

Year-end report 2021/2022:

Higher sales and profit for the fiscal year – Board of Directors proposes increased dividend

Sectra posted its highest sales to date, growth in recurring revenue and increased profit compared with the comparative year. This financial performance was a result of the company's efforts to assist customers in providing the best possible care and increasing cybersecurity in areas where society's critical functions are the most vulnerable. Customers' need for Sectra's offerings was confirmed by the fact that order bookings surpassed SEK 1 billion during the quarter. In light of the above, the Board of Directors and President have proposed that the Annual General Meeting resolve that SEK 1.00 per share be distributed to the shareholders through a share redemption program.

REPORT PRESENTATION

June 3, 2022, at 10:00 a.m. CEST

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Focus:

Transition to cloud-based services

More information on page 15.

THE FISCAL YEAR AND FOURTH QUARTER IN BRIEF

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

2021/2022 fiscal year

- Order bookings amounted to SEK 2,320.2 million (2,651.6), down 12.5% from the comparative year.
- Net sales rose 19.4% to SEK 1,949.1 million (1,632.4). Based on unadjusted exchange rates, the increase was 16.9%.
- Recurring revenue accounted for SEK 1,081.4 million (967.8) of sales, up 11.7%. Based on unadjusted exchange rates, the increase was 9.6%.
- Operating profit rose 9.5% to SEK 383.4 million (350.1), corresponding to an operating margin of 19.7% (21.4). Based on unadjusted exchange rates, operating profit increased 4.8%.
- Profit after financial items amounted to SEK 394.5 million (348.2).
- Cash flow from operations amounted to SEK 616.9 million (372.2).
- The Board of Directors and President have proposed that the 2022 Annual General Meeting (AGM) resolve to distribute SEK 1.00 (0.90) per share to the shareholders through a share redemption program.

Fourth quarter: February–April 2022

- Order bookings amounted to SEK 1,017.4 million (689.2), up 48% from the comparative quarter. Of the order bookings, 15% were recognized during the quarter and a further estimated 26–36% pertains to revenue within 12 months after the end of the quarter.
- Net sales increased 23.3% to SEK 649.0 million (526.2). Based on unadjusted exchange rates, the increase was 17.6%.
- Recurring revenue accounted for SEK 280.8 million (252.4) of sales, up 11.3%. Based on unadjusted exchange rates, the increase was 6.3%.
- Operating profit declined 13.9% to SEK 141.1 million (163.9), corresponding to an operating margin of 21.7% (31.1). Based on unadjusted exchange rates, operating profit decreased 21.3%.
- Profit after financial items amounted to SEK 141.4 million (166.5).
- Cash flow from operations amounted to SEK 414.4 million (113.7) and was mainly attributable to an increase in advances from customers.

Key figures

SEK million

	Quarter			Fiscal year		
	Q4 21/22	Q4 20/21	Change %	Q1–4 21/22	Q1–4 20/21	Change %
Order bookings	1,017.4	689.2	47.6	2,320.2	2,651.6	-12.5
Net sales	649.0	526.2	23.3	1,949.1	1,632.4	19.4
Operating profit (EBIT)	141.1	163.9	-13.9	383.4	350.1	9.5
Operating margin, %	21.7	31.1	n/a	19.7	21.4	n/a
Profit after financial items (EBT)	141.4	166.5	-15.1	394.5	348.2	13.3
Profit margin, %	21.8	31.6	n/a	20.2	21.3	n/a
Profit for the period	112.5	132.6	-15.2	314.8	275.5	14.3
Earnings per share before dilution, SEK ²	0.58	0.69	-15.9	1.63	1.43	14.0
Cash flow ¹	414.4	113.7	264.5	616.9	372.2	65.7
Cash flow per share before dilution ^{1, 2}	2.15	0.59	264.4	3.20	1.93	65.8
Average no. of employees	951	857	11.0	908	828	9.7

¹ Cash flow from operations.

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.

This information constitutes information that Sectra AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and/or the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out in the press release, at 8:15 a.m. CEST on June 3, 2022.

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

CEO'S COMMENTS

All success stems from happy customers. However, you don't become the best at customer satisfaction without putting in the effort. A great deal of work has gone into Sectra's success.

As we look back at the results for 2021/2022, I'm pleased to say it was a year to be proud of—an intensive year with more, and larger, customer projects than ever before. Unfortunately, it was also a year tainted by the continuing pandemic and the atrocious war in Europe. I am grateful for what our employees have accomplished together with our customers. That they have the empathy, creativity and drive that enables us to deliver maximal customer value, even under difficult circumstances.



Torbjörn Kronander, President and CEO

Thanks to its financial stability and markets, Sectra is well equipped to manage times of uncertainty. Our net sales in the fourth quarter were the highest we have reported for a single quarter, and the order volume in the most recent quarter was our second-best to date. Although we did not meet the record-breaking level achieved in the preceding year, demand was in line with our expectations. The fourth quarter is normally our strongest quarter, and this year was no exception. Compared with Sectra's historical seasonal pattern, we also had an unusually strong start to 2021/2022, with early deliveries in Imaging IT Solutions, but expect to return to a more normal seasonal pattern this year, with a weaker first quarter. The variations between quarters remain significant, but are expected to decrease as a result of our transition to selling a larger share of products and software as services.

All of the Group's financial goals have been achieved. Both Imaging IT Solutions and Business Innovation reported growth in revenue and operating profit. Secure Communications, which was hit hard by the pandemic, improved its outcome over the past quarter. We are also working on initiatives and innovation projects that will create additional customer value and growth going forward.

Transition to cloud-based services and new performance measures

We currently find ourselves in the middle of a shift to delivering our products as services. This is one of the largest transitions Sectra has ever faced and is expected to continue for many years. Another change currently under way is the transition to cloud deliveries. Instead of installing our solutions on the customer's hardware, deliveries are made from central server systems where many customers share the same resources "in the cloud". These two things often go hand in hand, but not always. Demand is growing rapidly, and nearly 10% of revenue during the fiscal year pertained to cloud-based services. We expect that in the not too distant future the majority of customers that purchase our medical IT solutions will choose cloud-based services. However, it will take a long time for all of our existing healthcare customers to transition to this new model. This transition will ultimately result in more stable and long-term business than traditional license sales, but sales growth will be weaker in the short term.

The transition will entail changes to our organization, product development and processes as well as how we package and sell our offerings. To increase transparency regarding the transition, we have decided to supplement our financial reporting with a performance measure for recurring revenue from cloud-based services, Cloud Recurring Revenue. For more information about the future changes to Sectra's financial statements for 2022/2023, refer to page 14.

Outlook

Our growth potential is favorable in all operating areas. The need for higher productivity, scalability and access to new technology is growing in all product areas. Our recipe for success is customer satisfaction, which in turn requires happy employees, in that order. Add to this a clear focus on growing markets, reasonable cost control, a clear vision of where we are headed and the perseverance to stay the course. Sectra's development over the years is a testament to what a strong combination this is.



Over the past year, examinations of more than **ten million patients** have been handled using Sectra's cloud-based services in medical diagnostic imaging.



Diagrams in the financial report

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

FINANCIAL GOALS

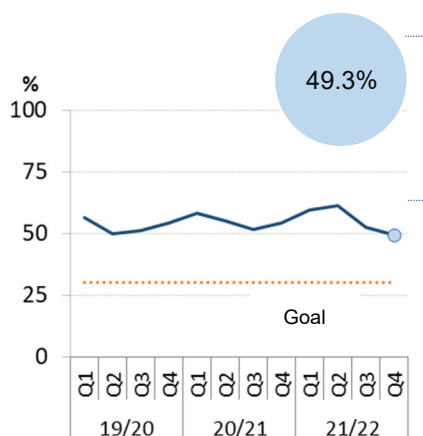
Sectra's overall operational target is to create value for its customers—value that the customers are then willing to share with Sectra. This is also our most important sustainability target since our customers' work to treat patients, cure diseases and increase cybersecurity is vital for functioning 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 and feel good, allowing them to develop new, creative solutions that can further increase the value we provide for our customers. Having a healthy financial performance is also important. This is what pays our employees' salaries, enables continued innovation and drives the investments needed to continue creating value for existing and new customers.

The financial outcomes for the fiscal year exceeded the Group-wide financial goals. Stability and profitability are considered 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):

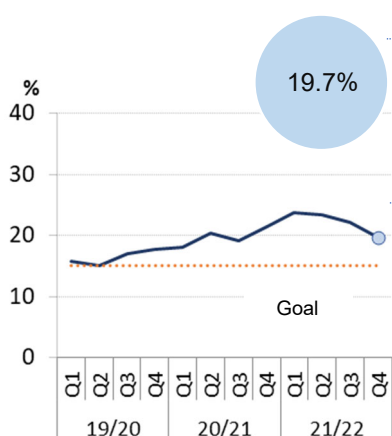
1. Stability:

Equity/assets ratio $\geq 30\%$



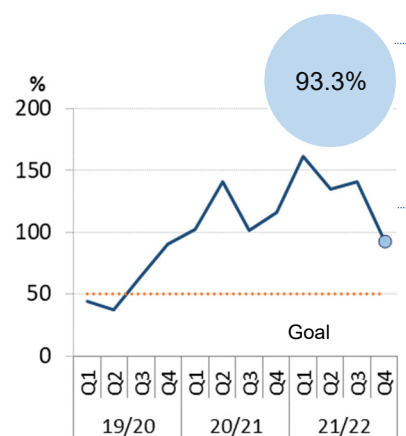
2. Profitability:

Operating margin $\geq 15\%$



3. Earnings growth:

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



For further information about goals and strategies, refer to Sectra's [2020/2021 Annual Report and Sustainability Report](#)

Sectra Enterprise Imaging

— with Best in KLAS winning PACS






<https://sectra.com/KLAS>

EVENTS

Fourth quarter

Imaging IT Solutions

- The radiology module in Sectra's enterprise imaging solution received the prestigious Best in KLAS award for highest customer satisfaction in the US (large and small hospitals), Canada and Asia/Oceania.
- Contracts were signed with healthcare providers that chose the Sectra One subscription service for Sectra's enterprise imaging solution. These new customers include North York General Hospital (Canada) and Kent and Medway Medical Imaging Consortium (UK).
- Erasmus University Medical Center (Netherlands) entered into an agreement with Sectra for digital pathology.
- UniHA (France), a larger cooperative of public hospitals, and Sectra signed a four-year framework agreement for digital pathology. A total of more than 100 regional hospital groups and 1,000 hospitals are affiliated with the cooperative. The framework agreement enables the affiliated healthcare providers to purchase Sectra's solution without a public procurement.
- With the introduction of Sectra's module for digital pathology, Health and Social Care (HSC) in Northern Ireland became the first region in the UK to combine pathology and radiology images in the same medical imaging system.

Secure Communications

- Several orders were received from the Swedish Defence Materiel Administration (FMV), with a total order value of approximately SEK 65 million. The orders include further development and maintenance of high-performing VPN and mobile telephony solutions approved for highly classified information.
- Several orders were received for additional mobile units for the Sectra Tiger/S encryption system, including orders from the Dutch Ministry of Defense.

After the end of the reporting period

- Region Hovedstaden, Denmark's largest healthcare region, ordered Sectra's enterprise imaging solution. The solution is delivered as a cloud-based service wherein Sectra is responsible for all hardware, software and other IT components. This was the first contract for Sectra One Cloud in Scandinavia. The contracted order value for the implementation and use of the subscription service until 2037 amounts to DKK 720 million (approximately SEK 990 million), of which the guaranteed order value is DKK 200 million (approximately SEK 275 million).
- The Board of Directors decided to amend Sectra's future financial statements in order to increase transparency regarding recurring revenue and the transition to cloud-based services (refer to page 14).
- Jessica Holmquist assumed the position of CFO on May 1, 2022. The former CFO is transitioning to a new role as a senior advisor to company management.
- Magnus Skogberg has been recruited as the new President of the Secure Communications operating area and will take on the role on August 1, 2022. He will replace Magnus Brege, who has served as acting President since January 2022.



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

SECTRA'S MARKETS

We play a key role in meeting the needs of medical imaging IT and cybersecurity—two changing and growing markets with additional scope for expansion, where the underlying societal trends mean these areas must 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, and 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 shining a spotlight on diseases affecting the elderly. The treatment of patients with cancer and skeletal diseases—some of the most costly and resource-intensive areas in the healthcare sector—entails enormous challenges. These areas are dependent on medical diagnostic imaging, a niche market in which healthcare providers across the globe use Sectra's expertise and solutions to increase productivity and coordinate their resources as well as to improve efficiency in orthopaedic surgery through better planning and follow-up. We also help to raise the quality of medical education by providing solutions where the user can interact with medical images and share educational materials. We enable customers across the world 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 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 for society's most critical communication and control systems, thereby contributing to a more stable and safer society. This work is carried out in the Secure Communications operating area. 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.

Effects of notable uncertainties

Uncertainty concerning the short-term development of the operations is greater than normal due to COVID-19 and the security situation in Europe. It is not possible to predict the long-term consequences of these factors. However, Sectra is well equipped to manage the uncertainty based on a strong financial position, positive cash flows and a significant share of recurring revenue. Sectra 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.

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.

COVID-19 has resulted in increased variation and temporary shifts in markets and product areas. Regional and national restrictions continue to apply in certain countries and to various extents. 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. Travel and trade fairs have also increased compared with the comparative year's low levels, even if costs are still not close to their pre-pandemic levels. However, there is a pent-up need to meet with customers, which will affect Sectra's costs going forward as society gradually opens up and the rate of infection decreases.

COMMENTS ON THE GROUP'S FINANCIAL OUTCOME

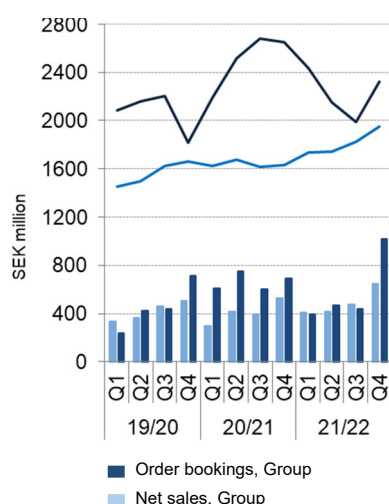
Order bookings and net sales

Order bookings declined 12.5% to SEK 2,320.2 million (2,651.6), of which SEK 1,017.4 million (689.2) pertained to the fourth quarter. Order bookings for the most recent quarter were the highest reported by Sectra for a single quarter. The order volume for the fiscal year did not meet the historically high levels for the comparative year, which was in line with Sectra's expectations. This result includes several major multiyear agreements, which contribute to long-term stability, but also lead to significant variations in order bookings between individual quarters and periods. The ratio of order bookings to net sales was 1.2, compared with 1.6 at the end of the preceding fiscal year.

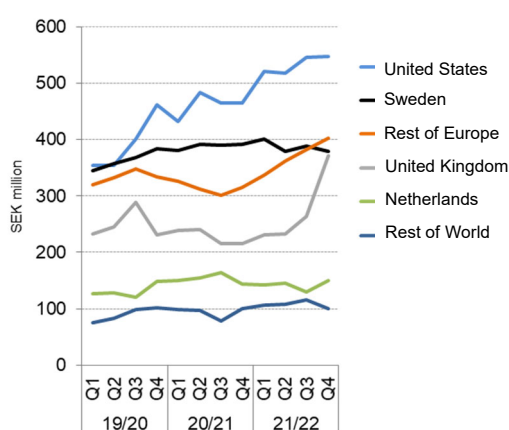
Net sales rose 19.4% to SEK 1,949.1 million (1,632.4), of which SEK 649.0 million (526.2) pertained to the fourth quarter. Imaging IT Solutions was the main contributor to sales growth during the fiscal year. The other operating segments were affected by the pandemic to a greater extent. Secure Communications' operations were hit particularly hard, and Business Innovation's outcomes fluctuated considerably.

Sales primarily increased in the UK and the US. The change in Sweden compared with the comparative year was mainly attributable to Secure Communications. In Rest of Europe, we noted sales growth in Norway and Germany as well as in newer markets for us, such as Belgium and France. Based on unadjusted exchange rates, net sales increased 16.9%. More than 70% of our net sales are carried out in foreign currency, primarily EUR, GBP and USD, which entails a relatively large sensitivity to currency fluctuations.

Order bookings and sales
Trend, SEK million



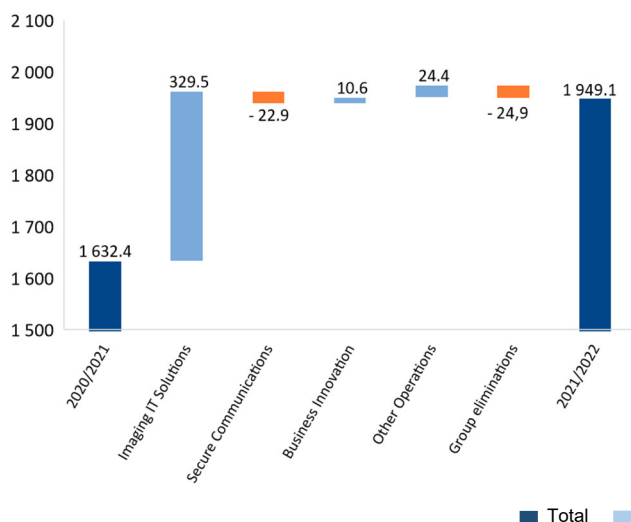
Sales by geographic market
Trend, SEK million



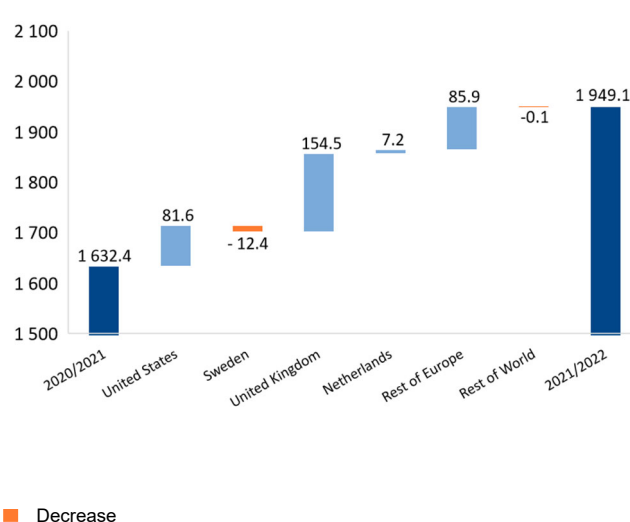
Recurring revenue



Sales trend per operating area, SEK million
Compared with the preceding fiscal year



Sales trend per geographic market, SEK million
Compared with the preceding fiscal year



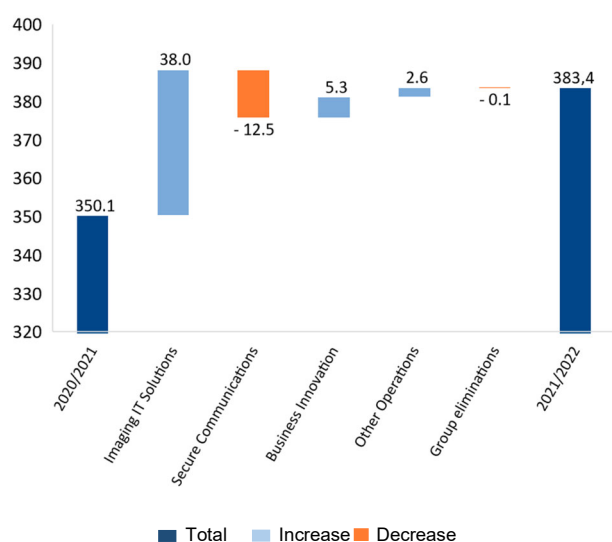
Earnings

The Group's operating profit increased 9.5% to SEK 383.4 million (350.1), of which SEK 141.1 million (163.9) pertained to the fourth quarter. Based on unadjusted exchange rates, operating profit increased 4.8% compared with the comparative year. The operating margin was 19.7% (21.4) for the fiscal year and 21.7% (31.1) for the fourth quarter. This result includes higher costs for third-party products for customer projects and increased operating expenses compared with the temporarily low level in the comparative year. Secure Communications reported a certain improvement in operating profit in the fourth quarter. At the same time, travel and marketing activities resumed across the Group, even if costs are lower than their pre-pandemic levels.

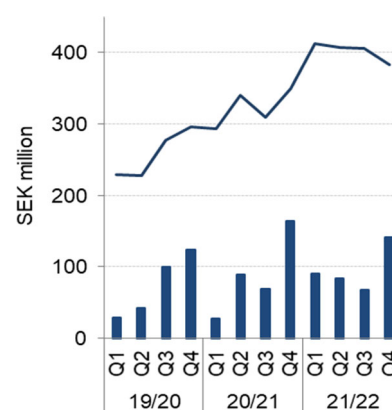
The Group's financial items amounted to SEK 11.1 million (neg: 1.8), of which SEK 0.3 million (2.6) pertained to the fourth quarter. Financial items improved primarily due to changes in exchange rates. Currency fluctuations in the fiscal year had an impact of SEK 5.7 million (neg: 7.1) on financial items. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact. Profit after financial items amounted to SEK 394.5 million (348.2), of which SEK 141.4 million (166.5) pertained to the fourth quarter. This corresponded to a profit margin of 20.2% (21.3) for the fiscal year and 21.8% (31.6) for the fourth quarter. Earnings per share before dilution totaled SEK 1.63 (1.43) for the period, of which SEK 0.58 (0.69) pertained to the fourth quarter.

Operating profit trend per operating area, SEK million

Compared with the preceding fiscal year



Operating profit, Group, SEK



Financial position and cash flow

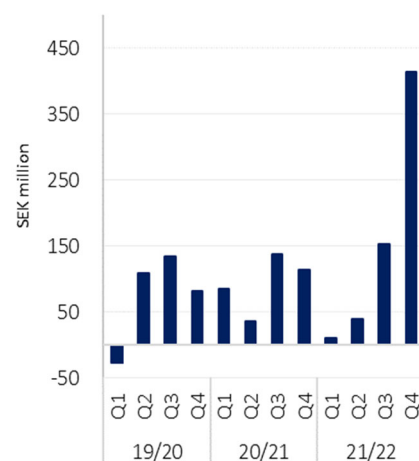
The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 808.8 million (454.9). This change was mainly attributable to an increase in advances from customers. The Group's debt/equity ratio was 0.06 (0.08) as of the balance-sheet date. Interest-bearing liabilities amounted to SEK 62.6 million (73.5), of which SEK 62.2 million (70.5) pertained to lease liabilities according to IFRS 16.

Cash flow from operations improved over the most recent quarter as a result of advances from customers and amounted to SEK 616.9 million (372.2) for the fiscal year, of which SEK 414.4 million (113.7) was attributable to the fourth quarter. Cash flow per share amounted to SEK 3.20 (1.93), of which SEK 2.15 (0.59) pertained to the fourth quarter.

Cash flow from investing activities amounted to a negative SEK 68.3 million (neg: 66.8), of which a negative SEK 18.4 million (neg: 20.2) was attributable to the fourth quarter. Refer to the information about investing activities on page 8.

The Group's total cash flow for the fiscal year was SEK 349.8 million (106.7). This result includes a disbursement of SEK 173.4 million (173.3) to the shareholders through share redemption programs.

Cash flow from operations, Group, SEK million



Investments, depreciation/amortization and impairment

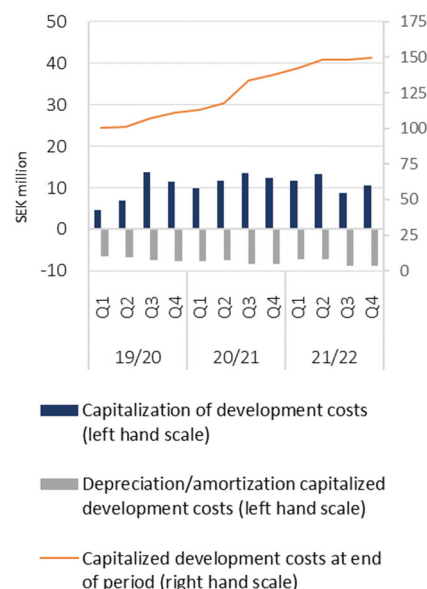
Investments amounted to SEK 74.4 million (67.7), of which SEK 18.4 million (20.2) pertained to the fourth quarter. These investments pertained primarily to capitalized work for own use, which decreased 7.0% during the fiscal year to SEK 44.3 million (47.4), of which SEK 10.6 million (12.3) pertained to the fourth quarter.

Total depreciation, amortization and impairment for the fiscal year amounted to SEK 81.2 million (83.1), of which the fourth quarter accounted for SEK 21.8 million (22.3). Of the total depreciation and amortization, SEK 32.2 million (31.9) pertained to capitalized development, of which SEK 8.9 million (8.3) pertained to the fourth quarter. Depreciation of right-of-use assets according to IFRS 16 amounted to SEK 25.2 million (24.6), of which SEK 6.4 million (6.2) pertained to the fourth quarter. At the end of the fiscal year, capitalized development costs totaled SEK 149.8 million (137.7). No impairment took place in 2021/2022, compared with SEK 4.2 million in the preceding fiscal year.

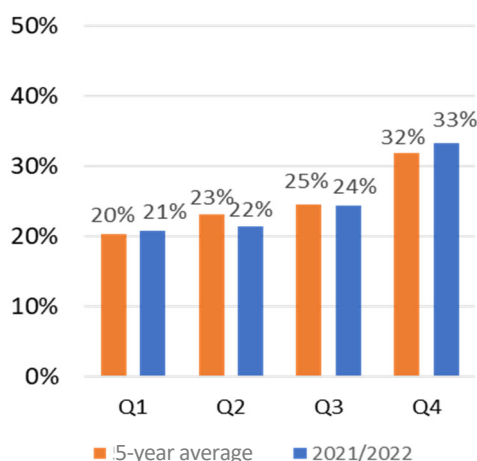
Seasonal variations

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. As a result, 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, which increases recurring revenue, this variation is expected to gradually decrease over the next several years.

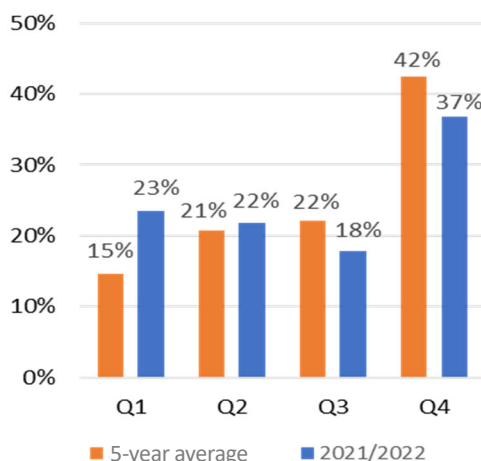
Capitalized development costs, SEK million



Share of net sales per quarter
Seasonal pattern



Share of operating profit per quarter
Seasonal pattern



IMAGING IT SOLUTIONS

	The quarter			Full-year		
	Q4 21/22	Q4 20/21	Change %	Q1–4 21/22	Q1–4 20/21	Change %
Sales, SEK million	570.7	460.1	24.0	1,727.2	1,397.7	23.6
Operating profit, SEK million	146.2	177.5	-17.6	416.0	378.0	10.1
Operating margin, %	25.6	38.6	n/a	24.1	27.0	n/a

Imaging IT Solutions reported increased sales for the final quarter of 2021/2022, while early deliveries at the start of the year resulted in a certain profit equalization between quarters. The operations have grown in markets where Sectra already has a strong position, and several major customer projects have been delivered around the world. Specific initiatives are ongoing in the US, where we have strengthened our position through contracts with additional important, major customers. In most of the major contracts entered into during the fiscal year, the customers chose Sectra One, the new subscription model for Sectra's enterprise imaging solution.

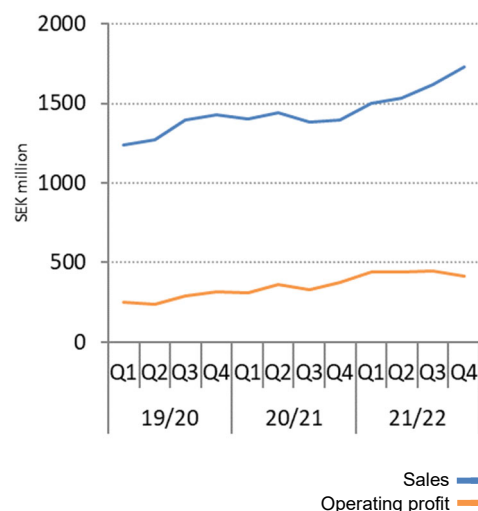
Costs for travel and marketing activities increased, even if they have not returned to pre-pandemic levels. The fourth quarter was also impacted by higher costs for purchasing of third-party products related to upgrades and deliveries made to customers as well as a continued improvement in delivery capacity.

High order bookings led to intense pressure when it came to installing and deploying customer projects. Demand for Sectra's offerings is being driven by collaborations between regions and hospitals, the consolidation of IT systems and growing volumes of medical images. The combination of long contracts and solutions that must be able to handle extremely large volumes means that the total order value for individual orders can be substantial. Kent and Medway Medical Imaging Consortium and Region Hovedstaden are examples of such customer contracts. These types of orders are not secured every quarter, and order bookings therefore vary significantly between various periods.

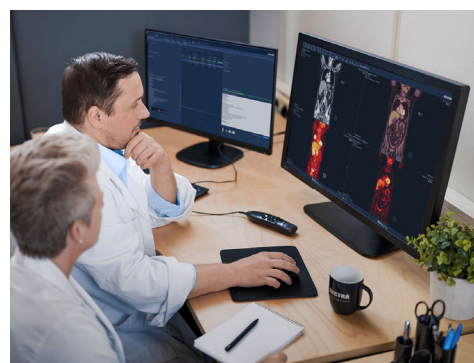
We are noting increased demand for cloud-based services, particularly in Scandinavia, the UK and the US. These services consist of many components, and we partner with other players, such as Microsoft, to deliver more customer value and improve our competitive strength. A new organization is being introduced to respond to various needs, including an adaptation to cloud-based services and the need to increase our scalability and internal efficiency. This transition also means that all new products that are developed are designed to run efficiently in public cloud environments. While cloud-based services will ultimately generate cost and operational benefits for Sectra, they initially entail cost increases connected to investments, development and the organization.

Our growth initiatives focused on diseases related to elderly patients and cancer diagnostics are long term and encompass, for example, digital pathology and cardiology. Another new growth area is the diagnosis of eye disorders (ophthalmology). During the year, several prestigious healthcare providers in Benelux, France, the UK, South Korea (via partners) and the US chose Sectra for the digitization of their pathology departments. We regard this as proof that we have positioned ourselves as a market leader in the product segment.

Trend, SEK



A third of cancer centers ranked among the top 50 in the US are Sectra customers. This is a result of our long-term ambition to be a strategic partner for our medical imaging customers, with a particular focus on cancer diagnostics.



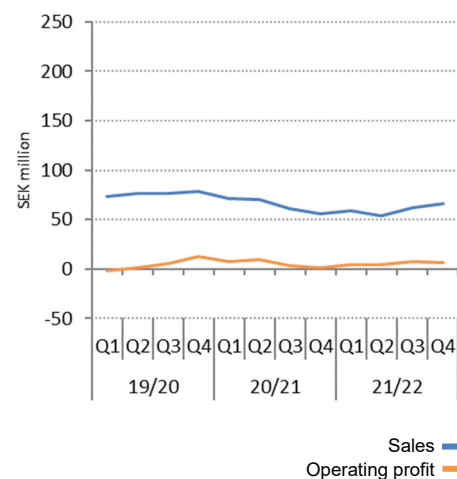
BUSINESS INNOVATION

	The quarter			Full-year		
	Q4 21/22	Q4 20/21	Change %	Q1–4 21/22	Q1–4 20/21	Change %
Sales, SEK million	22.0	17.4	26.4	66.4	55.8	19.0
Operating profit, SEK million	4.1	5.9	-30.5	6.1	0.8	662.5
Operating margin, %	18.6	33.9	n/a	9.2	1.4	n/a

Business Innovation is an incubator for early-stage business units, projects and ideas that are not yet large enough to become independent operating areas and are not a natural match with the existing areas. We also report the expenses for research activities in this area, which currently largely focus on initiatives in the field of AI for medical applications. The segment comprises the Orthopaedics and Medical Education business units as well as the research department. These two business units were included in the Parent Company in the previous fiscal year. As of May 1, 2021, they are operated as independent legal entities, although they will still be reported in the Business Innovation segment.

The results in Business Innovation's relatively small business units vary significantly between quarters and periods. The pandemic has had a significant impact on operations. A transition to pay-per-use business models is also under way in these units, which will initially have a negative impact on sales growth. While sales from services in Business Innovation have increased compared with the preceding fiscal year, hardware and third-party products currently account for approximately two-thirds of revenue. In the long term, the new business models will result in higher recurring revenue, resulting in fewer variations going forward.

Trend, SEK



Along with an explosive increase in medical knowledge, a growing need for care is 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. Sectra Education Portal is used to train healthcare personnel and veterinarians at educational institutions and hospitals in several countries. The number of unique users increased nearly 40% from 2020 to 2021.

SECURE COMMUNICATIONS

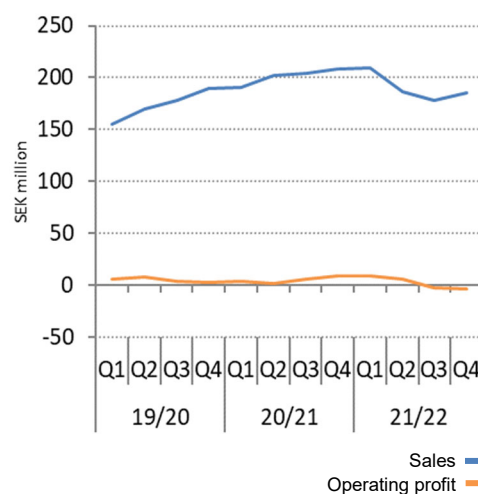


	The quarter			Full-year		
	Q4 21/22	Q4 20/21	Change %	Q1–4 21/22	Q1–4 20/21	Change %
Sales, SEK million	63.5	56.9	11.6	184.9	207.8	-11.0
Operating profit, SEK million	5.8	6.8	-14.7	-3.0	9.5	-131.6
Operating margin, %	9.1	12.0	n/a	neg	4.6	n/a

Cybersecurity is one of the IT world's most rapidly growing areas. The uncertain geopolitical situation and war in Europe are placing greater demands on communication and driving the need for investments in high assurance products, crypto development and cybersecurity both in Sweden and in the rest of Europe. This shows how important it is to be able to protect information and operating systems that are essential to the security of critical social functions. We help customers protect their communication of classified information with products that are approved for use both in the EU and in NATO.

Major defense contracts contribute to fluctuations between quarters, and the pandemic had a significant impact on operations during the fiscal year. Procurements were delayed, and deliveries took longer than hoped. However, the situation improved somewhat during the fourth quarter, which meant that both important business negotiations and some of the previously delayed product deliveries could be carried out. This contributed to the sales growth and positive result noted in the fourth quarter. Order bookings also improved during the quarter. The orders received included further development and maintenance of VPN and mobile telephony solutions that will improve the Swedish defense forces' ability to exchange classified information. We also received several orders for the Sectra Tiger/S encryption system for users who communicate confidential information up to and including the EU SECRET and NATO SECRET classification levels. In the critical infrastructure customer segment, we extended and expanded a customer contract for Sectra's service for monitoring control systems in energy distribution and production.

Trend, SEK



Magnus Skogberg will take over as the new President of Secure Communications as of August 2022. Magnus has extensive experience of the defense and security industry, complex purchasing processes and selling technologically advanced solutions. He will join Sectra from the Saab Group, where he has held various senior positions in international sales.



OTHER OPERATIONS

	The quarter			Full-year		
	Q4 21/22	Q4 20/21	Change %	Q1–4 21/22	Q1–4 20/21	Change %
Sales, SEK million	26.9	18.2	47.8	98.9	74.5	32.8
Operating profit, SEK million	-14.8	-26.2	43.5	-35.7	-38.3	6.8
Operating margin, %	neg	neg	n/a	neg	neg	n/a

Other Operations pertain to Sectra's joint functions for administration, recruitment, Group finance, IT, regulatory affairs, people and brand, and investor relations activities. 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 and the head office's joint functions (see Other Operations above). During the fiscal year, operations in the Orthopaedics and Medical Education business units were moved from the Parent Company to independent legal entities (refer to page 10).

THE SHARE

Share capital and number of shares

In accordance with the resolutions and authority granted by the most recent Annual General Meeting (AGM), the following changes in the number of shares occurred during the fiscal year:

- Share split whereby one existing share in Sectra was split into five shares.
- [Issue of 1,000,000 Class C shares](#) at a price corresponding to the quotient value, meaning SEK 0.20 per share and a total of SEK 200,000, to secure the obligations under new long-term performance-based incentive programs, see below.

In addition, 1,000,000 Class C shares were converted to Class B shares and 34,855 Class B shares were issued as a result of the conversion of the 2018/2022 convertible program. On April 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. For more information, refer to Note 3.

New performance-based incentive program 2021

In accordance with a resolution by the AGM, long-term performance-based incentive programs were introduced in the third quarter for employees in the Sectra Group in Sweden and the rest of the world (LTIP 2021 SROW) and in the US and Canada (LTIP 2021 NA). In total, 57% of entitled employees chose to participate in the programs. The participants in LTIP 2021 SROW were allotted a total of 238,097 share rights, the participants in LTIP 2021 NA were allotted 119,960 performance stock units (PSU). During the fiscal year, total costs for the program amounted to SEK 4.1 million and were 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. The allotment of performance shares will take place within 60 days from the end of the qualification period, which runs from January 1, 2022 to December 31, 2026. The maximum number of performance shares that can be allotted under LTIP 2021 is limited to 780,000 Class B shares. In addition, a maximum of 220,000 Class B shares may be transferred on Nasdaq Stockholm, including by way of a financial intermediary, to finance the costs of covering social security contributions and non-wage labor costs as a result of the incentive programs.

Repurchase of own shares

During the third quarter, all 1,000,000 Class C shares were repurchased at a price corresponding to the quotient value, totaling SEK 200,000. The holding has not been recognized as a financial asset, but rather decreased the unrestricted equity in the Parent Company. 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 incentive program. All Class C shares were converted to 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.

2021 share redemption program and Swedish tax return help

From October to November 2021, Sectra carried out a share redemption program, whereby SEK 0.90 per share, a total of SEK 173.4 million, was 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. In the Swedish tax assessment, 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/inlosen2021> for Swedish tax return help and information about the Swedish Tax Agency's general recommendations.

Recalculation of conversion prices for convertible programs outstanding

Due to the 5:1 share split and the share redemption program for 2021, the Board decided to recalculate the conversion prices for outstanding convertible programs. This recalculation means that the financial compensation to the holders of convertibles in relation to the shareholders is reasonable. For dilution effects and current 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 5,130, corresponding to less than 0.1% of the share capital and 0.1% of the voting rights in the company. The next period for conversion of convertibles is January 9–13, 2023.

Authorization

The 2021 AGM authorized the Board, on one or more occasions during 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 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 6.0% of the voting rights.

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

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

PROPOSED SHARE REDEMPTION PROGRAM AND 2022 AGM**PROPOSED SHARE REDEMPTION PROGRAM/DIVIDEND**

For the 2021/2022 fiscal year, the Board and the President propose that the 2022 AGM resolve to distribute SEK 1.00 per share to the shareholders through a 2:1 share split in combination with a mandatory redemption process. The corresponding distribution to the shareholders in the preceding year was SEK 0.90 per share. No ordinary dividend is proposed. This proposal corresponds to a dividend yield of 0.8% based on the year-end share price. Combined with the price trend, this represents total value growth of 3.8% for the Sectra share during the fiscal year.

The proposal is in line with Sectra's dividend policy. The Board deems that the company's current balance sheet and cash flows are of adequate strength to secure the development of the business, while providing the shareholders with a high return. In its assessment, the Board took Sectra's levels of incoming orders, earnings and expected cash flow over the coming year into account as well as the uncertainties caused by COVID-19 and the war in Europe; refer to Risks and risk management on page 14. With a strong financial position, positive cash flow and significant recurring revenue, Sectra is well equipped to manage the unpredictability resulting from these uncertainties.

At the end of the fiscal year, the Group's equity/assets ratio was 49.3%. The dividend policy and Sectra's financial goals state that the equity/assets ratio is to exceed 30%, and it will continue to do so, by a healthy margin, following a resolution in favor of the Board's proposed redemption process. Additional information regarding the proposed share split and mandatory redemption process will be published in the notice of the AGM and the full proposal to the AGM.

AGM and Nomination Committee

The AGM is scheduled for September 8, 2022 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. Requests to have matters addressed by the AGM are to be submitted to the Board in

writing via email: info.investor@sectra.se, or by mail: Sectra AB, Attn. Board of Directors, Teknikringen 20, SE-583 30 Linköping, Sweden.

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

- Torbjörn Kronander representing his own and related parties' shareholdings
- Patrik Jonsson representing SEB Investment Management
- Jan Särilvik representing Nordea Investment Funds
- Jan-Olof Brüter in his role as Chairman of the Board and representing his own and related parties' shareholdings

Jan Särilvik, who represents the sixth-largest shareholder in terms of votes, was appointed Chairman of the Nomination Committee.

The Nomination Committee's proposals will be presented in the notice of the AGM and be available on the company's website.

The Nomination Committee will prepare and submit proposals regarding:

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

Shareholders who wish to submit proposals to the Nomination Committee may do so in writing by email: info.investor@sectra.se or by mail: Sectra AB, Attn. Nomination Committee, Teknikringen 20, SE-583 30 Linköping, Sweden. In order for the Nomination Committee to address a proposal, the proposal must arrive in ample time prior to the notice of the AGM.

Annual Report, Sustainability Report and Corporate Governance Report

Sectra's Annual Report and Sustainability Report will be announced through a press release in the week of July 4, 2022 and will be published on the company's website: <https://investor.sectra.com>

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 2020/2021 fiscal year](#) in the administration report on page 76 and in Note 30 on page 105. Other than the uncertainties described below, no events have occurred that would alter the conditions reported.

For notable risks and uncertainties related to the war in Europe and COVID-19, refer to page 5 of this interim report as well as pages 64 and 78 of Sectra's [2020/2021 Annual and Sustainability Report](#).

FUTURE 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 will change starting on the next reporting date.

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 service and a notice period of approximately one year, depending on the specific contract.

Accordingly, Sectra intends to change 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.

Sectra will also clarify 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.

Within one 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 year-end report

Time: June 3, 2022, at 10:00 a.m. CEST

Torbjörn Kronander, President and CEO of Sectra AB, and Jessica Holmquist, CFO of Sectra AB, will present the financial report and answer questions. Fredrik Gustavsson, CTO of Sectra's Imaging IT Solutions operations, will also participate to provide more information about the transition to selling software as a service (SaaS) and the performance measure "Cloud Recurring Revenue". The presentation will be held in English. For information about participating online or to listen to the recording afterwards, visit: <https://investor.sectra.com/q4report2122>

Financial calendar and AGM

Three-month interim report	September 2, 2022 at 8:15 a.m. (CEST)
2022 AGM	September 8, 2022 in Linköping, Sweden
Six-month interim report	December 16, 2022 at 8:15 a.m. (CET)
Nine-month report	March 10, 2023 at 8:15 a.m. (CET)
Year-end report 2022/2023	June 2, 2023 at 8:15 a.m. (CEST)

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

ASSURANCE

The Board of Directors and the President of Sectra AB (publ) hereby assure that the interim report for the period May 2021 to April 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, June 3, 2022

Torbjörn Kronander President, CEO and Board member	Jan-Olof Brüer Chairman	Christer Nilsson Board member	Birgitta Hagenfeldt Board member
Jonas Yngvesson Board member	Anders Persson Board member	Tomas Puusepp 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.

GROUP

Condensed consolidated income statements

SEK thousand	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Net sales	649,023	526,198	1,949,140	1,632,427
Capitalized work for own use	10,572	12,324	44,272	47,382
Reversal of contingent consideration	0	1,171	0	2,871
Other operating income	393	76	1,296	1,161
Total income	659,988	539,769	1,994,708	1,683,841
Goods for resale	-127,928	-48,680	-286,043	-196,167
Personnel costs	-260,407	-249,651	-945,176	-854,518
Other external costs	-108,717	-55,260	-298,887	-199,967
Depreciation/amortization and impairment	-21,791	-22,257	-81,216	-83,113
Total operating expenses	-518,843	-375,848	-1,611,322	-1,333,765
Operating profit	141,145	163,921	383,386	350,076
Total financial items	298	2,565	11,119	-1,831
Profit after financial items	141,443	166,486	394,505	348,245
Taxes	-28,978	-33,879	-79,712	-72,732
Profit for the period	112,465	132,607	314,793	275,512
Profit for the period attributable to:				
Parent Company owners	112,465	132,607	314,793	275,512
Earnings per share				
Before dilution, SEK	0.58	0.69	1.63	1.43
After dilution ¹ , SEK	0.58	0.69	1.63	1.43

1) Dilution as of April 30, 2022 is based on the convertible programs issued in 2017/2018 and amounted to 5,130 shares (39,840).

Consolidated statement of comprehensive income

SEK thousand	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Profit for the period	112,465	132,607	314,793	275,512
Items that may be reversed in profit or loss				
Translation differences	6,656	1,532	37,575	-27,326
Total other comprehensive income for the period	6,656	1,532	37,575	-27,326
Total comprehensive income for the period	119,121	134,139	352,368	248,186
Comprehensive income for the period for the period attributable to:				
Parent Company owners	119,121	134,139	352,368	248,186

Condensed consolidated balance sheets

SEK thousand	Apr 30, 2022	Apr 30, 2021
Assets		
Intangible assets and goodwill	218,244	206,999
Tangible assets	61,913	55,660
Right-of-use assets	64,969	73,277
Other shares and participations	19	18
Financial assets	172,620	140,598
Deferred tax assets	4,554	3,372
Total fixed assets	522,319	479,924
Other current assets	860,817	717,174
Cash and bank balances	808,775	454,854
Total current assets	1,669,592	1,172,028
Total assets	2,191,911	1,651,952
Equity and liabilities		
Equity	1,080,737	895,623
Deferred tax liabilities	4,773	3,723
Provisions	3,308	–
Non-current lease liabilities	37,892	47,655
Other long-term liabilities	513	1,903
Total long-term liabilities	46,486	53,281
Provisions	2,954	6,361
Current lease liabilities	24,342	22,847
Other current liabilities	1,037,392	673,840
Total current liabilities	1,064,688	703,048
Total equity and liabilities	2,191,911	1,651,952

Consolidated cash-flow statements

SEK thousand	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Operating activities		
Operating profit	383,386	350,076
Adjustment for non-cash items	74,469	99,293
Interest and dividends received	6,967	7,094
Interest paid	-1,555	-1,844
Income tax paid	-73,473	-72,476
Cash flow from operations before changes in working capital	389,794	382,143
Changes in working capital		
Change in inventories	1,257	7,603
Change in receivables	-119,590	-91,890
Change in current liabilities	345,461	74,331
Cash flow from operations	616,922	372,187
Investing activities		
Acquisitions of intangible assets	-44,272	-47,304
Acquisitions of tangible assets	-30,103	-20,351
Depreciation of tangible assets	6,029	0
Divestment of financial assets	0	835
Cash flow from investing activities	-68,346	-66,820
Financing activities		
Repayment of lease liabilities	-24,366	-22,490
Repayment of long-term liabilities	-1,017	-998
Payment of contingent consideration	0	-1,923
Redemption of shares	-173,365	-173,277
Cash flow from financing activities	-198,748	-198,688
Cash flow for the period	349,828	106,679
Cash and cash equivalents, opening balance	454,854	345,300
Exchange-rate difference in cash and cash equivalents	4,093	2,875
Cash and cash equivalents, closing balance	808,775	454,854

Condensed consolidated statement of changes in equity

SEK thousand	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Equity at start of period	895,623	817,213
Comprehensive income for the period	352,368	248,186
Dividend/redemption of shares	-173,365	-173,277
Settlement of share-related payments	6,111	3,500
Equity at end of period	1,080,737	895,623

PARENT COMPANY

Condensed Parent Company income statements

SEK thousand	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Net sales	27,641	35,434	131,079	129,864
Capitalized work for own use	0	1,955	917	4,955
Other operating income	8	18	37	72
Total income	27,649	37,407	132,033	134,891
Goods for resale	-789	-1,894	-9,598	-9,066
Personnel costs	-14,218	-21,220	-56,908	-72,805
Other external costs	-28,340	-36,331	-102,657	-91,349
Depreciation/amortization	-418	-3,410	-2,016	-13,882
Total operating expenses	-43,765	-62,855	-171,179	-187,102
Operating loss	-16,116	-25,448	-39,146	-52,211
Total financial items	28,717	4,878	51,522	2,282
Profit/loss after financial items	12,601	-20,570	12,376	-49,929
Appropriations	254,250	296,400	254,250	296,400
Profit before tax	266,851	275,830	266,626	246,471
Tax on earnings for the period	-50,076	-56,892	-50,030	-50,608
Profit for the period	216,775	218,938	216,596	195,863

Parent Company statement of comprehensive income

SEK thousand	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Profit for the period	216,775	218,938	216,596	195,863
Total comprehensive income for the period	216,775	218,938	216,596	195,863

Condensed Parent Company balance sheets

SEK thousand	Apr 30, 2022	Apr 30, 2021
Assets		
Intangible assets	201	17,553
Tangible assets	3,926	22,411
Financial assets	143,450	250,748
Total fixed assets	147,577	290,712
Other current assets	529,379	495,108
Cash and bank balances	683,803	347,961
Total current assets	1,213,182	843,069
Total assets	1,360,759	1,133,781
Equity and liabilities		
Equity	679,685	633,383
Long-term liabilities	—	389
Current liabilities	681,074	500,009
Total equity and liabilities	1,360,759	1,133,781

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 [2020/2021 Annual and Sustainability Report](#) with the addition of IFRS 2 Share-based Payment. This standard is applied as of January 1, 2022 due to the new incentive programs introduced during the fiscal year, refer to page 12.

Note 2 Related-party transactions

Other than the types of transactions presented in Note 3 of the 2020/2021 Annual Report and the new incentive programs introduced during the fiscal year (refer to page 12), no significant transactions with related parties took place in the reporting period.

Note 3 Number of shares

	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
No. of common shares^{1, 3}				
Before dilution	192,662,325	192,627,470	192,662,325	192,627,470
After dilution ²	192,667,455	192,667,310	192,667,455	192,667,310
Average, before dilution	192,662,325	192,627,470	192,639,088	192,570,671
Average, after dilution ²	192,667,455	192,667,310	192,667,355	192,666,700

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 January 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 Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Imaging IT Solutions	570.7	460.1	1,727.2	1,397.7
Secure Communications	63.5	56.9	184.9	207.8
Business Innovation	22.0	17.4	66.4	55.8
Other Operations	26.9	18.2	98.9	74.5
Group eliminations	-34.1	-26.4	-128.3	-103.4
Total	649.0	526.2	1,949.1	1,632.4

Operating profit/loss by business segment

SEK million	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Imaging IT Solutions	146.2	177.5	416.0	378.0
Secure Communications	5.8	6.8	-3.0	9.5
Business Innovation	4.1	5.9	6.1	0.8
Other Operations	-14.8	-26.2	-35.7	-38.3
Group eliminations	-0.2	-0.1	0.0	0.1
Total	141.1	163.9	383.4	350.1

Sales by geographic market

SEK million	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Sweden	102.0	111.4	378.8	391.2
United States	174.9	174.3	547.1	465.5
United Kingdom	172.4	66.3	370.7	216.2
Netherlands	54.3	33.2	150.3	143.1
Rest of Europe	116.2	95.9	401.9	316.0
Rest of World	29.2	45.1	100.3	100.4
Total	649.0	526.2	1,949.1	1,632.4

External sales by product group and operating segment

Imaging IT Solutions

SEK million	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Hardware and third-party products	127.7	40.5	236.1	109.0
Software	135.0	162.1	396.1	374.3
Services	309.8	255.9	1,096.6	908.4
Total	572.5	458.5	1,728.8	1,391.7

Secure Communications

SEK million	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Hardware and third-party products	26.6	17.6	48.6	78.0
Software	7.1	6.4	26.5	27.1
Services	29.2	32.5	107.8	101.2
Total	62.9	56.5	182.9	206.3

Business Innovation

SEK million	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Hardware and third-party products	10.1	8.5	23.8	24.3
Software	3.2	2.2	10.1	8.3
Services	0.1	0.3	2.9	0.8
Total	13.4	11.0	36.8	33.4

Other Operations

SEK million	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Hardware and third-party products	0.0	0.0	0.0	0.0
Software	0.0	0.0	0.0	0.0
Services	0.2	0.2	0.6	1.1
Total	0.2	0.2	0.6	1.1

Group

SEK million	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Hardware and third-party products	164.4	66.7	308.5	211.2
Software	145.3	170.7	432.7	409.6
Services	339.3	288.8	1,207.9	1,011.6
Total	649.0	526.2	1,949.1	1,632.4

Share of recurring revenue

Group

SEK million	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Non-recurring revenue	368.2	273.8	867.7	664.6
Recurring revenue	280.8	252.4	1,081.4	967.8
Total external sales	649.0	526.2	1,949.1	1,632.4
Share of recurring revenue, %	43.3	48.0	55.5	59.3

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). 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.

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

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 assessed to recur for more than 12 months.

Recurring revenue mainly refers to revenue from subscription, support and maintenance agreements.

Revenue from system implementations, migration and one-time purchases of licenses are not recognized as recurring revenue.

Calculation

Recurring revenue divided by total external sales. Refer to the table on page 21.

Equity per share before dilution

	3 months Apr 30, 2022	3 months Apr 30, 2021	12 months Apr 30, 2022	12 months Apr 30, 2021
Adjusted equity, SEK thousand	1,080,737	895,623	1,080,737	895,623
Number of shares before dilution at the end of the period	192,662,325	192,627,470	192,662,325	192,627,470
Equity per share before dilution, SEK	5.61	4.65	5.61	4.65

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

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

Equity per share after dilution

	3 months Apr 30, 2022	3 months Apr 30, 2021	12 months Apr 30, 2022	12 months Apr 30, 2021
Adjusted equity, SEK thousand	1,080,737	895,623	1,080,737	895,623
Number of shares after dilution at the end of the period	192,667,455	192,667,310	192,667,455	192,667,310
Equity per share after dilution, SEK	5.61	4.65	5.61	4.65

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

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

Value added

SEK thousand	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Operating profit	383,386	350,076
Personnel costs	945,176	854,518
Value added	1,328,562	1,204,594

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	Full-year Apr 30, 2022	Full-year Apr 30, 2021
Non-interest-bearing liabilities	1,048,551	682,877
Interest-bearing liabilities	62,624	73,453
Total liabilities	1,111,175	756,330

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 Apr 30, 2022	3 months Apr 30, 2021	12 months Apr 30, 2022	12 months Apr 30, 2021
Cash flow from operations, SEK thousand	414,421	113,666	616,922	372,187
Number of shares before dilution at the end of the period	192,662,325	192,627,470	192,662,325	192,627,470
Cash flow per share before dilution, SEK	2.15	0.59	3.20	1.93

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 Apr 30, 2022	3 months Apr 30, 2021	12 months Apr 30, 2022	12 months Apr 30, 2021
Cash flow from operations, SEK thousand	414,421	113,666	616,922	372,187
Number of shares after dilution at the end of the period	192,667,455	192,667,310	192,667,455	192,667,310
Cash flow per share after dilution, SEK	2.15	0.59	3.20	1.93

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 order bookings to net sales

SEK thousand	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Order bookings	2,320,198	2,651,650
Net sales	1,949,140	1,632,427
Ratio of order bookings to net sales	1.19	1.62

Purpose

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

Calculation

Order bookings divided by net sales.

Liquidity

SEK thousand	12 months Apr 30, 2022	12 months Apr 30, 2021
Current assets	1,669,592	1,172,028
Unutilized overdraft facilities	15,000	15,000
Current liabilities	1,064,688	703,048
Liquidity	1.6	1.7

Purpose

Shows the company's current ability to pay.

Calculation

Current assets plus overdraft facility divided by current liabilities.

Average no. of employees

Purpose

Shows the number of full-time positions in a certain period.

Calculation

Average number of full-time employees during the period.

Unadjusted exchange rates – sales

	3 months Apr 30, 2022	3 months Apr 30, 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Nominal change, %	23.3	3.7	19.4	-1.7
Exchange-rate effect, %	-5.7	6.7	-2.5	5.1
Change in unadjusted exchange rates, %	17.6	10.4	16.9	3.4

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 Apr 30, 2022	3 months Apr 30, 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Nominal change, %	-13.9	32.6	9.5	18.5
Exchange-rate effect, %	-7.4	17.2	-4.7	13.7
Change in unadjusted exchange rates, %	-21.3	49.8	4.8	32.2

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 ¹

	3 months Apr 30, 2022	3 months Apr 30, 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Nominal change, %	11.3	n/a	11.7	n/a
Exchange-rate effect, %	-5.0	n/a	-2.1	n/a
Change in unadjusted exchange rates, %	6.3	n/a	9.6	n/a

¹ Comparative figures are not presented due to limited practical possibilities.

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**Purpose**

Indicates future revenue in the company.

Calculation

Value of orders received or changes to earlier orders during the reporting period.

P/E ratio

SEK	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Share price at end of period	124.8	121.0
Earnings per share before dilution for the rolling 12-month period	1.63	1.43
P/E ratio, multiple	76.6	84.6

Purpose

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.

Calculation

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

Earnings per share before dilution

	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Profit for the period, SEK thousand	112,465	132,607	314,793	275,512
Average number of shares at the end of the period before dilution	192,662,325	192,627,470	192,639,088	192,570,671
Earnings per share before dilution, SEK	0.58	0.69	1.63	1.43

Purpose

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

Calculation

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

Earnings per share after dilution

	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Profit for the period, SEK thousand	112,465	132,607	314,793	275,512
Average number of shares at the end of the period after dilution	192,667,455	192,667,310	192,667,355	192,666,700
Earnings per share after dilution, SEK	0.58	0.69	1.63	1.43

Purpose

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

Calculation

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

Return on equity

SEK thousand	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Profit for the period	112,465	132,607	314,793	275,512
Equity at start of period	959,025	761,483	895,623	817,213
Equity at end of period	1,080,737	895,623	1,080,737	895,623
Average adjusted equity	1,019,881	828,553	988,180	856,418
Return on equity, %	11.0	16.0	31.9	32.2

Purpose

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

Calculation

Profit for the period divided by average adjusted equity.

Return on capital employed (ROCE)

SEK thousand	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Profit after financial items	141,443	166,486	394,505	348,245
Financial expenses	-380	-461	-1,555	-1,844
Average capital employed	1,084,568	903,689	1,056,218	936,851
Return on capital employed, %	13.1	18.5	37.5	37.4

Purpose

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

Calculation

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

Return on total capital

SEK thousand	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Profit after financial items	141,443	166,486	394,505	348,245
Financial expenses	-380	-461	-1,555	-1,844
Average total assets	2,010,073	1,562,081	1,921,932	1,581,900
Return on total capital, %	7.1	10.6	20.6	22.1

Purpose

Shows the return on total assets.

Calculation

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

Operating margin

SEK thousand	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Operating profit	141,145	163,921	383,386	350,076
Net sales	649,023	526,198	1,949,140	1,632,427
Operating margin, %	21.7	31.1	19.7	21.4

Purpose

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

Calculation

Operating profit divided by net sales.

Operating profit per share

	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Operating profit, SEK thousand	383,386	350,076
Number of shares before dilution	192,662,325	192,627,470
Operating profit per share, SEK	1.99	1.82

Purpose

Shows earnings per share before interest and taxes.

Calculation

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

Debt/equity ratio

SEK thousand	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Interest-bearing liabilities	62,624	73,453
Equity	1,080,737	895,623
Debt/equity ratio	0.06	0.08

Purpose

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

Calculation

Interest-bearing liabilities divided by equity.

Equity/assets ratio

SEK thousand	Apr 30, 2022	Apr 30, 2021
Adjusted equity	1,080,737	895,623
Total assets	2,191,911	1,651,952
Equity/assets ratio, %	49.3	54.2

Purpose

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

Calculation

Adjusted equity divided by total assets on the balance-sheet date.

Capital employed

SEK thousand	Apr 30, 2022	Apr 30, 2021
Total assets	2,191,911	1,651,952
Non-interest-bearing liabilities	1,048,551	682,877
Capital employed	1,143,360	969,075

Purpose

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

Calculation

Total assets reduced by non-interest-bearing liabilities.

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

SEK thousand	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Operating profit per share before dilution	1.990	1.818
Operating profit per share before dilution five years earlier	1.030	0.842
Operating profit per share before dilution over a five-year period, %	93.3	115.7

Purpose

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

Calculation

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

Profit margin

SEK thousand	3 months Feb–Apr 2022	3 months Feb–Apr 2021	Full-year May–Apr 2021/2022	Full-year May–Apr 2020/2021
Profit after financial items	141,443	166,486	394,505	348,245
Net sales	649,023	526,198	1,949,140	1,632,427
Profit margin, %	21.8	31.6	20.2	21.3

Purpose

Shows a comparison of profitability regardless of corporate tax rate.

Calculation

Profit after financial items divided by net sales.

KEY FIGURES AND OTHER INFORMATION

Key figures

	Full-year Apr 30, 2022	Full-year Apr 30, 2021
Order bookings, SEK million	2,320.2	2,651.6
Operating margin, %	19.7	21.4
Profit margin, %	20.2	21.3
Average no. of employees	908	828
Cash flow per share before dilution, SEK ^{1,2}	3.20	1.93
Cash flow per share after dilution, SEK ^{1,2}	3.20	1.93
Value added, SEK million	1,328.6	1,204.6
P/E ratio, multiple ¹	76.6	84.6
Share price at end of period, SEK ¹	124.8	121.0
Return on equity, %	31.9	32.2
Return on capital employed, %	37.5	37.4
Return on total capital, %	20.6	22.1
Equity/assets ratio, %	49.3	54.2
Liquidity ratio, multiple	1.6	1.7
Equity per share before dilution, SEK ¹	5.61	4.65
Equity per share after dilution, SEK ¹	5.61	4.65

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 and quarterly alternative performance measures

SEK million	2021/2022				2020/2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	649.0	476.2	418.2	405.7	526.2	394.2	413.2	298.9
Capitalized work for own use	10.6	8.7	13.3	11.6	12.3	13.5	11.6	9.9
Reversal of contingent consideration	0	0.0	0.0	0.0	1.2	0	1.1	0.6
Other operating income	0.4	0.0	0.6	0.3	0.1	0.6	0.5	0.0
Operating expenses	-497.1	-395.2	-329.4	-308.4	-353.6	-319.1	-315.2	-262.8
Depreciation/amortization and impairment	-21.8	-21.3	-19.0	-19.1	-22.3	-20.1	-21.5	-19.2
Operating profit	141.1	68.4	83.7	90.1	163.9	69.1	89.6	27.4
Total financial items	0.3	8.6	0.2	2.0	2.6	-1.3	2.9	-5.9
Profit after financial items	141.4	77.0	83.9	92.1	166.5	67.8	92.5	21.4
Tax on earnings for the period	-29.0	-14.1	-17.6	-19.0	-33.9	-14.5	-19.8	-4.6
Profit for the period	112.5	62.9	66.3	73.1	132.6	53.3	72.7	16.8
Order bookings, SEK million	1,017.4	439.6	470.0	393.2	689.2	598.0	752.1	612.3
Operating margin, %	21.7	14.4	20.0	22.2	31.1	17.5	21.7	9.2
Cash flow per share before dilution, SEK ¹	2.15	0.79	0.21	0.05	0.59	0.71	0.19	0.44
Cash flow per share after dilution, SEK ¹	2.15	0.79	0.21	0.05	0.59	0.71	0.19	0.44
Earnings per share before dilution, SEK ¹	0.58	0.33	0.34	0.38	0.69	0.28	0.38	0.09
Return on equity, %	11.0	6.3	6.6	7.8	16.0	6.8	9.5	2.1
Return on capital employed, %	13.1	7.3	7.8	9.2	18.5	7.8	10.9	2.4
Equity/assets ratio, %	49.3	52.5	61.3	59.6	54.2	51.7	55.0	58.1
Equity per share, SEK ¹	5.61	4.98	5.38	5.06	4.65	3.95	3.69	4.19
Share price at end of period, SEK ¹	124.8	152.5	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 summary¹

	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	1.0	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 Feb–Apr 2022	3 months Feb–Apr 2021	Δ %	12 months May–Apr 2022	12 months May–Apr 2021	Δ %	Apr 30, 2022	Apr 30, 2021	Δ %
US dollar, 1 USD	9.47	8.42	12.5	8.89	8.65	2.8	9.71	8.33	16.6
Euro, 1 EUR	10.38	10.11	2.7	10.19	10.22	-0.3	10.25	10.09	1.6
British pound, 1 GBP	12.31	11.68	5.4	12.00	11.44	4.9	12.18	11.60	5.0

GLOSSARY**Elective healthcare**

Healthcare planned in advance, which in contrast to acute care can be postponed for a period of time without serious medical consequences.

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 that computer power is stored on the internet or company-specific intranets and not on individual computers.

Ophthalmology

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

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system.

Picture archiving and communication system (PACS)

A system for managing medical images, such as digital radiology images.

Pathology/histopathology/microscopy

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

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 the company'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 more than 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

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

Corporate culture and employees

- 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.

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 will primarily be achieved through organic growth, in certain cases supplemented by acquisitions that strengthen the Group's organic growth.
- Expansion into new geographic markets following thorough analysis and at a controlled pace as Sectra achieves a strong position in existing markets.

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



7 good reasons to invest in Sectra

International niche markets with strong growth potential

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

Strong, customer-focused corporate culture

A corporate culture focused on customer value and employees who are passionate about making a difference.

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 a better world 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

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 management are shareholders.