0                     | -256                              | -4,033                              | -372                    | -36,850         | -702                                 |
| Sales/disposals for the year  | 0                                      | 0                     | 0                                 | 0                                   | 0                       | 0               | 15,204                               |
| <b>Accumulated amortization and impairment as of April 30, 2022</b> | <b>-252,487</b>                        | <b>-27,984</b>        | <b>-3,165</b>                     | <b>-50,330</b>                      | <b>-8,180</b>           | <b>-342,145</b> | <b>-1,473</b>                        |
| <b>Closing recognized residual value as of April 30, 2022</b>       | <b>149,768</b>                         | <b>49,915</b>         | <b>12,168</b>                     | <b>6,392</b>                        | <b>0</b>                | <b>218,244</b>  | <b>201</b>                           |
| Opening cost  | 402,255                                | 77,899                | 15,333                            | 56,722                              | 8,180                   | 560,389         | 1,673                                |
| Translation difference  | 0                                      | 3,824                 | 50                                | 3,029                               | 0                       | 6,903           | 0                                    |
| Investments for the year  | 55,752                                 | 0                     | 0                                 | 0                                   | 0                       | 55,752          | 3,648                                |
| Sales/disposals for the year  | 0                                      | 0                     | 0                                 | 0                                   | 0                       | 0               | 0                                    |
| <b>Accumulated cost as of April 30, 2023</b>                        | <b>458,007</b>                         | <b>81,723</b>         | <b>15,383</b>                     | <b>59,751</b>                       | <b>8,180</b>            | <b>623,044</b>  | <b>5,321</b>                         |
| Opening amortization and impairment                                 | -252,487                               | -27,984               | -3,165                            | -50,330                             | -8,180                  | -342,145        | -1,473                               |
| Translation difference  | 0                                      | -2,075                | -52                               | -2,492                              | 0                       | -4,619          | 0                                    |
| Amortization for the year   | -34,838                                | 0                     | -1,531                            | -2,942                              | 0                       | -39,311         | -201                                 |
| Sales/disposals for the year  | 0                                      | 0                     | 0                                 | 0                                   | 0                       | 0               | 0                                    |
| <b>Accumulated amortization and impairment as of April 30, 2023</b> | <b>-287,325</b>                        | <b>-30,059</b>        | <b>-4,748</b>                     | <b>-55,764</b>                      | <b>-8,180</b>           | <b>-386,075</b> | <b>-1,674</b>                        |
| <b>Closing recognized residual value as of April 30, 2023</b>       | <b>170,682</b>                         | <b>51,664</b>         | <b>10,635</b>                     | <b>3,987</b>                        | <b>0</b>                | <b>236,969</b>  | <b>3,647</b>                         |

<sup>1</sup> Capitalized development pertains to internally generated intangible assets comprising proprietary software and equipment for medical imaging and secure communications. The remaining amortization period on larger projects is one to five years. The largest remaining project concerns the development of IT systems in Imaging IT Solutions.

<sup>2</sup> Goodwill is attributable to the acquisition of Sectra Products UK Ltd, EXP Analytics Oy and RxEye AB. Goodwill attributable to the acquisition of RxEye AB was impaired in its entirety during the 2016/2017 fiscal year. Of total goodwill, SEK 46,770 thousand (45,456) was attributable to the Imaging IT Solutions segment and SEK 4,894 thousand (4,459) to the Secure Communications segment.

<sup>3</sup> Remaining values in patents and licenses pertain to SEK 9,845 thousand (11,251) in the Imaging IT Solutions segment and SEK 788 thousand (917) in Secure Communications.

<sup>4</sup> Customer relations belong to the Imaging IT Solutions and Secure Communications segments. Of total customer relations, SEK 3,987 thousand (6,392) was attributable to the Imaging IT Solutions segment and SEK 0 thousand (0) to the Secure Communications segment. In Imaging IT Solutions, they pertain to assets acquired from Sectra Sverige AB, Sectra imaXperts BV, Sectra Products UK Ltd, it-mark ApS and RxEye AB. In Secure Communications, they pertained to assets acquired from Columbitech Inc.

<sup>5</sup> Trademarks pertain only to the Imaging IT Solutions segment and are attributable to acquired assets in Sectra Sverige AB and Sectra Products UK Ltd.

<sup>6</sup> Of the accumulated cost, 15.0% (16.7) pertains to ongoing development projects and 85.0% (83.3) to completed projects.

**Impairment of intangible assets**

An impairment test is performed on intangible assets if there is an indication that an asset may be impaired, and on ongoing development projects and goodwill at least once annually. The value of the Group's intangible assets is based on the value in use of the cash-generating development projects and acquired companies. The value in use is based on the cash flows that the assets are expected to generate. All assumptions described below have been approved by the Board.

**Calculation of recoverable amount***Goodwill*

Future cash flows for goodwill are based on expected synergy effects in terms of the growth potential for sales for Imaging IT Solutions with respect to Sectra Products UK Ltd's products as well as growth

potential for Secure Communications in the Finnish and Estonian markets. The cash-generating unit for goodwill pertaining to Sectra Products UK Ltd is deemed to be the Imaging IT Solutions business area in its entirety. Sales of Sectra Products UK Ltd's products are deemed to be an integral part of the total business in Imaging IT Solutions. Goodwill attributable to the acquisition of EXP Analytics Oy is based on future cash flows in the form of growth potential in the Finnish and Estonian market. The cash-generating unit for goodwill pertaining to EXP Analytics Oy is the Sectra Communications Oy subgroup.

*Other intangible assets*

The future cash flows used when calculating each unit's value in use are based on a detailed review of each development project.

## Note 10 Intangible assets and goodwill, cont.

### Discounting factor

Along with a joint discount rate of 8.9% [8.4] after tax, each cash-generating unit is charged an additional individual risk premium of 1.0 percentage point in the event that the technical conditions pertaining to the unit are considered, in all material respects, to be new and an additional individual risk premium of 1.0 percentage point in cases where the market conditions are considered, in all material respects, to be new. Overall, the assessment is that the components included in the risk premium are unchanged compared with the preceding year.

### Goodwill

A discount rate of between 8.9% and 10.9% [8.4 – 10.4] after tax was used when calculating cash flows associated with goodwill.

### Other intangible assets

The present value of forecast future cash flows for development projects has been calculated using a discount rate of between 8.9% and 10.9% [8.4 – 10.4] after tax.

### Forecast period and growth rate

The forecast period when calculating value in use for intangible assets, except for goodwill, is determined by the asset's useful life of five years. The growth rate is based on the market growth in Sectra's individual product areas. The forecast period in connection with the calculation of goodwill has been set at five years. The growth rate assessment is based on market trends and growth goals in the business areas. The variation in assumed growth during the forecast period and thereafter between the respective acquired companies and the various development projects is significant, which means that average values can vary considerably between years. In cases where intangible assets are assumed to have a perpetual economic life, perpetuity growth has been set at 0% [0] under the prevailing external economic conditions, and for other assets, individual assessments have been carried out to determine the percentage by which the cash flow from each asset is assumed to be decreased.

### Other assumptions regarding required yield

|                                |   |
|--------------------------------|---|
| Risk-free interest:            | Ten-year treasury bill on the balance-sheet date 2.3% [1.7] |
| Market risk premium:           | 6.6% [6.4]  |
| Company-specific risk premium: | 0.0–2.0% [0.0–2.0]  |
| Beta value:                    | The beta value is calculated at 1.0 [1.0]                   |
| Interest expenses:             | Sectra's assessed cost for borrowing                        |
| Tax rate:                      | Tax rate in Sweden  |

The return requirement is between 8.9% and 10.9% after tax, which corresponds to between 11.2% and 13.7% before tax.

### Impairment tests and sensitivity analyses for the year

#### Goodwill

Impairment tests of goodwill in all cash-generating units for the year show that at the balance-sheet date there is no need for further impairment. Should there be any future changes in individual variables, the value in use may fall below the carrying amount which could lead to impairment. A sensitivity analysis in which the discount rate increases by 2 percentage points and annual perpetuity growth decreases by 2 percentage points results in the value that exceeds the carrying amount being reduced by an average of 22%. If growth during the forecast period also decreases by 2 percentage points, the value that exceeds the carrying amount is reduced by a total average of 54%.

#### Other intangible assets

Impairment tests for the year per development project and other intangible assets were performed with such a margin that Executive Management deems that any reasonable and possible changes in individual variables will not cause the value in use to fall below the carrying amount. A sensitivity analysis in which the discount rate increases by 2 percentage points and annual perpetuity growth decreases by 2 percentage points results in the value that exceeds the carrying amount being reduced by an average of 17%. If growth during the forecast period also decreases by 2 percentage points, the value that exceeds the carrying amount is reduced by a total average of 29%.

#### Parent Company

At April 30, 2023, the Parent Company held intangible assets amounting to SEK 3.6 million [0.2].

**Note 11 Tangible assets**

|   | Group                 |                     |                                  |                                      |                 |
|---|-----------------------|---------------------|----------------------------------|--------------------------------------|-----------------|
|   | Land and<br>buildings | Office<br>furniture | Equipment and<br>office machines | Equipment<br>at customer<br>premises | Total           |
| Opening cost  | 6,025                 | 16,837              | 74,914                           | 95,492                               | 193,268         |
| Translation difference  | 303                   | 890                 | 1,623                            | 5,115                                | 7,931           |
| Investments for the year  | 0                     | 2,467               | 23,238                           | 4,398                                | 30,103          |
| Reclassification  | 0                     | 0                   | 44,185                           | -44,185                              | 0               |
| Sales/disposals for the year  | -6,328                | -565                | -7,482                           | -15,988                              | -30,363         |
| <b>Accumulated cost as of April 30, 2022</b>                        | <b>0</b>              | <b>19,629</b>       | <b>136,478</b>                   | <b>44,832</b>                        | <b>200,939</b>  |
| Opening depreciation and impairment                                 | -892                  | -12,001             | -51,026                          | -73,689                              | -137,608        |
| Translation difference  | -43                   | -540                | -1,805                           | -5,126                               | -7,514          |
| Depreciation for the year   | -37                   | -1,286              | -16,395                          | -1,469                               | -19,187         |
| Reclassification  | 0                     | 0                   | -22,877                          | 22,877                               | 0               |
| Sales/disposals for the year  | 972                   | 565                 | 7,759                            | 15,988                               | 25,284          |
| <b>Accumulated depreciation and impairment as of April 30, 2022</b> | <b>0</b>              | <b>-13,262</b>      | <b>-84,344</b>                   | <b>-41,419</b>                       | <b>-139,026</b> |
| <b>Closing recognized residual value as of April 30, 2022</b>       | <b>0</b>              | <b>6,367</b>        | <b>52,133</b>                    | <b>3,413</b>                         | <b>61,913</b>   |
| Opening cost  | 0                     | 19,629              | 136,478                          | 44,832                               | 200,939         |
| Translation difference  | 0                     | 584                 | -1,600                           | 2,004                                | 988             |
| Investments for the year  | 0                     | 1,778               | 31,535                           | 3,723                                | 37,036          |
| Reclassification  | 0                     | 0                   | 3,698                            | 0                                    | 3,698           |
| Sales/disposals for the year  | 0                     | -2,689              | -27,557                          | -1,740                               | -31,986         |
| <b>Accumulated cost as of April 30, 2023</b>                        | <b>0</b>              | <b>19,302</b>       | <b>142,554</b>                   | <b>48,819</b>                        | <b>210,675</b>  |
| Opening depreciation and impairment                                 | 0                     | -13,262             | -84,344                          | -41,419                              | -139,026        |
| Translation difference  | 0                     | -351                | 2,453                            | -2,182                               | -80             |
| Depreciation for the year   | 0                     | -1,811              | -21,546                          | -1,754                               | -25,111         |
| Reclassification  | 0                     | 0                   | -3,698                           | 0                                    | -3,698          |
| Sales/disposals for the year  | 0                     | 2,281               | 27,954                           | 1,560                                | 31,795          |
| <b>Accumulated depreciation and impairment as of April 30, 2023</b> | <b>0</b>              | <b>-13,143</b>      | <b>-79,181</b>                   | <b>-43,795</b>                       | <b>-136,119</b> |
| <b>Closing recognized residual value as of April 30, 2023</b>       | <b>0</b>              | <b>6,159</b>        | <b>63,373</b>                    | <b>5,024</b>                         | <b>74,556</b>   |

**Note 11 Tangible assets, cont.**

|   | Parent Company   |                               |                                |                |
|---|------------------|-------------------------------|--------------------------------|----------------|
|   | Office furniture | Equipment and office machines | Equipment at customer premises | Total          |
| Opening cost  | 5,366            | 15,221                        | 42,182                         | 62,769         |
| Investments for the year  | 622              | 1,403                         | 2,003                          | 4,028          |
| Sales/disposals for the year  | 0                | -121                          | -44,185                        | -44,306        |
| <b>Accumulated cost as of April 30, 2022</b>                        | <b>5,988</b>     | <b>16,503</b>                 | <b>0</b>                       | <b>22,491</b>  |
| Opening depreciation and impairment                                 | -4,600           | -12,884                       | -22,875                        | -40,358        |
| Depreciation for the year   | -153             | -1,161                        | 0                              | -1,314         |
| Sales/disposals for the year  | 0                | 233                           | 22,875                         | 23,108         |
| <b>Accumulated depreciation and impairment as of April 30, 2022</b> | <b>-4,753</b>    | <b>-13,812</b>                | <b>0</b>                       | <b>-18,564</b> |
| <b>Closing recognized residual value as of April 30, 2022</b>       | <b>1,235</b>     | <b>2,691</b>                  | <b>0</b>                       | <b>3,926</b>   |
| Opening cost  | 5,988            | 16,503                        | 0                              | 22,491         |
| Investments for the year  | 657              | 402                           | 0                              | 1,059          |
| Sales/disposals for the year  | -2,247           | -9,000                        | 0                              | -11,247        |
| <b>Accumulated cost as of April 30, 2023</b>                        | <b>4,398</b>     | <b>7,905</b>                  | <b>0</b>                       | <b>12,303</b>  |
| Opening depreciation and impairment                                 | -4,753           | -13,812                       | 0                              | -18,564        |
| Depreciation for the year   | -194             | -1,093                        | 0                              | -1,287         |
| Sales/disposals for the year  | 2,247            | 9,000                         | 0                              | 11,247         |
| <b>Accumulated depreciation and impairment as of April 30, 2023</b> | <b>-2,700</b>    | <b>-5,905</b>                 | <b>0</b>                       | <b>-8,604</b>  |
| <b>Closing recognized residual value as of April 30, 2023</b>       | <b>1,698</b>     | <b>2,000</b>                  | <b>0</b>                       | <b>3,699</b>   |

**Note 12 Right-of-use assets and lease liabilities**

|   | Premises       | Vehicles       | Other       | Total          |
|---|----------------|----------------|-------------|----------------|
| Opening cost  | 101,273        | 14,783         | 358         | 116,414        |
| New right-of-use assets                                       | 13,135         | 2,598          | 0           | 15,733         |
| Concluded contracts   | -603           | -1,702         | 0           | -2,305         |
| Translation difference  | 2,176          | 232            | 15          | 2,423          |
| <b>Accumulated cost as of April 30, 2022</b>                  | <b>115,981</b> | <b>15,911</b>  | <b>373</b>  | <b>132,266</b> |
| Opening depreciation  | -37,823        | -5,244         | -70         | -43,137        |
| Depreciation for the year                                     | -21,050        | -4,022         | -107        | -25,179        |
| Depreciation concluded contracts                              | 603            | 1,620          | 0           | 2,223          |
| Translation difference  | -955           | -242           | -6          | -1,203         |
| <b>Accumulated depreciation as of April 30, 2022</b>          | <b>-59,225</b> | <b>-7,888</b>  | <b>-183</b> | <b>-67,297</b> |
| <b>Closing recognized residual value as of April 30, 2022</b> | <b>56,756</b>  | <b>8,023</b>   | <b>190</b>  | <b>64,969</b>  |
| Opening cost  | 115,981        | 15,911         | 373         | 132,266        |
| New right-of-use assets                                       | 42,698         | 2,496          | 0           | 45,194         |
| Concluded contracts   | 0              | -1,851         | 0           | -1,851         |
| Translation difference  | 2,922          | 1,263          | 5           | 4,190          |
| <b>Accumulated cost as of April 30, 2023</b>                  | <b>161,601</b> | <b>17,819</b>  | <b>378</b>  | <b>179,799</b> |
| Opening depreciation  | -59,225        | -7,888         | -183        | -67,297        |
| Depreciation for the year                                     | -23,350        | -4,060         | -107        | -27,517        |
| Depreciation concluded contracts                              | 0              | 1,851          | 0           | 1,851          |
| Translation difference  | -1,147         | -784           | 0           | -1,931         |
| <b>Accumulated depreciation as of April 30, 2023</b>          | <b>-83,722</b> | <b>-10,881</b> | <b>-290</b> | <b>-94,894</b> |
| <b>Closing recognized residual value as of April 30, 2023</b> | <b>77,879</b>  | <b>6,938</b>   | <b>88</b>   | <b>84,905</b>  |

|   | 22/23               | 21/22               |
|---|---------------------|---------------------|
| <b>Lease expenses</b>                               |                     |                     |
| Variable lease payments                             | 3,324               | 2,395               |
| Expenses pertaining to low-value leases             | 4,236               | 3,502               |
| Depreciation  | 27,490              | 25,179              |
| Interest, premises                                  | 1,601               | 1,347               |
| Interest, vehicles                                  | 135                 | 127                 |
| Interest, other assets                              | 3                   | 5                   |
| <b>Total</b>  | <b>36,789</b>       | <b>32,555</b>       |
| <b>Revenue from onward leasing</b>                  | <b>22/23</b>        | <b>21/22</b>        |
| Premises  | 534                 | 572                 |
| <b>Total</b>  | <b>534</b>          | <b>572</b>          |
| <b>Cash outflow from leases</b>                     | <b>22/23</b>        | <b>21/22</b>        |
| Repayment of lease liabilities                      | 26,627              | 24,366              |
| Interest expenses pertaining to lease liabilities   | 1,738               | 1,479               |
| Variable lease payments                             | 3,325               | 2,395               |
| Expenses for low-value leases and short-term leases | 4,236               | 3,502               |
| <b>Total</b>  | <b>35,926</b>       | <b>31,742</b>       |
|   | <b>Apr 30, 2023</b> | <b>Apr 30, 2022</b> |
| <b>Lease liabilities</b>                            |                     |                     |
| Non-current lease liabilities                       | 56,968              | 37,892              |
| Current lease liabilities                           | 25,294              | 24,342              |
| <b>Total</b>  | <b>82,262</b>       | <b>62,234</b>       |
|   | <b>Apr 30, 2023</b> | <b>Apr 30, 2022</b> |
| <b>Maturity analysis – undiscounted cash flow</b>   |                     |                     |
| Year 1  | 28,920              | 26,134              |
| Year 2  | 21,014              | 21,309              |
| Year 3  | 15,747              | 12,019              |
| Year 4  | 12,407              | 2,442               |
| Year 5 or later                                     | 8,782               | 3,733               |
| <b>Total</b>  | <b>86,870</b>       | <b>65,637</b>       |

### Note 13 Participations in Group companies

|                                   | Corp. Reg. No.  | Reg. office   | No. of participations | Share of capital | Apr 30, 2023<br>Carrying amount <sup>1)</sup> | Apr 30, 2022<br>Carrying amount |
|-----------------------------------|-----------------|---------------|-----------------------|------------------|---|---------------------------------|
| <b>Parent Company:</b>            |                 |               |                       |                  |   |                                 |
| Sectra Imaging IT Solutions AB    | 556250-8241     | Linköping, SE | 300,000               | 100%             | 8,449   | 2,883                           |
| Sectra Communications AB          | 556291-3300     | Linköping, SE | 3,000,000             | 100%             | 3,933   | 3,000                           |
| Sectra Secure Transmission AB     | 556247-1283     | Linköping, SE | 100,000               | 100%             | 95  | 95                              |
| Sectra Medical Education AB       | 559314-3471     | Linköping, SE | 500                   | 100%             | 418   | 50                              |
| Sectra Orthopaedics AB            | 559314-3414     | Linköping, SE | 500                   | 100%             | 399   | 50                              |
| Ebberöd Capital Inc.              | 20-8912327      | Shelton, US   | 1,000                 | 100%             | 0   | 0                               |
| Sectra Sverige AB                 | 556483-9479     | Linköping, SE | 40,350                | 100%             | 21,975  | 21,016                          |
| Sectra Norge AS                   | 975,353,265     | Oslo, NO      | 5,000                 | 100%             | 738   | 283                             |
| Sectra Inc.                       | 06-1473851      | Shelton, US   | 500                   | 100%             | 6,140   | 384                             |
| Sectra Medical Systems GmbH       | HR B 8546       | Cologne, DE   | 500                   | 100%             | 354   | 219                             |
| Sectra Medical Imaging Schweiz AG | CHE-225.049.408 | Zurich, CH    | 100                   | 100%             | 1,020   | 1,018                           |
| Sectra Danmark A/S                | 10073251        | Odense, DK    | 5,000                 | 100%             | 803   | 639                             |
| Sectra Ltd                        | 4571654         | Stevenage, UK | 1                     | 100%             | 633   | 0                               |
| Sectra Pty Ltd                    | 105,376,190     | Sydney, AU    | 1                     | 100%             | 339   | 1                               |
| Sectra New Zealand Ltd            | 1539744         | Auckland, NZ  | 1                     | 100%             | 48  | 0                               |
| Sectra Medical Systems SL         | B84352749       | Madrid, ES    | 500                   | 100%             | 2,587   | 2,290                           |
| Art Ces Lda                       | PT513270396     | Porto, PT     | 5,000                 | 100%             | 251   | 48                              |
| Sectra imaXperts BV               | 39069257        | Almere, NL    | 500                   | 100%             | 5,189   | 4,664                           |
| Sectra France SAS                 | 811070317       | Paris, FR     | 1,000                 | 100%             | 77  | 9                               |
| Sectra Canada Inc.                | BC1112137       | Vancouver, CA | 100                   | 100%             | 1,048   | 65                              |
| <b>Total</b>                      |                 |               |                       |                  | <b>54,496</b>                                 | <b>36,715</b>                   |

#### Sectra Imaging IT Solutions AB:

|                          |             |               |           |      |              |               |
|--------------------------|-------------|---------------|-----------|------|--------------|---------------|
| Paxlink AB <sup>2)</sup> | 556572-3292 | Linköping, SE | 1,000     | 100% | 0            | 811           |
| RxEye AB <sup>2)</sup>   | 556807-9924 | Stockholm, SE | 1,090,856 | 100% | 0            | 13,261        |
| Sectra Products UK Ltd   | 05968184    | Stevenage, UK | 1,000     | 100% | 8,450        | 8,450         |
| <b>Total</b>             |             |               |           |      | <b>8,450</b> | <b>22,522</b> |

#### Sectra Communications AB:

|  |             |               |           |      |            |              |
|--|-------------|---------------|-----------|------|------------|--------------|
| Sectra Secure Solutions AB <sup>3)</sup> | 556570-9325 | Linköping, SE | 3,000,000 | 100% | 0          | 6,981        |
| Sectra Communications BV                 | 27264295    | The Hague, NL | 1,800     | 100% | 164        | 164          |
| Sectra Communications Oy                 | 2679724-9   | Helsinki, FI  | 2,500     | 100% | 23         | 23           |
| Columbitech Inc.                         | 04-3719150  | Delaware, US  | 100       | 100% | 0          | 0            |
| <b>Total</b>                             |             |               |           |      | <b>187</b> | <b>7,168</b> |

<sup>1)</sup> The carrying amount increased in 22/23 as a result of the share-based incentive programs, refer to Note 3.

<sup>2)</sup> The company merged with Sectra Imaging IT Solutions AB in 2022/2023.

<sup>3)</sup> The company merged with Sectra Communications AB in 2022/2023.

### Note 14 Participations in associated companies

|                         |                |             |                       |                  | Parent Company                  |                                 |
|-------------------------|----------------|-------------|-----------------------|------------------|---------------------------------|---------------------------------|
|                         |                |             |                       |                  | Apr 30, 2023                    | Apr 30, 2022                    |
| Opening cost            |                |             |                       |                  | 564                             | 564                             |
| <b>Total</b>            |                |             |                       |                  | <b>564</b>                      | <b>564</b>                      |
|                         | Corp. Reg. No. | Reg. office | No. of participations | Share of capital | Apr 30, 2023<br>Carrying amount | Apr 30, 2022<br>Carrying amount |
| Sectra Saudi Arabia Ltd | 10213371171087 | Riyadh, SA  | 500                   | 50%              | 564                             | 564                             |
| <b>Total</b>            |                |             |                       |                  | <b>564</b>                      | <b>564</b>                      |

The company constitutes a subsidiary for the Group and is jointly owned by Sectra AB and Sectra Imaging IT Solutions AB, which own 50% each.

**Note 15 Long-term receivables from Group companies**

|                          | Parent Company |                |
|--------------------------|----------------|----------------|
|                          | Apr 30, 2023   | Apr 30, 2022   |
| Opening cost             | 105,998        | 214,312        |
| New receivables          | 62,810         | 18,389         |
| Amortized receivables    | -630           | -146,309       |
| Exchange-rate difference | 2,816          | 19,606         |
| <b>Total</b>             | <b>170,994</b> | <b>105,998</b> |

**Note 16 Inventories**

|                   | Group         |               | Parent Company |              |
|-------------------|---------------|---------------|----------------|--------------|
|                   | Apr 30, 2023  | Apr 30, 2022  | Apr 30, 2023   | Apr 30, 2022 |
| Component stocks  | 26,422        | 15,176        | 0              | 0            |
| Finished products | 10,179        | 8,505         | 0              | 0            |
| <b>Total</b>      | <b>36,601</b> | <b>23,681</b> | <b>0</b>       | <b>0</b>     |

In 2022/2023, an inventory impairment of SEK 669 thousand (2,286) was recognized in profit and loss.

Equipment and components mainly used for development are reclassified as equipment or expensed through profit or loss, depending on the estimated useful life of the inventory item. Of the total inventory value, 0 is measured at fair value after selling expenses. Accordingly, the entire inventory is measured at cost since this value is lower than fair value after selling expenses.

**Note 17 Accounts receivable****Current accounts receivable per currency**

|                  | Group          |                | Parent Company |              |
|------------------|----------------|----------------|----------------|--------------|
|                  | Apr 30, 2023   | Apr 30, 2022   | Apr 30, 2023   | Apr 30, 2022 |
| SEK              | 14,573         | 24,093         | 369            | 207          |
| USD              | 114,200        | 94,039         | 434            | 1,127        |
| EUR              | 146,761        | 144,043        | -457           | -420         |
| GBP              | 79,705         | 44,448         | -29            | -29          |
| Other currencies | 30,914         | 33,027         | -77            | -77          |
| <b>Total</b>     | <b>386,153</b> | <b>339,650</b> | <b>240</b>     | <b>808</b>   |

Long-term accounts receivable recognized in the Group of SEK 125,204 thousand (172,620) pertain only to GBP (refer to Note 2).

**Change for the year in the reserve for expected credit losses**

|                                    | Group        |              | Parent Company |              |
|------------------------------------|--------------|--------------|----------------|--------------|
|                                    | Apr 30, 2023 | Apr 30, 2022 | Apr 30, 2023   | Apr 30, 2022 |
| Opening balance                    | 3,750        | 10,389       | 842            | 850          |
| Realized losses                    | 0            | -8,029       | 0              | 0            |
| Reversal of unutilized amounts     | -1,633       | -395         | 0              | -1           |
| Reserve for expected credit losses | 207          | 1,590        | 0              | 0            |
| Exchange-rate effect               | 237          | 195          | 82             | -7           |
| <b>Total</b>                       | <b>2,561</b> | <b>3,750</b> | <b>924</b>     | <b>842</b>   |

See Note 29 for an age analysis.

The reserve for expected credit losses pertains only to current accounts receivable. No provision requirement for long-term accounts receivable or contract assets (refer to Note 2) was deemed to exist on the balance-sheet date since they have not been invoiced yet. Moreover, customers' ability to pay when it comes to long-term receivables and contract assets is deemed to be very good, and the agreements are often unique in terms of their character and content, and it is not deemed possible to classify them according to separate credit risk rating groups with sufficient forecastability (refer to Note 29). Although the maturity of the credits are considered to have a low general predictive value for future losses, an individual monthly assessment is conducted for each customer divided by maturity category in each subsidiary. If any deviations from previous patterns are noted, a central follow-up is carried out.

**Note 17 Accounts receivable, cont.**

Through this age-based division and two-step process, objective and probability-weighted amounts are deemed to be achieved using reasonable and verifiable data, which is available on the balance-sheet date without unnecessary costs or efforts, for past events, current circumstances and forecasts of future economic conditions. Provisions for and reversals of bad debt losses are recognized in other external costs in profit and loss.

**Note 18 Prepaid expenses and accrued income**

|   | Group          |                | Parent Company |               |
|---|----------------|----------------|----------------|---------------|
|   | Apr 30, 2023   | Apr 30, 2022   | Apr 30, 2023   | Apr 30, 2022  |
| Prepaid rent                                | 122            | 21             | 2,986          | 2,899         |
| Accrued interest income                     | 2,154          | 2              | 2,154          | 2             |
| Prepaid expenses for support agreements     | 36,231         | 27,179         | 12,965         | 10,805        |
| Other items                                 | 61,869         | 41,439         | 4,226          | 3,488         |
| Recognized non-invoiced income <sup>1</sup> | 719,065        | 410,808        | 0              | 0             |
| <b>Total</b>                                | <b>819,441</b> | <b>479,449</b> | <b>22,331</b>  | <b>17,194</b> |

**Recognized non-invoiced income per currency**

|                  | Group          |                | Parent Company |              |
|------------------|----------------|----------------|----------------|--------------|
|                  | Apr 30, 2023   | Apr 30, 2022   | Apr 30, 2023   | Apr 30, 2022 |
| SEK              | 70,050         | 29,108         | 0              | 0            |
| USD              | 259,213        | 169,271        | 0              | 0            |
| EUR              | 111,983        | 117,936        | 0              | 0            |
| GBP              | 134,047        | 23,021         | 0              | 0            |
| Other currencies | 143,772        | 71,472         | 0              | 0            |
| <b>Total</b>     | <b>719,065</b> | <b>410,808</b> | <b>0</b>       | <b>0</b>     |

<sup>1</sup> Refer to Note 2.

**Note 19 Cash and bank balances**

|                        | Group          |                | Parent Company <sup>1</sup> |                |
|------------------------|----------------|----------------|-----------------------------|----------------|
|                        | Apr 30, 2023   | Apr 30, 2022   | Apr 30, 2023                | Apr 30, 2022   |
| Cash and bank balances | 825,242        | 808,775        | 662,611                     | 683,803        |
| <b>Total</b>           | <b>825,242</b> | <b>808,775</b> | <b>662,611</b>              | <b>683,803</b> |

<sup>1</sup> Balances in the Group's cash-pool accounts are recognized in their entirety as cash and cash equivalents in the Parent Company and are included in the Parent Company's cash-flow statement. The subsidiaries' portion of the cash-pool accounts are recognized as short-term receivables from, or liabilities to, the Parent Company.

**Bank overdraft facilities**

|                               | Group        |              | Parent Company |              |
|-------------------------------|--------------|--------------|----------------|--------------|
|                               | Apr 30, 2023 | Apr 30, 2022 | Apr 30, 2023   | Apr 30, 2022 |
| Credit limit granted          | 15,000       | 15,000       | 15,000         | 15,000       |
| Unutilized portion            | -15,000      | -15,000      | -15,000        | -15,000      |
| <b>Utilized credit amount</b> | <b>0</b>     | <b>0</b>     | <b>0</b>       | <b>0</b>     |

**Note 20 Share capital and number of shares**

|                                       | Quotient value per share, SEK | No. of shares     |                    |            |                    |                   |                    |            |                    |               | Share capital, SEK thousand |
|---------------------------------------|-------------------------------|-------------------|--------------------|------------|--------------------|-------------------|--------------------|------------|--------------------|---------------|-----------------------------|
|                                       |                               | Outstanding       |                    |            |                    | Total issued      |                    |            |                    |               |                             |
|                                       |                               | Class A           | Class B            | Class C    | Total              | Class A           | Class B            | Class C    | Total              |               |                             |
| <b>Opening balance May 1, 2021</b>    | 1.00                          | 2,620,692         | 35,904,802         | 0          | 38,525,494         | 2,620,692         | 35,904,802         | 0          | 38,525,494         | 38,526        |                             |
| 5:1 share split                       | 0.20                          | 10,482,768        | 143,619,208        | 0          | 154,101,976        | 10,482,768        | 143,619,208        | 0          | 154,101,976        | 0             |                             |
| Conversion to shares                  | 0.20                          | 0                 | 34,855             | 0          | 34,855             | 0                 | 34,855             | 0          | 34,855             | 7             |                             |
| New share issue                       | 0.20                          | 0                 | 0                  | 1,000,000  | 1,000,000          | 0                 | 0                  | 1,000,000  | 1,000,000          | 200           |                             |
| Treasury shares <sup>1</sup>          | 0.20                          | 0                 | 0                  | -1,000,000 | -1,000,000         | 0                 | 0                  | 0          | 0                  | 0             |                             |
| Reclassification <sup>1</sup>         | 0.20                          | 0                 | 0                  | 0          | 0                  | 0                 | 1,000,000          | -1,000,000 | 0                  | 0             |                             |
| <b>Closing balance April 30, 2022</b> | <b>0.20</b>                   | <b>13,103,460</b> | <b>179,558,865</b> | <b>0</b>   | <b>193,662,325</b> | <b>13,103,460</b> | <b>180,558,865</b> | <b>0</b>   | <b>193,662,325</b> | <b>38,733</b> |                             |
| Conversion to shares                  | 0.20                          | 0                 | 5,164              | 0          | 5,164              | 0                 | 5,164              | 0          | 5,164              | 1             |                             |
| New share issue                       | 0.20                          | 0                 | 0                  | 453,406    | 453,406            | 0                 | 0                  | 453,406    | 453,406            | 91            |                             |
| Treasury shares <sup>1</sup>          | 0.20                          | 0                 | 0                  | -453,406   | -453,406           | 0                 | 0                  | 0          | 0                  | 0             |                             |
| Reclassification <sup>1</sup>         | 0.20                          | 0                 | 0                  | 0          | 0                  | 0                 | 453,406            | -453,406   | 0                  | 0             |                             |
| <b>Closing balance April 30, 2023</b> | <b>0.20</b>                   | <b>13,103,460</b> | <b>179,564,029</b> | <b>0</b>   | <b>192,667,489</b> | <b>13,103,460</b> | <b>181,017,435</b> | <b>0</b>   | <b>194,120,895</b> | <b>38,825</b> |                             |

<sup>1</sup> The newly issued shares have been repurchased at a price corresponding to the quotient value, totaling SEK 90,681 (200,000). The purpose of the repurchase is to ensure the future delivery of performance shares and to finance the costs of social security contributions related to the LTIP 2021 and LTIP 2022 incentive programs. The newly issued Class C shares were reclassified as Class B shares during the fiscal year.

**Note 21 Provisions**

|  | Guarantee commitments and other provisions | Contingent consideration              | Total         | Parent Company        |                      |
|--|--|---------------------------------------|---------------|-----------------------|----------------------|
|  |  |                                       |               | Guarantee commitments | Share-based payments |
| <b>Carrying amount May 1, 2021</b>               | 6,361                                      | 0                                     | 6,361         | 3,619                 | 0                    |
| Provisions made in the period                    | 3,855                                      | 0                                     | 3,855         | 0                     | 0                    |
| Reversal of provisions                           | -3,954                                     | 0                                     | -3,954        | 0                     | 0                    |
| Amount appropriated                              | 0  | 0                                     | 0             | -3,619                | 0                    |
| <b>Carrying amount April 30, 2022</b>            | <b>6,262</b>                               | <b>0</b>                              | <b>6,262</b>  | <b>0</b>              | <b>0</b>             |
| Of which, total long-term portion of provisions  | 3,308                                      | 0                                     | 3,308         | 0                     | 0                    |
| Of which, total short-term portion of provisions | 2,954                                      | 0                                     | 2,954         | 0                     | 0                    |
|  | Guarantee commitments and other provisions | Share-based remuneration <sup>1</sup> | Total         | Parent Company        |                      |
|  |  |                                       |               | Guarantee commitments | Share-based payments |
| <b>Carrying amount May 1, 2022</b>               | 6,262                                      | 0                                     | 6,262         | 0                     | 0                    |
| Provisions made in the period                    | 4,835                                      | 6,418                                 | 11,253        | 0                     | 787                  |
| Reversal of provisions                           | -5,544                                     | 0                                     | -5,544        | 0                     | 0                    |
| Reclassification                                 | 0  | 2,260                                 | 2,260         | 0                     | 129                  |
| Translation difference                           | 0  | -88                                   | -88           | 0                     | 0                    |
| <b>Carrying amount April 30, 2023</b>            | <b>5,553</b>                               | <b>8,590</b>                          | <b>14,143</b> | <b>0</b>              | <b>916</b>           |
| Of which, total long-term portion of provisions  | 3,871                                      | 8,590                                 | 12,461        | 0                     | 916                  |
| Of which, total short-term portion of provisions | 1,682                                      | 0                                     | 1,682         | 0                     | 0                    |

The carrying amount at the end of the period is expected to be settled within one to four years for guarantee commitments and other provisions.

<sup>1</sup> For more information, refer to Note 3.

**Note 22 Long-term liabilities**

|   | Group        |              | Parent Company |              |
|---|--------------|--------------|----------------|--------------|
|   | Apr 30, 2023 | Apr 30, 2022 | Apr 30, 2023   | Apr 30, 2022 |
| Other long-term liabilities             | 0            | 513          | 0              | 0            |
| <b>Total</b>                            | <b>0</b>     | <b>513</b>   | <b>0</b>       | <b>0</b>     |
|   | Apr 30, 2023 | Apr 30, 2022 | Apr 30, 2023   | Apr 30, 2022 |
| <b>Opening liabilities</b>              | <b>513</b>   | <b>1,903</b> | <b>0</b>       | <b>389</b>   |
| Reclassification to current liabilities | -513         | -389         | 0              | -389         |
| Repayment                               | 0            | -1,017       | 0              | 0            |
| Translation difference                  | 0            | 16           | 0              | 0            |
| <b>Closing liabilities</b>              | <b>0</b>     | <b>513</b>   | <b>0</b>       | <b>0</b>     |

**Reconciliation of liabilities attributable to financing activities**

|  | Group         |               | Parent Company |              |
|--|---------------|---------------|----------------|--------------|
|  | Apr 30, 2023  | Apr 30, 2022  | Apr 30, 2023   | Apr 30, 2022 |
| Long-term convertible loans                        | 0             | 0             | 0              | 0            |
| Short-term convertible loans                       | 0             | 389           | 0              | 389          |
| <b>Total convertible loans</b>                     | <b>0</b>      | <b>389</b>    | <b>0</b>       | <b>389</b>   |
| Non-current lease liabilities                      | 56,968        | 37,892        | 0              | 0            |
| Current lease liabilities                          | 25,294        | 24,342        | 0              | 0            |
| <b>Total lease liabilities</b>                     | <b>82,262</b> | <b>62,234</b> | <b>0</b>       | <b>0</b>     |
| Long-term additional purchase consideration        | 0             | 513           | 0              | 0            |
| Current additional purchase consideration          | 563           | 1,025         | 0              | 0            |
| <b>Total additional purchase consideration</b>     | <b>563</b>    | <b>1,538</b>  | <b>0</b>       | <b>0</b>     |
| <b>Total liabilities from financing activities</b> | <b>82,825</b> | <b>64,161</b> | <b>0</b>       | <b>389</b>   |

|                                     | Convertible loans | Lease liability | Liability, additional purchase consideration | Total         |
|-------------------------------------|-------------------|-----------------|--|---------------|
| <b>Opening balance May 1, 2021</b>  | <b>2,951</b>      | <b>70,502</b>   | <b>2,523</b>                                 | <b>75,976</b> |
| <i>Cash items</i>                   |                   |                 |  |               |
| Repayments                          | 0                 | 0               | -1,017                                       | -1,017        |
| Lease payments                      | 0                 | -24,366         | 0  | -24,366       |
| <i>Non-cash items</i>               |                   |                 |  |               |
| New leases                          | 0                 | 15,551          | 0  | 15,551        |
| Conversion to shares                | -2,562            | 0               | 0  | -2,562        |
| Currency adjustment                 | 0                 | 547             | 32   | 579           |
| <b>Closing balance Apr 30, 2022</b> | <b>389</b>        | <b>62,234</b>   | <b>1,538</b>                                 | <b>64,161</b> |
| <b>Opening balance May 1, 2022</b>  | <b>389</b>        | <b>62,234</b>   | <b>1,538</b>                                 | <b>64,161</b> |
| <i>Cash items</i>                   |                   |                 |  |               |
| Repayments                          | 0                 | 0               | -1,121                                       | -1,121        |
| Lease payments                      | 0                 | -26,627         | 0  | -26,627       |
| <i>Non-cash items</i>               |                   |                 |  |               |
| New leases                          | 0                 | 45,194          | 0  | 45,194        |
| Conversion to shares                | -389              | 0               | 0  | -389          |
| Currency adjustment                 | 0                 | 1,461           | 146  | 1,607         |
| <b>Closing balance Apr 30, 2023</b> | <b>0</b>          | <b>82,262</b>   | <b>563</b>                                   | <b>82,825</b> |

**Note 23 Other current liabilities**

|  | Group         |                | Parent Company |              |
|--|---------------|----------------|----------------|--------------|
|  | Apr 30, 2023  | Apr 30, 2022   | Apr 30, 2023   | Apr 30, 2022 |
| Convertible debentures 18/23 reclassification from long-term liabilities | 0             | 389            | 0              | 389          |
| Value-added tax  | 63,404        | 81,080         | 0              | 586          |
| Employee withholding taxes   | 12,730        | 18,045         | 811            | 865          |
| Other liabilities  | 9,489         | 4,083          | 1              | 1            |
| <b>Total</b>   | <b>85,623</b> | <b>103,597</b> | <b>812</b>     | <b>1,841</b> |

**Conditions**

For information about the terms for the convertible debentures, see Note 3 Salaries and other remuneration.

**Note 24 Accrued expenses and deferred income**

|   | Group            |                | Parent Company |               |
|---|------------------|----------------|----------------|---------------|
|   | Apr 30, 2023     | Apr 30, 2022   | Apr 30, 2023   | Apr 30, 2022  |
| Accrued social security contributions       | 49,366           | 46,528         | 4,860          | 4,647         |
| Accrued vacation pay                        | 80,160           | 73,400         | 8,303          | 8,152         |
| Accrued accounts payable                    | 42,384           | 47,861         | 2,871          | 2,099         |
| Invoiced non-recognized income <sup>1</sup> | 742,284          | 468,787        | 0              | 0             |
| Other items                                 | 218,488          | 204,617        | 3,002          | 1,766         |
| <b>Total</b>                                | <b>1,132,682</b> | <b>841,193</b> | <b>19,036</b>  | <b>16,664</b> |

<sup>1</sup> Refer to Note 2.

**Note 25 Pledged assets and contingent liabilities**

|                                      | Group         |               | Parent Company |               |
|--------------------------------------|---------------|---------------|----------------|---------------|
|                                      | Apr 30, 2023  | Apr 30, 2022  | Apr 30, 2023   | Apr 30, 2022  |
| For bank overdraft facilities        |               |               |                |               |
| Chattel mortgages                    | 36,250        | 36,250        | 11,000         | 11,000        |
| <b>Total pledged assets</b>          | <b>36,250</b> | <b>36,250</b> | <b>11,000</b>  | <b>11,000</b> |
| Guarantees on behalf of subsidiaries |               |               | 78,421         | 80,033        |
| <b>Total contingent liabilities</b>  |               |               | <b>78,421</b>  | <b>80,033</b> |

**Note 26 Cash flow****Adjustment for non-cash items**

|  | Group          |               | Parent Company |               |
|--|----------------|---------------|----------------|---------------|
|  | 22/23          | 21/22         | 22/23          | 21/22         |
| Depreciation/amortization and impairment | 91,939         | 81,216        | 1,488          | 2,074         |
| Unrealized exchange-rate differences     | 8,461          | -10,183       | 4,038          | 18,703        |
| Reversal of provision/provision          | 20,951         | 3,963         | -1,366         | -3,619        |
| Gain/loss on the sale of fixed assets    | 0              | -527          | 0              | 0             |
| <b>Total</b>                             | <b>121,351</b> | <b>74,469</b> | <b>4,160</b>   | <b>17,158</b> |

**Note 27 Related parties**

The Group's related parties comprise subsidiaries, Group Management and the Board of Directors as well as other key persons in senior positions. Other than sales between Group companies (refer to Note 2) and remuneration to senior executives (refer to Note 3), no significant transactions with related parties took place.

**Note 28 Measurement of financial assets and liabilities**

| <b>Group Apr 30, 2022</b>          | <b>Financial assets<br/>measured at<br/>amortized cost</b> | <b>Financial liabilities<br/>measured at<br/>amortized cost</b> | <b>Total<br/>carrying amount</b> | <b>Fair<br/>value</b> |
|------------------------------------|--|---|----------------------------------|-----------------------|
| Investments held as fixed assets   | 19   | 0   | 19                               | 19                    |
| Long-term accounts receivable      | 172,620  | 0   | 172,620                          | 172,620               |
| Accounts receivable                | 339,650  | 0   | 339,650                          | 339,650               |
| Cash and bank balances             | 808,775  | 0   | 808,775                          | 808,775               |
| <b>Total financial assets</b>      | <b>1,321,064</b>   | <b>0</b>  | <b>1,321,064</b>                 | <b>1,321,064</b>      |
| Additional purchase consideration  | 0  | 1,538   | 1,538                            | 1,538                 |
| Lease liabilities                  | 0  | 62,235  | 62,235                           | 62,235                |
| Other current liabilities          | 0  | 389   | 389                              | 389                   |
| Accounts payable                   | 0  | 70,503  | 70,503                           | 70,503                |
| <b>Total financial liabilities</b> | <b>0</b>   | <b>134,665</b>  | <b>134,665</b>                   | <b>134,665</b>        |

| <b>Group Apr 30, 2023</b>          | <b>Financial assets<br/>measured at<br/>amortized cost</b> | <b>Financial liabilities<br/>measured at<br/>amortized cost</b> | <b>Total<br/>carrying amount</b> | <b>Fair<br/>value</b> |
|------------------------------------|--|---|----------------------------------|-----------------------|
| Investments held as fixed assets   | 20   | 0   | 20                               | 20                    |
| Long-term accounts receivable      | 125,204  | 0   | 125,204                          | 125,204               |
| Accounts receivable                | 386,153  | 0   | 386,153                          | 386,153               |
| Short-term investments             | 120,000  | 0   | 120,000                          | 120,000               |
| Cash and bank balances             | 825,242  | 0   | 825,242                          | 825,242               |
| <b>Total financial assets</b>      | <b>1,456,619</b>   | <b>0</b>  | <b>1,456,619</b>                 | <b>1,456,619</b>      |
| Additional purchase consideration  | 0  | 563   | 563                              | 563                   |
| Lease liabilities                  | 0  | 82,262  | 82,262                           | 82,262                |
| Accounts payable                   | 0  | 67,425  | 67,425                           | 67,425                |
| <b>Total financial liabilities</b> | <b>0</b>   | <b>150,250</b>  | <b>150,250</b>                   | <b>150,250</b>        |

The earnings effect of impairment losses and reversals of previous impairment on bad debt losses was SEK 712 thousand (-1,307), net. No gains or losses were recognized in any of the other categories. For cash and cash equivalents and other receivables and liabilities with shorter terms, the carrying amount is considered to correspond to the fair value. In the case of receivables or liabilities with a term exceeding one year, the carrying amount has been discounted. Long-term financial liabilities pertain to convertible debentures and the time to expiration is one to four years. Other financial liabilities have a time to expiration of less than one year.

## Note 29 Risks, risk management and sensitivity analysis

### Risks related to operations

Sectra's risks related to operations are limited. As a general rule, customers' operations are financed directly or indirectly with public funds and solvency is excellent, although payment practices can vary between different countries. Because Sectra is active in a large number of geographic markets, the Group's overall exposure to political and market risks, for example, is limited. The largest individual risks related to operations are described below.

#### Customers and partners

Sectra's five largest partners and customers jointly account for 13.8% (13.2) of consolidated sales. No individual customer accounts for more than 10% of consolidated sales. Although sales to each customer are often divided among a number of agreements, the proportion of long-term managed-services agreements has increased and, therefore, the loss of a major customer could have a significant effect on the Group's long-term earnings and financial position. Due to the continuous expansion of operations, the proportion of the Group's business volume represented by each individual partner and customer is gradually declining.

#### Product liability and property risks

Through its operations, Sectra assumes product liability, which means that personal injury or damage to property caused by the company's systems at the premises of a customer or third party could lead to a claim being made against Sectra. Insurance policies have been taken out for the property and liability risks to which the Group is exposed.

#### Intellectual property rights

Sectra is a leader in the areas in which the Group operates and invests substantial resources in product development. To ensure a return on these investments, Sectra works continuously to analyze the requirements for different products in terms of intellectual property rights, and to identify and protect inventions through patents.

#### Other business risks

The prices for medical systems in the world market are largely governed by major international companies. Accordingly, the USD and EUR exchange rates have an effect on the price structure and competitiveness. Other business risks, such as market risks, suppliers, technical development, dependence on individual persons, cybersecurity threats and ethical risks are analyzed continuously. Measures are taken as needed to reduce the Group's risk exposure.

### Financial risks

Sectra is exposed to financial risks pertaining to currency, interest, financing and liquidity risks. Rules and authority for management of financial transactions and risks are described in the Group's financial policy, which is determined by the Board. Responsibility for management of financial transactions and risks is centralized to the Parent Company's finance department. The aim is to support the Group's business activities by identifying and limiting the Group's financial risks, providing cost-efficient financing of Group companies and managing cash and cash equivalents on market terms.

#### Currency exchange risks

The Group's exposure to currency exchange risks arises through transactions in foreign currencies in the form of customer and supplier payments and in connection with the translation of foreign subsidiaries' income statements and balance sheets. In accordance with the Group's financial policy, subsidiary financing is to be carried out in the local currency and currency exposure pertains mainly to USD, GBP and EUR.

Operating profit for the year includes an exchange gain of SEK 758 thousand (23) and net financial items include an exchange gain of SEK 13,950 thousand (5,708).

The Group does not normally hedge currency flows since the potential gains over the long term are not expected to be significant. Sectra monitors payment flows in foreign currencies on an ongoing basis, and hedging of transaction exposure may be implemented if the expected predictability increases significantly.

### Group revenue and expenses in various currencies

#### SEK million

| Currency         | Revenue        |                  | Expenses        |                   | Net exposure |                |
|------------------|----------------|------------------|-----------------|-------------------|--------------|----------------|
| SEK              | 459.3          | (358.9)          | -746.8          | (-633.5)          | -287.5       | (-274.6)       |
| USD              | 701.6          | (554.4)          | -430.7          | (-333.1)          | 270.9        | (221.3)        |
| EUR              | 391.2          | (384.8)          | -275.2          | (-224.1)          | 116.0        | (160.7)        |
| GBP              | 381.3          | (370.2)          | -245.5          | (-254.8)          | 135.8        | (115.4)        |
| Other currencies | 417.4          | (280.8)          | -252.6          | (-164.5)          | 164.8        | (116.3)        |
| <b>Total</b>     | <b>2,350.8</b> | <b>(1,949.1)</b> | <b>-1,950.8</b> | <b>(-1,610.0)</b> | <b>400.0</b> | <b>(339.1)</b> |

#### Interest-rate risks

Changes in market interest rates could affect the Group's earnings. The Group's interest-bearing assets are mainly short-term in nature, and pertain to securities that can be liquidated at short notice in the event of major changes in the general interest rate situation. On the balance-sheet date, the Group's interest-bearing assets exceeded its interest-bearing liabilities, which means that the Group's interest-rate risk has a negative impact when the interest rate is lowered and a positive impact when the interest rate is raised.

#### Credit risks

The Group's credit risks can be divided into risks related to the customer's ability to pay as agreed and counterparty risks in conjunction with financial transactions.

Customer credit risk means that the customer fails to fulfill its undertaking for payment of customer invoices. The Group has set guidelines to ensure that customers have high credit ratings. Long-term accounts receivable and contract assets are not yet invoiced and therefore have no maturity history. These customer contracts are often unique in terms of character and content, and it is not deemed possible to classify them according to separate credit risk rating groups with sufficient forecastability (refer to Note 17). Sectra's customers consist largely of government agencies and other highly reputable customers with high credit ratings, and whose credit risk is considered to be extremely low. To minimize customer credit risks in fixed-price projects, Sectra makes extensive use of advance partial payments.

### Age analysis of the Group's current accounts receivable

| SEK million                                       | Apr 30, 2023 | Apr 30, 2022 |
|---|--------------|--------------|
| Accounts receivable not due for payment           | 238.4        | 240.2        |
| Accounts receivable overdue by 0–60 days          | 112.4        | 60.5         |
| Accounts receivable overdue by more than 60 days  | 19.5         | 14.4         |
| Accounts receivable overdue by more than 120 days | 18.5         | 28.4         |
| Reserve for expected credit losses                | -2.6         | -3.8         |
| <b>Total</b>                                      | <b>386.2</b> | <b>339.7</b> |

Counterparty risks arise in financial transactions and cash management in conjunction with the Group having claims on banks and other securities issuers. The maximum credit exposure and credit rating for approved counterparties is described in the Group's financial policy. To minimize credit risks, Sectra only uses counterparties with high credit ratings and invests in high-quality instruments.

#### Liquidity risks

To minimize liquidity risks, excess liquidity may only be placed in bank deposits, or in securities that can be liquidated at short notice, and which have a smoothly functioning secondary market. A short-term investment of excess liquidity was made during the fiscal year. Unutilized bank overdraft facilities are used in the event of temporarily elevated liquidity needs.

**Note 29 Risks, risk management and sensitivity analysis, cont.**

Overdraft facilities were not utilized during the fiscal year or comparative year. The Parent Company monitors the Group's liquidity continually by compiling liquidity forecasts as a basis for investments or short and long-term borrowing.

On the balance-sheet date, the Group's unutilized credit facilities amounted to SEK 15,000 thousand (15,000).

**Sensitivity analysis**

The Group's earnings depend mainly on product sales and the cost of personnel and materials. The analysis below is based on the figures from the 2022/2023 fiscal year and how the variables named would have affected profit after net financial items if no measures such as hedging or adaptation of resources had been taken. Each variable is treated individually, provided the others remain unchanged. The analysis is not claimed to be precise, but is merely indicative.

| Variable                   | Change | Effect on profit after financial items |
|----------------------------|--------|--|
| Net sales/<br>gross profit | +/- 1% | +/- SEK 20.9 million (+/- 16.6)        |
| Cost of materials          | +/- 1% | +/- SEK 2.6 million (+/- 2.9)          |
| Personnel costs            | +/- 1% | +/- SEK 11.7 million (+/- 9.5)         |
| Interest rate levels       | +/- 1% | +/- SEK 8.2 million (+/- 6.3)          |
| Exchange-rate changes:     |        |  |
| SEK/USD rate               | +/- 1% | +/- SEK 3.6 million (+/- 2.8)          |
| SEK/EUR rate               | +/- 1% | +/- SEK 2.7 million (+/- 2.1)          |
| SEK/GBP rate               | +/- 1% | +/- SEK 1.4 million (+/- 1.1)          |

In the event that the SEK weakens by 1% against the USD, GBP or EUR, profit after net financial items would improve by SEK 7.7 million.

**Note 30 Asset management**

The Group's financial goals have been determined by the Board. The goal is to have a favorable and flexible capital structure so that it can be changed if the conditions for operations or for different borrowing alternatives change and maintain financial stability. The Group's equity/assets ratio goal is 30%. In the 2022/2023 fiscal year, the Group's equity/assets ratio was 47.4% (49.3).

The Group's capital is defined as total equity less any positive unrealized changes in value and amounted to SEK 1,296,669 thousand (1,080,737) at April 30, 2023. Sectra's operations have previously been characterized by major seasonal variations during the fiscal year, which is why the Board aims to maintain a healthy capital structure with a low debt/equity ratio. In the 2022/2023 fiscal year, the Group's debt/equity ratio was 0.06 (0.06).

**Note 31 Proposed appropriation of profits**

The following funds in the Parent Company are at the disposal of the AGM (SEK thousand).

|                         |                |
|-------------------------|----------------|
| Share premium reserve   | 134,851        |
| Retained earnings       | 103,620        |
| Net profit for the year | 326,851        |
| <b>Total</b>            | <b>565,322</b> |

The Board and President propose that the profits be appropriated so that SEK 565,322 thousand is carried forward. In addition, it is proposed that the AGM resolves that SEK 1.10 per share be distributed to the shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital. This entails a transfer of SEK 211,934 thousand to the company's shareholders. No ordinary dividend is proposed.

**Note 32 Events after the balance-sheet date**

No events resulting in adjustments or significant events not resulting in adjustments took place between April 30 and the approval date for the publication of the financial statements.

**Note 33 Financial definitions and alternative performance measures**

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

**Share of recurring revenue**

| Purpose   | Calculation   |
|---|---|
| Shows the portion of external revenue 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. | Recurring revenue divided by total external sales, refer to Note 2. |

| Gross margin<br>SEK thousand             | 22/23       | 21/22       |
|--|-------------|-------------|
| Operating profit                         | 455,653     | 383,386     |
| Depreciation/amortization and impairment | 91,939      | 81,216      |
| Net sales                                | 2,350,752   | 1,949,140   |
| <b>Gross margin, %</b>                   | <b>23.3</b> | <b>23.8</b> |

| Purpose   | Calculation   |
|---|---|
| Provides an indication of the financial results without the effect of non-cash items. | Operating profit before depreciation, amortization and impairment as a percentage of net sales. |

| Recurring revenue churn<br>SEK thousand  | 22/23      | 21/22    |
|--|------------|----------|
| Recurring revenue from customer contracts that have been concluded or not been renewed | 18,225     | -        |
| Recurring revenue  | 1,359,895  | -        |
| <b>Recurring revenue churn, %</b>  | <b>1.3</b> | <b>-</b> |

| Purpose  | Calculation  |
|--|--|
| Indicates the share of recurring revenue from customer contracts that have been concluded or not been renewed. | Recurring revenue from customer contracts that have been concluded or not been renewed divided by total recurring revenue. |

| Dividend yield                    | Apr 30, 2023 | Apr 30, 2022 |
|-----------------------------------|--------------|--------------|
| SEK                               |              |              |
| Dividends                         | 1.10         | 1.00         |
| Share price on balance-sheet date | 161.70       | 124.80       |
| <b>Dividend yield, %</b>          | <b>0.7</b>   | <b>0.8</b>   |

| Purpose   | Calculation  |
|---|--|
| Shows the percentage of the investment returned in the form of dividends. | Dividend as a percentage of the share price on the balance-sheet date. |

**Note 33 Financial definitions and alternative performance measures, cont.****Equity per share before dilution**

|   | Apr 30,<br>2023 | Apr 30,<br>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     |
| <b>Equity per share before dilution, SEK</b>              | <b>6.73</b>     | <b>5.61</b>     |

| Purpose | Calculation |
|---------|-------------|
|---------|-------------|

|   |  |
|---|--|
| Measures the company's net value per share and shows if a company is increasing shareholder capital over time given currently available participations. | Equity divided by the number of shares before dilution at the end of the period. |
|---|--|

**Equity per share after dilution**

|  | Apr 30,<br>2023 | Apr 30,<br>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     |
| <b>Equity per share after dilution, SEK</b>              | <b>6.73</b>     | <b>5.61</b>     |

| Purpose | Calculation |
|---------|-------------|
|---------|-------------|

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

**Research and development costs**

| SEK thousand   | Apr 30,<br>2023 | Apr 30,<br>2022 |
|--|-----------------|-----------------|
| Research and development (R&D) costs                 | 269,809         | 248,299         |
| Net sales  | 2,350,752       | 1,949,140       |
| <b>Percentage of sales re-invested in R&amp;D, %</b> | <b>11.5</b>     | <b>12.7</b>     |

| Purpose | Calculation |
|---------|-------------|
|---------|-------------|

|  |                                 |
|--|---------------------------------|
| Demonstrates the proportion of sales re-invested in R&D. | R&D costs divided by net sales. |
|--|---------------------------------|

**Value added**

| SEK thousand       | 22/23            | 21/22            |
|--------------------|------------------|------------------|
| Operating profit   | 455,653          | 383,386          |
| Personnel costs    | 1,169,329        | 945,176          |
| <b>Value added</b> | <b>1,624,982</b> | <b>1,328,562</b> |

| Purpose | Calculation |
|---------|-------------|
|---------|-------------|

|  |  |
|--|--|
| Shows the value of the company's production. | Operating profit plus personnel costs. |
|--|--|

**Value added per employee**

|  | 22/23      | 21/22      |
|--|------------|------------|
| Operating profit, SEK thousand                       | 455,653    | 383,386    |
| Personnel costs, SEK thousand                        | 1,169,329  | 945,176    |
| Average number of employees at the end of the period | 1,015      | 908        |
| <b>Value added per employee, SEK million</b>         | <b>1.6</b> | <b>1.5</b> |

| Purpose | Calculation |
|---------|-------------|
|---------|-------------|

|   |   |
|---|---|
| Shows the value of the company's production per employee. | Operating profit plus personnel costs divided by the average number of employees. |
|---|---|

**Investments**

| SEK thousand           | 22/23          | 21/22         |
|------------------------|----------------|---------------|
| Intangible investments | 55,752         | 44,272        |
| Tangible investments   | 37,036         | 30,103        |
| Short-term investment  | 120,000        | 0             |
| <b>Investments</b>     | <b>212,788</b> | <b>74,375</b> |

| Purpose | Calculation |
|---------|-------------|
|---------|-------------|

|                                  |  |
|----------------------------------|--|
| Shows the company's investments. | Acquisition of intangible and tangible assets during the period and short-term investments of cash and cash equivalents. |
|----------------------------------|--|

**Non-interest-bearing liabilities and interest-bearing liabilities**

|                                  | 22/23            | 21/22            |
|----------------------------------|------------------|------------------|
| Non-interest-bearing liabilities | 1,357,736        | 1,048,551        |
| Interest-bearing liabilities     | 82,262           | 62,624           |
| <b>Total liabilities</b>         | <b>1,439,998</b> | <b>1,111,175</b> |

| Purpose | Calculation |
|---------|-------------|
|---------|-------------|

|   |   |
|---|---|
| Indicates the proportion of the Company's liabilities with and without interest. Included in the calculation of the debt/equity ratio and capital employed. | Non-interest-bearing liabilities refers to liabilities that are normally without interest, such as accounts payable. Interest-bearing liabilities refers to liabilities with interest, such as convertible loans and lease liabilities. |
|---|---|

**Cash flow per share before dilution**

|   | 22/23       | 21/22       |
|---|-------------|-------------|
| Cash flow from operations, SEK thousand                   | 440,488     | 616,922     |
| Number of shares before dilution at the end of the period | 192,667,489 | 192,662,325 |
| <b>Cash flow per share before dilution, SEK</b>           | <b>2.29</b> | <b>3.20</b> |

| Purpose | Calculation |
|---------|-------------|
|---------|-------------|

|   |   |
|---|---|
| Shows the cash flow the company generated per share before capital investments and financing. | Cash flow from operations divided by the number of shares before dilution at the end of the period. |
|---|---|

**Cash flow per share after dilution**

|  | 22/23       | 21/22       |
|--|-------------|-------------|
| Cash flow from operations, SEK thousand                  | 440,488     | 616,922     |
| Number of shares after dilution at the end of the period | 192,667,489 | 192,667,455 |
| <b>Cash flow per share after dilution, SEK</b>           | <b>2.29</b> | <b>3.20</b> |

| Purpose | Calculation |
|---------|-------------|
|---------|-------------|

|   |  |
|---|--|
| Shows the cash flow the company generated per share before capital investments and financing. | Cash flow from operations divided by the number of shares after dilution at the end of the period. |
|---|--|

**Ratio of order bookings to net sales**

| SEK thousand                                | 22/23       | 21/22       |
|---|-------------|-------------|
| Order bookings                              | 4,635,715   | 2,320,198   |
| Net sales                                   | 2,350,752   | 1,949,140   |
| <b>Ratio of order bookings to net sales</b> | <b>1.97</b> | <b>1.19</b> |

| Purpose | Calculation |
|---------|-------------|
|---------|-------------|

|   |                                      |
|---|--------------------------------------|
| Provides an indication of demand for the company's products and services. | Order bookings divided by net sales. |
|---|--------------------------------------|

**Note 33 Financial definitions and alternative performance measures, cont.****Liquidity**

| SEK thousand               | Apr 30,<br>2023 | Apr 30,<br>2022 |
|----------------------------|-----------------|-----------------|
| Current assets             | 2,208,381       | 1,669,592       |
| Overdraft facility granted | 15,000          | 15,000          |
| Current liabilities        | 1,364,641       | 1,064,688       |
| <b>Liquidity</b>           | <b>1.6</b>      | <b>1.6</b>      |

| Purpose                                     | Calculation  |
|---|--|
| Shows the company's current ability to pay. | Current assets plus overdraft facility divided by current liabilities. |

**Average no. of employees**

| Purpose  | Calculation  |
|--|--|
| Shows the number of full-time positions in a certain period. | Average number of full-time employees during the period. |

**Unadjusted exchange rates – sales**

|   | 22/23       | 21/22       |
|---|-------------|-------------|
| Nominal change, %                             | 20.6        | 19.4        |
| Exchange-rate effect, %                       | -8.0        | -2.5        |
| <b>Change in unadjusted exchange rates, %</b> | <b>12.6</b> | <b>16.9</b> |

| Purpose  | Calculation  |
|--|--|
| Provides an indication of changes in financial measures for unadjusted exchange rates. | 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**

|   | 22/23      | 21/22      |
|---|------------|------------|
| Nominal change, %                             | 18.9       | 9.5        |
| Exchange-rate effect, %                       | -16.3      | -4.7       |
| <b>Change in unadjusted exchange rates, %</b> | <b>2.6</b> | <b>4.8</b> |

| Purpose  | Calculation  |
|--|--|
| Provides an indication of changes in financial measures for unadjusted exchange rates. | 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**

|   | 22/23       | 21/22      |
|---|-------------|------------|
| Nominal change, %                             | 25.8        | 11.7       |
| Exchange-rate effect, %                       | -7.5        | -2.1       |
| <b>Change in unadjusted exchange rates, %</b> | <b>18.3</b> | <b>9.6</b> |

| Purpose  | Calculation  |
|--|--|
| Provides an indication of changes in financial measures for unadjusted exchange rates. | 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**

| Purpose                                  | Calculation  |
|--|--|
| Indicates future revenue in the company. | Value of orders received or changes to earlier orders during the reporting period. |

**P/E ratio**

|  | Apr 30,<br>2023 | Apr 30,<br>2022 |
|--|-----------------|-----------------|
| Share price at end of period, SEK                                  | 161.7           | 124.8           |
| Earnings per share before dilution for the rolling 12-month period | 1.95            | 1.63            |
| <b>P/E ratio, multiple</b>   | <b>82.9</b>     | <b>76.6</b>     |

| Purpose  | Calculation   |
|--|---|
| Shows how highly the market values the company's profits and how long it will take for the shareholders to get a return on their investment. | 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**

|   | 22/23       | 21/22       |
|---|-------------|-------------|
| Profit after tax, SEK thousand                                    | 374,957     | 314,793     |
| Average number of shares at the end of the period before dilution | 192,664,046 | 192,639,088 |
| <b>Earnings per share before dilution, SEK</b>                    | <b>1.95</b> | <b>1.63</b> |

| Purpose   | Calculation  |
|---|--|
| Shows each share's participation in the company's earnings during the reporting period. | 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**

|  | 22/23       | 21/22       |
|--|-------------|-------------|
| Profit after tax, SEK thousand                                   | 374,957     | 314,793     |
| Average number of shares at the end of the period after dilution | 192,667,466 | 192,667,355 |
| <b>Earnings per share after dilution, SEK</b>                    | <b>1.95</b> | <b>1.63</b> |

| Purpose   | Calculation   |
|---|---|
| Shows each share's participation in the company's earnings during the reporting period, taking potential shares that may arise after conversion into account. | Profit/loss after tax divided by the average number of shares after dilution at the end of the period. This performance measure is defined in accordance with IFRS. |

**Return on equity  
SEK thousand**

|                            | 22/23       | 21/22       |
|----------------------------|-------------|-------------|
| Profit for the period      | 374,957     | 314,793     |
| Equity at start of period  | 1,080,737   | 895,623     |
| Equity at end of period    | 1,296,669   | 1,080,737   |
| Average equity             | 1,188,703   | 988,180     |
| <b>Return on equity, %</b> | <b>31.5</b> | <b>31.9</b> |

| Purpose  | Calculation                                      |
|--|--|
| Shows the return on capital attributable to the Parent Company owners. | Profit for the period divided by average equity. |

**Note 33 Financial definitions and alternative performance measures, cont.****Return on capital employed (ROCE)**

| SEK thousand                         | 22/23       | 21/22       |
|--------------------------------------|-------------|-------------|
| Profit after financial items         | 479,390     | 394,505     |
| Financial expenses                   | -2,062      | -1,555      |
| Average capital employed             | 1,261,146   | 1,056,218   |
| <b>Return on capital employed, %</b> | <b>38.2</b> | <b>37.5</b> |

| Purpose  | Calculation   |
|--|---|
| Shows profitability based on how much capital is used in the operations. | Profit after financial items plus financial expenses divided by average capital employed. |

**Return on total capital**

| SEK thousand                      | 22/23       | 21/22       |
|-----------------------------------|-------------|-------------|
| Profit after financial items      | 479,390     | 394,505     |
| Financial expenses                | -2,062      | -1,555      |
| Average total assets              | 2,464,289   | 1,921,932   |
| <b>Return on total capital, %</b> | <b>19.5</b> | <b>20.6</b> |

| Purpose                           | Calculation   |
|-----------------------------------|---|
| Shows the return on total assets. | Profit after financial items plus financial expenses divided by average total assets. |

**Operating margin**

| SEK thousand               | 22/23       | 21/22       |
|----------------------------|-------------|-------------|
| Operating profit           | 455,653     | 383,386     |
| Net sales                  | 2,350,752   | 1,949,140   |
| <b>Operating margin, %</b> | <b>19.4</b> | <b>19.7</b> |

| Purpose   | Calculation                            |
|---|--|
| Measures operational profitability. This measure is used for the purpose of management by objectives in the operations. | Operating profit divided by net sales. |

**Operating profit per share**

| SEK thousand                           | 22/23       | 21/22       |
|--|-------------|-------------|
| Operating profit, SEK thousand         | 455,653     | 383,386     |
| Number of shares before dilution       | 192,667,489 | 192,662,325 |
| <b>Operating profit per share, SEK</b> | <b>2.36</b> | <b>1.99</b> |

| Purpose   | Calculation   |
|---|---|
| Shows earnings per share before interest and taxes. | 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    |
| <b>Debt/equity ratio</b>     | <b>0.06</b>  | <b>0.06</b>  |

| Purpose   | Calculation                                     |
|---|---|
| Shows to what extent the operations are financed by loans and describes the company's financial risk. | 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    |
| <b>Equity/assets ratio, %</b> | <b>47.4</b>  | <b>49.3</b>  |

| Purpose   | Calculation   |
|---|---|
| Shows the portion of assets financed with equity. This measure is used for the purpose of management by objectives in the operations. | Equity divided by total assets on the balance-sheet date. |

**Capital employed**

| SEK thousand                     | Apr 30, 2023     | Apr 30, 2022     |
|----------------------------------|------------------|------------------|
| Total assets                     | 2,736,667        | 2,191,911        |
| Non-interest-bearing liabilities | 1,357,736        | 1,048,551        |
| <b>Capital employed</b>          | <b>1,378,931</b> | <b>1,143,360</b> |

| Purpose  | Calculation   |
|--|---|
| 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. | Total assets reduced by non-interest-bearing liabilities. |

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

| SEK thousand   | 22/23        | 21/22       |
|--|--------------|-------------|
| Operating profit, per share  | 2.360        | 1.990       |
| Operating profit, per share, five years earlier                        | 1.125        | 1.030       |
| <b>Growth in operating profit per share over a five-year period, %</b> | <b>110.0</b> | <b>93.3</b> |

| Purpose   | Calculation  |
|---|--|
| 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. | 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                 | 22/23       | 21/22       |
|------------------------------|-------------|-------------|
| Profit after financial items | 479,390     | 394,505     |
| Net sales                    | 2,350,752   | 1,949,140   |
| <b>Profit margin, %</b>      | <b>20.4</b> | <b>20.2</b> |

| Purpose   | Calculation  |
|---|--|
| Shows a comparison of profitability regardless of corporate tax rate. | Profit after financial items divided by net sales. |

# Auditor's report

To the general meeting of the shareholders of Sectra AB (publ),  
corporate identity number 556064-8304

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Sectra AB (publ) for the financial year May 1, 2022 – April 30, 2023, except for the statutory sustainability report on pages 72–85. The annual accounts and consolidated accounts of the company are included on pages 66–119 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of April 30, 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of April 30, 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act. Our opinions do not cover the statutory sustainability report on pages 72–85.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Revenue recognition

#### Description

The Company enters into contract arrangements with customers that contain multiple performance obligations, such as transfer of hardware, software, and/or services. For these arrangements, management judgment is applied to allocate revenue to each performance obligation as these obligations are fulfilled at different points in time and/or over time. The Company also has fixed-price projects where performance obligations are fulfilled over time and the completion ratio is primarily determined comparing the incurred cost to estimated total cost. Management judgment is involved in estimating the cost to complete including the assessment of the remaining contingencies for projects until final delivery and acceptance.

Due to the degree of management judgment in arrangements containing multiple performance obligations and fixed-price projects, these types of arrangements have been a key audit matter in our audit.

Accounting principles for revenue recognition are included in note 1 as well as key assumptions and judgments used. In note 2 revenue for each segment is presented.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### How our audit addressed this key audit matter

Our audit procedures in order to address this area, included, amongst others;

- Evaluated the Company's accounting principles for IFRS 15 Revenue from Contracts with Customers.
- Audited on sample basis the contract arrangements that contained multiple performance obligations, in order to test when the revenue was recognized for each performance obligation and if it was in accordance with IFRS 15.
- Examined revenue recognition timing for revenue recognized over time and tested that any deferred revenue was recognized as revenue in the correct period.
- Evaluated significant estimates and judgments made by management.
- Assessed whether the information disclosed in the financial statement is appropriate.

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–65. The remuneration report for financial year May 1, 2022 – April 30, 2023 is considered other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts.

We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Report on the audit of the administration and the proposed appropriations of the company's profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sectra AB (publ) for financial year May 1, 2022 – April 30, 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

## The auditor's examination of the ESEF report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Sectra AB (publ) for the financial year May 1, 2022 – April 30, 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sectra AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16,

Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

#### **The auditor's opinion regarding the statutory sustainability report**

The Board of Directors is responsible for the statutory sustainability report and the extend of Sectra AB's statutory sustainability report is described on page 66, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Sectra AB (publ) by the general meeting of the shareholders on September 8, 2022 and has been the company's auditor since September 8, 2020.

Stockholm, the date stated by our electronic signature  
Ernst & Young AB

**Andreas Troberg**  
Auktoriserad revisor

# Sustainability Report Index

Each year, Sectra communicates the company's sustainability work as part of the Annual Report. The Sustainability Report includes pages 4, 6–7, 14–27 och 72–85. Sectra has reported on the information presented in the index below for the period April 30, 2022 to April 30, 2023 and, in doing so, referred to relevant GRI Standards. The GRI Standard used is GRI 1: Foundation 2021. All page references below refer to Sectra's 2022/2023 Annual Report and Sustainability Report. For questions regarding the Sustainability Report, please contact [info.investor@sectra.com](mailto:info.investor@sectra.com)

| GRI Standard Title                           | Disclosure Number | Location/Comments   |  |
|--|-------------------|---|--|
| <b>General Disclosures</b>                   |                   |   |  |
| The organization and its reporting practices | 2-1               | Organizational details  | 66   |
|  | 2-2               | Entities included in the organization's sustainability reporting            | 66, 109  |
|  | 2-3               | Reporting period, frequency and contact point                               | 66, 120, 124, 127  |
|  | 2-4               | Restatements of information   | The climate reporting for the preceding year encompasses only the Swedish operations. The operations in the Netherlands are not included.  |
|  | 2-5               | External assurance  | 123  |
| Activities and workers                       | 2-6               | Activities, value chain, and other business relationships                   | 4, 6–9, 25, 32–42, 45–49, 73   |
|  | 2-7               | Employees   | 77, 100–102  |
|  | 2-8               | Workers who are not employees   | 77   |
| Governance                                   | 2-9               | Governance structure and composition  | 60   |
|  | 2-10              | Nomination and selection of the highest governance body                     | 60–61  |
|  | 2-11              | Chair of the highest governance body  | 56, 62   |
|  | 2-12              | Role of the highest governance body in overseeing the management of impacts | 60, 62   |
|  | 2-13              | Delegation of responsibility for managing impacts                           | 60, 62   |
|  | 2-14              | Role of the highest governance body in sustainability reporting             | Reviewed by the President and all relevant members of Group Management   |
|  | 2-15              | Conflicts of interest   | 61, 62   |
|  | 2-16              | Communication of critical concerns  | The President keeps the Chairman of the Board up to date on the company's performance and reports any critical matters to the Board without delay  |
|  | 2-17              | Collective knowledge of the highest governance body                         | 56–57  |
|  | 2-18              | Evaluation of the performance of the highest governance body                | 62   |
|  | 2-19              | Remuneration policies   | 69–71, 101   |
|  | 2-20              | Process to determine remuneration   | 69–71, 101   |
|  | 2-21              | Annual total compensation ratio   | 100–101, The Board of Directors Remuneration report <a href="https://investor.sectra.com/governance/corporate-governance/remuneration/">https://investor.sectra.com/governance/corporate-governance/remuneration/</a>                              |
| Strategy, policies and practices             | 2-22              | Statement on sustainable development strategy                               | 12–13, 16  |
|  | 2-23              | Policy commitments  | 74–80  |
|  | 2-24              | Embedding policy commitments  | 16, 72, 79   |
|  | 2-25              | Processes to remediate negative impacts                                     | 64–65, 72–85   |
|  | 2-26              | Mechanisms for seeking advice and raising concerns                          | 78   |
|  | 2-27              | Compliance with laws and regulations  | 60, 64, 65, 75, 76, 78, 80   |
|  | 2-28              | Membership associations   | Sectra holds Board positions and participates in projects and committees with various organizations, including the Royal Swedish Academy of Engineering Sciences, Swedish Medtech and the Swedish Security and Defense Industry Association (SOFF) |

| GRI Standard Title     | Disclosure Number | Location/Comments  |
|------------------------|-------------------|--|
| Stakeholder engagement | 2-29              | Approach to stakeholder engagement   |
|                        | 2-30              | Collective bargaining agreements<br>Sectra offers employment terms and benefits that exceed or are in line with the industry's collective bargaining agreements and has not signed any collective bargaining agreements itself |
| Material Topics        | 3-1               | Process to determine material topics   |
|                        | 3-2               | List of material topics  |
|                        | 3-3               | Management of material topics  |

## List of references

- <sup>1</sup> Report from UN, 2017. World Population Prospects: the 2017 Revision, <https://esa.un.org/unpd/wpp/> (page 29)
- <sup>2</sup> Imaging IT – Core report – World 2023, Signify Research Limited, May 2023 (page 31)
- <sup>3</sup> Digital Pathology – World 2023 report, Signify Research Limited, April 2023 (page 31)
- <sup>4</sup> Orthopedic Software Market, <https://www.marketsandmarkets.com/Market-Reports/orthopedic-software-market-94720371.html> (page 31)
- <sup>5</sup> Ian J. Wallace, Steven Worthington, David T. Felson, Robert D. Jurmain, Kimberly T. Wren, Heli Majanen, Robert J. Woods, Daniel E. Lieberman. Knee osteoarthritis has doubled in prevalence since the mid-20th century. Proceedings of the National Academy of Sciences, 2017. <http://www.pnas.org/content/114/35/9332> (page 31)
- <sup>6</sup> Overview of the world's medical schools: an update. (2014) <https://doi.org/10.1111/medu.12499> (page 31)
- <sup>7</sup> World Directory of Medical Schools, <https://www.wdms.org> (page 31)
- <sup>8</sup> Sectra's visualization table is developed in collaboration with researchers at the Center for Medical Image Science and Visualization (CMIV), Interaktiva Institutet and Visualiseringscenter C (page 41)
- <sup>9</sup> The Global Risks Report 2021, 16th Edition, [http://www3.weforum.org/docs/WEF\\_The\\_Global\\_Risks\\_Report\\_2021.pdf](http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf) (page 44)
- <sup>10</sup> 2022 annual review, MUST, <https://www.forsvarsmakten.se/siteassets/4-om-myndigheten/dokumentfiler/musts-arsoversikter/must-arsoversikt-2022.pdf> (page 44)

# Glossary

## Artificial intelligence (AI)

A collective term for the scientific field that studies the creation of machines and computer programs that display intelligent behavior. AI research encompasses numerous disciplines, including everything from studying philosophical issues to developing tangible technological solutions in such areas as medical diagnostics.

## Cardiology

The field of medicine dealing with the functions and diseases of the heart.

## Clinical training

The part of a nursing or medical school program that is intended to be a practical work placement so that students can meet patients and gain skills that cannot be taught in academic courses.

## Cloud

From the term cloud computing, meaning that computer power is distributed over the internet or company-specific intranets and not on individual computers.

## Critical infrastructure

Basic infrastructure that is essential for the functioning of society, such as healthcare, digital infrastructure, bank-related activities, transportation, energy, and water supply.

## Crypto

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.

## Education portal

A cloud-based platform that provides users with access to a large digital library of quality-assured and anonymous medical cases and images as well as the opportunity for distance learning.

## Genomics

The study of genetic material, meaning an organism's DNA. In medicine, a patient's genetic material is studied to increase understanding of the causes of disease. In cancer diseases, for example, a tumor's mutations are studied in DNA. The genetic information plays an important role in diagnosing cancer and customizing treatment, known as precision medicine.

## Integrated diagnostics

Diagnostic collaboration between different medical specialties, for example, between pathologists and radiologists for diagnosing, treating and monitoring cancer patients. Integrated diagnostics is facilitated by digital technology, computer algorithms, clinical workflows and extended reporting to the patient's physician.

## Mammography

A radiology-based breast examination used to detect breast cancer at an early stage in asymptomatic women.

## Medical diagnostic imaging

Using images (e.g. from radiology examinations or tissue samples) to assess a patient's medical condition. It could, for example, concern detecting an illness, assessing the course of an illness, or providing guidance for suitable treatment.

## Medical IT

Information technology (e.g. software) used in healthcare.

## Musculoskeletal diseases

A collective term for diseases affecting the body's musculoskeletal system, including the skeleton, muscles, joints and tendons.

## Net Promoter Score (NPS)

A key figure for customer loyalty based on the question: "How likely is it that you would recommend this company to a friend or colleague?" The responses are on a scale from 0 to 10, where 0 means "not at all likely" and 10 means "highly likely." The NPS is the sum of the percentage of promoters (i.e. those who responded with 9 or 10) minus the percentage of detractors (i.e. all those who responded between 0 and 6).

## Ophthalmology

A specialist medical area for the diagnosis and treatment of eye disorders.

## Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system, meaning the skeleton, joints, tendons, other connective tissue and peripheral nerves.

## Osteoarthritis

Arthritis or osteoarthritis is an inflammatory disease in the joints where the cartilage in one or several of the body's joints gradually breaks down.

## PACS, Picture Archiving and Communication System

A system for managing medical images, such as digital radiology images.

## Pathology, digital pathology

A specialized medical area that uses tissues and body fluids for diagnostic purposes. By digitizing the workflow, pathologists can review tissue samples digitally instead of with a microscope.

## Precision medicine

Providing patient care that is highly adapted to individual conditions rather than "one size fits all." Advanced diagnostic analyses are a cornerstone of precision medicine.

## Process industry

A type of automated manufacturing industry with several manufacturing processes, such as the paper industry, the petrochemical industry, and iron and steelworks.

## 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.

## SaaS, Software as a Service

This means that software will be delivered as a service. It may also include technology, operation and support in addition to the functionality of the specific software.

## Sectra One/Sectra One Cloud

Subscription for Sectra's enterprise imaging solution. Sectra One means that 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 are utilized. When Sectra One is sold as fully cloud-based services, it is referred to as Sectra One Cloud.

## Virtual private network (VPN)

A technology used to create a secure connection or "tunnel" between two points along an unsecured data network, such as the internet.

## Visualization table

Large, interactive touch screen with an image-viewing program that enables interaction with 3D images of human and animal bodies.

## 2023 AGM

The AGM is scheduled for September 7, 2023 in Linköping, Sweden. Further information, the meeting notice and meeting documentation will be available at [investor.sectra.com/agm2023](https://investor.sectra.com/agm2023)

### Notice

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

Shareholders who wish to receive the notice by email and subscribe for information from the company need to fill in their contact information on the company's website [investor.sectra.com/subscribe](https://investor.sectra.com/subscribe).

### Documents

The complete proposals for resolution and other documents will be available not later than August 17, 2023 (three weeks prior to the AGM) at Sectra's website. Shareholders who wish to receive these documents by mail should contact the company by telephone +46 (0)13 23 52 00 or by email [info.investor@sectra.com](mailto:info.investor@sectra.com).

## Interim Reports 2023/2024

|                          |                    |
|--------------------------|--------------------|
| <b>September 5, 2023</b> | Three-month report |
| <b>December 15, 2023</b> | Six-month report   |
| <b>March 8, 2024</b>     | Nine-month report  |
| <b>June 5, 2024</b>      | Year-end report    |

## Distribution of the Annual Report

The Annual Report is published on Sectra's website. A message will be sent by mail to all shareholders registered with Euroclear Sweden AB on May 31, 2023 announcing that the report is available.

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### Subscription

Financial reports, press releases and corporate governance information are available on the Group's website [investor.sectra.com](https://investor.sectra.com)

To subscribe and receive information by email, register your contact information at [investor.sectra.com/subscribe](https://investor.sectra.com/subscribe)

## Give us your feedback

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

» [investor.sectra.com/irsurvey](https://investor.sectra.com/irsurvey)

We help hospitals and those who are training future healthcare personnel to improve their efficiency so that patients can receive better care. We help authorities and critical social functions with cybersecurity.

# SECTRA

