

Interim report for the May–October 2022 period:

Highest order bookings in Sectra's history

Sectra reported increased sales and its order bookings grew. Success in the US, increased cloud deliveries and positive currency effects contributed to this financial performance. The need for the Group's offering in medical IT and cybersecurity was confirmed by the fact that contracted order bookings reached nearly SEK 2.9 billion for the first half of the year.

REPORT PRESENTATION

December 16, 2022
at 10:00 a.m. CET

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More information on page 14.

THE QUARTER IN BRIEF

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

Second quarter: August–October 2022

- Contracted order bookings rose 41.3% to SEK 664.2 million (470.0), of which SEK 605.6 million (470.0) pertained to guaranteed order bookings. Of the guaranteed order bookings, 15% were recognized during the quarter and a further 34–44% are deemed to pertain to revenue within 12 months after the end of the quarter.
- Net sales increased 34.3% to SEK 561.7 million (418.2). Based on unadjusted exchange rates, the increase was 21.4%. Recurring revenue accounted for SEK 316.4 million (272.4) of net sales, up 16.2%. Based on unadjusted exchange rates, the increase was 6.0%. Cloud recurring revenue (CRR) increased 39.9% to SEK 59.6 million (42.6).
- Operating profit rose 28.6% to SEK 107.6 million (83.7), corresponding to an operating margin of 19.2% (20.0). Based on unadjusted exchange rates, operating profit increased 2.6%.
- Profit after financial items amounted to SEK 118.3 million (83.9).
- Cash flow from operations amounted to SEK 38.9 million (39.6).

Six-month period: May–October 2022

- Contracted order bookings rose 235.9% to SEK 2,899.6 million (863.2), of which SEK 1,310.9 million (863.2) pertained to guaranteed order bookings.
- Net sales rose 26.9% to SEK 1,045.8 million (823.9). Based on unadjusted exchange rates, the increase was 16.1%. Recurring revenue accounted for SEK 626.8 million (525.4) of sales for the period, up 19.3%. Based on unadjusted exchange rates, the increase was 10.4%. CRR increased 29.7% to SEK 109.6 million (84.5).
- Operating profit declined 1.1% to SEK 171.9 million (173.8), corresponding to an operating margin of 16.4% (21.1). Based on unadjusted exchange rates, operating profit decreased 20.5%.
- Profit after financial items amounted to SEK 186.4 million (176.0).
- Cash flow from operations amounted to SEK -25.3 million (49.4) and was mainly attributable to a settlement of current liabilities in the first quarter.

Key figures

SEK million	Quarter			Period			12 months		
	Q2	Q2	Δ	Q1–2	Q1–2	Δ	Rolling	Full-year	Δ
	22/23	21/22	%	22/23	21/22	%	12 months	21/22	%
Contracted order bookings	664.2	470.0	41.3	2,899.6	863.2	235.9	4,356.6	2,320.2	87.8
of which guaranteed order bookings	605.6	470.0	28.9	1,310.9	863.2	51.9	2,767.9	2,320.2	19.3
Net sales	561.7	418.2	34.3	1,045.8	823.9	26.9	2,171.0	1,949.1	11.4
of which recurring revenue	316.4	272.4	16.2	626.8	525.4	19.3	1,182.8	1,081.4	9.4
of which cloud recurring revenue (CRR)	59.6	42.6	39.9	109.6	84.5	29.7	206.5	181.4	13.8
Operating profit	107.6	83.7	28.6	171.9	173.8	-1.1	381.5	383.4	-0.5
Operating margin, %	19.2	20.0	n/a	16.4	21.1	n/a	17.6	19.7	n/a
Profit after financial items	118.3	83.9	41.0	186.4	176.0	5.9	404.9	394.5	2.6
Profit margin, %	21.1	20.1	n/a	17.8	21.4	n/a	18.7	20.2	n/a
Profit for the period	93.9	66.3	41.6	148.0	139.4	6.2	323.4	314.8	2.7
Earnings per share before dilution, SEK ²	0.49	0.34	44.1	0.77	0.72	6.9	1.68	1.63	3.1
Cash flow ¹	38.9	39.6	-1.8	-25.3	49.4	-151.2	542.2	616.9	-12.1
Cash flow per share before dilution ^{1, 2}	0.20	0.21	-4.8	-0.13	0.26	-150.0	2.81	3.20	-12.2
Average no. of employees	1,002	896	11.8	988	882	12.0	962	908	5.9

¹ Cash flow from operations. ² Comparative figures have been restated due to the 5:1 share split carried out in the second quarter of 21/22.

CEO'S COMMENTS

In a time when technology companies in other industries are cutting back on staff, we are continuing to recruit. Being once again named one of the best employers in Sweden, and the very best among product companies, facilitates recruitment and in turn benefits our customers and thereby our shareholders. It is not possible to have satisfied customers without satisfied employees. Together, our employees have successfully created a workplace and a corporate culture that delivers value to our customers around the world.

Order bookings, which are at an all-time high, continued to increase. This is largely due to the growing volumes of medical images that customers are handling in our systems, and to the fact that some contracts have long terms. Activities in secure communications also contributed to the positive order bookings trend.

All operating areas are growing and delivered improved earnings during the quarter, even if this was partly attributable to currency effects. It is important to remember that we are comparing this performance with a pandemic year with temporarily lower costs for trade fairs, customer visits and travel. There were a good deal more of these activities and internal events in the first two quarters of the year, with an accumulated need to travel and meet customers. I've just recently returned home from RSNA in Chicago, the world's largest radiology trade fair. We discussed how Sectra can help existing and new customers manage both growing volumes and the increased complexity in images to be reviewed. Our target for innovation, which can be summarized in the quote "Skate to where the puck is going to be", continues to generate results. Not least within cancer diagnostics, where our investment in a consolidated system for radiology as well as pathology and other images is appreciated by customers. We not only remain far ahead of our competitors in this regard, but have also added genomics to this consolidated diagnostics tool. There was a great deal of interest in our displays in this area at RSNA, and it is clear that Sectra is increasingly being considered a technology leader in software for integrated diagnostics. For example, we were invited to speak at a meeting on this topic hosted by the US National Academies of Sciences, Engineering, and Medicine in March 2023. We were also one of five companies named a "Cybersecurity Transparent Leader" during the fair. This shows that we also maintain a high level of cybersecurity, which is now an increasingly important criterion for healthcare providers.

Imaging IT Solutions received several new orders for service deliveries during the second quarter. The trend towards recurring revenue and cloud deliveries is very positive. In the short term, the transition to service deliveries will slow our growth rate and increase our costs, but this can be partially offset if the currency trend remains favorable.

Secure Communications' performance improved considerably, not least due to the security situation in Europe, although the full impact of this improvement is not yet reflected in earnings.

Progress in digital pathology benefits patients

More tissue samples are being reviewed with our digital technology, and the volumes of pathology images handled in our systems are growing. For patients, digitization leads to shorter wait times and more equitable care. Digitization also makes it possible to use innovative technology such as AI to increase quality and efficiency.

During the current fiscal year, we have increased Sectra's footprint in the pathology market through orders from hospitals in countries like Denmark, France, the UK and South Korea. We are also seeing rapidly growing demand in the US. In the UK, the National Pathology Imaging Co-operative (NPIC) replaced its on-premises solution with a cloud-based service. We have also contributed to additional standardization, with functionality that allows several scanner suppliers to deliver images to Sectra's system. Unfortunately, standardization within pathology is lagging far behind radiology, but we are a leader in handling images from a variety of suppliers despite varying standards for image formats, something that gives us an advantage in the market.



Torbjörn Kronander, President and CEO



+30%

Increase in CRR
compared with
the comparative period

We are also seeing significant international interest in our new focus on IT support for genomics, an area that is closely related to pathology and very important for cancer diagnostics. The combination of medical imaging IT for radiology and pathology, and the initiative we have taken within genomics, is an indication of our customer focus and commitment to developing tomorrow's diagnostics.

The above are just some examples of how we at Sectra provide significant customer value and innovation in order to lead the development of a healthier and safer society together with our customers. The need for greater productivity in healthcare and for cybersecurity is more important than ever. Although the transition to service deliveries will have a short-term dampening effect on sales, it will benefit us and our customers over the long term.

FINANCIAL GOALS

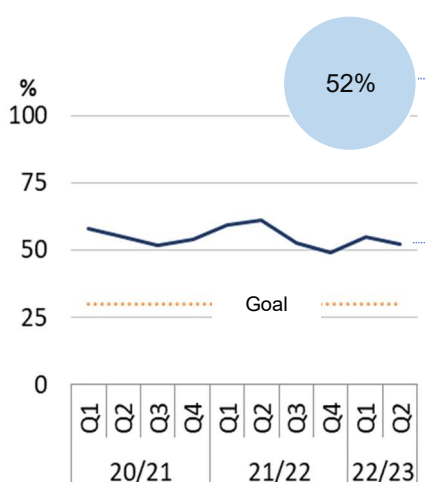
Sectra's overall operational target is to create value for its customers. This is also the Group's most important sustainability target since our customers' work to treat patients, cure diseases and increase cybersecurity is vital for functioning societies. Customers should be so satisfied with their 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, feel good and are satisfied in their jobs will also increasingly develop new, creative solutions that can further increase the value we provide for Sectra's customers.

A healthy financial performance is also important. This is what pays our employees' salaries and enables continued innovation and the investments needed to continue creating value for existing and new customers. Stability and profitability are considered fundamental hygiene factors. Once these goals have been met, the focus shifts to our growth goal, where we reinvest Sectra's profit in areas that have the potential to increase customer value and thereby contribute to stable and long-term returns for our shareholders.

The financial goals are (in order of priority):

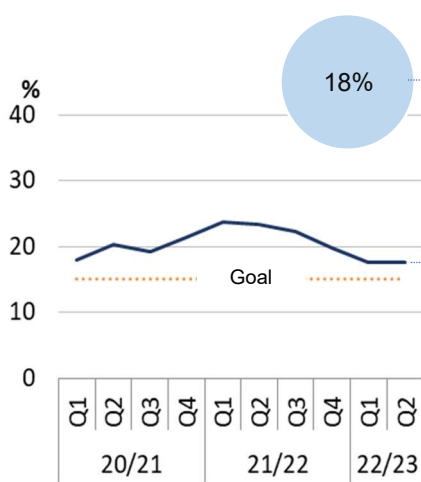
1. Stability:

Equity/assets ratio $\geq 30\%$



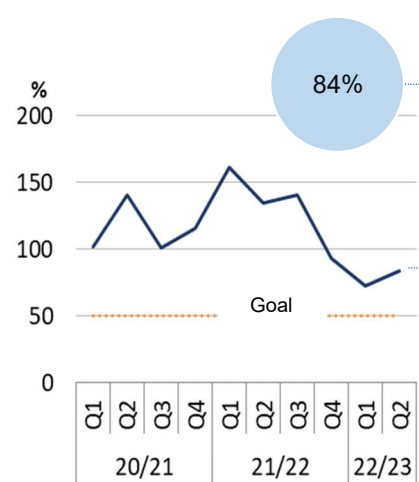
2. Profitability:

Operating margin $\geq 15\%$



3. Earnings growth:

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



— Rolling 12-month outcome, result



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



Diagrams and amounts in the financial report

Bars show the outcome per quarter and lines show the outcome for the rolling 12-month period. Amounts are restated in SEK million unless otherwise indicated.

EVENTS

Second quarter

Imaging IT Solutions

- Several contracts were signed with new customers in the US. Boston Medical Center ordered Sectra's enterprise imaging solution as a subscription (Sectra One). The University of Rochester Medical Center ordered an equivalent solution as a cloud-based subscription service (Sectra One Cloud).
- William Osler Health System in Canada signed a contract for Sectra One. The customer is expanding its orthopaedic solution from Sectra to include radiology and breast imaging. This is Sectra's largest Canadian customer contract to date.
- The leading children's hospital Great Ormond Street Hospital for Children NHS Foundation Trust (GOSH) in the UK ordered Sectra One.
- Three French university hospitals in Bordeaux, Poitiers and Limoges ordered Sectra's solution for digital pathology. The contract is the first order under the four-year framework agreement for digital pathology that was signed earlier this year in France.
- ANregiomed, a regional healthcare system in Germany, signed a contract for medical imaging IT for three hospitals and one medical care center.

Business Innovation

- Sectra launched a new generation of its cloud-based teaching platform Sectra Education Portal. Through our offering, we help hundreds of medical schools who use the platform to bridge the gap between education and their students' professional careers.

Secure Communications

- The Dutch Ministry of Defense is expanding its use of the Sectra Tiger/S mobile encryption system. The order includes equipment that will enable users to send, receive and share documents up to and including the classification level SECRET.

After the end of the reporting period

- An external survey from Universum named Sectra the best employer among product companies in Sweden.
- 453,406 Class C shares were issued, repurchased and converted to Class B shares to secure the company's obligations under its share-based long-term incentive programs.
- Sectra was named a "Cybersecurity Transparent Leader" by Censinet and KLAS Research based on an evaluation of the company's cyber preparedness.



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



Sectra is once again recognized as one of the best employers in Sweden according to Universum's annual survey published in November.

SECTRA'S MARKETS

Sectra plays a key role in meeting the need for medical imaging IT and cybersecurity. We help solve major social problems in these changing markets, where scope for expansion remains. The global trends of an aging population and increased digitization in society mean that these markets will continue to grow. Our customers operate in some of society's most critical functions. Our job is to help customers become more efficient and give them the tools needed to make people's lives healthier, safer and more secure. As stated in Sectra's vision, this is how the company creates value for its customers, shareholders and society as a whole.

IT support for more efficient care and medical education

Today's demographic development and increased survival rates among cancer patients are putting pressure on healthcare. The aging population of the industrialized world entails major challenges. At the same time, the proportion of people of working age is decreasing. In order to maintain high quality of care with fewer people taking care of more patients, particularly more elderly patients with growing needs, healthcare must become more efficient. The growing population of senior citizens is also shining a spotlight on diseases affecting the elderly. The treatment of patients with cancer and skeletal diseases entails enormous challenges. These diseases represent some of the most costly and resource-intensive areas in the healthcare sector and are dependent on medical diagnostic imaging. Healthcare providers across the globe use Sectra's expertise and solutions in this niche market not only to increase productivity and coordinate their resources but also to improve efficiency in orthopaedic surgery through better planning and follow-up. The rapidly growing number of genetic analyses for cancer diagnostics, conducted alongside pathology analyses, is also contributing to a growing market. Sectra also helps to raise the quality of medical education by providing solutions where the user can interact with medical images and share educational materials. We are noting increasing synergies between our operating areas since healthcare is being exposed to cybercrime at an accelerating rate, resulting in, for example, the authorities in the US issuing a particular warning to healthcare providers.

We enable customers to take care of more patients and save more lives at a long-term sustainable cost. This work is carried out in our Imaging IT Solutions and Business Innovation operating areas.

Cybersecurity for a more stable and safer society

The ability to safely and efficiently handle and transmit sensitive information is central to the stability and security of society, particularly when it comes to critical social functions and critical infrastructure. The players in these areas rely on products and services that increase cybersecurity. We have extensive experience of protecting society's most critical communications and control systems and are a strong brand in the niche markets of encryption and secure mobile communications. IT developments in society, political instability in the world, and the growth of cybercrime are creating a greater need for Sectra's expertise and product offerings.

We help customers to provide increased security, thereby contributing to a more stable and safer society. This work is carried out in the Secure Communications operating area.

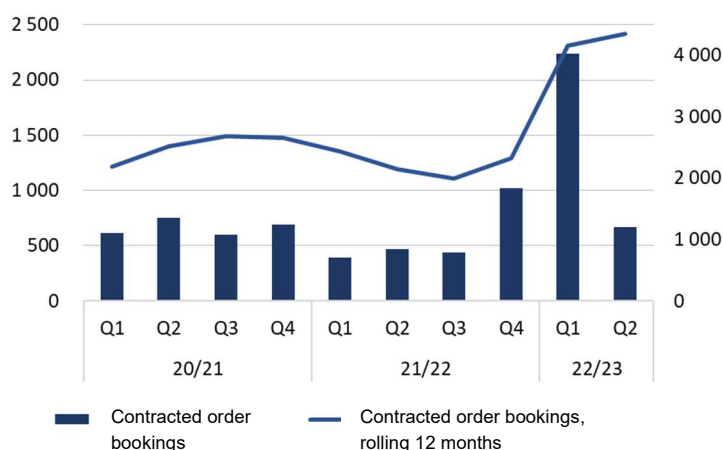
COMMENTS ON THE GROUP'S FINANCIAL OUTCOME

Order bookings

Sectra started the fiscal year with record-high order bookings. Contracted order bookings rose 235.9% to SEK 2,899.6 million (863.2), of which SEK 664.2 million (470.0) pertained to the second quarter. A total of SEK 1,310.9 million (863.2) was guaranteed order bookings, of which SEK 605.6 million (470.0) pertained to the second quarter. The ratio of contracted order bookings to net sales for the latest rolling 12-month period totaled 2.0, up from 1.2 at the end of the previous fiscal year.

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

Contracted order bookings, SEK million



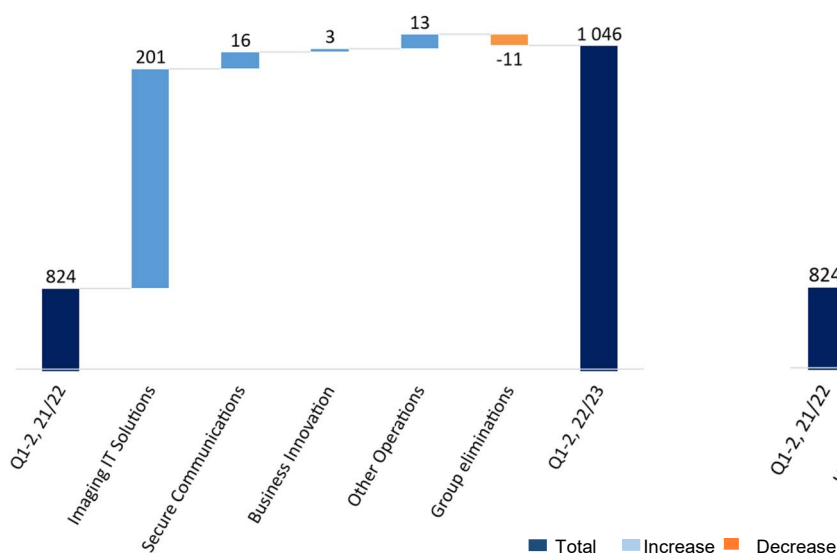
Net sales

Net sales increased 26.9% to SEK 1,045.8 million (823.9), of which SEK 561.7 million (418.2) pertained to the second quarter. Based on unadjusted exchange rates, consolidated sales increased 16.1% in the first half of the year. Imaging IT Solutions was the main contributor to sales growth, although all operating areas reported higher sales compared with the comparative period. The ongoing transition to selling products and software as services, of which cloud deliveries account for a growing share, contributed to an increase in recurring revenue during the period. SEK 626.8 million (525.4) of sales pertained to recurring revenue, of which SEK 316.4 million (272.4) pertained to the second quarter. This represents an increase of 19.3% for the six-month period. Based on unadjusted exchange rates, the increase was 10.4%. CRR rose 29.7% to SEK 109.6 million (84.5), of which SEK 59.6 million (42.6) pertained to the second quarter.

Sectra is growing in five out of six geographic markets, and sales in the Netherlands are on a par with the comparative period. The operations in the US delivered the largest increase, partly due to tailwinds from currency fluctuations. More than 70% of the Group's net sales are carried out in foreign currency, primarily EUR, GBP and USD, which entails a relatively large sensitivity to currency fluctuations.

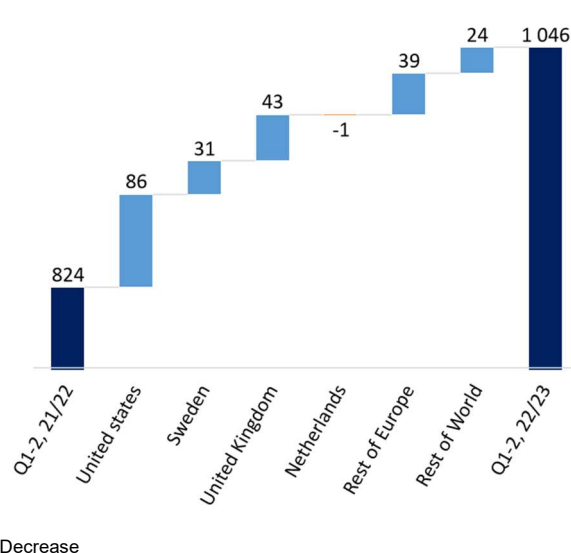
Sales trend per operating area, SEK million

Compared with the corresponding period preceding fiscal year

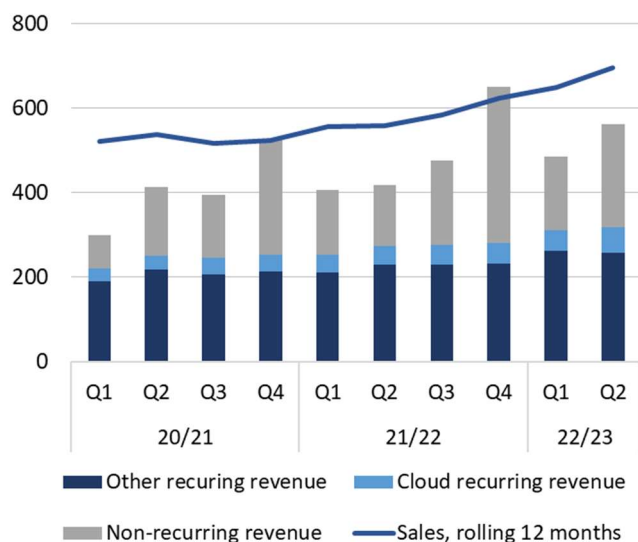


Sales trend per geographic market, SEK million

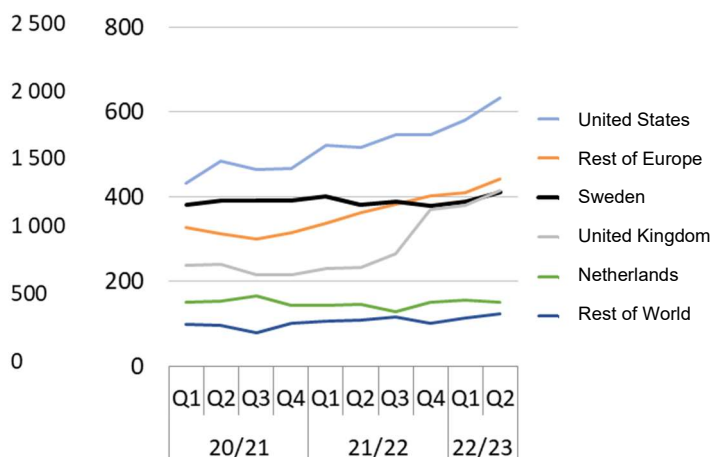
Compared with the corresponding period preceding fiscal year



Sales and recurring revenue, SEK million



Sales by geographic market, SEK million



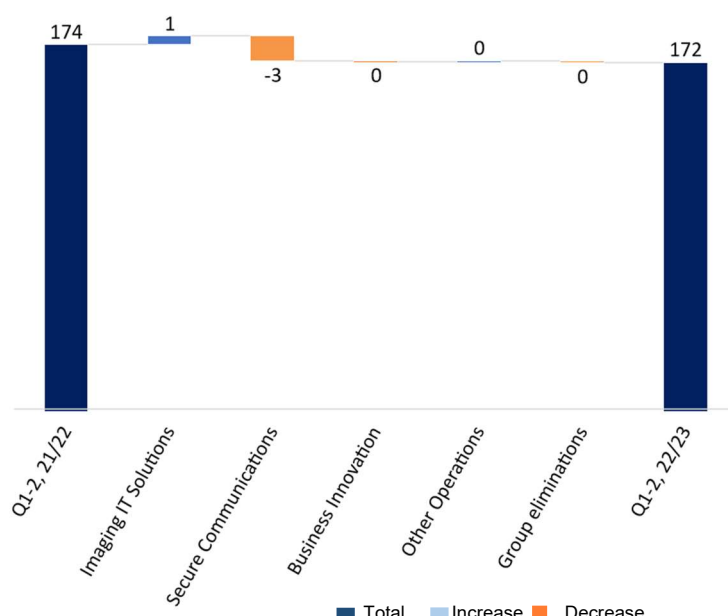
Earnings

The Group's operating profit in the second quarter rose 28.6% to SEK 107.6 million (83.7) and earnings amounted to SEK 171.9 million (173.8) for the six-month period. Based on unadjusted exchange rates, operating profit increased 2.6% from the comparative quarter and decreased 20.5% from the comparative period. The operating margin was 16.4% (21.1), which is higher than the goal of 15%. The change was primarily an effect of strengthening our delivery capacity to meet rising demand and the transition to cloud deliveries. There was also a significantly higher activity level around the world in terms of trade fairs, user meetings, and internal events and courses in the first two quarters of 2022/2023. Additionally, the outcome for the comparative period was unusually strong due to early software deliveries.

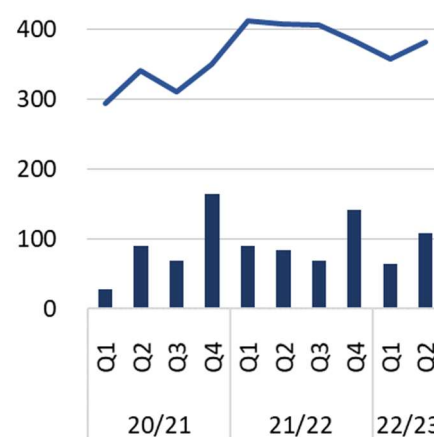
The Group's financial items amounted to SEK 14.5 million (2.2), of which SEK 10.7 million (0.2) pertained to the second quarter. Financial items improved primarily due to changes in exchange rates. Currency fluctuations during the six-month period had an impact of SEK 11.6 million (-0.5) on the Group's financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact on profit or loss or on comprehensive income. Profit after financial items amounted to SEK 186.4 million (176.0), of which SEK 118.3 million (83.9) pertained to the second quarter. This outcome corresponds to a profit margin of 17.8% (21.4) for the six-month period and 21.1% (20.1) for the second quarter. Earnings per share before dilution totaled SEK 0.77 (0.72) for the period, of which SEK 0.49 (0.34) pertained to the second quarter.

Operating profit trend per operating area, SEK million

Compared with the corresponding period preceding fiscal year



Operating profit, Group, SEK



Financial position and cash flow

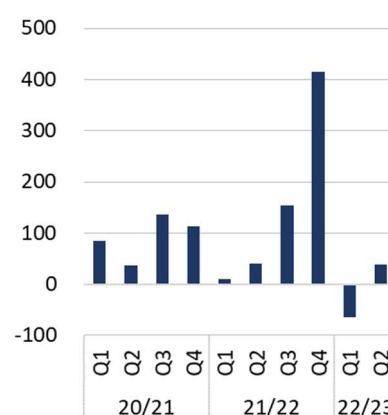
The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 423.6 million (462.3). The Group's debt/equity ratio was 0.05 (0.07) as of the balance-sheet date. Interest-bearing liabilities amounted to SEK 54.0 million (69.8), of which SEK 53.6 million (66.9) pertained to lease liabilities according to IFRS 16.

Cash flow amounted to SEK -25.3 million (49.4) for the period, of which SEK 38.9 million (39.6) pertained to the second quarter. Cash flow was lower than in the year-earlier period, mainly due to a settlement of current liabilities. Cash flow per share amounted to SEK -0.13 (0.26) for the period, of which SEK 0.20 (0.21) pertained to the second quarter.

Cash flow from investing activities amounted to SEK -165.7 million (-29.2), of which SEK -147.6 million (-11.5) was attributable to the second quarter. Refer to the information about investing activities on the next page.

The Group's total cash flow for the period amounted to SEK -395.2 million (8.0). The change compared with the comparative period is mainly a result of the settlement of current liabilities, a short-term cash investment of SEK 120.0 million

Cash flow from operations, Group, SEK million



and a distribution of SEK 192.7 million to shareholders through Sectra's 2022 share redemption program (refer to page 12). The equivalent distribution to shareholders in the previous fiscal year amounted to SEK 173.4 million, but was carried out in the third quarter.

Investments and depreciation/amortization

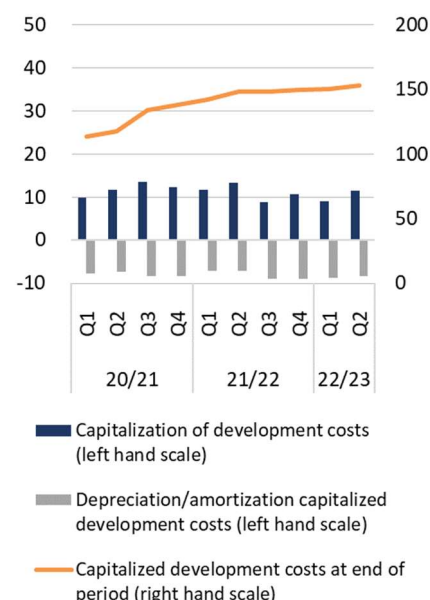
Investments for the period amounted to SEK 165.7 million (29.2), of which SEK 147.6 million (11.5) was attributable to the second quarter. This change was primarily due to a short-term investment of SEK 120.0 million during the second quarter. The outcome includes capitalized work for own use of SEK 20.4 million (25.0), of which SEK 11.5 million (13.3) pertained to the second quarter.

Total depreciation and amortization for the period was SEK 44.3 million (38.1), of which the second quarter accounted for SEK 22.1 million (19.0). SEK 17.2 million (14.4) of the outcome pertained to capitalized development costs, of which SEK 8.4 million (7.2) pertained to the second quarter. Depreciation of right-of-use assets according to IFRS 16 for the period amounted to SEK 13.5 million (12.2), of which SEK 6.9 million (6.2) pertained to the second quarter. At the end of the period, capitalized development costs totaled SEK 153.0 million (148.2).

Seasonal variations

Sectra has historically experienced major seasonal variations, since individual projects can be very large relative to Sectra's sales. This applies for both medical systems and encryption systems. The beginning of the fiscal year is usually weaker since many customers prefer not to put systems into operation during the summer. During the pandemic, this seasonal pattern was affected by when customers were able to accept deliveries, which entailed a certain change from the traditional pattern. The variations in order volumes between individual quarters are significant since certain contracts are very large and have long terms. As Sectra transitions to selling products as a service, this variation is expected to gradually decrease over the next several years since revenue will be spread more evenly over time.

Capitalized development costs, SEK million



Read Sectra's Annual Report at
<https://investor.sectra.com/annual-report>



OPERATING AREA IMAGING IT SOLUTIONS

	The quarter			Period			12 months		
	Q2 22/23	Q2 21/22	Δ %	Q1-2 22/23	Q1-2 21/22	Δ %	Rolling 12 months	Full-year 21/22	Δ %
Sales, SEK million	502.7	374.9	34.1	938.5	737.6	27.2	1,928.1	1,727.2	11.6
of which recurring external revenue	292.9	250.3	17.0	581.0	483.0	20.3	1,092.3	994.4	9.8
of which cloud recurring revenue	56.4	40.9	37.9	103.6	81.1	27.7	194.5	172.0	13.1
Operating profit, SEK million	110.1	91.9	19.8	190.6	189.7	0.5	416.9	416.0	0.2
Operating margin, %	21.9	24.5	n/a	20.3	25.7	n/a	21.6	24.1	n/a

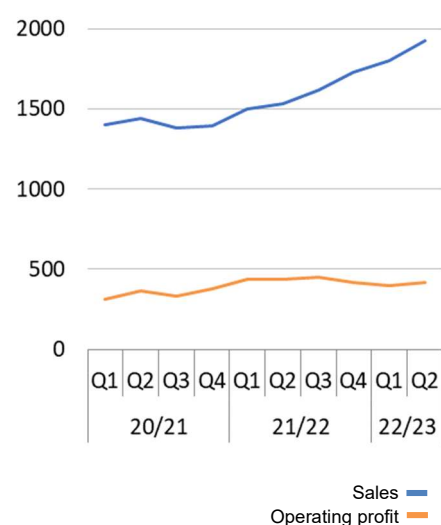
Imaging IT Solutions' reported all-time high order bookings and orders included two very large, multiyear customer contracts. These contracts are with Region Hovedstaden in Denmark, which is the first in Scandinavia to order Sectra One Cloud, and Health and Social Care Service in Northern Ireland, which will collect millions of patient images in a single system. The order from Northern Ireland (NIPACS+) is an extension of a customer relationship that started 14 years ago with a region-wide system for medical imaging. Overall, the operations in the US and Canada reported the largest increase in order bookings from the comparative period, due in part to orders for Sectra One.

Revenue increased as a result of the growing customer base and the positive impact of currency fluctuations. Recurring revenue from cloud-based deliveries also contributed to the positive trend. Among other developments in the second quarter, hospitals in the UK health consortium Surrey and Sussex put Sectra's cloud-based services into operation.

Since our success is based on close collaboration with customers, being able to once again attend user meetings and industry events in person is valuable for us. We arranged and participated in a large number of events during the period. This means that costs for marketing activities and travel were higher than in the comparative period, which was affected by the pandemic.

Earnings were also affected by the fact that the organization was strengthened to meet high demand and by the ongoing transition to service sales and investments in cloud-based deliveries. In the not too distant future, the majority of new customers that purchase Sectra's medical IT solutions are expected to choose cloud-based services. However, it will take a long time for all of our existing healthcare customers to transition to this new model. The transition involves building a new kind of organization and increasing collaboration within and across our various regions. We are also making changes to our product development and processes as well as how we package and sell our offerings. In the long term, this transition will result in more stable and long-term business than traditional license sales, but sales growth will be weaker in the short term.

Trend, SEK



Sectra One is an important component in the transition to cloud deliveries and the ongoing move from traditional license sales to delivering solutions as a service. Sectra One and Sectra One Cloud provide customers with a great deal of flexibility. They can start with individual modules and then expand their use by adding additional functionality, more specialties or increasing the volume of images as their operations grow.



OPERATING AREA BUSINESS INNOVATION

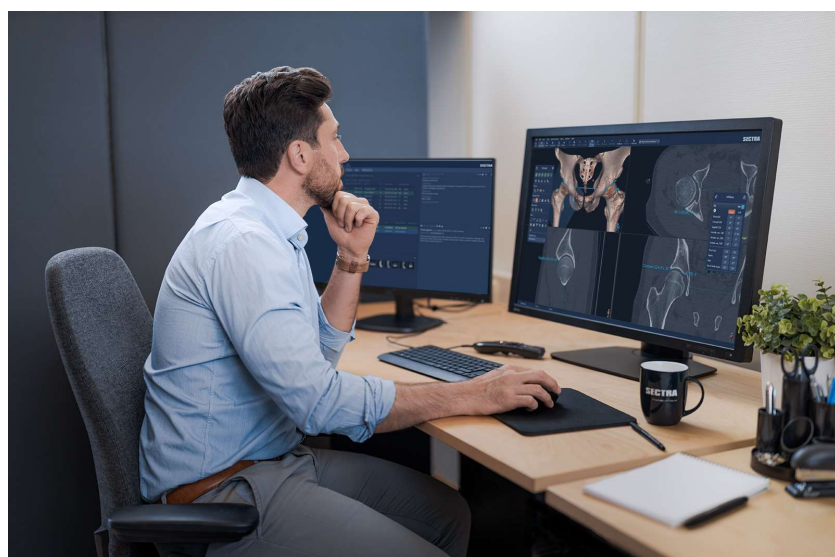
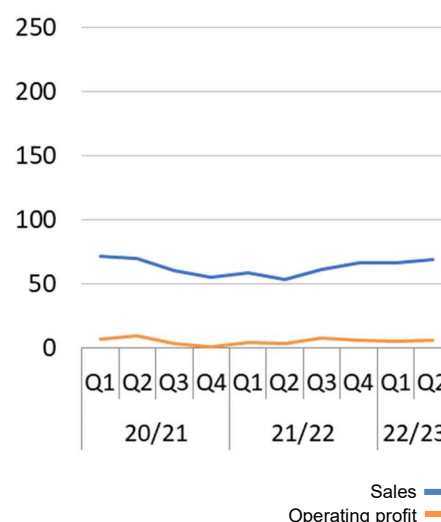
	The quarter			Period			12 months		
	Q2 22/23	Q2 21/22	Δ %	Q1-2 22/23	Q1-2 21/22	Δ %	Rolling 12 months	Full-year 21/22	Δ %
Sales, SEK million	15.7	13.0	20.8	28.4	25.3	12.3	69.5	66.4	4.7
of which recurring external revenue	3.4	2.0	70.0	6.3	3.9	61.5	12.7	10.3	23.3
of which cloud recurring revenue	3.2	1.8	77.8	5.9	3.4	73.5	11.9	9.3	28.0
Operating profit/loss, SEK million	0.6	0.5	20.0	-1.1	-1.0	-10.0	6.0	6.1	1.6
Operating margin, %	3.8	3.8	n/a	neg	neg	n/a	8.6	9.2	n/a

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

As of May 1, 2022, this segment has been expanded to include the Genomics IT business unit. In this unit, Sectra will focus on innovation and development of IT support for precision diagnostics, an area that is becoming increasingly important within cancer diagnostics and personalized medicine.

The operating earnings for the first half of the year was on a par with the preceding year, and the trend for recurring revenue is positive. However, the results of the relatively small business units may vary significantly between quarters and periods. A transition to pay-per-use business models is also under way in these units, which will initially have a dampening effect on sales growth. In the long term, the new business models will result in higher recurring revenue, resulting in fewer variations going forward.

Trend, SEK



Sectra's orthopaedic products and services are sold as part of Imaging IT Solutions' customer offering. When Boston Medical Center in the US ordered Sectra One during the second quarter, orthopaedics and musculo-skeletal functionality for radiologists were important factors in choosing Sectra as a supplier. Another example from the quarter is the Canadian customer William Osler Health System, which chose to expand its use of Sectra One from orthopaedics to also handling radiology and breast imaging.

OPERATING AREA SECURE COMMUNICATIONS

	The quarter			The period			12 months		
	Q2 22/23	Q2 21/22	Δ %	Q1-2 22/23	Q1-2 21/22	Δ %	Rolling 12 months	Full-year 21/22	Δ %
Sales, SEK million	51.3	38.9	31.9	92.9	77.4	20.0	200.4	184.9	8.4
of which recurring external revenue	19.9	20.0	-0.5	39.2	38.1	2.9	77.1	76.1	1.3
Operating profit/loss, SEK million	0.0	-4.0	100.0	-6.5	-3.9	-66.7	-5.6	-3.0	-86.7
Operating margin, %	neg	neg	n/a	neg	neg	n/a	neg	neg	n/a

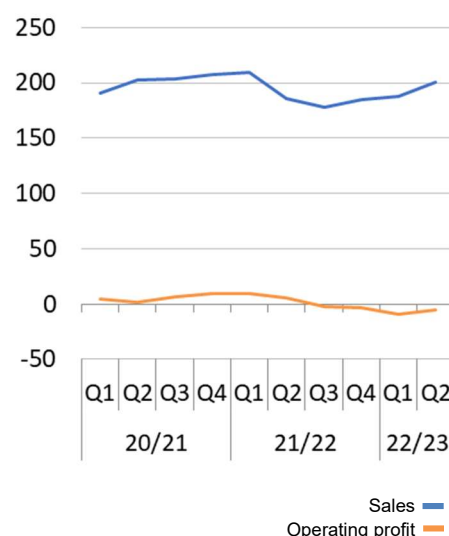
The uncertain geopolitical situation, with an ongoing war in Europe and further tensions worldwide, continues to highlight the importance of defense capabilities and public security. This, in turn, is placing greater demands on communication and fueling the need for investments in high assurance products,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

These needs mean that Secure Communications is growing and that operating profit is moving in the right direction, with break-even earnings during the second quarter. This positive trend is a result of increased revenue. The operations are focusing on delivery, marketing and sales, which will help to strengthen earnings over time. This led to increased order bookings compared with the comparative period. During the second quarter, we received additional orders from customers in Sweden, the Netherlands and other parts of the EU and assignments to develop new functionality. We see this as an indication that the market situation is gradually normalizing after the pandemic years, although certain challenges remain. Demand is growing, while the global shortage of components and strained labor market continue to impact the growth rate.

Ongoing initiatives in Secure Communications include new offerings with the potential to contribute to substantial customer value and growth in all product segments. The operations are characterized by long business cycles, however, and opportunities to carry out important business negotiations during the years of the pandemic were limited. This led to delays, particularly in areas where we are targeting new customers. 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.

On August 1, 2022, Magnus Skogberg took over as the new President of the operating area. He is also a member of Sectra's Group Management. Magnus has extensive experience of the defense and security industry, complex purchasing processes and selling technologically advanced solutions.

Trend, SEK



Our dialogues with customers have intensified. During the period, we participated in a large number of industry events targeted at authorities and defense organizations. One of these was the NATO Edge conference in Belgium, where we demonstrated Sectra crypto products that can help EU and NATO customers protect their communication and secure file transfers of classified information.

OTHER OPERATIONS

	The quarter			The period			12 months		
	Q2 22/23	Q2 21/22	Δ %	Q1-2 22/23	Q1-2 21/22	Δ %	Rolling 12 months	Full-year 21/22	Δ %
Sales, SEK million	32.3	26.2	23.3	58.9	45.8	28.6	112.0	98.9	13.2
Operating profit/loss, SEK million	-3.2	-4.7	31.9	-11.0	-11.1	0.9	-35.6	-35.7	0.3
Operating margin, %	neg	neg	n/a	neg	neg	n/a	neg	neg	n/a

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

PARENT COMPANY

The Parent Company's income statement and balance sheet are reported on page 19. The Parent Company Sectra AB includes the research department for medical imaging IT, the Genomics business unit and the head office's joint functions (see Other Operations above).

THE SHARE

2022 share redemption program and help with Swedish tax return

During the second quarter, SEK 1.00 per share was transferred to the shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital. In the Swedish tax return, a redemption or sale of redemption shares (designated SECT IL A and SECT IL B) is to be declared as a sale of shares on Form K4 (does not apply to shares owned through investment savings accounts). Visit <https://investor.sectra.com/redemption2022> for information about the Swedish Tax Agency's general recommendations and tax return help.

Share capital and number of shares

On October 31, 2022, Sectra's share capital totaled SEK 38,732,465, distributed between 193,662,325 shares and 311,593,465 voting rights. The number of shares is distributed between 13,103,460 Class A shares and 180,558,865 Class B shares. Sectra's holding of treasury shares at the end of the period amounted to 1,000,000 Class B shares, corresponding to 0.5% of the share capital and 0.3% of the voting rights in the company. For more information, refer to Note 3.

LTIP 2022 – new share issue and repurchase of own shares

After the balance-sheet date, 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 goal is to secure the obligation for a new performance-based incentive program (LTIP 2022) that the AGM resolved to implement. All Class C shares have been repurchased at a price corresponding to the quotient value. These were then converted to Class B shares. The number of Class B shares held thereafter was 1,453,406, corresponding to approximately 0.7% of the total number of shares in the company.

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

Recalculation of conversion price in share-based incentive programs

Due to the share redemption program for 2022, the Board decided to recalculate the conversion prices for the outstanding convertible program. This recalculation means that the financial compensation to the holders of convertibles in relation to the shareholders is reasonable. For conversion prices after the recalculation, refer to the information on <https://investor.sectra.com/the-share/share-related-incentive-programs/>.

As of the publication date of this report, on full exercise of outstanding convertibles, the number of Class B shares will increase by 5,164, corresponding to less than 0.1% of the share capital and 0.1% of the voting rights in the company. For more information, refer to Note 3. The next period for conversion of convertibles is January 9–13, 2023.

Authorization

The 2022 AGM authorized the Board, for the period until the next AGM, to decide on:

- the new issue of not more than 18,500,000 Class B shares for consideration in the form of cash payment, offsetting of debt or contribution in kind whereby payment through offsetting of debt may deviate from shareholders' preferential rights. The authorization is intended to enable newly issued shares to be used in conjunction with the completion of acquisitions or financing of acquisitions of companies or operations, in full or in part, as well as in conjunction with market investments. If the authorization is fully exercised, the dilution effect will be approximately 9.6% of the share capital and approximately 5.9% of the voting rights.
- the acquisition and divestment of all of the company's treasury shares. Divestment can take place on Nasdaq Stockholm or in conjunction with acquisitions of companies or operations, in full or in part, in conjunction with market investments, to cover the costs arising as a result of the company's incentive programs and to continuously adapt the company's capital structure and thereby contribute to increased shareholder value. A condition for the authorization is that the company's holding of treasury shares at no time exceeds 10% of all shares in the company.

At the time of publication of this financial report, the Board had not utilized these authorizations.

2023 AGM

The AGM is scheduled for September 7, 2023 in Linköping, Sweden. The notice of the AGM is issued not earlier than six weeks and not later than four weeks prior to the AGM. Shareholders are entitled to have a matter addressed by the AGM. To ensure that the company has time to include matters in the notice, requests for matters to be addressed by the AGM must be received by the company not later than seven weeks prior to the AGM.

RISKS AND UNCERTAINTIES

Through its operations, Sectra is exposed to such business risks as dependence on major customers and partners, the effect of currency fluctuations on pricing in the markets in which the Group is active, and property and liability risks. Sectra is also exposed to various types of financial risks such as currency, interest-rate, credit and liquidity risks. A detailed description of the risks and uncertainties as well as Sectra's strategies and tactics for minimizing risk exposure and limiting adverse effects are provided in the Administration Report in the Group's Annual and Sustainability Report for the 2021/2022 fiscal year in the administration report on page 80 and in Note 29 on page 111. No events have occurred that would alter the conditions reported.

Specific uncertainties

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

Developments after the pandemic remain difficult to predict. Although as much as possible is being conducted remotely, COVID-19 continues to pose certain challenges in terms of go-live and training. The risk of delivery delays therefore remains, which could lead to significant variations in financial outcomes between quarters.

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

CHANGES TO FINANCIAL STATEMENTS

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

As sales of products and software as service increase, the relative importance of order bookings as a measure of growth will decrease. In addition, when software is sold as a service, customers usually want to have the option to terminate their agreement with the provider if the purchased service does not deliver maximum value. With new contract clauses giving the customer the right to terminate the contract for no specific reason, revenue from long-term customer contracts is only partially guaranteed. Contracts will continue to typically be based on terms of five to ten years, and assuming the service is satisfactory, it will likely 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 is changing the way in which order bookings are recognized. Up until the 2023/2024 fiscal year, at which point order bookings will be entirely excluded from the financial statements, the recognition of order bookings will be divided between contracted and guaranteed order bookings. **Contracted order bookings** refer to the contract value that the customer has procured and intends to purchase during the term of the contract. **Guaranteed order bookings** are the share of contracted order bookings that correspond to what the customer has undertaken to purchase when the contract is entered into. For guaranteed order bookings received during a given quarter, Sectra will also state the share that has already been recognized as revenue as well as the share expected to be recognized as revenue within 12 months of the end of the quarter. The order bookings recognized for prior periods were, in all material respects, guaranteed.

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

During the current fiscal year, Sectra intends to start recognizing the reduction in recurring revenue attributable to customers that leave Sectra ("Revenue churn"). This will be done to comply with standard reporting practices in software companies that deliver software as a service.

FOR FURTHER INFORMATION

Contact Sectra's CEO Torbjörn Kronander, telephone +46 13 23 52 27 or email info.investor@sectra.se.

Presentation of the interim report

Time: December 16, 2022 at 10:00 a.m. (CET)

Torbjörn Kronander, President and CEO of Sectra AB, and Jessica Holmquist, CFO of Sectra AB, will present the financial report and answer questions. The presentation will be held in English. For information about participating online or to listen to the recording afterwards, visit: <https://investor.sectra.com/q2report2223>.

Financial calendar, Capital Markets Day and AGM

Nine-month report	March 10, 2023 at 8:15 a.m. CET
Capital Markets Day	January 27, 2023 in Stockholm
Year-end report 2022/2023	June 2, 2023 at 8:15 a.m. CEST
2023 AGM	September 7, 2023 in Linköping

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

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby assure that the interim report for the period May to October 2022 provides a true and fair view of the Parent Company's and Group's operations, financial position and earnings and describes the significant risks and uncertainties facing the Parent Company and other companies in the Group.

Linköping, December 16, 2022

Torbjörn Kronander
President, CEO and Board member

Jan-Olof Brüer
Chairman

Tomas Puusepp
Board member

Birgitta Hagenfeldt
Board member

Ulrika Unell
Board member

Anders Persson
Board member

Fredrik Robertsson
Board member

Filip Klintenstedt
Board member and employee representative

Andreas Örnéus
Board member and employee representative

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

This information constitutes information that Sectra AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and/or the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out in the press release, at 8:15 a.m. (CET) on December 16, 2022.

Sectra AB (publ), <https://sectra.com>, Corporate Registration Number 556064-8304, email info@sectra.com

GROUP

Condensed consolidated income statements

SEK thousand	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Net sales (Note 4)	561,665	418,245	1,045,754	823,944	2,170,950	1,949,140
Capitalized work for own use	11,467	13,316	20,437	24,962	39,747	44,272
Other operating income	447	610	564	895	965	1,296
Total income	573,579	432,171	1,066,755	849,801	2,211,662	1,994,708
Goods for resale	-57,471	-43,645	-103,135	-89,542	-299,636	-286,043
Personnel costs	-293,524	-230,567	-557,092	-439,609	-1,062,659	-945,176
Other external costs	-92,911	-55,221	-190,299	-108,729	-380,457	-298,887
Depreciation/amortization and impairment	-22,113	-19,026	-44,320	-38,125	-87,411	-81,216
Total operating expenses	-466,019	-348,459	-894,846	-676,005	-1,830,163	-1,611,322
Operating profit	107,560	83,712	171,909	173,796	381,499	383,386
Total financial items	10,702	234	14,524	2,231	23,412	11,119
Profit after financial items	118,262	83,946	186,433	176,027	404,911	394,505
Taxes	-24,362	-17,610	-38,405	-36,579	-81,539	-79,712
Profit for the period	93,900	66,336	148,028	139,449	323,372	314,793
Profit for the period attributable to:						
Parent Company owners	93,900	66,336	148,028	139,449	323,372	314,793
Earnings per share						
Before dilution, SEK	0.49	0.34	0.77	0.72	1.68	1.63
After dilution, SEK (Note 3)	0.49	0.34	0.77	0.72	1.68	1.63

Consolidated statement of comprehensive income

SEK thousand	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Profit for the period	93,900	66,336	148,028	139,449	323,372	314,793
Items that may be reversed in profit or loss						
Translation differences	17,258	-3,926	25,682	1,483	61,773	37,575
Total other comprehensive income for the period	17,258	-3,926	25,682	1,483	61,773	37,575
Total comprehensive income for the period	111,158	62,410	173,710	140,932	385,145	352,368
Comprehensive income for the period attributable to:						
Parent Company owners	111,158	62,410	173,710	140,932	385,145	352,368

Condensed consolidated balance sheets

SEK thousand	Oct 31 2022	Oct 31 2021	Apr 30 2022
Assets			
Intangible assets and goodwill	222,159	215,875	218,244
Tangible assets	76,258	51,430	61,913
Right-of-use assets	56,525	69,657	64,969
Financial assets	132,872	123,553	172,639
Deferred tax assets	7,060	3,392	4,554
Total fixed assets	494,874	463,907	522,319
Accounts receivable	342,517	236,316	339,650
Other current assets	73,468	74,869	41,718
Prepaid expenses and accrued income	584,657	453,208	479,449
Short-term investments	120,000	-	-
Cash and bank balances	423,557	462,266	808,775
Total current assets	1,544,199	1,226,659	1,669,592
Total assets	2,039,073	1,690,566	2,191,911
Equity and liabilities			
Equity	1,067,347	1,036,555	1,080,737
Deferred tax liabilities	4,435	3,378	4,773
Provisions	9,003	-	3,308
Non-current lease liabilities	29,648	43,997	37,892
Other long-term liabilities	542	1,872	513
Total long-term liabilities	43,628	49,247	46,486
Provisions	1,631	4,641	2,954
Current lease liabilities	23,999	22,899	24,342
Other current liabilities	160,473	134,910	196,199
Accrued expenses and deferred income	741,995	442,314	841,193
Total current liabilities	928,098	604,764	1,064,688
Total equity and liabilities	2,039,073	1,690,566	2,191,911

Consolidated cash-flow statements

SEK thousand	6 months May–Oct 2022	6 months May–Oct 2021	Full-year May–Apr 2021/2022
Operating activities			
Operating profit	171,909	173,796	383,386
Adjustment for non-cash items	49,954	35,690	74,469
Interest and dividends received	3,520	3,559	6,967
Interest paid	-628	-789	-1,555
Income tax paid	-40,682	-37,144	-73,473
Cash flow from operations before changes in working capital	184,073	175,112	389,794
Changes in working capital			
Change in inventories	-1,073	-3,822	1,257
Change in receivables	-11,937	4,597	-119,590
Change in current liabilities	-196,317	-126,459	345,461
Cash flow from operations	-25,254	49,428	616,922
Investing activities			
Acquisitions of intangible assets	-20,436	-24,962	-44,272
Acquisitions of tangible assets	-24,899	-10,229	-30,103
Short-term investment	-120,000	-	-
Depreciation of tangible assets	-	6,029	6,029
Cash flow from investing activities	-165,335	-29,162	-68,346
Financing activities			
Repayment of lease liabilities	-11,910	-12,292	-24,366
Repayment of long-term liabilities	-	-	-1,017
Redemption of shares	-192,662	-	-173,365
Cash flow from financing activities	-204,572	-12,292	-198,748
Cash flow for the period	-395,161	7,974	349,828
Cash and cash equivalents, opening balance	808,775	454,854	454,854
Exchange-rate difference in cash and cash equivalents	9,943	-562	4,093
Cash and cash equivalents, closing balance	423,557	462,266	808,775

Condensed consolidated statement of changes in equity

SEK thousand	6 months May–Oct 2022	6 months May–Oct 2021	Full-year May–Apr 2021/2022
Equity at start of period	1,080,737	895,623	895,623
Comprehensive income for the period	173,710	140,932	352,368
Dividend/redemption of shares	-192,662	-	-173,365
Share-based payments	5,562	-	6,111
Equity at end of period	1,067,347	1,036,555	1,080,737

PARENT COMPANY

Condensed Parent Company income statements

SEK thousand	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Net sales	33,250	29,110	60,524	76,357	115,246	131,079
Capitalized work for own use	794	-	1,456	917	1,456	917
Other operating income	27	18	51	22	66	37
Total income	34,071	29,128	62,031	77,296	116,768	132,033
Goods for resale	-14	-5,145	-142	-7,820	-1,920	-9,598
Personnel costs	-16,007	-11,450	-28,878	-28,866	-56,920	-56,908
Other external costs	-21,847	-16,368	-45,097	-51,738	-96,016	-102,657
Depreciation/amortization	-410	-414	-815	-1,177	-1,654	-2,016
Total operating expenses	-38,278	-33,377	-74,932	-89,601	-156,510	-171,179
Operating loss	-4,207	-4,249	-12,901	-12,305	-39,742	-39,146
Total financial items	6,223	-200	10,083	4,802	56,803	51,522
Profit/loss after financial items	2,016	-4,449	-2,818	-7,503	17,061	12,376
Appropriations	-	-	-	-	254,250	254,250
Profit/loss before tax	2,016	-4,449	-2,818	-7,503	271,311	266,626
Tax on earnings for the period	-416	916	580	1,546	-50,996	-50,030
Profit/loss for the period	1,600	-3,533	-2,238	-5,957	220,315	216,596

Parent Company statement of comprehensive income

SEK thousand	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Profit/loss for the period	1,600	-3,533	-2,238	-5,957	220,315	216,596
Total comprehensive income for the period	1,600	-3,533	-2,238	-5,957	220,315	216,596

Condensed Parent Company balance sheets

SEK thousand	Oct 31 2022	Oct 31 2021	Apr 30 2022
Assets			
Intangible assets	1,490	369	201
Tangible assets	3,651	3,943	3,926
Financial assets	180,744	259,186	143,451
Total fixed assets	185,885	263,498	147,578
Accounts receivable	313	1,089	808
Receivables from Group companies	230,731	287,809	504,090
Other current assets	47,823	42,659	24,480
Short-term investments	120,000	-	-
Cash and bank balances	287,135	349,693	683,803
Total current assets	686,002	681,250	1,213,181
Total assets	871,887	944,748	1,360,759
Equity and liabilities			
Restricted equity	266,678	265,350	265,390
Unrestricted equity	218,902	362,076	414,295
Total equity	485,580	627,426	679,685
Provisions	384	-	-
Long-term liabilities	-	389	-
Current liabilities	385,923	316,933	681,074
Total equity and liabilities	871,887	944,748	1,360,759

NOTES

Note 1 Accounting policies

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

Note 2 Related-party transactions

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

Note 3 Number of shares

No. of common shares ^{1, 3}	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Before dilution	192,662,325	192,627,470	192,662,325	192,627,470	192,662,325	192,662,325
After dilution ²	192,667,455	192,667,298	192,667,455	192,667,298	192,667,455	192,667,455
Average, before dilution	192,662,325	192,627,470	192,662,325	192,627,470	192,656,516	192,639,088
Average, after dilution ²	192,667,455	192,667,306	192,667,455	192,667,308	192,667,429	192,667,355

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

² Dilution of the number of shares, based on the convertible programs issued in 2017/2018, was 5,130 shares on October 31, 2022.

³ Number of shares does not include the 1,000,000 Class B treasury shares.

Note 4 Operating segments and sales

Sales by business segment

SEK million	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Imaging IT Solutions	502.7	374.9	938.5	737.6	1,928.1	1,727.2
Secure Communications	51.3	38.9	92.9	77.4	200.4	184.9
Business Innovation	15.7	13.0	28.4	25.3	69.5	66.4
Other Operations	32.3	26.2	58.9	45.8	112.0	98.9
Group eliminations	-40.3	-34.8	-72.9	-62.2	-139.0	-128.3
Total	561.7	418.2	1,045.8	823.9	2,171.0	1,949.1

Operating profit/loss by business segment

SEK million	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Imaging IT Solutions	110.1	91.9	190.6	189.7	416.9	416.0
Secure Communications	0.0	-4.0	-6.5	-3.9	-5.6	-3.0
Business Innovation	0.6	0.5	-1.1	-1.0	6.0	6.1
Other Operations	-3.2	-4.7	-11.0	-11.1	-35.6	-35.7
Group eliminations	0.1	0.0	-0.1	0.1	-0.2	0.0
Total	107.6	83.7	171.9	173.8	381.5	383.4

Sales by geographic market

SEK million	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
United States	174.5	121.3	327.1	240.9	633.3	547.1
Sweden	108.8	87.0	206.5	175.8	409.5	378.8
United Kingdom	87.1	53.9	154.8	112.0	413.5	370.7
Netherlands	31.4	36.5	66.9	67.5	149.7	150.3
Rest of Europe	127.0	96.7	220.7	181.9	440.7	401.9
Rest of World	32.9	22.8	69.8	45.8	124.3	100.3
Total	561.7	418.2	1,045.8	823.9	2,171.0	1,949.1

Recurring and non-recurring external revenue by business segment

Group						
SEK million	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Recurring revenue	316.4	272.4	626.8	525.4	1,182.8	1,081.4
Of which cloud recurring revenue, CRR	59.6	42.6	109.6	84.5	206.5	181.4
Non-recurring revenue	245.3	145.8	419.0	298.5	988.2	867.7
Total	561.7	418.2	1,045.8	823.9	2,171.0	1,949.1
Share of recurring revenue, %	56.3	65.1	59.9	63.8	54.5	55.5

Imaging IT Solutions

SEK million	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Recurring revenue	292.9	250.3	581.0	483.0	1,092.3	994.4
Of which cloud recurring revenue, CRR	56.4	40.9	103.6	81.1	194.5	172.0
Non-recurring revenue	212.0	123.5	360.2	252.5	842.2	734.4
Total	504.9	373.8	941.2	735.5	1,934.5	1,728.8
Share of recurring revenue, %	58.0	67.0	61.7	65.7	56.5	57.5

Secure Communications

SEK million	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Recurring revenue	19.9	20.0	39.2	38.1	77.1	76.1
Of which cloud recurring revenue, CRR	–	–	0.0	–	0.1	0.1
Non-recurring revenue	31.4	18.5	53.6	38.4	122.1	106.8
Total	51.3	38.5	92.8	76.5	199.2	182.9
Share of recurring revenue, %	38.8	51.9	42.2	49.8	38.7	41.6

Business Innovation

SEK million	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Recurring revenue	3.4	2.0	6.3	3.9	12.7	10.3
Of which cloud recurring revenue, CRR	3.2	1.8	5.9	3.4	11.9	9.3
Non-recurring revenue	1.9	3.8	5.2	7.7	23.9	26.5
Total	5.3	5.8	11.5	11.6	36.6	36.8
Share of recurring revenue, %	64.2	34.5	54.8	33.6	34.7	28.0

Other Operations

SEK million	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Recurring revenue	0.1	0.2	0.3	0.3	0.6	0.6
Of which cloud recurring revenue, CRR	–	–	–	–	–	–
Non-recurring revenue	–	–	–	–	–	–
Total	0.1	0.2	0.3	0.3	0.6	0.6
Share of recurring revenue, %	100.0	100.0	100.0	100.0	100.0	100.0

Note 5 Financial definitions and alternative performance measures

The Group applies the European Securities and Markets Authority (ESMA) Guidelines on Alternative Performance Measures (see below). Alternative performance measures are applied since the company believes they provide valuable supplementary information for management and investors given that they play a central role when it comes to understanding and evaluating the Group's operations.

Comparative figures per share have been restated due to the 5:1 share split that Sectra carried out in the second quarter of 2021/2022.

Share of recurring revenue

Purpose

Shows the portion of external sales that is recurring. Recurring revenue refers to revenue from customers for the provision of a good or service during the term of a contract, wherein the customer cannot continue to benefit from the full functionality of the good or service without ongoing payments and the revenue stream is expected to recur for more than 12 months.

Recurring revenue mainly refers to revenue from subscription, support and maintenance agreements. The share delivered via the cloud is reported as cloud recurring revenue (CRR). Revenue from system implementations, migration and one-time purchases of licenses are not recognized as recurring revenue.

Calculation

Recurring revenue divided by total external sales.
Refer to the table on page 20.

Equity per share before dilution

	Oct 31 2022	Oct 31 2021	Apr 30 2022
Equity, SEK thousand	1,067,347	1,036,555	1,080,737
Number of shares before dilution at the end of the period	192,662,325	192,627,470	192,662,325
Equity per share before dilution, SEK	5.54	5.38	5.61

Purpose

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

Calculation

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

Equity per share after dilution

	Oct 31 2022	Oct 31 2021	Apr 30 2022
Equity, SEK thousand	1,067,347	1,036,555	1,080,737
Number of shares after dilution at the end of the period	192,667,455	192,667,298	192,667,455
Equity per share after dilution, SEK	5.54	5.38	5.61

Purpose

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

Calculation

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

Value added

SEK thousand	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Operating profit	171,909	173,796	381,499	383,386
Personnel costs	557,092	439,609	1,062,659	945,176
Value added	729,001	613,405	1,444,158	1,328,562

Purpose

Shows the value of the company's production.

Calculation

Operating profit plus personnel costs.

Non-interest-bearing liabilities and interest-bearing liabilities

SEK thousand	Oct 31 2022	Oct 31 2021	Apr 30 2022
Non-interest-bearing liabilities	917,691	584,164	1,048,551
Interest-bearing liabilities	54,035	69,847	62,624
Total liabilities	971,726	654,011	1,111,175

Purpose

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

Calculation

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

Cash flow per share before dilution

	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Cash flow from operations, SEK thousand	38,877	39,602	-25,254	49,428	542,240	616,922
Number of shares before dilution at the end of the period	192,662,325	192,627,470	192,662,325	192,627,470	192,662,325	192,662,325
Cash flow per share before dilution, SEK	0.20	0.21	-0.13	0.26	2.81	3.20

Purpose

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

Calculation

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

Cash flow per share after dilution

	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Cash flow from operations, SEK thousand	38,877	39,602	-25,254	49,428	542,240	616,922
Number of shares after dilution at the end of the period	192,667,455	192,667,298	192,667,455	192,667,298	192,667,455	192,667,455
Cash flow per share after dilution, SEK	0.20	0.21	-0.13	0.26	2.81	3.20

Purpose

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

Calculation

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

Ratio of contracted order bookings to net sales

SEK thousand	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Contracted order bookings	4,356,603	2,320,198
Net sales	2,170,950	1,949,140
Ratio of contracted order bookings to net sales	2.01	1.19

Purpose

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

Calculation

Contracted order bookings divided by net sales.

Liquidity

SEK thousand	Oct 31 2022	Oct 31 2021	Apr 30 2022
Current assets	1,544,199	1,226,659	1,669,592
Unutilized overdraft facilities	15,000	15,000	15,000
Current liabilities	928,098	604,764	1,064,688
Liquidity	1.7	2.1	1.6

Purpose

Shows the company's current ability to pay.

Calculation

Current assets plus unutilized overdraft facility divided by current liabilities.

Average no. of employees

Purpose

Shows full-time positions in a certain period.

Calculation

Average number of full-time employees during the period.

Unadjusted exchange rates – sales

	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	Full-year May–Apr 2021/2022
Nominal change, %	34.3	1.2	26.9	15.7	19.4
Exchange-rate effect, %	-12.9	0.6	-10.8	1.7	-2.5
Change in unadjusted exchange rates, %	21.4	1.8	16.1	17.4	16.9

Purpose

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

Calculation

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

Unadjusted exchange rates – operating profit

	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	Full-year May–Apr 2021/2022
Nominal change, %	28.5	-6.6	-1.1	48.5	9.5
Exchange-rate effect, %	-25.9	1.0	-19.4	4.1	-4.7
Change in unadjusted exchange rates, %	2.6	-5.6	-20.5	52.6	4.8

Purpose

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

Calculation

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

Unadjusted exchange rates – recurring revenue

	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	Full-year May–Apr 2021/2022
Nominal change, %	16.2	9.2	19.3	11.8	11.7
Exchange-rate effect, %	-10.2	0.2	-8.9	0.8	-2.1
Change in unadjusted exchange rates, %	6.0	9.4	10.4	12.6	9.6

Purpose

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

Calculation

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

Order bookings – guaranteed**Purpose**

Indicates future revenue in the company.

Calculation

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

Order bookings – contracted**Purpose**

Indicates future revenue in the company.

Calculation

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

P/E ratio

SEK	12 months Oct 2021 –Nov 2022	Full-year May–Apr 2021/2022
Share price at end of period	146.40	124.80
Earnings per share before dilution for the rolling 12-month period	1.68	1.63
P/E ratio, multiple	87.1	76.6

Purpose

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

Calculation

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

Earnings per share before dilution

	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Profit for the period, SEK thousand	93,900	66,336	148,028	139,449	323,372	314,793
Average number of shares at the end of the period before dilution	192,662,325	192,627,470	192,662,325	192,627,470	192,656,516	192,639,088
Earnings per share before dilution, SEK	0.49	0.34	0.77	0.72	1.68	1.63

Purpose

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

Calculation

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

Earnings per share after dilution

	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Profit for the period, SEK thousand	93,900	66,336	148,028	139,449	323,372	314,793
Average number of shares at the end of the period after dilution	192,667,455	192,667,306	192,667,455	192,667,308	192,667,429	192,667,355
Earnings per share after dilution, SEK	0.49	0.34	0.77	0.72	1.68	1.63

Purpose

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

Calculation

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

Return on equity

SEK thousand	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Profit for the period	93,900	66,336	148,028	139,449	323,372	314,793
Equity at start of period	1,145,988	974,145	1,080,737	895,623	1,036,555	895,623
Equity at end of period	1,067,347	1,036,555	1,067,347	1,036,555	1,067,347	1,080,737
Average equity	1,106,668	1,005,350	1,074,042	966,089	1,051,951	988,180
Return on equity, %	8.5	6.6	13.8	14.4	30.7	31.9

Purpose

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

Calculation

Profit for the period divided by average adjusted equity.

Return on capital employed (ROCE)

SEK thousand	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Profit after financial items	118,262	83,946	186,433	176,027	404,911	394,505
Financial expenses	-315	-420	-628	-789	-1,394	-1,555
Average capital employed	1,162,710	1,076,148	1,132,371	1,037,739	1,113,892	1,056,218
Return on capital employed, %	10.2	7.8	16.5	17.0	36.5	37.5

Purpose

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

Calculation

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

Return on total capital

SEK thousand	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Profit after financial items	118,262	83,946	186,433	176,027	404,911	394,505
Financial expenses	-315	-420	-628	-789	-1,394	-1,555
Average total assets	2,064,079	1,662,532	2,115,492	1,671,259	1,864,820	1,921,932
Return on total capital, %	5.7	5.1	8.8	10.6	21.8	20.6

Purpose

Shows the return on total assets.

Calculation

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

Operating margin

SEK thousand	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Operating profit	107,560	83,712	171,909	173,796	381,499	383,386
Net sales	561,665	418,245	1,045,754	823,944	2,170,950	1,949,140
Operating margin, %	19.2	20.0	16.4	21.1	17.6	19.7

Purpose

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

Calculation

Operating profit divided by net sales.

Operating profit per share

	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Operating profit, SEK thousand	381,499	383,386
Number of shares before dilution	192,662,325	192,662,325
Operating profit per share, SEK	1.98	1.99

Purpose

Shows earnings per share before interest and taxes.

Calculation

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

Debt/equity ratio

	Oct 31 2022	Oct 31 2021
SEK thousand		
Interest-bearing liabilities	54,035	69,847
Equity	1,067,347	1,036,555
Debt/equity ratio	0.05	0.07

Purpose

Shows to what extent the operations are financed by loans and describes the company's financial risk.

Calculation

Interest-bearing liabilities divided by equity.

Equity/assets ratio

	Oct 31 2022	Oct 31 2021	Apr 30 2022
SEK thousand			
Equity	1,067,347	1,036,555	1,080,737
Total assets	2,039,073	1,690,566	2,191,911
Equity/assets ratio, %	52.3	61.3	49.3

Purpose

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

Calculation

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

Capital employed

	Oct 31 2022	Oct 31 2021	Apr 30 2022
SEK thousand			
Total assets	2,039,073	1,690,566	2,191,911
Non-interest-bearing liabilities	917,691	584,164	1,048,551
Capital employed	1,121,382	1,106,402	1,143,360

Purpose

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

Calculation

Total assets reduced by non-interest-bearing liabilities.

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

	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
SEK		
Operating profit per share before dilution	1,980	1,990
Operating profit per share before dilution five years earlier	1,077	1,030
Growth in operating profit per share before dilution over a five-year period, %	83.8	93.3

Purpose

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

Calculation

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

Profit margin

SEK thousand	3 months Aug–Oct 2022	3 months Aug–Oct 2021	6 months May–Oct 2022	6 months May–Oct 2021	12 months Nov 2021 –Oct 2022	Full-year May–Apr 2021/2022
Profit after financial items	118,262	83,946	186,433	176,027	404,911	394,505
Net sales	561,665	418,245	1,045,754	823,944	2,170,950	1,949,140
Operating margin, %	21.1	20.1	17.8	21.4	18, 7	20.2

Purpose

Shows a comparison of profitability regardless of corporate tax rate.

Calculation

Profit after financial items divided by net sales.

KEY FIGURES AND OTHER INFORMATION

Key figures

	6 months Oct 31 2022	6 months Oct 31 2021	12 months Oct 31 2022	Full-year Apr 30 2022
Contracted order bookings, SEK million	2,899.6	863.2	4,356.6	2,320.2
of which guaranteed order bookings, SEK million	1,310.9	863.2	2,767.9	2,320.2
Operating margin, %	16.4	21.1	17.6	19.7
Profit margin, %	17.8	21.4	18.7	20.2
Average no. of employees	988	882	962	908
Cash flow per share before dilution, SEK ^{1, 2}	-0.13	0.26	2.81	3.20
Cash flow per share after dilution, SEK ^{1, 2}	-0.13	0.26	2.81	3.20
Value added, SEK million	729.0	613.4	1,444.2	1,328.6
P/E ratio, multiple ¹	n/a	n/a	87.1	76.6
Share price at end of period, SEK ¹	146.4	209.6	146.4	124.8
Return on equity, %	13.8	14.4	30.7	31.9
Return on capital employed, %	16.5	17.0	36.5	37.5
Return on total capital, %	8.8	10.6	21.8	20.6
Equity/assets ratio, %	52.3	61.3	52.3	49.3
Liquidity ratio, multiple	1.7	2.1	1.7	1.6
Equity per share before dilution, SEK ¹	5.54	5.38	5.54	5.61
Equity per share after dilution, SEK ¹	5.54	5.38	5.54	5.61

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

² Cash flow from operations.

Condensed consolidated income statements by quarter

SEK million	2022/2023		2021/2022				2020/2021			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	561.7	484.1	649.0	476.2	418.2	405.7	526.2	394.2	413.2	298.9
Capitalized work for own use	11.5	9.0	10.6	8.7	13.3	11.6	12.3	13.5	11.6	9.9
Reversal of contingent consideration	–	–	–	–	–	–	1.2	–	1.1	0.6
Other operating income	0.4	0.1	0.4	0.0	0.6	0.3	0.1	0.6	0.5	0.0
Operating expenses	-443.9	-406.6	-497.1	-395.2	-329.4	-308.4	-353.6	-319.1	-315.2	-262.8
Depreciation/amortization and impairment	-22.1	-22.2	-21.8	-21.3	-19.0	-19.1	-22.3	-20.1	-21.5	-19.2
Operating profit	107.6	64.4	141.1	68.4	83.7	90.1	163.9	69.1	89.6	27.4
Total financial items	10.7	3.8	0.3	8.6	0.2	2.0	2.6	-1.3	2.9	-5.9
Profit after financial items	118.3	68.2	141.4	77.0	83.9	92.1	166.5	67.8	92.5	21.4
Tax on earnings for the period	-24.4	-14.0	-29.0	-14.1	-17.6	-19.0	-33.9	-14.5	-19.8	-4.6
Profit for the period	93.9	54.1	112.5	62.9	66.3	73.1	132.6	53.3	72.7	16.8

Key figures by quarter

SEK million	2022/2023		2021/2022				2020/2021			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Contracted order bookings, SEK million	664.2	2,235.4	1,017.4	439.6	470.0	393.2	689.2	598.0	752.1	612.3
of which guaranteed order bookings, SEK million	605.6	705.3	1,017.4	439.6	470.0	393.2	689.2	598.0	752.1	612.3
Operating margin, %	19.2	13.3	21.7	14.4	20.0	22.2	31.1	17.5	21.7	9.2
Cash flow per share before dilution, SEK ¹	0.20	-0.33	2.15	0.79	0.21	0.05	0.59	0.71	0.19	0.44
Cash flow per share after dilution, SEK ¹	0.20	-0.33	2.15	0.79	0.21	0.05	0.59	0.71	0.19	0.44
Earnings per share before dilution, SEK ¹	0.49	0.28	0.58	0.33	0.34	0.38	0.69	0.28	0.38	0.09
Return on equity, %	8.5	4.9	11.0	6.3	6.6	7.8	16.0	6.8	9.5	2.1
Return on capital employed, %	10.2	5.8	13.1	7.3	7.8	9.2	18.5	7.8	10.9	2.4
Equity/assets ratio, %	52.3	54.9	49.3	52.5	61.3	59.6	54.2	51.7	55.0	58.1
Equity per share, SEK ¹	5.54	5.95	5.61	4.98	5.38	5.06	4.65	3.95	3.69	4.19
Share price at end of period, SEK ¹	146.40	185.90	124.80	152.50	209.60	137.20	121.00	142.50	108.60	120.20

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

Five-year summary ¹

	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Order bookings, SEK million	2,320.2	2,651.6	1,816.0	2,132.8	1,492.5
Net sales, SEK million	1,949.1	1,632.4	1,661.1	1,413.5	1,209.2
Operating profit, SEK million	383.4	350.1	295.3	235.5	214.3
Profit after financial items, SEK million	394.5	348.2	303.0	248.8	231.2
Profit for the period, SEK million	314.8	275.5	237.4	199.0	184.7
Operating margin, %	19.7	21.4	17.8	16.7	17.7
Profit margin, %	20.2	21.3	18.2	17.6	19.1
Earnings per share before dilution, SEK ²	1.63	1.43	1.24	1.04	0.97
Earnings per share after dilution, SEK ²	1.63	1.43	1.23	1.03	0.96
Redemption program per share/dividend, SEK ²	1.00	0.90	0.90	0.90	0.90
Share price at end of year, SEK ²	124.80	121.00	84.00	64.40	38.84
P/E ratio, multiple	76.6	84.6	68.0	61.8	40.0
Return on equity, %	31.9	32.2	30.7	29.8	30.4
Return on capital employed, %	37.5	37.4	36.8	35.9	34.5
Return on total capital, %	20.6	22.1	21.6	19.6	19.0
Equity per share before dilution, SEK ²	5.61	4.65	4.24	3.80	3.47
Equity per share after dilution, SEK ²	5.61	4.65	4.24	3.78	3.43
Equity/assets ratio, %	49.3	54.2	54.1	55.4	51.4

¹ The comparative year 2017/2018 has been restated. Refer to Note 5 on page 76 of Sectra's 2018/2019 Annual Report.

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

Exchange rates

Currency	Average rates in SEK						Closing rates in SEK		
	3 months Aug–Oct 2022	3 months Aug–Oct 2021	Δ %	6 months May–Oct 2022	6 months May–Oct 2021	Δ %	Oct 31 2022	Oct 31 2021	Δ %
US dollar, 1 USD	10.88	8.58	26.8	10.44	8.49	23.0	10.94	8.47	29.2
Euro, 1 EUR	10.78	10.04	7.4	10.62	10.07	5.5	10.84	9.89	9.6
British pound, 1 GBP	12.45	11.73	6.1	12.38	11.75	5.4	12.64	11.68	8.2

GLOSSARY

Genomics

The study of genetic makeup, meaning an organism's DNA. In medicine, a patient's genetic makeup 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 diagnosing cancer and customizing treatment, known as precision medicine.

Cardiology/cardiovascular diseases

The field of medicine dealing with the functions and diseases of the heart.

Critical infrastructure

Basic infrastructure that is essential for the functioning of society, such as roads, bridges and electricity and water supply.

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.

The cloud/cloud solutions

From the term cloud computing, meaning delivering services and sharing IT infrastructure over the internet.

Ophthalmology

A specialist medical area for the diagnosis and treatment of eye disorders.

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system.

Pathology/histopathology/microscopy

A specialized medical area that uses tissues and body fluids for diagnostic purposes.

Precision medicine

Providing patient care that is highly adapted to individual conditions. Advanced diagnostic analyses are a cornerstone of precision medicine.

Radiology

A health science discipline and medical specialty that uses technologies for imaging the human body, such as X-ray, magnetic resonance imaging (MRI) and ultrasound.

Sectra One/Sectra One Cloud

A subscription for Sectra's enterprise imaging solution. Under the new model, customers pay a more evenly distributed subscription fee every year instead of paying a higher license fee for software at the start of the contract and a lower rolling service fee. The fee is determined based on the functionality used and the number of different services are utilized. When Sectra One is sold as fully cloud-based services, it is referred to as Sectra One Cloud.

High assurance/High assurance products

Cryptographic methods and other measures designed to prevent unauthorized parties from accessing or influencing information in telecom and IT systems. The high assurance products that Sectra provides are approved by one or more nations and, for certain products, by the EU and NATO.

VPN

A technology used to create a secure connection or "tunnel" between two points along an unsecured data network.

About Sectra

Vision

To contribute to a healthier and safer society.

Mission statements

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

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

Operating areas/business models

Imaging IT Solutions helps hospitals across the world to become more efficient, enabling them to care for more patients and save more lives. Increased use of medical images and aging populations that are living longer pose huge challenges to healthcare. Sectra's IT solutions and services for medical diagnostic imaging enable greater efficiency and contribute to healthcare advancements. Sectra has exceeded 2,000 installations of medical IT systems, and customers include some of the largest healthcare providers in the world.

Secure Communications helps society's critical functions, government officials and diplomats to use modern technology to exchange information securely, thereby contributing to a stable and secure society. Sectra's solutions and services increase cybersecurity by protecting some of society's most sensitive information and communications. Several of the business area's products are approved by the EU, NATO, and national security authorities.

Business Innovation gathers smaller activities that could eventually lead to major growth in Sectra's main areas or related niches.

Group-wide strategies for value creation and sustainable business development

Customer value is the top priority

Customers and customer satisfaction are always assigned top priority to enable long-term growth. Close relationships with demanding customers ensure that Sectra's solutions meet market demands for quality, functionality and usability.

A motivating corporate culture

A corporate culture that motivates and inspires the company's employees to solve customer problems and constantly drive improvement. All so we can meet—and in many cases exceed—customer expectations.

Constant innovation

Close cooperation with customers, universities and industrial partners in order to identify needs and ideas, combined with a corporate culture where management encourages the employees to test out new ideas and projects.

Geographic expansion

International expansion mainly in areas and regions where Sectra holds an established position. This expansion will primarily be achieved through organic growth, in certain cases supplemented by acquisitions that strengthen the Group's organic growth.

For more information, visit <https://investor.sectra.com/>



7 good reasons to invest in Sectra

International niche markets with strong growth

IT for healthcare, cybersecurity and critical infrastructure are rapidly evolving markets. This creates major growth opportunities for companies such as Sectra.

Stability, profitability and long-term growth

Sectra has a more than 40-year history of growth and profitability. Over 50% of the company's sales comprise recurring revenue from long-term customer contracts.

Customer-focused corporate culture

A strong corporate culture clearly focused on customer value and employees who are passionate about making a difference lead to satisfied customers.

Strong brand with multinational reach

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

Innovation

We maintain a high pace of innovation and continuously invest in new and ongoing development. We also have a self-financed portfolio of exciting projects with the potential to add significant value for customers and for Sectra.

Sustainable business model

Contributing to healthier and safer societies is the foundation of Sectra's operations and business model. Helping our customers improve the efficiency and quality of patient care and increase cybersecurity in critical social functions is our most significant contribution to a sustainable society.

Long-standing owners and dedicated management

The principal owners, who have been part of the company since the 1980s, have firm dedication to the long-term development of the company, and all members of Group Management are shareholders.