

Sectra contributes to a healthier and safer society



SECTRA

Knowledge and passion

A photograph showing a doctor in profile on the left, wearing glasses and a white coat, examining an elderly man with a white beard and a young girl. The man is holding a colorful, multi-colored toy. The girl is looking up at the doctor. The background is bright and out of focus.

Our customers make society work

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

Table of contents

Introduction to Sectra

- 4 This is Sectra
- 6 Examples of the value we create
- 8 The year in brief
- 11 CEO letter

Business model, goals and strategies

- 14 Sectra's approach to creating value
- 16 Sustainability
- 18 Customer value
- 20 Corporate culture and employees
- 24 Innovation
- 25 Geographical expansion
- 26 Group-wide goals and outcomes

Operating areas and markets

- 28 The market for medical IT
- 32 Operating area Imaging IT Solutions
- 39 Operating area Business Innovation
- 44 The market for cybersecurity
- 46 Operating area Secure Communications

History and the share

- 52 Sectra's history
- 54 Five-year summary
- 56 The share

Corporate governance, administration report and financial information

- 58 Board of Directors
- 60 Group Management
- 62 Corporate Governance Report
- 68 Administration Report
- 74 Sustainability Report
- 88 Risks and risk management
- 92 Financial statements for the Group
- 95 Financial statements for the Parent Company
- 98 Notes
- 124 Auditor's report

Other information

- 128 Index to the Sustainability Report
- 129 References
- 130 Glossary
- 131 2024 AGM
- 131 2024/2025 financial calendar
- 131 Contact information

- Audited Annual Report and Corporate Governance Report
- Sustainability and statutory Sustainability Report

Refer to the auditor's report on pages 124–127 to see which sections comprise the audited Annual Report, the audited Corporate Governance Report and the audited statutory Sustainability Report.

Sectra—a company with an entrepreneurial spirit

Why we exist

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

How we work

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

What we do

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

60+

Countries with customers

2,964

Net sales, SEK million

1,200+

Employees

Our operating areas

Imaging IT Solutions

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



Share of consolidated sales

[Read more on pages 32–38.](#)

Business Innovation

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



Share of consolidated sales

[Read more on pages 39–43.](#)

Secure Communications

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



Share of consolidated sales

[Read more on pages 46–51.](#)



Seven good reasons to invest in Sectra

1 International, growing niche markets

IT for healthcare and cybersecurity for critical social functions are rapidly changing markets that society needs to invest in. This creates major growth opportunities for companies such as Sectra.

2 Stability, profitability and long-term growth

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

3 Customer-focused corporate culture

A strong corporate culture clearly focused on customer value and employees who are passionate about making a difference lead to satisfied customers. To safeguard our corporate culture, growth is primarily organic.

4 Strong brand with multinational reach

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

5 Innovation

By maintaining a high pace of innovation and continuously investing in new products and services, as well as how they are packaged and delivered, we create value for our customers. We also have a self-financed portfolio of research and business projects with the potential to add significant value in the future.

6 Sustainable business model

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

7 Long-standing owners and dedicated management

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

Examples of the value we create

By helping our customers, we contribute to our vision of a healthier and safer society. You can read more about what this means in practice here. Other examples are also available on our website, such as how we help customers to improve patient care and protect safety-critical information.

medical.sectra.com/customerstories • communications.sectra.com/customerstories

Shorter lead times and more equitable cancer care

In cancer care, we help to improve the quality of care and shorten the time from suspicion of illness to diagnosis and the start of treatment. We do this, for example, by providing healthcare with tools for effective medical image review and reporting as well as tools for collaboration between individuals, departments and hospitals. This means that our work can lower the risk of receiving the wrong treatment, shorten lead times and result in more equitable cancer care.

Better quality of care through sharing resources

We help healthcare providers manage all types of medical images through the same solution. A shared imaging IT solution provides a healthcare team with a complete patient overview and the ability to share resources and specialist expertise. This creates the conditions for shorter lead times and more equitable, high-quality care.



Sensitive information protected in times of peace, crisis and war

It is important that society's most sensitive information does not fall into the wrong hands. It is essential for keeping society safe and stable. We help defense organizations, national governments and ministries, EU institutions, civil authorities and businesses manage sensitive information, even when working and communicating remotely. Our solutions also help protect critical infrastructure from the growing cybersecurity threat, ensuring access to for example electricity and water.

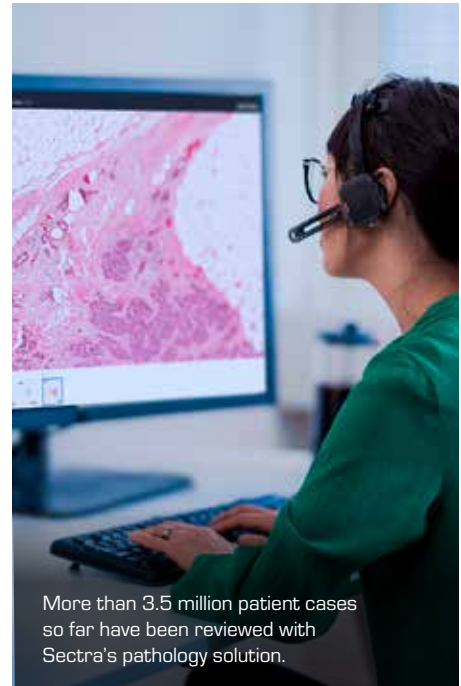
Healthcare students who are better prepared for professional life

Our platform for medical education works as a bridge between theory and practice. Users gain access to medical images and tools, which leads to deeper insights into anatomy as well as functions and processes in the body. This prepares students for a career in healthcare.

The year in brief

Imaging IT Solutions

- Major, long-term customer contracts led to historically high levels of contracted order bookings. Sectra won some of its largest contracts ever, including contracts with one of the largest healthcare providers in the US and with the public healthcare provider in Scotland.
- Continued growth in the US. According to KLAS Research, Sectra is considered as a supplier in half of US healthcare providers' decisions to purchase a medical imaging system (PACS) and is selected as a supplier in 25% of all decisions—significantly more than any other vendor.¹
- A growing number of healthcare providers around the world chose Sectra, and sales increased in all geographic markets. The UK surpassed Sweden and became Imaging IT Solutions' second-largest market in terms of sales after the US.
- Sectra strengthened its position in the digital pathology market through orders from hospitals in countries including France, Korea and the US.
- More customers chose the Sectra One subscription service, often delivered as a cloud service, resulting in increased recurring revenue. Nine healthcare providers in countries such as Canada, the UK and the US deployed the service.
- Sectra expanded its operations in Canada and secured its first Canadian AI-as-a-Service customer.



More than 3.5 million patient cases so far have been reviewed with Sectra's pathology solution.



#1 in customer satisfaction

Sectra's radiology module, Sectra PACS, won awards for highest customer satisfaction.² This marks Sectra's eleventh consecutive win in the US and its fifth consecutive win in Canada. Sectra also won in northern and southern Europe, which are new categories this year.

Business Innovation

- Good progress in the development of new IT support system for genomics, preparing for delivery to first customer.
- Sectra's cloud service for medical education has become an important resource for university hospitals. Use in Europe is growing, especially for training radiographers.
- The Sectra Implant Movement Analysis (IMA) service for orthopaedic surgeons was sold to customers in Norway and the US for the first time.
- Sectra's research results generated important insights into how health-care can be streamlined using AI without compromising patient safety. IT research also resulted in innovative tools for analyzing genomic data.



In the spring, Sweden became a member of NATO. The security alliance has been using Sectra Tiger for secure communications since 2018 and the collaboration has been ongoing for longer than that.

Secure Communications

- Many countries are increasing their investments in defense and public security. Sectra's ability to help customers with these needs led to increased order bookings and an improved financial performance.
- Swedish authorities expanded their partnership with Sectra through an order for a new communication solution within the Sectra Tiger family—a desktop phone that allows multiple people to participate in a secure call at once. This further strengthens the communications protection capacity of the Swedish civil and military defense forces.
- Sectra participated in two Vinnova-financed research projects: one addressing cybersecurity when parts of an energy system are transferred to the cloud and another focusing on making systems more robust against cyberattacks.
- EU organizations and a number of member states ordered additional units of Sectra's approved mobile encryption system and extended existing support agreements for the same system.
- The NATO Communications and Information Agency (NCI Agency) ordered additional units of the mobile encryption system Sectra Tiger and extended its support contract for five years.

» Subscribe to news: sectra.com/subscribe

The year in brief—continued

Business model, goals and strategies

- Our ability to make our customers successful, which is one of our fundamental strategies, enabled us to grow.
- Internal and external measurements showed that Sectra is an equal opportunity workplace with satisfied employees and a strong culture.
- All financial goals were met.

Read more on pages 14–27.



Cloud services



Recurring revenue amounted to SEK 1,725 million, of which SEK 397 million pertained to cloud-based services.

Financial key figures

The Group's order bookings, sales and operating profit exceeded previous records. With a strong financial position, positive cash flows and a significant share of recurring revenue, we are well equipped for the future.

2,964

Net sales
SEK million

518

Operating profit
SEK million

6,224

Contracted order bookings
SEK million

1.69

Cash flow per share
SEK

2.22

Earnings per share
SEK

1.10

Redemption price/dividend
per share, SEK

Refer to the five-year summary on page 54 for additional performance measures. Refer to page 73 for the proposed share redemption program.

Satisfied customers lead to low churn

0.4%

Recurring
revenue churn



CEO letter

A sustainable future is about making our customers successful. I can't repeat this enough. To succeed we must have satisfied customers, which in turn requires that we have satisfied employees and a good corporate culture that encourages engagement and motivation. That is why I am proud that our customers time and time again say how satisfied they are with our employees and our efforts to make a positive difference in society.

Torbjörn Kronander, President and CEO

Helping customers is what we do

Satisfied customers, a good corporate culture, and long-term investments in developing services and products for cybersecurity in society and for increased efficiency in healthcare have led to success for Sectra through the years—and 2023/2024 was no different.

At Sectra, we prioritize long-term earnings performance over short-term margin increases. We take on challenging and important assignments that drive us, our customers and our sectors forward. One example of this is the ongoing major transition of the business model in our largest operating area, Imaging IT Solutions. We are moving from license sales to service sales, which means that revenue will be spread out over a longer period of time. In the short term, this will affect growth in both sales and profit. Despite this, the outcome for the year was good, driven largely by our success in the US and the UK and by major improvements in Secure Communications.

High levels of customer satisfaction and progress in all operating areas

Having satisfied customers pays off and is a prerequisite for a sustainable earnings trend. With this in mind, I am particularly proud to report that, for the eleventh consecutive year, we have the most satisfied customers in the US among large hospitals, according to the US analysis company KLAS. We also have the most satisfied customers in several other regions and categories. As a result of this, we had the highest levels of order bookings in the company's history during the year, with contracted order bookings surpassing SEK 6 billion. Imaging IT Solutions is the main contributor to this increase, but the other operating areas also have strong order bookings.

All of our operating areas are growing, with positive earnings, which has allowed

the Group's sales and operating profit to surpass earlier record-breaking levels. This is due in part to the strong performance of our cybersecurity division, Secure Communications, which reported good growth. In Imaging IT Solutions, the new business model based on service sales is being developed quickly. Our recurring revenue is thus continuing to grow at a rapid rate, while we also have an extremely small share of customers who are leaving us, with a churn rate as low as 0.4%. This bodes well for the future, when the majority of Sectra's sales will be recurring revenue.

The value of the Sectra culture

Three of Sectra's founders—Ingemar Ingemarsson, Robert Forchheimer and Viiveke Fåk—were interviewed this spring as part of a project intended to showcase the history and heritage of Sectra. This got me thinking about Sectra's journey and about what characterized us when we began building the company. For me, it was the medical imaging IT operations that I was part of starting in the late 1980s. The foundations for many parts of our corporate culture, which is so important for us, were laid back then. The most obvious of these is a shared desire to do something meaningful. Using our technological know-how to solve real problems in society. Other areas that we have focused on since the start are knowledge and competence, earning and maintaining our customers' confidence in us, and close partnerships with demanding customers.

I usually also emphasize the importance of being future-proof and “skating to

where the puck is going to be”. In our case, this means understanding where technology and customer environments are heading, and trying to create the solutions that we believe will be needed so that they are available when our customers need them. Sometimes we get it wrong and we have to close down product lines, but often we're right, which gives us a big head start in the market. Some of these solutions include digitization of medical imaging—in both radiology and pathology—and mobile phones and other mobile solutions with the highest level of security approval for protection of communications. Behind every solution we develop are engineers and experts who collaborate closely with visionary customers to ensure that our offering is not only innovative, but also practical and meaningful for our customers. An approach of this kind requires highly skilled employees who are passionate about creating new and innovative solutions for healthcare and society. I am extremely proud of the employees we have recruited to Sectra.

Moving forward through transformation

In a few years, our IT systems will be sold exclusively as a service, and primarily in the cloud—without local servers in hospitals. This means that even now, some of our new products are being built solely for this environment. One example is the entirely new area of genomics for cancer diagnostics, with the system only available for purchase as a service in the cloud and paid for on a per-examination basis. By gathering radiology, pathology



We also have an extremely small share of customers who are leaving us, with a churn rate as low as 0.4%. This bodes well for the future, when the majority of Sectra's sales will be recurring revenue.

Torbjörn Kronander

and genomics in consolidated IT support, primarily for cancer diagnostics, we remain a step ahead.

This change to our business model will have a temporary dampening effect on our growth. During the transition, our growth in net sales and earnings will be far below what it otherwise would have been. It will return, however—the change will simply result in a delay in revenue. The transition will be favorable over the long term, especially because our customers are satisfied and stay with us for a long time. Over the past year, advantageous exchange rates—combined with strong underlying growth and the fact that not all transactions pertain to subscription services yet—contributed to mitigating the effect of the transition, but it was still substantial. We have now made good progress in the transition, but it is not fully completed. This also means that the large variations between quarters will remain for a while. We should remember, however, that the change to the business model will only lead to a delay in revenue. It is coming, but at a later point than under our licensing model.

The transition is progressing fastest in Canada, the UK and the US. These are countries where largely all of our new customer sales now pertain to subscription-based services with cloud deliveries. In these markets, we won several major contracts for medical imaging during the fiscal year, which over the long term will result in a significant increase in our market share, particularly in North America. Once the hospitals included in the new contracts have their services in radiology fully operational, these alone will manage the review of more than 25 million examinations annually with the help of Sectra. Different image types will then be added. In the EU, the market for cloud-based healthcare services has not developed at the

same pace due to strict regulations around cloud services, even though this varies among different member states and some healthcare providers have made progress and led the way.

Overall, we expect that it will take a couple of years before the positive effects of the transition are fully visible. How fast this happens will depend not least on how quickly new and existing customers outside North America transition to purchasing services.

Outlook

With satisfied customers, combined with a very strong brand in markets that need to grow and where customer confidence is crucial, we have every reason to remain optimistic about the future. The changes taking place around the world mean that cybersecurity and efficient medical care are areas that will continue to grow for a long time to come. Our contribution is to provide the people who work in these key areas with the IT systems they need to work efficiently, not least for those who work with cancer diagnostics and genomic data analysis, where we can offer a newly developed service. The market for genomics is developing very rapidly, and efficient IT support for high levels of production has been non-existent to date. Our system went into clinical operation at the University of Pennsylvania in May, and our customer is very satisfied, which opens the door to an exciting future where we will further strengthen our position in integrated diagnostics for cancer care.


The important thing in the long term is that we continue to have satisfied customers. And to get satisfied customers, we need satisfied and motivated employees, which both our internal and external surveys show we have. With continued efforts to create customer value in an environment where our employees have the possibility to

do their job well, work with and learn from the smartest colleagues in the industry, enjoy themselves and continually learn new things, our future looks bright.

I'm proud of what we've accomplished so far and would like to express my appreciation to all of our customers, employees, partners and shareholders for the confidence and support you are giving Sectra. Together, we are creating value both for individual patients and for government officials as well as for society as a whole.

Linköping, July 2024

Torbjörn Kronander
President and CEO of Sectra AB

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

Sectra's approach to creating value

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

A strong corporate culture lays the foundation

Corporate culture and values

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

Mission statements

Medical IT

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

Cybersecurity

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

Operating areas



Vision

To contribute to a healthier and safer society.

Goals

At Sectra, we are determined to create significant value for our customers. Customers should be so satisfied with their experience that they remain for a long time, expand their use of our solutions and recommend Sectra to others.

Customer satisfaction cannot be achieved without satisfied and dedicated employees. Employees who are motivated, understand their customers, feel good and are satisfied in their jobs will also increasingly develop new, creative solutions that can further increase the value we provide for our customers. Value that is then passed on to us through the payments we receive for the improvements that our products and services create. This is what pays our employees' salaries and enables innovation and the investments needed to continue making our existing and new customers more successful.

Our success is monitored through result indicators for our operational targets and financial goals. In addition, there are also business-specific goals that are followed up in each operating area and business unit.

Read more on page 26.

Group-wide strategies for sustainable business development

Customer value is the top priority

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

Read more on page 18.

A motivating corporate culture

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

Read more on page 20.

Constant innovation

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

Read more on page 24.

Geographic expansion

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

Read more on page 25.

Our focus on sustainability

Achieving our vision requires satisfied customers and employees as well as long-term, responsible action as a company on behalf of all stakeholders. That is why we focus our efforts on these sustainability areas.



Satisfied customers

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

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

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



Satisfied employees

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

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

Contribution to the UN SDGs: SDGs 5 and 8



Responsible conduct

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

Strategies and prioritized activities: Taking responsibility for the environment and climate, following fair business principles, counteracting corruption and respecting human rights. Read more in the Sustainability Report on pages 74–90.

Contribution to the UN SDGs: SDGs 8 and 16

Sustainability targets

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

Additional result indicators are used to monitor the results of the operational sustainability agenda in prioritized and statutory sustainability areas. Read more in the Sustainability Report on pages 74–90.



Examples of the value we create for our stakeholders

Customers

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

Patients

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

Society and citizens

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

Distribution partners and suppliers

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

Employees

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

Shareholders

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

How we contribute to the UN Sustainable Development Goals



Good Health and Well-Being

The focus in Sectra's medical operations is on good health and

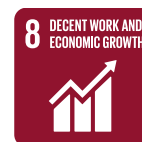
well-being for patients and for society as a whole. Cancer diseases, osteoarthritis and orthopaedic surgery represent some of the most costly and resource-intensive areas in the healthcare sector. Our solutions facilitate and optimize diagnosis, planning and follow-up of patients in these areas.



Gender Equality

We value and promote equal treatment and gender equality within our operations. Roles are to

be filled based on the individual's skills and characteristics. All employees are to be treated with equal respect.



Decent Work and Economic Growth

Sectra offers opportunities for work and a livelihood. We strive to provide

fair workplace conditions and to contribute to economic growth in the communities where we operate.



Industry, Innovation and Infrastructure

Within the critical infrastructure product segment, Sectra helps society to

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



Peace, Justice and Strong Institutions

Within the secure communications product segment, Sectra helps

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

Our strong customer focus builds trust

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

Prioritized activities

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



What makes us stand out—our employees

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

Customer satisfaction is top priority

A high degree of customer satisfaction is central to Sectra's identity as a company, and the impetus to create value for our customers unites us. Satisfied customers are also an effective sales and marketing strategy. High levels of customer satisfaction are the ultimate proof that we have quality solutions that create value in our customers' operations and are delivered by excellent staff. Moreover, having satisfied customers means going to work is more

enjoyable and attracting new employees is easier. With satisfied customers and employees, Sectra will continue to be successful—which will also satisfy our owners.

Close partnerships with demanding customers

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

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



Sectra keeps all of their promises. They're one of the best suppliers we've worked with. I only have good things to say about them. I wish all of our suppliers were like Sectra.

Analyst/coordinator at one of Sectra's customers in the US. Comments on Sectra's radiology solution collected by KLAS, March 2023.



“

The knowledge to meet expectations.
The passion to exceed them.

Sectra's corporate culture focuses on the customer



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



Collaborating with demanding customers and competent end users.



Continuously improving and innovating in high-tech fields.



Offering solutions that benefit both individuals and society.



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



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



Spreading job satisfaction and joy.

An engaging corporate culture

Sectra has over 1,200 employees in 15 countries. Both in-house and third-party surveys show that Sectra is a workplace where employees are satisfied and feel that they are doing important things and have the opportunity to develop as individuals. This environment is something we nurture, enabling our employees to create value for our customers.

Prioritized activities

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



Attitude, ability and willingness to learn

Our customers expect to meet especially driven staff who want to understand and help them. That is why we recruit new employees based on the candidates' attitude and characteristics, and on whether they fit in with the Sectra culture. In addition, we look for individuals who are willing and able to continually learn new things. We operate in a rapidly changing world where today's knowledge could be of limited value tomorrow. That is why the ability to re-learn and develop is important to us.

In addition to their immediate supervisor and colleagues, all new employees are interviewed by the Group CEO. This rigorous employment process reflects how important we consider recruiting the right people for the company to be—individuals with the potential to grow and create value for our customers.

An engaging corporate culture

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

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

Attractive and equal-opportunity workplace

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

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



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

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

Possibilities for continued growth

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

Employees are encouraged to grow and develop as individuals in various ways, for example through job rotation among departments, roles and national organizations.

This spreads the company's combined expertise and promotes collaboration

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

Managers who challenge

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

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

Sectra welcomes future employees

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



Max Argemi Björn
Niclas Björn, Software Engineer, Sweden



Alma Holmström
Frida Börnfors, Technical Application Specialist, Sweden



Kai Besselink
Nick Besselink, Global Research Liaison, Manager, The Netherlands



Iris Swenninger
Amanda Swenninger, Customer Success Manager
Oscar Holm Swenninger, Software Developer, Sweden



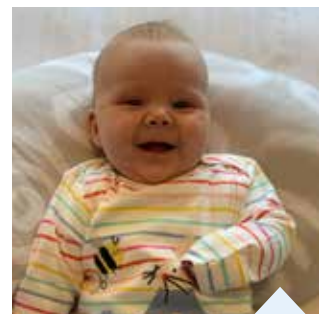
Madison Ann Beavis
Amanda Beavis, Accountant, USA



Santiago Antoni Choragwicki Montiel
Adela Rabell, Junior Project Manager, UK



Naomi Uemori
Timothy Uemori, Technical Engineer, USA



Amelia Gill
Robert Gill, Application Specialist, UK



Melker Lindskog
Viktor Lindskog, IT Security
Manager, Sweden



Finn McCullagh
Kevin McCullagh, Clinical
Application Specialist, UK



Allan Solvin
Erik Solvin, Global Engineering
Lead, Sweden



Natanael Mehari Carlsson
Lemlem Mehari Carlsson,
Project Manager, Sweden



Olivia Nyiri
Ia Hansson, Partnership
and Business Operations
Specialist, Sweden



Stijn Krikken
Erwin Krikken, Solution
Specialist, The Netherlands



Luca Slagter
Marcel Slagter, Portfolio and
Customer Success Manager,
UK



Clara Westphal Laursen
Morten Westphal Laursen,
Project Manager, Denmark



Vide Anton Sandberg
Olof Sandberg, Medical
Affairs Manager, Sweden



Astrid Arkenius
Madeleine Arkenius
Solution Specialist Enterprise
Imaging, Sweden



Eve Bell
Jonathan Bell, Customer
Operations Engineer, UK



Pablo and Luca Visciola
Ojeda
Matteo Visciola, Customer
Operations Engineer, UK



Arad Bakhtiyari
Shahab Bakhtiyari,
Deployment Engineer,
Norway



Felix Ekholm
Niklas Jonsson, Product Owner
Radiology Imaging, Sweden



Ole Jerik Spielfeld
Robert Singh, Deployment
Engineer, Germany



Vivya Pfeffer
Jill Pfeffer, Application
Specialist, USA

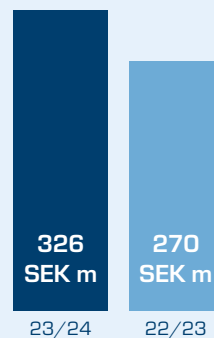
Innovation

for long-term value creation

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

Prioritized activities

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



The Group's R&D costs

24

patent families
in the Group

10-15%

of consolidated sales are
invested in R&D every year

Customer-centric product development

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

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

Research to meet future needs

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

You can find examples of our research partners and scientific publications in medical technology at medical.sectra.com/research

Development in every part of the business

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

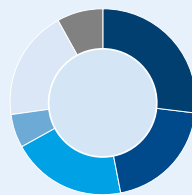
Geographic expansion

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

Prioritized activities

- Continuing to grow and becoming the leader in the segments and regions where the company conducts its own sales.
- Implementing controlled growth initiatives, carried out by the Group itself and through partners, in a small number of carefully selected markets.
- Establishing operations in additional countries, and signing agreements with new distribution partners in selected segments and markets.

Sales per market 2023/2024



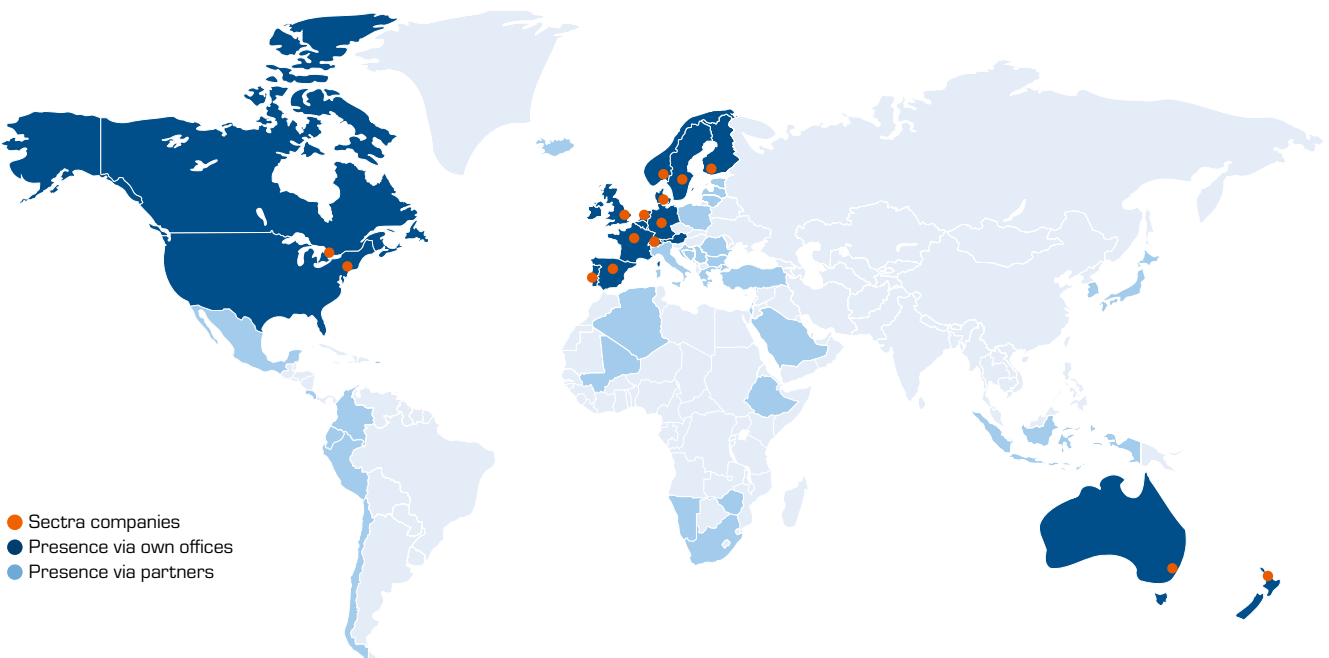
	Share	SEK m
US	27%	826
Sweden	20%	586
UK	20%	578
Netherlands	6%	184
Rest of Europe	19%	559
Rest of World	8%	231

19

countries with direct sales

~30

partners



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

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

Group-wide goals

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

Operational targets

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

Customers

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

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

Corporate culture, employees and processes

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

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

Innovation and new business

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

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

Result



High level of customer satisfaction



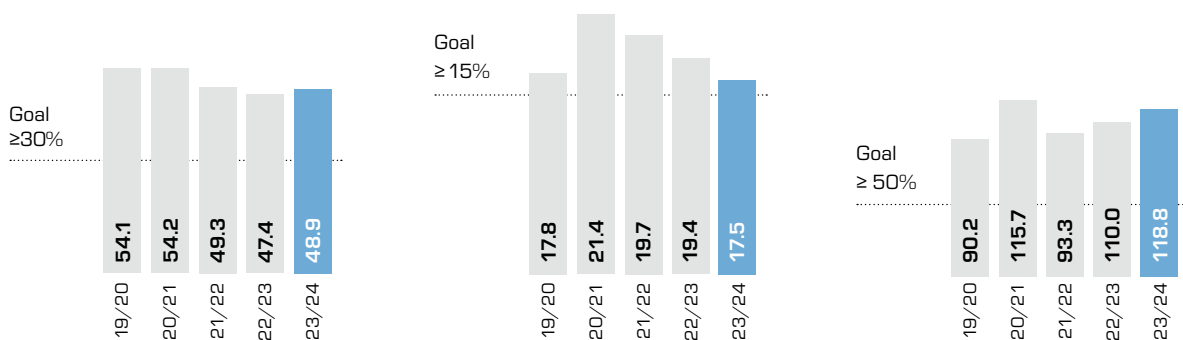
High level of quality and product safety



Dedicated employees who are satisfied, improving as individuals and doing their best to meet or exceed customer expectations.
Healthier employees and minimal absence due to illness.

Financial goals

Sectra has three Group-wide financial goals. Stability and profitability are considered fundamental goals. Once these goals have been met, the focus shifts to earnings growth, which in practice is our primary financial goal. We reinvest our profit in areas that have the potential to increase customer value and can thereby contribute to stable and long-term returns for our shareholders. All Group-wide financial goals exceed the target levels.



1. Stability

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

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

The equity/assets ratio exceeds the strategic goal by a comfortable margin. Despite an increase in total assets as a result of increased current receivables and liabilities, the equity/assets ratio remained stable in 2023/2024.

2. Profitability

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

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

Profitability exceeds the strategic goal by a comfortable margin. The margin decreased as a result of the ongoing transition of the business model. The effect of the transition was partially mitigated by positive exchange-rate effects in 2023/2024.

3. Earnings growth

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

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

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

Profit growth exceeds the strategic goal by a comfortable margin. This is a result of the fact that sales growth is rising faster than costs, which is in line with Sectra's long-term efforts to boost cost-efficiency.



Imaging IT
Solutions

Business
Innovation

Medical IT

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

Trends and needs driving the healthcare market

Trends and drivers

Aging population

- More patients with chronic diseases and considerable need for care
- Labor shortage

More than one in five people in Europe and North America are currently over the age of 60, a number that continues to rise. Health problems affecting the elderly primarily include cancer, cardiovascular diseases and problems with the nervous system, skeletal system, vision and hearing. At the same time, fewer children are being born and the working age population is decreasing.³ There is already a shortage of healthcare personnel and the situation is expected to worsen in the future.

Digitization and consolidation

- Stricter cybersecurity requirements
- Fewer and larger healthcare providers

A higher degree of digitization in healthcare enables greater efficiency, increased availability and improved quality of care. At the same time, systems and information are becoming more vulnerable to human error and cybersecurity threats.

Consolidation through acquisitions and mergers has been an ongoing process in healthcare for several decades. This leads to larger procurements, increased scalability demands and managing large volumes of medical images.

Medical advances

- Increased diagnostic imaging, particularly cancer diagnostics
- Rapidly growing use of genomics

New medicines and improved prevention, diagnosis and treatment methods mean that people are living longer and feeling better. Many illnesses that were previously deadly can now be cured, or have become chronic conditions that can be managed in daily life. These require follow-up examinations, leading to increased diagnostic imaging. The volume of medical images is also growing because diagnostic imaging is an important tool in monitoring cancer. Other areas that are growing within cancer care are integrated diagnostics and personalized medicine, the latter of which combines analyses of genetic information—genomics—with other diagnostic data.

Customer needs and how Sectra meets them

Customer needs

- Collaborating regarding resources and patients
- Streamlining diagnostics and personalized medicine planning.
- Improving cybersecurity and maintaining patient privacy.
- Taking advantage of opportunities related to cutting-edge technology and new treatment methods.
- Modernizing and streamlining basic and further education programs for physicians, nurses and veterinarians.
- Integrated diagnostics for effective collaboration between radiology, pathology and others who play a key role in cancer care.

How we can help

- Imaging IT solutions for more efficient diagnostics and follow-up, particularly for illnesses affecting older people and in cancer care.
- A consolidated IT system for all medical images with support for collaboration within and between healthcare providers and integration with other healthcare systems.
- Cloud-based services.
- Stable and user-friendly solutions for education, diagnostic imaging and pre- and postoperative orthopaedic planning.
- Support for AI implementation in clinical practice.
- Solutions for managing genetic information and other diagnostic data, including imaging, that support personalized medicine.
- Investments in developing offerings for future areas within cancer diagnostics, such as genomics and integrated diagnostics.

Medical images are crucial to diagnosis and care

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

Examples of when medical images are used in the healthcare sector



Diagnosing heart problems



Early detection of cancerous tumors



Assessing tumor aggressiveness and spread



Treatment follow-up



Dialogue regarding patients between healthcare departments



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



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



Training of medical and healthcare students and professional development of healthcare personnel



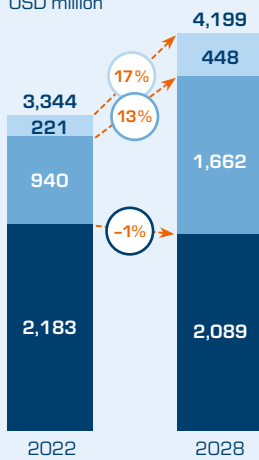
We help the healthcare sector meet the challenges of an aging population

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

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

Market size

The global market for IT systems for radiology and cardiology⁴, USD million



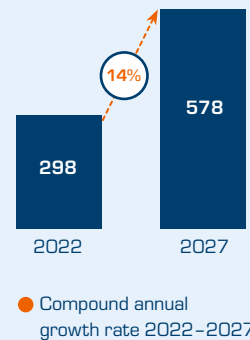
Medical imaging IT

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

Digital pathology

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

The global market for all digital pathology software⁵, USD million



Cloud usage is accelerating

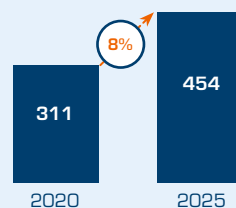
Healthcare providers' interest in cloud services has been strengthened by the economic pressure on healthcare. Of the global radiology IT market, which was estimated to amount to USD 3,304 million in 2023, cloud services accounted for approximately 30% (hosted cloud: 8% and hybrid: 22%). The share is growing and is expected to exceed 40% by 2028.⁴

Medical education

3,600+

educational institutions^{8,9} and hospitals worldwide offer basic and specialist medical training.

The global market for IT systems for orthopaedics⁶, USD million



Orthopaedics

Hundreds of millions of people suffer from osteoarthritis, a disease that often leads to hip, knee and shoulder joint replacement surgery. The number of patients affected by the disease has doubled over only a few generations.⁷ According to the UN World Health Organization (WHO), the disease is one of the main global healthcare challenges, alongside cancer and stroke.

Operating area Imaging IT Solutions

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



Enterprise IT platform and applications with modules for medical diagnostics

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

Customers can choose between purchasing the offering as traditional installations or as cloud services. When services are provided through the cloud, Sectra takes total responsibility for the operation of the system. Our service subscription offerings are called Sectra One, and Sectra One Cloud when completely cloud-based.

Advantages with the subscription service

- One platform for all types of medical images
- Shorter time to treatment with complete, consolidated patient overview and integrated diagnostics
- Greater scalability and a high level of flexibility to expand functionality and services module by module
- Having fewer IT systems to maintain increases IT security and streamlines operations
- Pricing is based on use, which gives customers flexibility when their volumes or organization change



Products and services

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

Employees

942

Customers

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

Sales channels and geographic presence

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

Competitors

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

Where we are headed

Our long-term ambition is to streamline diagnostics for customers, improve quality of care and be a leading strategic partner within diagnostic imaging, particularly within cancer diagnostics.

Where we are now

Sectra is one of the world's leading providers of IT systems for managing medical images and patient information related to diagnostic imaging. We have more than 2,500 installations of medical IT systems worldwide, including several of the world's top-ranked hospitals.

Top-ranked in customer satisfaction

When our customers are satisfied, we know that we are delivering value and solutions that meet our users' needs. Within the radiology segment, Sectra has been top-ranked in customer satisfaction for 11 consecutive years in the US and five years in Canada. We also have a ranking in northern and southern Europe. The surveys were performed by analyst company KLAS Research, which is considered the industry standard for customer satisfaction surveys specializing in IT systems in healthcare.



These distinctions show how fantastic our employees are. They do what it takes to solve our customers' problems—no matter what. Over the last year, we have restructured our organization internally to provide our customers with even better support through the entire process, everything from their initial choice of us to implementation and support, with continuous customer interaction.

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

Strong position as an enterprise vendor

We have long held a strong position in IT systems for managing radiology images. Today we are the enterprise imaging vendor that many customers are turning to.

This is especially the case for cancer diagnostics, where our investment in one system for radiology as well as pathology and other images is appreciated. Customers often begin by introducing a system for a specific specialty, usually radiology. As the first and only supplier able to offer radiology, pathology, orthopaedics and ophthalmology in the same solution, we are well positioned to help customers consolidate their IT systems and collaborate more effectively between specialties. The ophthalmology module is the most recent addition to Sectra's enterprise solution and is currently used by a handful of customers in Europe and the US. Sectra has begun a genomics initiative in order to further support customer needs (see page 40). The initiative broadens and strengthens our offering within medical diagnostics.

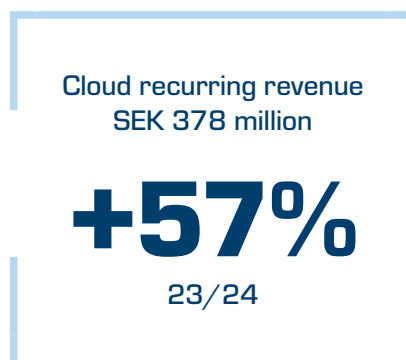
More customers are digitizing pathology

We have a leading market position in pathology and are considered drivers in the industry. More than 3.5 million cases have been diagnosed using our solution, and it is used for primary diagnostics at over 100 laboratories around the world. In addition to new customers who choose Sectra to digitize pathology, existing customers are also increasingly adding it to their enterprise solutions. This is especially the case in Europe, but we are also seeing a shift in the US, where more customers have done so in recent years.

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

Sectra commands a market-leading position in the Netherlands, Norway, Portugal and Sweden, and a prominent position in the UK. In some countries, we command such a large market share that our growth potential in certain product segments is limited. However, this is not the case in

the US, where we have a relatively small market share but very high customer satisfaction. The business is growing the fastest there, thanks to a steadily increasing level of trust from several healthcare providers. We also have considerable growth potential in the Canadian and French markets, which are newer for us. In markets where we don't have an established position, we are growing with distribution partners that align with our strategy and corporate culture.

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

In the next five years, the majority of new customers are expected to purchase cloud-based services. Replacing traditional IT systems with cloud services provides them with an opportunity to reduce their need for IT and cybersecurity expertise since many customers have difficulty filling these roles. To meet growing customer demand, in recent years we have prepared for the transition to cloud-based solutions and for service deliveries where we assume total responsibility for operation and infrastructure.

All new products are developed to run efficiently in a cloud environment. In addition to product development, we have changed how we package and sell our offerings as recurring services through a model called Sectra One. We also have strategic partnerships for cloud services infrastructure.

At the same time, we implemented a new organization, strengthened our competence within the area and increased coordination within and between our various regions. These measures will help us grow with greater scalability and internal efficiency.

We were one of the first to make this transition, which has helped put Sectra's offering on the cutting edge. Today our cloud-based services are used in both Europe and the US. Sectra One has been the main alternative in the US since 2021, and the majority of new US agreements are now subscription-based. More and more customers are choosing this alternative in other countries as well, both in new procurements and those renewing their agreements. For existing customers with license agreements, Sectra has an established process to simplify the transition to Sectra One. However, this change is only possible when renewing an agreement, which means that it could take several years before all customers have transitioned to the subscription model.

The ability to manage all medical images in a single system is unique in the market. We are also the only company with a delivery model in the form of a service where we assume total responsibility for the technology, installation, operation and support of the system, including the cloud infrastructure, for the entire duration of the contract.

Transitioning to services that are delivered via the cloud is one of the most comprehensive transformations Sectra has ever faced.



Customer case

NHS Scotland has chosen Sectra's cloud service for medical diagnostic imaging

Background

The public healthcare provider in Scotland manages around five million radiology examinations per year, in 15 healthcare regions across the entire country.

The customer's challenge

Efficient diagnostics and sharing of resources regardless of where in Scotland a patient seeks care. The customer also wanted to create the right conditions to easily expand the imaging solution to include more medical specialties as well as to scale up its volumes and to use technology such as AI.

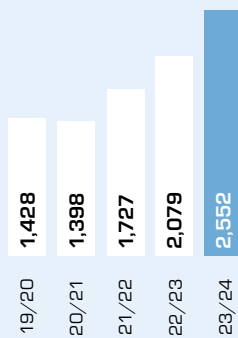
How Sectra is helping

- A cloud service where we take total responsibility for infrastructure, support, upgrades and availability as well as storage based on current and future needs
- A unified strategy for radiology and all other types of medical images
- Modern tools for image review and reporting
- Supports working from different locations and accessing information regardless of where the patient has sought care
- Simplifies sharing of resources and specialist expertise
- Improves opportunities for collaboration
- Simplifies purchase and integration of AI applications

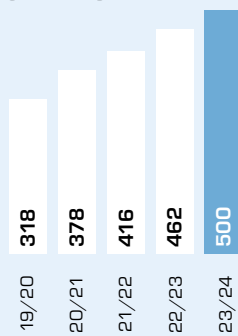
Financial performance

For comments on the company's financial performance, refer to the [Administration Report](#) on page 68.

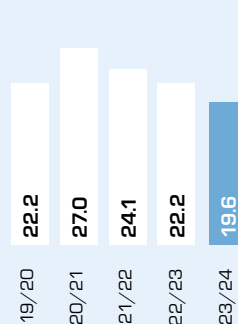
SALES, SEK MILLION



OPERATING PROFIT, SEK MILLION



OPERATING MARGIN, %



More and larger customer projects than ever before

We meet the needs of extremely large organizations. The growing volumes of medical images and the consolidation taking place in healthcare are leading to larger customers, higher demands for efficiency and more extensive procurements than before. In order to meet these needs, we are continually working to increase scalability, improve processes and use our resources even more efficiently. This results in, for example, new methods, preconfigured systems and best practices as well as new tools that enable customers to perform installation and training for parts of the systems themselves.

In order to manage large customer projects, we have an established process that starts during onboarding and then follows the customer's entire journey with us. This includes upgrades and proactive management with real-time analysis that allows us to act before problems arise and to follow up on customer needs.

Product development and research for improved patient care

To meet customer demand, the existing products are being developed and long-term growth initiatives are ongoing in new areas such as AI, ophthalmology and integrated diagnostics. AI plays an important role when it comes to tackling the challenges facing healthcare due to personnel shortages and higher workloads. Our own AI development is primarily focused on streamlining customers' clinical workflows. An important part of the strategy is also about making it easy for customers to implement AI in clinical practice. We do this through Sectra Amplifier Marketplace where we provide a selection of validated applications from various AI suppliers. We do not believe the AI development will replace the need for Sectra's products. Instead, we believe it will complement the offering and provide an opportunity for healthcare to automate or streamline manual elements of the diagnostic process.

Sectra is also conducting several of its own research projects (see page 40).



Marie Ekström Trägårdh

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



We endeavor to support society in the fight against cancer and age-related diseases.

Our ambition is to double the number of patients whose images are reviewed using our solution between 2020 and 2025.

Integrated diagnostics adds considerable value to cancer care

Improving the efficiency of diagnostics and follow-up in cancer care is a common thread that runs through our offering. Sectra's solutions for more efficient reviewing, reporting and collaboration in connection with diagnostic imaging create value for our customers and their patients. The new initiative for IT support for genomics (see page 40) is in line with this strategy.



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



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



Easier collaboration creates the conditions for better quality of care.

The way forward

To achieve the operating area's long-term ambition, we are focusing primarily on activities in these three areas.



Lead with customer success



Build for sustainable growth



Transitioning to a subscription service with a focus on the cloud

Prioritized activities

Following up and acting on customer feedback to preserve customer loyalty and corporate culture.

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

Selling and delivering cloud services and preparing to move existing customers to service deliveries. This includes automating and standardizing how we install and deliver software in the cloud.

Helping users leverage clinical benefits of AI.

Developing the organization and processes to better support the customer's initial implementation and long-term use of Sectra's services and to increase operational efficiency.

Investing in innovation and in business and product development with a specific focus on diagnostics within age-related illnesses and cancer.

Some activities have the potential to make positive contributions to the earnings trend within one or two years, but the majority have a longer time horizon. For information on risks, refer to the [Sustainability Report](#) on page 74 and [Risks, risk management and sensitivity analysis](#) in Note 29 on page 119.



Focusing on growth opportunities

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

Operating area Business Innovation

Business units

Genomics IT, Medical Education and Orthopaedics.

Research and future projects

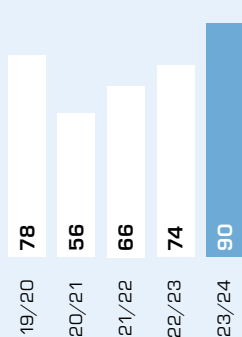
Sectra's medical technology research department and various future projects. Business Innovation also manages and develops Sectra's patent portfolio.

Number of employees: 43

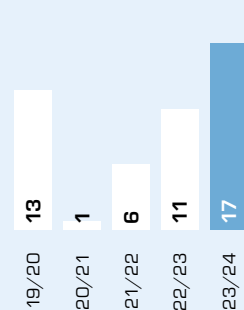
Financial performance

For comments on the company's financial performance, refer to the [Administration Report](#) on page 68.

SALES, SEK MILLION



OPERATING PROFIT, SEK MILLION



The Group incubator

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

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

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

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



Gustaf Schwang
General Manager Orthopaedics business unit



Johan Carlegrim
General Manager Medical Education business unit



Fredrik Lysholm
General Manager Genomics IT business unit



Claes Lundström
Research Director Medical Systems

Some projects soar while others fade away

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

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

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



IT support for genomics

Each patient is unique, and customizing healthcare to each individual patient's need is essential for the patient outcomes. Personalized medicine, also referred to as precision medicine, is the emerging practice of medicine that uses an individual's genetic profile to guide decisions made in regard to the prevention, diagnosis, and treatment of disease. This new practice is especially well developed within cancer care. By leveraging all patient data, from radiology, pathology and finally genomics, the most advantageous cancer treatment path is chosen for each individual patient.

Due to its essential role in treatment, genomics is one of the fastest growing fields within diagnostics. To efficiently provide precision diagnostics, close collaboration between multiple medical specialties is needed to support these new diagnostic workflows. In collaboration

with healthcare providers in the US and Sweden, Sectra is driving innovative product development in this field to further increase the value provided to customers. By combining medical imaging IT for radiology and pathology with IT support for Genomics, we are helping to develop the diagnostics of the future.

This new area of diagnostic IT tools is being developed within the Genomics IT business unit, which was started in 2022. The ongoing development project spans several years and is off to a good start. Together with one of the most prominent cancer healthcare providers in the US, we put the first version of the system into clinical operation in spring 2024. The situation is similar to when the digital pathology product was launched as an expansion of Sectra's radiology offering.

In 2023, a significant milestone was achieved with IMA, which is used to determine whether an implant is loose. Over 1,000 patients have been helped by the service.

Orthopaedics

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

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

can more accurately determine at an early stage whether an implant is loose.

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

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

The way forward

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

Prioritized activities:

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

Customers and sales channels

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

Market position

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



Medical education

The need for care is increasing constantly in parallel with a labor shortage. Managing these challenges requires innovative ways of working, digital tools and increased investments in the types of services that Sectra offers in medical education. Sectra Education Portal is a cloud-based service that offers reality-based learning using authentic patient cases and advanced digital tools.

Using the education portal makes it possible to base the user's understanding on real clinical scenarios and diagnostic tools. This makes learning more efficient, from basic knowledge for students to advanced professional development for specialists and other qualified healthcare personnel. The cloud service gives the user full control over their own learning, since it is available at any time or location—at the hospital, university or at home.

In addition to Sectra Education Portal, Sectra offers a visualization table⁹ that is adapted to training in the classroom or lecture hall.

The way forward

Our ambition is to help our customers to improve and streamline medical education by facilitating lifelong learning and skills development for healthcare personnel.

Prioritized activities:

- continuing to expand existing customers' usage in order to help them maximize the value of the portal
- increasing sales and the number of subscribers, focusing primarily on Europe and North America
- developing our education portal to enable increasing usage
- strengthening synergies and increasing sales to the existing customer base within the Imaging IT Solutions operating area.



Sectra Education Portal is used to train medical and healthcare students and healthcare personnel around the world. During the year, the education portal was used by close to 10,000 unique users.

Customers and sales channels

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

Market position

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

Research

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

Progress in data-intensive diagnostics

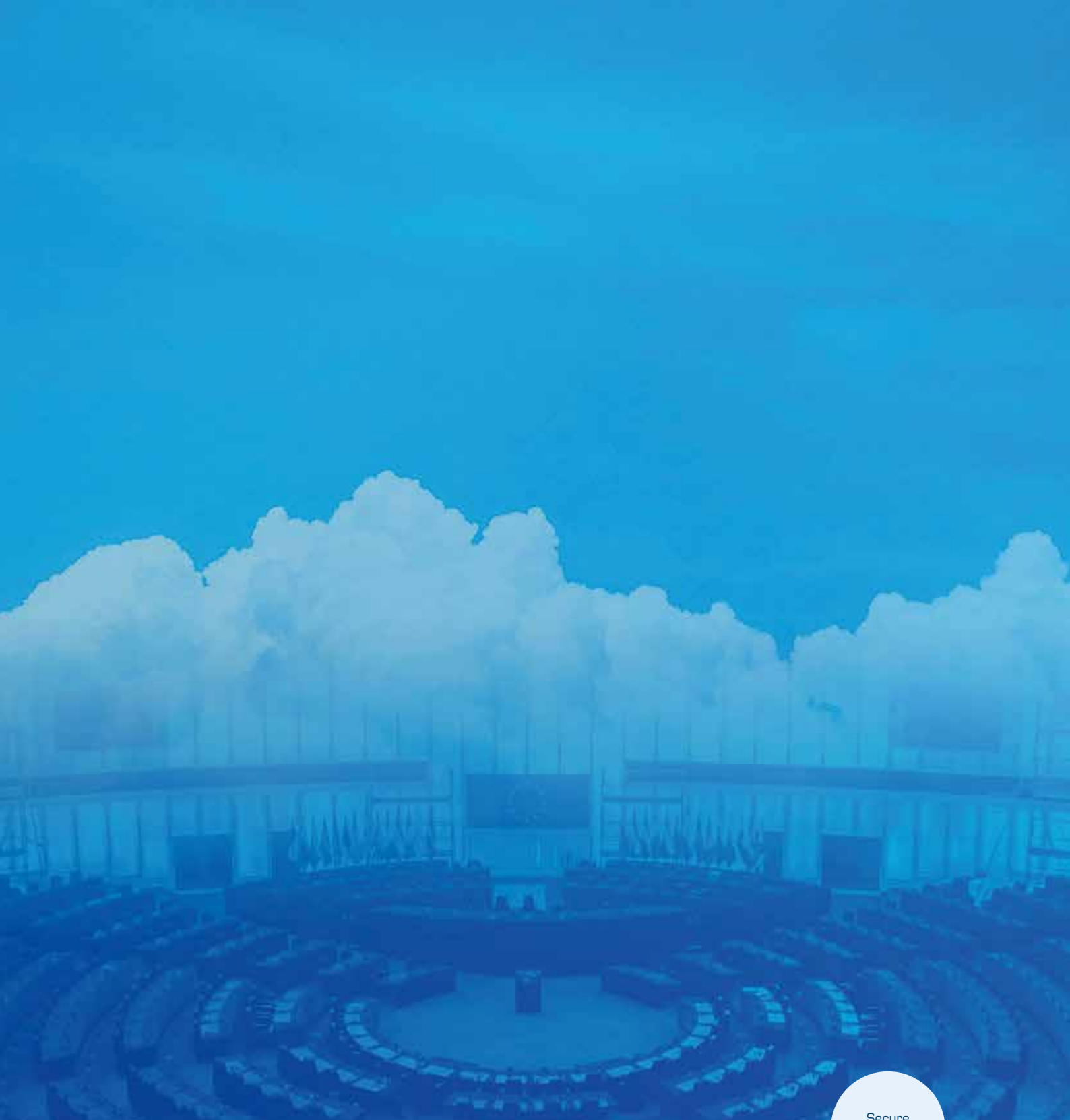
An overarching theme for the initiatives in the research department is data-intensive diagnostics that support healthcare's development towards precision medicine. One area Sectra is studying is the decision support that will be needed for the healthcare sector's diagnostic analyses in genomics, known as variant analysis. Another active area is how the latest AI language models can be used in innovative tools, for example for radiologists.

Sectra also contributes research in diagnostic imaging so that AI can move from the laboratory to clinical reality. Sectra is one of the main participants in

the Vinnova-funded project AIDA, which serves as a national arena for research into AI for medical image analysis, with the aim of leveraging the full benefits of AI-based tools in the healthcare sector.

The multiyear EU project Bigpicture is also ongoing within pathology. The project aims to develop the largest-ever database of pathology images to be used for research and innovation in AI. Bigpicture is a part of the Innovative Medicines Initiative program. Sectra's contribution will accelerate the development of improved diagnostic methods based on AI and support collaborative efforts between healthcare and research.





Cybersecurity

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

Need for increased information security

Trends

Information collection and cyberthreats are increasing

The changes in the global situation have resulted in a growing threat scenario, and various actors are looking to have the upper hand when it comes to information through unauthorized access and eavesdropping. In addition, technological progress is making it possible to carry out remote attacks on information-based systems and the number of cyberattacks has increased drastically.¹¹ New regulations are being introduced in order to make society more resistant and secure, which are impacting government authorities and companies.

Many countries are strengthening their defense capabilities

A tense security situation on the European continent poses a greater need to be able to defend critical assets. Civil and military defenses are being rebuilt, which means that more operations than before are handling sensitive information. This is leading to higher budgetary funding for cybersecurity for defense forces, authorities and critical infrastructure.

Increased mobility

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

Accelerating digitization

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

Customer challenges and needs

Access to solutions that protect information management

Operations in general, and society's critical functions in particular, need to protect the confidentiality, accuracy and availability of their information. This means that information must not end up in the wrong hands or outside operations, it must not have been modified by an unauthorized party, and it must always be available when needed. When any of these information security aspects are lacking, it can result in significant consequences and costs for the organization, such as reduced efficiency or an inability to carry out its mission. Communication solutions and systems that protect the information are needed to counteract this.

One clear development is that regulation has become more stringent, which in turn is increasing organizations' need for information security expertise and solutions that help meet these requirements. This can be about, for example, controlling data flows, encryption, logging, or stronger authentication that ensures the user's authorization.

High levels of information security in remote working

A higher share of remote working creates a significant need for solutions and services for secure file transfers, connections to internal networks, secure video conferencing and chat functions. Systems that are to be used for handling classified information must, according to national legislation, be reviewed and approved by an independent security authority.

Better protection against cyberthreats

Complex internet-connected systems that are out of date but still kept online represent a major risk for all types of operations.

The cost and consequences of cybersecurity incidents are particularly high within various critical social functions since they have an effect on society at large. Companies and authorities therefore need to ensure that they can manage, and ideally prevent, cyberattacks and incidents. This increases the demand for solutions that can detect access violations and other unauthorized data traffic in critical operating systems at an early stage.



According to the 2023 annual review by the Swedish Military Intelligence and Security Service, multiple types of espionage and influence campaigns are currently threatening Sweden. Qualified state actors work methodically over the long term and on a large scale to seek out vulnerabilities in order to influence critical systems and access sensitive information.¹² The threat scenario is the same in other countries.

Operating area Secure Communications

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

Customer segments

Sectra meets customer needs in two segments:

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

Sales channels and geographic presence

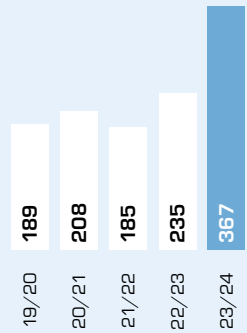
Sectra primarily has direct sales. We have our own offices in the Netherlands and Sweden, which are our largest markets, as well as in Finland.

Employees: 106

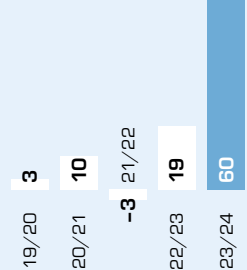
Financial performance

For comments on the company's financial performance, refer to the [Administration Report](#) on page 68.

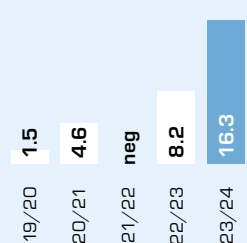
SALES, SEK MILLION



OPERATING PROFIT, SEK MILLION



OPERATING MARGIN, %



Where we are headed

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

Where we are now

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

Protecting classified information

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

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



Magnus Skogberg

President of the Secure
Communications operating area

Cybersecurity services for society's critical functions

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

Sectra also works with other companies to strengthen and broaden its offering of security-related services for OT systems.

A complex business environment

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, development of crypto solutions and cybersecurity both in Sweden and in the rest of Europe. We are well positioned with offerings that meet customers' stringent demands and help strengthen the country's civil and military defense. The growing demand for our offerings has the potential to contribute to the future development of operations.

Research and development

We have increased the resources devoted to research and technological development

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

Ongoing development initiatives also include new offerings with the potential

to contribute to substantial customer value and growth in all product segments. For example, we are conducting several initiatives to supplement our established position within the highest levels of assurance with products and offerings for a wider customer base, primarily within government authorities.



It's important for us to be able to transmit classified information regardless of where and when the need arises. Our users also need to trust the products that they're using when they're discussing sensitive issues. That is why we chose Sectra's crypto solution. It's approved and used by similar authorities in other EU countries.

Finnish government official



Overview segment

Classified information

Customers

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

Offering

- Secure mobile workplaces, including crypto solutions for secure mobile communication, secure file sharing and VPN solutions for secure connections to internal networks.
- Protecting data in high-performing networks.

Competitors

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

Market

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

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

Monitoring services for critical operating systems

Customers

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

Offering

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

Competitors

Combitech, Orange Cyberdefence and Cygate.

Market

When it comes to solutions for critical operating systems in the energy sector, Sectra's primary focus is the Swedish market. In Sweden, for example, there is a total of 120 small and 25 mid-size and large energy companies. Market penetration is still low. Investments are expected to increase in the coming years, driven by new EU directives on safety-critical operations.

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

Sectra contributing to secure digitization of the energy sector

Sectra contributed its security and risk analysis expertise to the Vinnova Sustainable Energy with Adaptive Security project to enable the secure digitization of the energy sector. The results from the project are positive signs that traditional monitoring of OT systems will work well in cloud-based systems. Sectra is also participating in the Cybersecurity and Resilience for Energy Communities research project, which is a continuation of a previous project. In this project, Sectra is focusing on energy systems' tolerance for cyberattacks and contributing its security expertise to create robust systems in the energy networks of the future, which are growing at a rapid pace.



The way forward

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

Prioritized activities

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

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

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

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

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

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

For information on risks, refer to the [Sustainability Report](#) on page 74 and [Risks, risk management and sensitivity analysis](#) in Note 29 on page 119.



Growth opportunities

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

Long-term commitment to a healthier and safer society

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



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

1978

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

1993

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



1998

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

1980s

1985

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

1987

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

1990s



1989

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

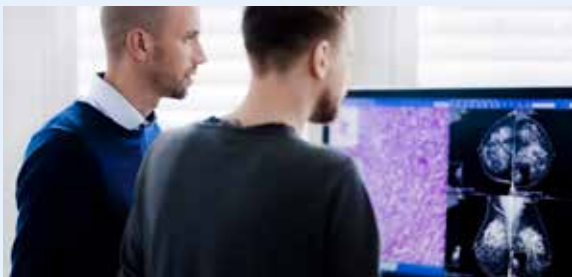
1999

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

2000s

2013

Our digital image management system is named “Best in KLAS” for the first time for having the highest level of customer satisfaction. We have now won the award 11 years in a row in the US, five years in Canada and two years in Asia/Oceania. In 2024, two new categories were launched in southern Europe and northern Europe, where Sectra received the top ranking. The attention this attracts boosts growth.



2015

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

2016

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

2018

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



2020

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

2010s



2010

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

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

2016

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

2020s

2020 and 2022

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

2022

Start of the Genomics IT business unit for innovation and development of IT support for precision diagnostics. This area is important for cancer diagnostics and supplements Sectra’s offerings in pathology and radiology.

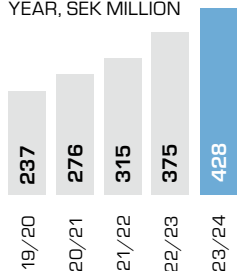
2021–2023

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

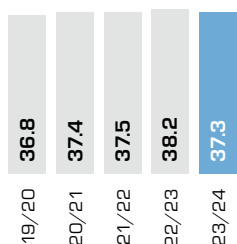
» Would you like to know more about our history?
Visit investor.sectra.com/history

Long-term growth with satisfied customers

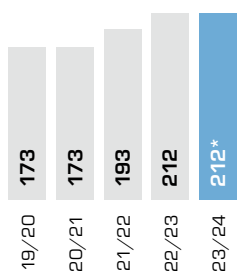
NET PROFIT FOR THE YEAR, SEK MILLION



RETURN ON CAPITAL EMPLOYED, %



REDEMPTION/DIVIDEND TO SHAREHOLDERS, SEK MILLION



* Board's proposal to the 2024 AGM. The figure is adjusted for the company's holding of treasury shares.

2023/2024

In the midst of a major transformation

The shift to delivering services is progressing at a rapid rate, which can be seen in the form of increased recurring revenue. In the short term, the transition will affect growth in both sales and profit. Despite this, the outcome for the year was good, driven primarily by our success in the US and the UK and by major improvements in Secure Communications. All business areas are growing, and the Group once again recorded historically high results for order bookings, sales and operating profit. Strong growth and favorable currency movements compensated for the dampening effects from the transition of the business model.

2022/2023

Increased recurring revenue and healthy order book

Satisfied customers and happy employees are reflected in the financial performance. Sectra posted its highest sales, earnings and contracted order booking outcomes to date. Recurring revenue is increased and currency fluctuations contributed positively to the Group's financial results.

2021/2022

More and larger customer projects than ever before

A year characterized by war in Europe and a lingering pandemic. Nevertheless, Sectra grew with satisfied customers. Extensive customer projects contributed to record-high sales. Recur-

ring revenue increased, operating profit was the strongest to date and the Group's financial goals were exceeded. Cash flow was strong, mainly due to an increase in advances from customers.

2020/2021

Record-breaking order bookings and pandemic effects

Although the COVID-19 pandemic and major currency fluctuations temporarily dampened sales in some markets, demand for Sectra's offering grew. With the most satisfied customers in the market for many years, Sectra won new, extensive customer contracts. This fiscal year was the strongest to date in terms of earnings, and the Group's three financial goals were exceeded. The operating margin was well over the target of 15%, mainly due to the effect of temporarily lower costs for travel and trade fair events as a result of pandemic restrictions.

2019/2020

The US overtakes Sweden as Sectra's largest market

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

» Interested in the company's ten-year history? Visit investor.sectra.com/ten-year-summary

Strategic acquisitions and divestments

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

Sectra's most recent acquisitions

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

¹ The name of the company has been changed to Sectra Products UK Ltd.

Amounts in SEK thousand unless otherwise stated.					
For a definition of key figures, see Note 33 on page 120.					
	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
Sales, earnings and order bookings					
Net sales	2,963,607	2,350,752	1,949,140	1,632,427	1,661,138
of which recurring revenue	1,724,940	1,359,895	1,081,399	967,753	-
of which cloud recurring revenue (CRR)	396,851	254,569	181,499	144,431	-
Recurring revenue churn	0.4	1.3	-	-	-
Annual growth, %	26.1	20.6	19.4	-1.7	17.5
Depreciation/amortization	-98,065	-91,939	-81,216	-78,919	-72,231
Impairment	-6,069	0	0	-4,194	-7,443
Operating profit (EBIT)	517,810	455,653	383,386	350,076	295,348
Growth in operating profit per share over five years, %	118.8	110.0	93.3	115.7	90.2
Profit before tax (EBT)	552,774	479,390	394,505	348,245	303,037
Net profit for the year	428,388	374,957	314,793	275,512	237,354
Contracted order bookings	6,223,476	4,635,715	2,320,198	2,651,650	1,815,956
of which guaranteed order bookings	3,219,382	2,606,544	2,320,198	2,615,650	1,815,956
Profitability					
Operating margin, %	17.5	19.4	19.7	21.4	17.8
Profit margin, %	18.7	20.4	20.2	21.3	18.2
Return on capital employed, %	37.3	38.2	37.5	37.4	36.8
Return on equity, %	29.9	31.5	31.9	32.2	30.7
Funding and capital employed					
Capital employed, SEK million	1,601.4	1 378.9	1 143.4	969.1	904.6
of which goodwill	49.8	51.7	49.9	46.3	49.2
of which other intangible and tangible assets	474.8	344.8	295.2	289.6	294.7
Liquidity ratio, multiple	1.6	1.6	1.6	1.8	1.7
Equity/assets ratio, %	48.9	47.4	49.3	54.2	54.1
Debt/equity ratio	0.02	0.06	0.06	0.08	0.11
Investments, SEK million	256.1	212.8	74.4	67.7	78.5
Cash flow					
Cash flow from operating activities before changes in working capital	564,907	515,156	389,794	382,143	327,274
Operating cash flow	326,326	440,488	616,922	372,187	296,272
Cash flow from investing activities	-130,742	-212,788	-68,346	-66,820	-78,536
Cash flow from financing activities	-222,203	-219,289	-198,748	-198,688	-196,543
Cash flow for the year	-26,619	8,411	349,828	106,679	21,193
Employees					
No. of employees, average	1,140	1,015	908	828	780
No. of employees at the end of the period ¹	1,204	1,093	982	876	820
Sales per employee, SEK million	2.6	2.3	2.1	1.9	2.0
The share					
Dividend/redemption per share ² , SEK	1.10	1.10	1.00	0.90	0.90
Dividend yield, %	0.5	0.7	0.8	0.7	1.1
Earnings per share, SEK	2.22	1.95	1.63	1.43	1.24
Earnings per share after dilution ³ , SEK	2.22	1.95	1.63	1.43	1.23
Cash flow per share, SEK	1.69	2.29	3.20	1.93	1.54
Cash flow per share after dilution ³ , SEK	1.69	2.29	3.20	1.93	1.54
Equity per share, SEK	8.15	6.73	5.61	4.65	4.24
Equity per share after dilution ³ , SEK	8.15	6.73	5.61	4.65	4.24
No. of shares on balance-sheet date ^{4,5}	192,667,489	192,667,489	192,662,325	192,627,470	192,530,100
Average no. of shares ⁵	192,667,489	192,664,046	192,639,088	192,570,670	192,083,415
Share price on balance-sheet date, SEK	219.2	161.7	124.8	121.0	84.0
P/E ratio, multiple	98.7	82.9	76.6	84.6	68.0

¹ Refers to the number of employees excluding temporary employees.

² 2023/2024 refers to the share redemption program proposed by the Board of Directors.

³ Dilution is based on issued convertible programs. There are no convertible programs outstanding as of April 30, 2023.

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

⁵ Number does not include treasury shares, see Note 20.

The share

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

2023 share redemption program and 2024 proposal

The 2023 AGM resolved to transfer SEK 1.10 per share, a total of SEK 211.9 million, to the shareholders through a share redemption program. Redemption was implemented through a 2:1 share split, combined with a mandatory redemption process and a stock dividend to restore the share capital. No ordinary dividend was paid.

The Board of Directors and CEO propose that the 2024 AGM resolve to transfer SEK 1.10 per share to the shareholders via the same type of redemption process that has been used for the past 13 years. Read more about the proposal for appropriation of profits on page 73. The proposal corresponds to a dividend yield of 0.5% based on the balance-sheet date share price. Combined with the price trend during 2023/2024, this represents total value growth of 36.2% for the Sectra share.

Holding of treasury shares

Sectra's holding of treasury shares at the end of the fiscal year was 1,453,406 Class B shares, corresponding to 0.7% of the share capital and 0.5% of the voting rights in the company. Shares are held to secure commitments and to finance costs for social security contributions related to Sectra's long-term performance-based incentive program.

25 years on the stock exchange

7,700+

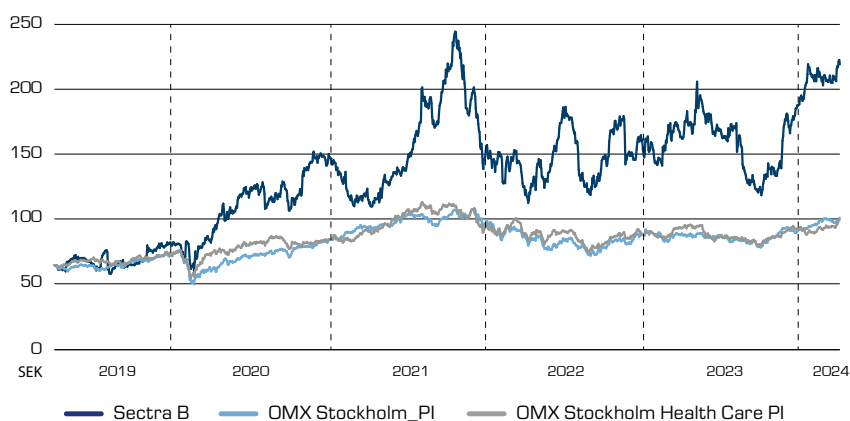
Share price development as a percentage since the listing

Dividend policy

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

Share price trend May 2019–April 2024

» To see the current share price, visit investor.sectra.com/share

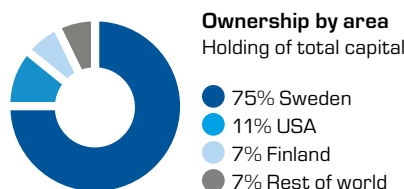
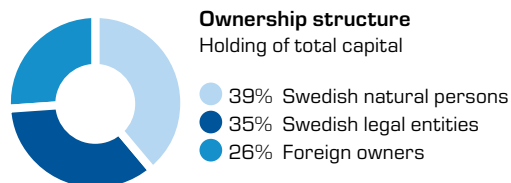


Share data	April 30, 2024	April 30, 2023
Market capitalization total no. of shares, SEK million	42,551	31,389
No. of shareholders	13,977	13,800
No. of shares	194,120,895	194,120,895
Closing price, SEK	219.20	161.70
52-week high, SEK	225.60	189.90
52-week low, SEK	117.10	111.40
52-week price trend, %	35.56	29.57
Stockholm Stock Exchange Total Index OMXSPI, 52-week trend, %	11.57	2.63
Annual turnover rate	0.21	0.20
Annual average volume per day	159,227	152,207
Marketplace	Nasdaq Stockholm	
Ticker	SECT B	
ISIN code Class B share	SE0020539310	
Listing	March 3, 1999	
Segment	Large cap	
Sector	Health Care	

Share capital development and number of shares

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

Date	Transaction	Change in share capital, SEK	Total share capital, SEK	Total no. of shares
Apr 30, 2023	Opening balance		38,824,179	194,120,895
Oct 10, 2023	Share redemption program 2023—2:1 split	0	38,824,179	388,241,790
Oct 24, 2023	Share redemption program 2023—share redemption	-19,412,089.50	19,412,089.50	194,120,895
Oct 24, 2023	Share redemption program 2023—stock dividend	19,412,089.50	38,824,179	194,120,895
Apr 30, 2024	Closing balance		38,824,179	194,120,895



Largest owners

The number of shares comprises direct shareholdings and holdings through related parties at April 30, 2024. For current holdings, see investor.sectra.com/shareholders

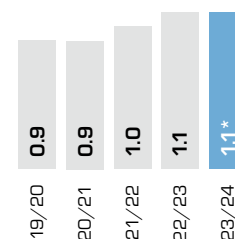
Shareholders	Class A shares	Class B shares	Capital	Votes
Torbjörn Kronander	2,328,100	13,193,555	8.0%	11.7%
Jan-Olof Brüer	2,328,110	13,074,520	7.9%	11.7%
Shannon AB *	3,118,430	2,291,820	2.8%	10.7%
Frithjof Qvigstad	1,314,330	9,518,595	5.6%	7.3%
Nordea Investment Funds	0	19,077,240	9.8%	6.1%
SEB Investment Management	0	17,909,588	9.2%	5.7%
Viiveke Fåk **	1,108,500	5,440,750	3.4%	5.3%
Robert Forchheimer **	1,011,015	5,890,520	3.6%	5.1%
Ingemar Ingemarsson **	1,106,735	0	0.6%	3.5%
Fjärde AP-fonden	0	9,138,686	4.7%	2.9%
Thomas Ericson	681,645	800,000	0.8%	2.4%
JP Morgan Chase Bank NA	0	5,939,468	3.1%	1.9%
AMF Försäkring och Fonder	0	5,243,478	2.7%	1.7%
State Street Bank and Trust Co	0	4,666,651	2.4%	1.5%
Swedbank Robur Fonder	0	3,652,243	1.9%	1.2%
15 largest owners	12,996,865	115,837,114	66.4%	78.8%
Other owners	106,595	65,180,321	33.6%	21.2%
Total	13,103,460	181,017,435	100%	100%

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

** Sectra's founders.

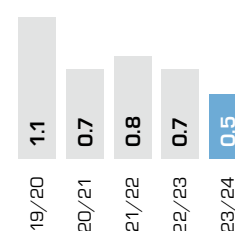
Source: Euroclear Sweden

DIVIDEND/REDEMPTION PER SHARE, SEK

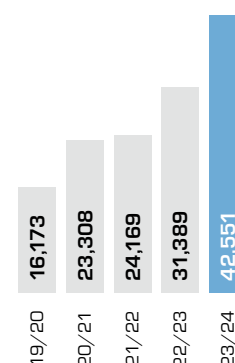


* Board's proposal to the 2024 AGM

DIVIDEND YIELD, %



MARKET CAPITALIZATION TOTAL NO. OF SHARES, SEK MILLION



Analysts

The following analysts monitor Sectra and regularly publish analyses:

Carnegie
Kristofer Liljeberg

Stifel
David Vignon

ABG Sundal Collier
Nikola Kalanoski

SEB
Jakob Lembke

Board of Directors



Jan-Olof Brüer

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

Born 1951/Elected 2013 and 1982–2004 in between participating in meetings as CEO and President of Sectra/Chairman of the Board since 2018

Sectra holdings: 3,887,325 Class A shares and 14,220,430 Class B shares

Board fees 2023/2024: SEK 645,000

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

Education/Title: PhD (Technology), Master of Business Administration, Officer in the Reserve Armored Troops with the Swedish Defense Forces and Honorary Doctor of Medicine from Linköping University

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

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



Torbjörn Kronander

Board member
President and CEO of Sectra AB

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

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

Board fees 2023/2024: SEK 0

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

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

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

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



Anders Persson

Board member
Member of the Audit Committee

Born 1953/Elected 2004

Sectra holdings: 215,750 Class B shares

Board fees 2023/2024: SEK 355,000

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

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

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

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

Board members at the time of the approval of the 2023/2024 Annual Report. Refer to the [Corporate Governance Report](#) for information on changes during the fiscal year.

The number of shares comprises direct shareholdings, holdings through related parties and legal entities on the balance-sheet date of April 30, 2024. Torbjörn Kronander and Jan-Olof Brüer's holdings include 50% each of a holding through the jointly owned legal entity Shannon AB.

» For current holdings, see investor.sectra.com/board-of-directors



Birgitta Hagenfeldt

Board member
Audit Committee Chairman

Born 1961/Elected 2018

Sectra holdings: 15,000 Class B shares

Board fees 2023/2024: SEK 420,000

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

Education/Title: Master of Business Administration

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

Other posts: Board member of Försäkringsaktiebolaget Avanza Pension, Checkin.com Group AB and Stabelo Group AB



Tomas Puusepp

Board member
Member of the Remuneration Committee

Born 1955/Elected 2017

Sectra holdings: 5,164 Class B shares

Board fees 2023/2024: SEK 290,000

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

Education/Title: Bachelor of Science in Engineering

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

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



Fredrik Robertsson

Board member

Born 1967/Elected 2020

Sectra holdings: 0

Board fees 2023/2024: SEK 290,000

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

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

Professional experience/previous assignments: Group Chief Security Officer at Ericsson. Previously Major General, CIO and assorted other senior positions in the Swedish Defense Forces.

Board assignment for Teracom and representative in NATO's Committee for Standardization

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



Ulrika Unell

Board member

Born 1968/Elected 2022

Sectra holdings: 0

Board fees 2023/2024: SEK 290,000

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

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

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

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



Andreas Örnéus

Board member

Employee representative

Born 1981/Employed 2007/Elected 2018

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

Education/Title: Bachelor of Information Technology

Position: Reporting Solution Specialist, Imaging IT Solutions operating area



Pontus Svård

Board member

Employee representative

Born 1976/Employed 2002/Elected 2021

Sectra holdings: 1,500 share rights in LTIP 2022

Education/Title: Master of Science in Information Technology

Position: Product Manager, Imaging IT Solutions operating area



Bengt Hellman

Deputy Board member

Employee representative

Born 1980/Employed 2014/Elected 2022

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

Education/Title: Master of Science in Information Technology

Position: Software Developer, Imaging IT Solutions operating area



Ellinor Bankvall

Deputy Board member

Employee representative

Born 1978/Employee since 2022/Elected since 2023

Sectra holdings: 0

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

Position: Product Owner, Secure Communications operating area

Group Management



Torbjörn Kronander

President and CEO of Sectra AB and Board member

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

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

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

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

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



Marie Ekström Trägårdh

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

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

Sectra holdings: 186,424 Class B shares, of which 20,000 Class B shares pertain to savings shares in LTIP 2021 SROW and a corresponding number of share rights have been allotted, as well as 15,000 share rights in LTIP 2022

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

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

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



Magnus Skogberg

President of the Secure Communications operating area

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

Sectra holdings: 1,500 Class B shares

Education/Title: Master of Science in Information Technology

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



Jessica Holmquist
Chief Financial Officer

Born 1976/Employed 2022

Sectra holdings: 3,000 Class B shares

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

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

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



Lisa Everhill
Chief People and Brand Officer

Born 1979/Employed 2006

Sectra holdings: 12,895 Class B shares

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

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



Per Andersnäs
Chief Information Officer

Born 1962/Employed 1997

Sectra holdings: 4,000 Class B shares

Education/Title: Master of Science in Information Technology

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

Members of Group Management at the time of the approval of the 2023/2024 Annual Report. The number of shares comprises direct shareholdings, holdings through related parties and legal entities on the balance-sheet date of April 30, 2024. Torbjörn Kronander's holdings include 50% of a holding through a legal entity owned jointly with Chairman of the Board Jan-Olof Brüer.

» For current holdings, see investor.sectra.com/executive-management

Corporate Governance Report

Sectra is a public Swedish limited-liability company, listed on the Nasdaq Stockholm Exchange since 1999. The company's highest decision-making body is the General Meeting, which is normally held once a year in the form of an Annual General Meeting (AGM). The 2024 AGM is scheduled for September 10.

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

Sectra applies the Swedish Corporate Governance Code ("the Code"). Sectra's work methods in 2023/2024 deviated from rules 2:3 and 2:4 of the Code regarding the members of the Nomination Committee and an explanation for these deviations is presented under the heading Nomination Committee below. No breaches of applicable listing regulations or good stock market practice regarding Sectra have been reported by Nasdaq Stockholm's disciplinary committee or the Swedish Securities Council's disciplinary committee.

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

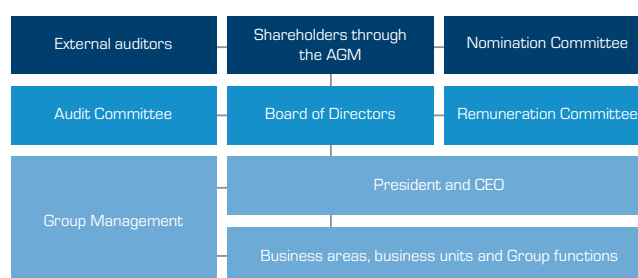
Articles of Association

Sectra's Articles of Association are available on the Group's website. According to the Articles of Association, members of the Board of Directors are elected annually by the AGM. The Articles of Association do not contain any restrictions regarding the appointment or dismissal of Board members or amendments to the Articles of Association. Decisions must be made in accordance with the Swedish Companies Act.

Ownership and voting rights

Sectra's share capital on the balance-sheet date totaled SEK 38,824,179, distributed between 194,120,895 shares and 312,052,035 voting rights. Of these shares, 13,103,460 are Class A shares and 181,017,435 are Class B shares. Sectra's holding of treasury shares at the end of the fiscal year was 1,435,406 Class B shares, corresponding to 0.7% of the share capital and 0.5% of the voting rights in the company.

Corporate governance structure



Significant external regulations

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

Significant internal regulations

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

All shares carry equal rights to the company's assets and profits. One Class A share confers ten votes, while one Class B share confers one vote. Information about the largest shareholders and the ownership structure is presented on page 57. The largest shareholders are represented in the Nomination Committee.

The Articles of Association contain a right of first refusal clause for the transfer of Class A shares. Although no other agreements between shareholders entailing restrictions on the right to transfer shares are known to the company, the holders of Class A shares have agreed among themselves in a contract not to transfer Class A shares in the company without the approval of the other Class A shareholders. However, the reference in the contract to the right of

first refusal clause in the Articles of Association should suffice in order to comply with the provisions of right of first refusal clause as regards the rights of Class A shareholders to transfer Class A shares.

General Meeting

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

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

2023 AGM

The AGM was held on September 7, 2023 in Linköping. In total, 86.7% of the voting rights and 79.2% of the shares were represented at the Meeting. The main resolutions passed were as follows:

- Adoption of the consolidated income statement and balance sheet and the Parent Company income statement and balance sheet, and discharge of the members of the Board and the President from liability.
- Distribution of SEK 1.10 per share to the shareholders through a share redemption program.
- Approval of the presented remuneration report.
- Fees to the Board of Directors and Audit Committee as well as the auditor (see below).
- Re-election of Board members Anders Persson, Birgitta Hagenfeldt, Fredrik Robertsson, Jan-Olof Brüer, Tomas Puusepp, Torbjörn Kronander and Ulrika Unell. Jan-Olof Brüer was re-elected as Chairman of the Board. The Board also includes two employee representatives, with two deputies appointed by the local branch of the Swedish Association of Graduate Engineers at Sectra; refer to page 64.
- Re-election of Ernst & Young AB as auditor.
- The ability to allocate share rights to key individuals according to the long-term performance-based incentive program 2022 (LTIP 2022) was extended until the 2024 AGM.
- Authorization of the Board of Directors, during the period until the 2024 AGM, to decide on new share issues of a maximum of 18,500,000 Class B shares and to decide on the acquisition and divestment of all of the company's treasury shares. As of the publication date of this report, these authorizations have not been utilized.

For further information about the resolutions, please visit investor.sectra.com/agm2023.

Fees for 2023/2024

In accordance with the resolution of the AGM, a fee of SEK 580,000 was paid to the Chairman of the Board and a fee of SEK 290,000 to each of the other Board members who were not employees of the company. For Audit Committee work,

SEK 65,000 was paid to each external Board member and SEK 130,000 to the Chairman of the Audit Committee. No separate fees were paid for Remuneration Committee work. Fees to auditors were paid in accordance with approved invoices.

Nomination Committee

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

- Election of the Chairman and other AGM-elected Board members to the company's Board
- Allocation of Board fees between the Chairman and other members of the Board and potential remuneration for committee work
- Election of and fees to the auditors and deputy auditors (where applicable)
- Resolution on amendments to the Nomination Committee directives, if the Nomination Committee deems such amendments to be necessary, and
- Chairman of the AGM.

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

During the course of its work, the Nomination Committee pays particular attention to the diversity and breadth of the Board's composition as well as the requirement of working toward an even gender balance pursuant to Sectra's Diversity Policy; refer to page 65. As a basis for its work, the Nomination Committee reviews the Board's assessment of its work and the Chairman of the Board's presentation of the work of the Board, and holds talks with the members of the Board. When drafting proposals for the election of auditors and fees for audit work, the Audit Committee assists the Nomination Committee.

Sectra's Nomination Committee is appointed in accordance with the instructions adopted by the AGM. Before agreeing to the assignment, its members assess whether it would create a conflict of interest and notify the company that no conflict of interest exists. The Nomination Committee comprises four members, one of whom is the Chairman of the Board and three of whom represent the largest shareholders in the company. If any of the largest shareholders in terms of voting rights has waived their right to appoint a member of the Nomination Committee, the next shareholder in order of size has been given the opportunity to appoint a member.

Information about the composition of the Nomination Committee for the 2024 AGM was announced in Sectra's interim report on December 15, 2023. The Nomination Committee comprises the following members:

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

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

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

Board of Directors

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

For information on the Board members' independence in relation to the company and its management as well as the company's major shareholders refer to the table below. With the exception of Torbjörn Kronander, President and CEO of Sectra AB, none of the

AGM-elected Board members holds an operational role in the company. The Board of Directors has established an Audit Committee and a Remuneration Committee. Refer to the table for information about the members of each committee. No Sustainability Committee has been established. Strategies and risks connected to these issues are managed by the Board of Directors in its entirety.

For information regarding the current Board members' backgrounds, other assignments and holdings of shares and other securities in Sectra, refer to pages 58–59.

Activities of the Board of Directors

In 2023/2024, the Board held 9 minuted meetings, one of which was the statutory meeting of the current Board on September 7, 2023. Refer to the table below for information about each member's attendance.

The role of the Chairman of the Board is to lead the work of the Board and to ensure that it fulfills its duties. The Board's work follows an annual agenda with themes and fixed agenda items (refer to the themes and issues in focus in the figure on the next page). Four meetings were held in conjunction with publication of the company's full-year and interim reports. The company's CFO regularly participates in Board meetings. Other senior executives participate in Board meetings when necessary.

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

The Board also conducted an evaluation of its work, which formed the basis for planning the Board's activities in the coming

Members of Sectra's Board of Directors and committees

AGM-elected members	Elected	Attendance/ number of meetings	Committees ¹	Independent in relation to the company and its management	Independent in relation to major shareholders
Torbjörn Kronander	1988	9/9		No	No
Anders Persson	2004	9/9	Member of the Audit Committee	Yes	Yes
Jan-Olof Brüer, Chairman of the Board	2013	9/9	Chairman of Remuneration Committee member of the Audit Committee	Yes	No
Tomas Puusepp	2017	9/9	Member of the Remuneration Committee	Yes	Yes
Birgitta Hagenfeldt	2018	8/9	Chairman of the Audit Committee	Yes	Yes
Fredrik Robertsson	2020	8/9		Yes	Yes
Ulrika Unell	2022	9/9			
Employee representatives					
Andreas Örnéus	2018	9/9		No	Yes
Filip Klintenstedt, stepped down at the 2023 AGM	2019	0/9		No	Yes
Pontus Svärd ²	2021	9/9		No	Yes
Deputy employee representatives					
Bengt Hellman	2022	0/9		No	Yes
Ellinor Bankvall, appointed at the AGM	2023	0/9		No	Yes

¹ Pertains to committee members as of the balance-sheet date on April 30, 2024.

² Deputy employee representative until the 2023 AGM.

Themes and issues in focus at Board meetings 2023/2024

JUNE–JULY	SEPTEMBER	OCTOBER	NOVEMBER–DECEMBER	MARCH	APRIL
<ul style="list-style-type: none"> • Year-end closing and report from external auditor • Proposed appropriation of profits • Year-end report • Acquisitions of properties • Flexpension for employees in Sweden • Plan for share-based incentive programs and profit-sharing system • Strategy and follow-up of central IT projects • Follow-up of employee survey • Sustainability • Official Annual Report • Corporate Governance Report • Remuneration report • Proposals to and notice of the AGM 	<ul style="list-style-type: none"> • Three-month report • Contracts and insurance • Focus on the orthopaedics business unit • Statutory meeting and the Board's formal work plan, the directive for the President, instructions for reporting and the directive for the Audit Committee 	<ul style="list-style-type: none"> • Strategy meeting focusing on future of secure communications • Budget guidelines • Results of the Board evaluation 	<ul style="list-style-type: none"> • Six-month report • Forecast • Risk analysis and Risk Management Policy • Focus on the Imaging IT Solutions operating area • Date set for the AGM • CEO salary review • Process for monitoring regulations and regulatory affairs • New legal entity in Ireland 	<ul style="list-style-type: none"> • Nine-month interim report • Forecast • Focus on the Secure Communications operating area • Employees and remuneration survey • Financial policy • Evaluation of the accounting function • Goodwill and impairment testing • Preliminary budget for the coming fiscal year • Calendar for financial reporting 	<ul style="list-style-type: none"> • Budget and business plans • Focus on the Medical Education business unit

year. This evaluation took the form of a survey and the results were followed up and discussed at Board meetings. The Nomination Committee was informed about the contents of the 2023 evaluation.

Sustainable and responsible business

The Board of Directors has overall responsibility for ensuring Sectra's capacity to create long-term value for its customers and employees as well as its shareholders and other stakeholders. The issue of sustainability is addressed every year at Board meetings. Information and knowledge of sustainability issues is communicated by the organization at these meetings. Material sustainability related issues are frequently on the agenda of the Board of Directors. How sustainability issues impact the company's risks and opportunities is followed up in an annual review of the risks within the Group. The company acts responsibly and the board has established ethical guidelines for Sectra's conduct in society.

Audit Committee

The main task of the Audit Committee is to support the Board in its work to increase quality and strengthen the supervision of the company's financial risk exposure, risk management and financial statements. During the fiscal year, the Committee held 5 minutes meetings at which the Committee discussed matters pertaining to financial reporting, interim reports, the Annual Report, Financial Policy, risk management and internal processes, the Audit Committee's formal work plan and other tasks of the auditors. The Committee has also submitted a recommendation to the Nomination Committee pertaining to the choice of auditor. All members of the Committee attended the meetings. The employee representatives were invited to participate. The company's CFO and auditor regularly participate in Audit Committee meetings to provide and/or receive information about relevant issues noted during the audit and continuous reporting.

Remuneration Committee and remuneration of senior executives

The main task of the Remuneration Committee is to prepare the Board's decisions on matters pertaining to principles for remuneration and other terms of employment for the President and management and the guidelines for remuneration of senior executives and remuneration reports that the AGM is legally obliged to establish. The Committee held 7 meetings during the fiscal year, which were attended by all members.

In July 2023, the Board of Directors evaluated the remuneration to senior executives and the current remuneration structures and levels in the company as well as programs for variable remuneration to company management, both ongoing and those that ended during the year. Variable cash remuneration is linked to predetermined and measurable criteria and can be based on financial and share-related goals as well as non-financial goals such as sustainability, customer satisfaction, quality and corporate culture. The Board's remuneration report to the 2023 AGM is available on Sectra's website.

Remuneration and other terms of employment for senior executives directly subordinate to the President are decided on by the President in accordance with the guidelines adopted by the AGM (refer to the Administration Report on page 68) and the salary policy established by the President.

Diversity Policy for the Board of Directors

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

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

President

The President and CEO of Sectra AB is Torbjörn Kronander. For information about his background, education and holding of shares and other financial instruments in Sectra, refer to page 60. The President is responsible for ensuring that the ongoing administration is handled in accordance with the guidelines provided by the Board. Responsibility for the operational activities is decentralized to the Imaging IT Solutions and Secure Communications operating areas as well as the Genomics IT, Medical Education, Orthopaedics and Research business units, which are part of the Business Innovation operating area. Responsibility for the coordination of certain central functions, such as IT and regulatory affairs, Group finance, and People and Brand (corporate culture, brand, recruitment and marketing communication), lies with each function.

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

Auditor and external auditing

The 2023 AGM re-elected Ernst & Young AB as the external auditor for a period of one year, with Authorized Public Accountant Andreas Troberg as Auditor in Charge. Ernst & Young AB has been Sectra's auditor since the 2020 AGM.

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

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

Internal control and risk management regarding financial reporting

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

At present, the Board is of the opinion that sufficient control of the financial statements and risk management are achieved

through collaboration with the company's external auditors and the thorough reviews and follow-up carried out at the meetings of the Audit Committee. At the subsequent Board meeting, the Chairman of the Audit Committee presents the items that have been discussed and the proposals and matters to be addressed by the entire Board.

Internal auditing

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

Control environment

The procedures are designed to ensure efficiency in the operations and compliance with laws and regulations. The company has implemented specific control activities to continuously monitor and control the risks associated with the business. An essential part of the control environment is the policies, instructions and procedures that are maintained by the organizational structure which clearly defines roles and responsibility. The Board is ultimately responsible for the internal control, but the ongoing administration has been delegated to the President.

Risk assessment

Group Management identifies and evaluates the most serious risks associated with the Group's operations. Where risks are identified, control requirements are formulated and must be followed. Where necessary, new control requirements are established. The most serious risks are assessed based on potential financial damage to Sectra's operations, the likelihood of occurrence and mitigating measures that have been implemented. Weighed together, these three factors yield an assessed level of risk. The risk analysis is addressed annually by the Board and, if necessary, additional monitoring and control measures are conducted. For information about the company's most serious risks, refer to Risks in the Administration Report on page 68 and Note 29.

Control activities

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

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

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

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

Internal information and communication

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

Follow-up

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

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

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

External information

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

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

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

Jan-Olof Brüer
Chairman of the Board

Torbjörn Kronander
President and CEO of Sectra AB
Board member

Anders Persson
Board member

Birgitta Hagenfeldt
Board member

Tomas Puusepp
Board member

Fredrik Robertsson
Board member

Ulrika Unell
Board member

Andreas Örnéus
Board member
Employee representative

Pontus Svärd
Board member
Employee representative

Auditor's report on the corporate governance statement

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

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the financial year May 1, 2023 – April 30, 2024 on pages 62–67 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

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

Opinions

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

Stockholm, the date stated by our electronic signature

Ernst & Young AB

Andreas Troberg
Authorized Public Accountant

Administration Report

The Board of Directors and the President of Sectra AB (publ), Corporate Registration Number 556064-8304, hereby submit the Annual Report and the consolidated financial statements for the period from May 1, 2023 to April 30, 2024. The following sustainability report, income statements, balance sheets, statements of changes in equity, cash-flow statements and notes comprise an integrated part of the Annual Report.

Governance

Sectra applies the Swedish Corporate Governance Code ("the Code"). Sectra has prepared a Corporate Governance Report in accordance with the rules and application instructions in Swedish legislation and in the Code. The Corporate Governance Report is presented on pages 62–67 of this Annual Report and the auditor's statement on the Corporate Governance Report is presented on page 67.

Sustainability Report

The statutory Sustainability Report is included in Sectra's Sustainability Report, which encompasses pages 4, 6–7, 14–27 and 74–90. The Sustainability Report has been prepared in accordance with the requirements of the Swedish Annual Accounts Act. The Report encompasses the Parent Company Sectra AB and all units included in Sectra's consolidated financial statements, refer to Note 13. The auditor's statement on the Sustainability Report is included in the auditor's report on pages 124–127.

The Group's operations and structure

Sectra conducts research, development and sales of high-tech products and services in the niche markets of medical imaging IT and cybersecurity. Its operating areas are organized as separate companies based on customer segments and geographic markets. The Group has its head office in Sweden and several subsidiaries around the world, refer to Note 13.

Sectra AB is the Parent Company of the Group, which comprises the operating areas Imaging IT Solutions, Secure Communications and Business Innovation. Other Operations pertain to joint functions for administration, recruitment, Group finance, IT, regulatory affairs, people and brand, and investor relations activities. The segment also includes the management of properties acquired during the fiscal year, refer to Note 11.

Significant events

2023/2024 fiscal year

- The Group's contracted order bookings, sales and operating profit exceeded previous records.
- All operating areas and geographic markets reported sales growth.
- The transition to service sales and cloud deliveries progressed and cloud recurring revenue increased by more than 50%.
- Through a share redemption program totaling SEK 211.9 million, SEK 1.10 per share was distributed to shareholders in October 2023.

After the balance-sheet date

- The Board of Directors and President proposed that the 2024 AGM resolve to distribute SEK 1.10 per share to the shareholders through a share redemption program, refer to page 73.

Outlook

Sectra plays a key role in meeting the need for medical imaging IT and cybersecurity. We help solve major social problems in markets where scope for expansion remains. The global trends of an aging population and increased digitization mean that these markets are expected to continue to grow for a long time.

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

Financial overview, Group

Key figures	2023/2024	2022/2023	Δ%
Contracted order bookings, SEK million	6,223.5	4,635.7	34.3
of which guaranteed order bookings	3,219.4	2,606.5	23.5
Net sales, SEK million	2,963.6	2,350.8	26.1
of which recurring revenue	1,724.9	1,359.9	26.8
of which cloud recurring revenue (CRR)	396.9	254.6	55.9
Operating profit, SEK million	517.8	455.7	13.6
Net financial items, SEK million	35.0	23.7	47.7
Profit after financial items, SEK million	552.8	479.4	15.3
Profit after tax, SEK	428.4	375.0	14.2
Share of recurring revenue, %	0.4	1.3	n/a
Operating margin, %	17.5	19.4	n/a
Profit margin, %	18.7	20.4	n/a
Earnings per share, SEK ¹	2.22	1.95	13.8
Cash flow per share, SEK ²	1.69	2.29	neg

¹ Before and after dilution.

² Cash flow from operations after changes in working capital.

Comments on order bookings, sales and earnings

Demand for Sectra's customer offerings in both medical IT and secure communications is growing, and contracted order bookings surpassed SEK 6 billion during the fiscal year, over half of which pertained to guaranteed order bookings. Order bookings include several comprehensive, long-term customer contracts for managing large volumes of medical images. The most comprehensive customer contract is a Sectra One Cloud contract with a major healthcare provider in the US. If the full term of the contract (which extends until 2033) is realized, the order value will amount to approximately SEK 2.4 billion (USD 227 million), of which no part is guaranteed. Orders of this size contribute to long-term stability, but also lead to significant variations in order bookings between individual quarters and periods.

Net sales increased 26.1% to SEK 2,963.6 million (2,350.8). All operating areas and geographic markets reported sales growth. The operations in the UK and the US accounted for the greatest sales increases on the comparative year. Based on unadjusted exchange rates, consolidated sales increased 23.0%. More than 70% of the Group's net sales are carried out in foreign currency, primarily EUR, GBP and USD, which entails a relatively large sensitivity to currency fluctuations, refer to Note 29. Sectra does not hedge its operations, and currency fluctuations therefore have an immediate impact.

The ongoing transition to selling products and software as services, of which cloud deliveries account for a quickly growing share, contributed to an increase in recurring revenue. At the same time, the share of customers who leave Sectra is very low, with only 0.4% recurring revenue churn. Non-recurring revenue also increased from the comparative year, in part as a result of deliveries in secure communications and other non-recurring revenue from new customers deploying Sectra's medical IT systems and services.

The Group's operating profit increased 13.6% to SEK 517.8 million (455.7). Operating profit performed well as a result of sales growth combined with favorable currency movements and strengthened profitability in Secure Communications. Based on unadjusted exchange rates, operating profit increased 8.0% compared with the comparative year. The outcome includes impairment of goodwill and capitalized development expenditures, refer to Note 10. The total effect of these items was SEK -6.1 million. The operating margin was 17.5% (19.4), which exceeded Sectra's financial goal of 15%. The change compared from the comparative year is related to Imaging IT Solutions' focus on service sales and cloud deliveries. The effects of the ongoing transition were mitigated during the fiscal year by favorable currency movements and strong growth.

The Group's financial items amounted to SEK 35.0 million (23.7). Financial items improved due to increased interest income. Currency fluctuations had an impact of SEK 12.3 million (14.0) on these items.

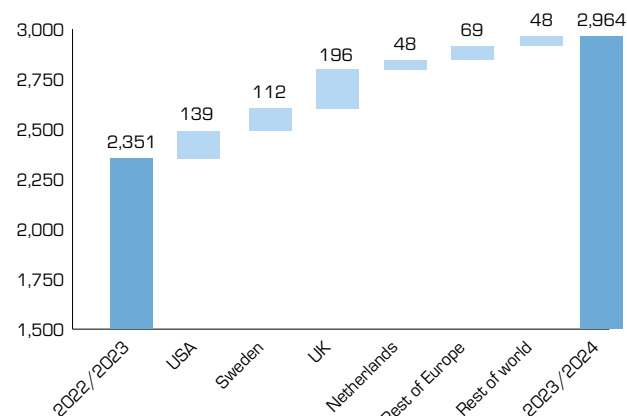
Financial position and cash flow

The Group's cash and cash equivalents on the balance-sheet date amounted to SEK 804.6 million (825.2). The short-term investment of SEK 120 million made during the comparative year was repaid during the current year. The Group's debt/equity ratio was 0.02 (0.06). Interest-bearing lease liabilities amounted to SEK 31.8 million (82.3). The change is primarily due to the termination of a lease for Sectra's head office in conjunction with the acquisition of the property. For further information, refer to the section "Investments, depreciation/amortization, impairment, and R&D".

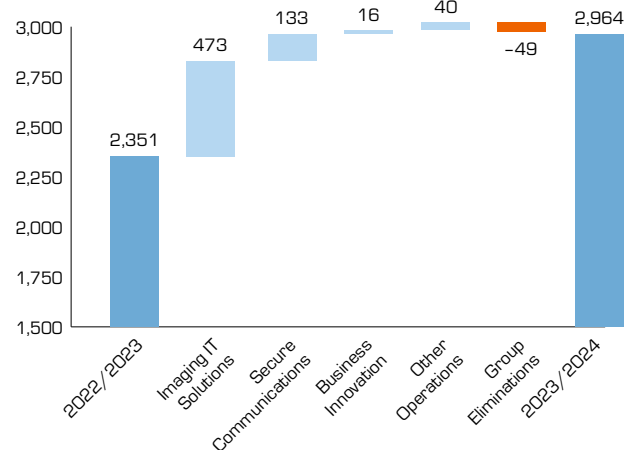
Cash flow from operations amounted to SEK 326.3 million (440.5), corresponding to cash flow from operations per share of SEK 1.69 (2.29). The change was primarily the result of an increase in capital tied up in current receivables. Cash flow from investing activities (see below) amounted to SEK -130.7 million (-212.8).

The Group's total cash flow was SEK -26.6 million (8.4). This result includes a disbursement of SEK 211.9 million (192.7) to the shareholders through Sectra's 2023 share redemption program.

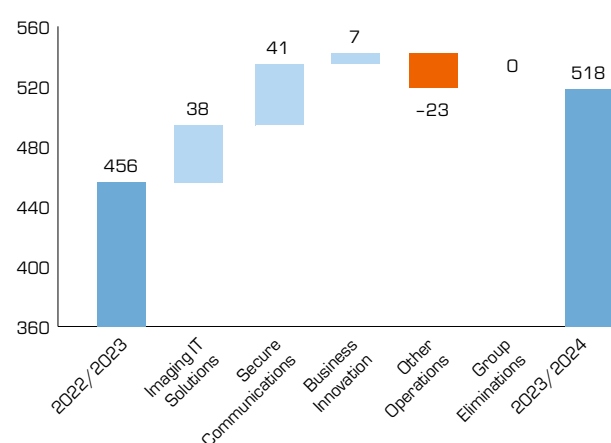
Sales trend per geographic market, SEK million



Sales trend per operating segment, SEK million



Earnings trend per operating segment, SEK million



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

Group investments amounted to SEK 250.7 million (212.8). The outcome for the fiscal year includes SEK 144.6 million for the acquisition of two properties and the repayment of short-term investments of SEK 120 million that were made in the comparative year.

The outcome includes capitalized work for own use of SEK 71.6 million (55.7). Capitalization, which includes the development of cloud-based services for medical diagnostics, increased over the comparative year in all operating areas. Depreciation, amortization and impairment totaled SEK 104.1 million (91.9). Of this figure, SEK 39.1 million (34.9) pertained to capitalized development expenditures. Impairment of SEK 6.1 million (0) was reported, refer to Note 10. At the end of the period, capitalized development expenditures totaled SEK 202.7 million (170.7).

Every year, Sectra invests 10–15% of its consolidated sales in research and development (R&D) projects. R&D costs for 2023/2024 amounted to SEK 326.2 million (269.8). For further information, refer to page 24 and Note 10.

Seasonal variations

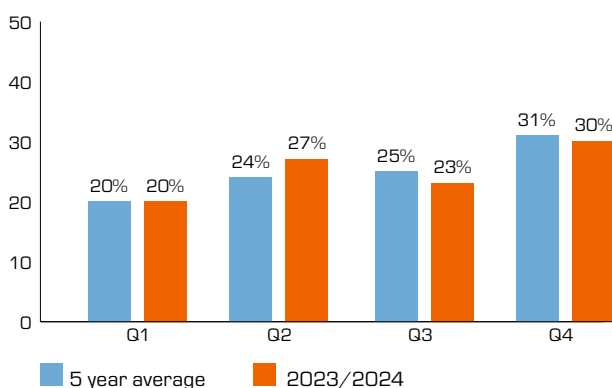
Sectra has historically experienced major seasonal variations, since individual projects can be very large relative to Sectra's sales. This applies for both medical systems and encryption systems. The beginning of the fiscal year is usually weaker since few customers want to deploy new systems during the summer. The variations in order volumes between individual quarters are significant since certain contracts are very large and have long terms. As Sectra transitions to selling products as a service, this variation is expected to gradually decrease over the next several years since revenue will be spread more evenly over time.

Financial overview, operating areas and Parent Company

Imaging IT Solutions

In 2023/2024, Imaging IT Solutions' sales rose 22.7% to SEK 2,551.6 million (2,079.0). Operating profit rose 8.1% to SEK 499.9 million (462.4), corresponding to an operating margin of 19.6% (22.2). Profitability was impacted by ongoing initiatives, the most extensive of which was the transition to becoming a service provider. To date, however, the growth in sales, in combination with favorable currency movements, has partially offset the effects of the transition to service sales and cloud deliveries.

Share of net sales per quarter, seasonal pattern



The operation has made considerable progress in its shift from traditional system deliveries to services and cloud deliveries. Cloud recurring revenue (CRR) increased 56.8% to SEK 378.3 million (241.2) compared with the comparative year. Several customers deployed Sectra One Cloud, including customers in Denmark, Belgium, Canada, the UK and the US. Most of these customers are pioneers in their respective countries in the use of Sectra One Cloud in public cloud environments.

Read more about the operating area on page 32.

Business Innovation

In 2023/2024, Business Innovation's sales increased 21.8% to SEK 89.9 million (73.8). Operating profit amounted to SEK 17.3 million, compared with SEK 10.1 million in the comparative year. The transition to sales of services and cloud deliveries contributed to an increase in recurring revenue of 35.4% to SEK 19.9 million (14.7), the majority of which pertained to cloud services.

Read more about the operating area on page 39.

Secure Communications

In 2023/2024, Secure Communications' sales increased 56.7% to SEK 367.4 million (234.5). Operating profit increased to SEK 59.8 million (19.2), corresponding to an operating margin of 16.3% (8.2). The figures include impairment of goodwill of SEK 5.0 million related to the acquisition of EXP Analytics Oy in 2015, refer to Note 10.

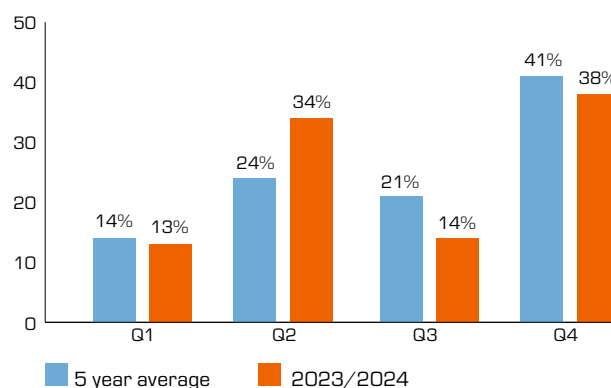
The uncertain geopolitical situation, with ongoing wars in Europe and further tensions worldwide, continues to highlight the importance of defense capabilities and public security. The operations' increased order bookings and operational sales growth were attributable to Sectra's ability to help customers both in Sweden and around Europe.

Read more about the operating area on page 46.

Other Operations and Parent Company

Sales from Other Operations are mainly intra-Group in nature and for 2023/2024 amounted to SEK 164.9 million (124.7). The change mainly pertained to increased central management of costs distributed across the organization. An operating loss of SEK –59.1 million (–36.2) was reported, and the outcome for the fiscal year includes costs for profit-sharing to employees.

Share of operating profit per quarter, seasonal pattern



Net profit for the year in the Parent Company amounted to SEK 405.6 million (326.9). Financial items contributed SEK 128.8 million (15.2) to this positive outcome, including SEK 88.6 million (0) in dividends from subsidiaries.

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

Changes in Sectra's reporting

As previously communicated, the reporting of order bookings was to cease after the 2023/2024 fiscal year. However, the protracted transition to service sales means that Sectra has decided to continue reporting order bookings.

Specific external factors

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

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

The share

Major shareholders

On the balance-sheet date, Sectra had 13,977 (13,800) shareholders. Of these, the following shareholders had direct and indirect holdings comprising more than 10% of the number of votes for the total number of shares in the company on the balance-sheet date:

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

Shares, holding of treasury shares and incentive programs

Sectra's share capital on the balance-sheet date totaled SEK 38,824,179, distributed between 194,120,895 shares and 312,052,035 voting rights. The number of shares is distributed between 13,103,460 Class A shares and 181,017,435 Class B shares. This includes a holding of treasury shares that amounted to 1,453,406 Class B shares at the end of the fiscal year, corresponding to approximately 0.7% of the total number of shares in the company. The holding of treasury shares is connected to the company's ongoing long-term performance-based incentive programs. For more information, refer to Note 3.

One Class A share confers ten votes, while one Class B share confers one vote. All shares carry equal rights to the company's assets and profits. The Articles of Association contain a right of first refusal clause for the transfer of Class A shares. Although no other agreements between shareholders entailing restrictions on the right to transfer shares are known to the company, the holders of Class A shares have agreed among themselves not to transfer Class A shares

in the company without the approval of the other Class A shareholders. However, given that the agreement contains a reference to the right of first refusal clause in the Articles of Association, compliance with the provisions of the right of first refusal clause should be sufficient to entitle Class A shareholders to transfer Class A shares. Nor is the company party to any agreements that would take effect should control of the company change through public purchase offers.

Authorization

The Board of Directors was authorized by the 2023 AGM, during the period until the 2024 AGM, to decide on:

- A new share issue of a maximum of 18,500,000 Class B shares.
- The acquisition and divestment of own shares, on the condition that the company's holding of treasury shares at no time exceeds 10% of all shares in the company.

The complete authorization is presented in the minutes from the AGM available on Sectra's website. At the time of publication of this financial report, the Board had not utilized these authorizations.

Guidelines for senior executives

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

Scope and applicability of the guidelines

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

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

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

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

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

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

Forms of remuneration, etc.

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

Fixed remuneration

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

Variable remuneration

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

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

Meeting the criteria for disbursement of variable cash remuneration should be measurable over a period of one or more years. Variable cash remuneration can total a maximum of 100% of the Basic Salary excluding vacation allowance as regards financial, operational, non-financial and individually adapted goals and a maximum of 25% as regards share-related goals during the relevant measurement period. When the measurement period for meeting the criteria for disbursement of variable cash remuneration has concluded, the extent to which the criteria were met must be determined. The Remuneration Committee is responsible for assessment regarding variable cash remuneration to the President. As regards variable cash remuneration to other executives, the President is responsible for the assessment. As regards financial goals, the assessment must be based on the latest financial information released by the company.

In addition to variable remuneration that executives may receive in accordance with these guidelines, the Board of Directors may decide that such executives could be covered by programs for variable remuneration that also cover personnel categories other than senior executives such as all employees in the Group or in a particular business area. Such programs must entitle all employees (regardless of position) to the possibility of the same nominal remuneration. The Board of Directors must also have the legal or contractual possibility—with the ensuing limitations—of demanding the return in full of erroneously disbursed variable remuneration ("clawback"). A clawback of this kind, where applicable, must be issued within five years of the disbursement.

Pension and other benefits

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

insurance and a company car, provided that it is cost-neutral for the company.

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

Period of notice

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

Salary and conditions of employment for employees

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

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

The Board of Directors has set up a Remuneration Committee, the tasks of which include preparing the Board's decisions on proposals for guidelines on remuneration to senior executives. The Board of Directors will draw up proposals for new guidelines at least once every four years, and present the proposal for resolution by the AGM. The guidelines will be in force until new guidelines are adopted by the General Meeting of Shareholders. Remuneration to the President and, where applicable, Board members (above and beyond ordinary remuneration resolved on by shareholders' meetings) is decided by the Board based on the recommendations of the Remuneration Committee. Remuneration to other executives is determined by the President.

The Remuneration Committee must also monitor and evaluate programs for variable remuneration to Group Management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent in relation to the company and Group Management. To the extent they are affected by such issues, neither the President nor other members of Group Management are present when the Board discusses and decides on issues related to remuneration.

Departures from the guidelines

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

Proposed appropriation of profits

In accordance with a Board decision on July 3, 2024, this Annual Report has been signed by the Board of Directors of Sectra AB (publ) and approved for publication. The Parent Company and consolidated income statements and balance sheets included in the Annual Report and consolidated financial statements are subject to approval by the AGM on September 10, 2024.

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

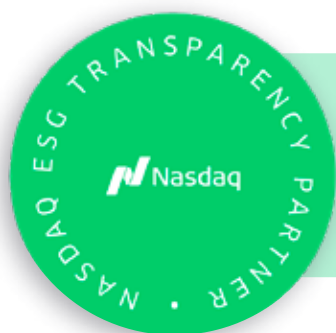
Share premium reserve	134,851,366
Retained earnings	241,466,108
Net profit for the year	405,605,553
	781,923,027

The Board and President propose that the profits be appropriated so that SEK 781,923,027 is carried forward. In addition, it is proposed that the AGM resolves that SEK 1.10 per share be distributed to the shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital. This entails a distribution of SEK 211,934,238 to the company's

shareholders. The figure is adjusted for the company's holding of treasury shares. The corresponding distribution to the shareholders in the preceding year was SEK 1.10 per share, corresponding to SEK 211,934,238. No ordinary dividend is proposed.

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

At the end of the fiscal year, the Group's equity/assets ratio was 48.9%. The dividend policy and Sectra's financial goals state that the equity/assets ratio is to exceed 30%, and it will continue to do so, by a healthy margin, following a resolution in favor of the Board's proposed redemption process. Additional information and a timetable for a mandatory redemption process will be published in the notice of the AGM and the full proposal to the AGM.



Sectra has been certified as a Nasdaq ESG Transparency Partner 2022. This distinction is awarded to companies with a high degree of transparency towards their investors when it comes to environmental, social and governance (ESG) matters. Read our Sustainability Report on the following pages.

Sustainability Report

The foundation for Sectra's sustainability work is our vision, the value we create for our customers and our corporate culture, where responsible conduct permeates everything that we do. Our vision and business models are described on pages 14–15. Strategies and priorities in our focus areas of satisfied customers, happy employees and corporate culture are described on pages 18–21 and responsible business conduct on page 81–82. The customer offering is described briefly on pages 4, 32, 40–43 and 49. These sections are supplemented below by detailed descriptions of governance, processes, risks and risk management as well as the result indicators we use to monitor our work on various sustainability matters. These descriptions include statutory information about social conditions and employees, the environment and climate, respect for human rights and anti-corruption. We also describe how we work with customer value, information security, quality, product safety and taxes. Sectra reports with reference to the 2021 GRI standards; see the sustainability index on page 128 for references to relevant information.

Sustainability targets

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

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

Overall governance, processes and follow-up

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

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

Sectra's management system, The Sectra Way, encompasses policies, processes, procedures and tools for managing the companies in the Group as well as the sustainability agenda. The adequacy and efficiency of the management system is followed up during management's annual review (Management Review), which is described in the quality standards that Sectra follows. These reviews also include a follow-up of the annual analysis and review of stakeholders that can be expected to have some level of demands on Sectra. The analysis includes both internal and external stakeholders. Sectra's key stakeholders are the groups that are most impacted by our operations; refer to page 17. An ongoing dialogue is maintained, primarily with the Group's customers, employees, owners, sub-suppliers and distributors. This dialogue provides us with valuable information about various needs and challenges as well as key sustainability topics. If we identify demands that are not managed by any of the processes in Sectra's management system, the risks and opportunities they entail are evaluated. If a risk or opportunity is deemed significant, a change is proposed to The Sectra Way for management to address. For more information about management, see the Corporate Governance Report on pages 62–67.



Sustainability in Sectra's value chain

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



92%

Europe and the US, share of consolidated sales 2023/2024**

58%

Recurring revenue, share of consolidated sales 2023/2024**

11%

R&D costs, share of consolidated sales 2023/2024

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

**Refer to Note 2.

Examples of sustainability initiatives in 2023/2024

Customer value

Improved functionality that easily allows users to leave feedback for Sectra directly in our solutions for orthopaedics and medical education.



Quality and product safety

Sectra received certification according to the Medical Device Regulation (MDR), a new EU ordinance that aims to ensure patient safety and performance of the medical devices and services used in healthcare.

Information security and data protection

Sectra's public cloud-based services for medical imaging were certified according to CSA STAR 1, while the process for CSA STAR 2 is ongoing.

Improved ability to protect, detect and respond in the event of cyber-related incidents.



Social conditions and employees

Efforts to increase the efficiency and quality of the introduction and internal training of new employees, partly linked to key roles in the areas focusing on the installation and operation of customer systems in cloud environments.

Corporate governance and responsible business

Clarified and improved purchasing process with respect to supplier evaluation in order to improve control over agreements and relevant certifications and various sustainability topics.

Continued implementation of a global business system. The system will strengthen the ability of our operations to grow efficiently and in a scalable manner while limiting financial risks by strengthening internal controls in financial reporting and reducing the risk of errors in reporting.



Customer value, quality and safety

Quality control and product safety are highly important, since Sectra’s products and services are important for efficient and secure healthcare and for protecting society. Some products handle sensitive and classified information that may be crucial for national security or the integrity of an individual. Sectra’s management system contains policies, procedures and guidelines for how issues concerning customer satisfaction, information security, personal data and patient security are to be managed. This is supplemented by internal training to ensure that both employees and distributors have the right skills and conditions to act responsibly and safely in their roles.

Customer value

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

Quality and product safety

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

- ISO 9001 Quality Management
- ISO 13485 Medical Devices – Quality Management Systems, Medical Device Regulation (MDR), Medical Device Single Audit Program (MDSAP).

CUSTOMER SATISFACTION

Governance

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

Review procedure

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

Result indicator

NPS ≥20



Result
High level of customer satisfaction

The company’s products are subject to industry-specific regulations and requirements. Sectra’s crypto products are evaluated and approved by security authorities since they are used to protect highly sensitive information. Sectra’s medical IT systems comply with relevant patient safety requirements, as the European Medical Device Regulation 2017/45 for CE marking. The systems have received regulatory approvals in all markets where they are sold, such as a notified body in the EU, the Food and Drug Administration (FDA) in the US, Health Canada in Canada and the Therapeutic Goods Administration (TGA) in Australia.

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

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

QUALITY AND PRODUCT SAFETY

Policies/Governance

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

Review procedure

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

Examples of result indicators

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



Result
High level of quality and product safety

Information security and data protection

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

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

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

- complying with applicable security and privacy regulations as well as customer requirements
- having high security awareness among our employees
- having strong capabilities to protect, detect and respond to malicious activities and other security incidents
- having high availability of critical systems
- having efficient and effective recovery procedures.

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

Sectra has established a policy that provides roles and responsibilities for data protection within the Group and how we work with data protection, both internally and in the products and services we provide. The policy includes all Group employees and includes guidelines and principles regarding the protection of personal data during processing, the right to have data erased, technical and organizational measures, use of processors, reporting of personal data crime and transferring personal data outside the EU. The goal of the policy is to comply with data protection and privacy laws in the various markets where Sectra operates and to ensure that our customers, our employees and other relevant parties can rely on us when it comes to data protection.

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

INFORMATION SECURITY AND DATA PROTECTION

Policies/Governance

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

Responsible:
President/CEO, CIO, CISO, quality managers

Review procedure

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

Internal audits, and external certification audits review our compliance with regulations, standards and internal processes and procedures, and bring findings and improvement suggestions to our attention

Examples of result indicators

- Results of external security and certification audits
- Percentage of employees who have successfully completed mandatory training in information security as well as data protection and privacy
- Labor hours lost per employee due to interruptions in internal IT systems and services
- Number of data protection incidents investigated and reported



Result

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



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

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

Social conditions and employees

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

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

SOCIAL CONDITIONS AND EMPLOYEES

Policies/Governance

- Corporate culture
- Work environment policy
- Policy and procedure for systematic health and safety work, and fire prevention efforts
- Alcohol and drug policy
- Policy for gender equality and diversity
- Policy for salaries and bonus payments
- Budget and forecast processes for planning resource needs
- Recruitment process
- Procedures for personnel management
- System support for recruitment, development and training
- Whistleblower policy

Responsible:

President/CEO, operations managers, regional managers

Monitoring/Review procedure

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

Examples of result indicators

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



Result

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

Healthier employees and minimal absence due to illness.

Recruitment

We help hospitals and those who are training future healthcare personnel to improve their efficiency so that patients can receive better care. We help authorities and critical social functions with cybersecurity. Sectra is thus a workplace where employees can feel they are creating meaningful results in their work and contributing to a healthier and safer society. This strengthens our ability to hire and retain employees who have the right expertise, abilities and attitude. Attracting new talent and retaining key individuals are important for meeting customers' needs and expectations.

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

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

Professional development

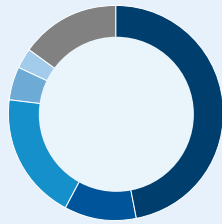
Given that knowledge rapidly becomes outdated, continuous development of individual skills as well as the company's approach and products is a top priority. Our processes for personnel management include procedures for developing employees, strengthening leadership and monitoring employee satisfaction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

Our employees' motivation to share knowledge within the organization and to independently pursue their own continuous development is evaluated and encouraged, for example in performance appraisals. Managers and employees work together to identify development needs and draw up development plans in conjunction with regular employee reviews, at least once per year. This is conducted using an established process for personnel management, which is part of Sectra's management system. Training programs, various certification programs and supervision then help to ensure that employees and managers have the correct skills for their roles and duties. Sectra offers leadership development programs for both new and more experienced managers, during which Sectra's leadership philosophy is presented.

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

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

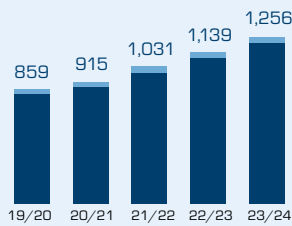
Key figures, employees



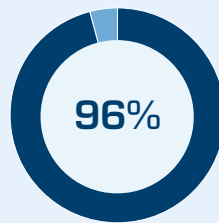
Geographic distribution of employees

- Sweden: 47%
- UK: 11%
- North America: 20%
- Netherlands: 5%
- Australia/New Zealand: 3%
- Rest of Europe: 15%

Number of employees on balance-sheet date



Share of employees with permanent employment



● Permanent employment ● Temporary workers¹

Gender balance, %	Apr 30, 2024		Apr 30, 2023	
	Men	Women	Men	Women
All employees	67	33	67	33
Line managers	63	37	62	38
Management groups, incl. presidents	67	33	64	36
Group Management	50	50	50	50
AGM-elected Board members	71	29	71	29
Board, incl. employee representatives	73	27	82	18

Read more in Note 3 on page 104.



Highly educated personnel

Sectra's personnel have extensive expertise and a solid educational background. 89% of its employees have a university degree and many have completed postgraduate studies.

Secure workplace

There were seven (five) incidents reported in 2023/2024 and one (zero) accident on the way to or from workplaces in Sweden. This accident led to ten lost workdays.

¹Temporary workers are used in a very limited capacity for certain tasks, such as summer jobs, thesis projects and specific roles for young people who want to work for a while before continuing to higher education. In accordance with local legislation, these positions become permanent if they last for a long enough time (12 months in Sweden, for example). Hired consultants represent only a marginal portion of our resources. They are only used during peak seasons and when there is a temporary need for expertise. However, these positions are still required to have reasonable terms of employment.

Work environment

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

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

We value a high level of well-being among our employees and take care to ensure that they have a sound work environment without stress levels that are detrimental to their health and well-being. This is achieved through initiatives like combining office-based daily operations with flexible working conditions. The majority of our employees have non-regulated working hours, meaning that

they have considerable opportunities to schedule their own hours. To the extent possible based on their role, employees are also free to choose their preferred workplace for portions of their working hours. The company follows legislation for parental leave and the right to part-time hours for employees with children.

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

The work environment agenda is based on Sectra's work environment and fire protection policy as well as established processes for identifying risks and deciding on measures to take.

Work environment matters and incident reporting are followed up based on the rules in each country. Incidents and accidents are investigated and reported according to current regulations. Preventative measures are taken to avoid accidents in the future.

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

Equal treatment and diversity

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

We are seeking to achieve a better gender balance, but are limited by the low availability of female engineers in our technology-intensive niche areas. Appointments to all positions are based on the individual’s competence and individual traits. Sectra’s organization has global operations, where language skills and the ability to operate in different cultures are important success factors and therefore also a driving force in creating diversity. Refer to page 79 for examples of result indicators and the results of our work with social conditions and personnel.

Corporate responsibility and the Code of Conduct

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

Code of Conduct

Sectra conducts global businesses, with its principal exposure to countries in Europe and North America. Our work on increasing our market shares and winning the loyalty of new customers cannot jeopardize our ethical behavior and responsibility. The company’s model for working with customers, distributors, sub-suppliers and strategic partners is based on responsibility, transparency and knowledge sharing. We endeavor to build long-lasting relationships since these give us the time to develop both an understanding of each other’s values as well as mutual respect. These close, long-term partnerships play a very important role in Sectra’s success.

Sectra’s Board has adopted a Code of Conduct; refer to investor.sectra.com/sustainability. The Code addresses various areas, such as compliance with laws, product safety, developing and manufacturing products, documentation and reporting, use and protection of the company’s assets, work environment, confidential information, anti-corruption, respect for human rights, conflicts of interest, marketing and sales, use of social media and fair competition. The Code describes the values and fundamental principles that apply to Board members, all employees and external parties such as sub-suppliers, consultants, distributors and partners. When it comes to external parties, this is regulated through the terms of agreement or, in the case of large companies over which we have only a minor influence, the choice of partner. Compliance with

CORPORATE RESPONSIBILITY AND THE CODE OF CONDUCT

Policy/Governance

- Corporate culture
- Code of Conduct, which addresses areas like respect for human rights and anti-corruption
- Whistleblower policy
- Financial policy
- Insider policy and processes as well as internal training in managing insider information
- Quality and control procedures

Responsible:

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

Review procedure

- Annual follow-ups are part of Management Reviews
- External auditors carry out specific recurring audit procedures in subsidiaries worldwide
- Internal controls and external consultants annually review our compliance with standards as well as our own policies, processes and procedures, and call our attention to any shortcomings that need to be addressed

Result indicator

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



Result
Responsible, ethical business conduct

the Code of Conduct is included in all distribution agreements, for example, and Sectra is entitled to terminate its business relationships at short notice if the Code is not followed. We can also transfer ongoing service agreements to new distributors or take over the agreements ourselves. There is a follow-up every year, which can lead to a more detailed review as needed. The monitoring results of external parties form part of the annual management review, and are regulated in Sectra’s management system. In addition, regulatory audits are conducted regularly for a selection of the processes in Sectra’s management system.

Respect for human rights

Sectra’s operations, to a large extent, are about people. Respecting human rights is important for our success and for our ability to live up to our stakeholders’ expectations. We work to promote human rights in all parts of Sectra’s operations, which is addressed in the Code of Conduct. Sectra respects human rights, as expressed in the International Bill of Human Rights, in every country where we operate. The company also respects the principles of fundamental rights in the ILO Declaration on Fundamental Principles and Rights at Work. This means, for example, that Sectra does not accept discrimination, lack of freedom of association, child labor, forced labor, employees under the age of 18 being exposed to dangerous conditions or other failures to comply with human rights. We are also aware of the new EU legislation entailing that companies need to conduct due diligence to identify how the potential impact of human rights violations is managed and reported according to the UN’s Guiding Principles on Business and Human Rights.

Sectra’s impact in the area of human rights is evaluated and addressed in Sectra’s annual risk assessment. Operations are conducted by employees primarily located in Sweden and other coun-

tries with strong labor rights legislation and with a limited number of suppliers and partners. The risk analysis carried out during the fiscal year did not identify any specific risks of human rights violations in Sectra's work environment. Nor did the analysis identify any risk that Sectra's operations could violate human rights. The risk of human rights violations is therefore assessed as being low.

Taxes

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

Social action

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

Anti-corruption

Sectra's Code of Conduct stipulates that the company does not accept any form of corruption such as bribes, conflicts of interest, embezzlement, kickbacks, blackmail or nepotism/favoritism. We work proactively to ensure that neither the company nor its partners or suppliers are involved in any form of corrupt activities. For a description of material risks connected to corruption and how these are combated, refer to the description under Corruption and deviations from the Code of Conduct on page 89. Neither company management nor the Board received any indication of instances of corruption during 2023/2024 or previous fiscal years.

Whistleblower policy

Employees must feel confident that they can report irregularities and serious incidents that impact the company without fear of adverse consequences. Sectra has therefore established a whistleblower policy that includes all Group employees. No cases were reported to management under the whistleblower function in 2023/2024 or previous fiscal years.

The policy describes how employees and managers can report inappropriate behavior or other deviations. All reports made in accordance with this whistleblower policy are given serious consideration and handled professionally, quickly and in confidence. Incoming cases are handled by the line managers, operating area managers, quality managers or the President. First, an investigation takes place to determine whether there is cause for further investigation. If a report is considered correct in accordance with the guidelines stipulated in the policy, the whistleblower receives a written response from the company about the complaint. Depending on how serious the case is, Sectra may then transfer the matter to the Board or an appropriate external authority, or file a police report. If the report includes very sensitive or confidential information, the employee may choose to remain anonymous. In the event that the whistleblower elects to be anonymous, their identity will not be revealed provided that it is not required by law to do so. As far as possible, all evidence that can be traced back to the employee will be kept secret. Nor does Sectra tolerate harassment or disciplinary measures by the company for someone who has reported irregularities in good faith.

LIMITED ENVIRONMENTAL AND CLIMATE IMPACT

Policy/Governance

Environmental plan
Environmental policy

Responsible:

President/CEO, operations managers and regional managers

Review procedure

Annual follow-ups are part of the Management Review

Result indicator

Work is under way to establish indicators to be followed up



Result

Continuous improvement processes to reduce climate impact and resource use

Environmental and climate impact

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

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

Environmental policy and plan

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

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

Internal environmental and climate impact

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

External environmental impact and climate reporting

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

- using modern, energy-efficient information technology to the greatest extent possible
- choosing materials for our physical products that have the smallest possible environmental impact and that are affordable without compromising on product quality
- prioritizing the purchase of products and services with reduced environmental impact compared to the alternatives
- recycling used material when possible.

Climate reporting

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

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

Starting in 2022, reporting includes incomplete data from our operations in Sweden, the Netherlands, Belgium, the UK and Germany. Reporting for 2021 only includes our operations in Sweden. Renewable or fossil-free sources of energy are chosen wherever possible.

The climate report below includes electricity consumption from 97% fossil-free sources, of which 95% comes from renewable sources.

GHG emissions, metric tons	2023	2022	2021
Scope 1	377	255	43
Business travel	377	255	43
Scope 2	179	179	163
Energy consumption	179	179*	163
Scope 3	152	135	-
Business travel	83	79	-
Waste	4	1	-
Employee commuting	64	54	-
Total GHG emissions, metric tons	708	569	326

* Energy consumption data for 2022 has been updated from last year’s reporting (166 CO₂e) to include electricity consumption in Germany.

Recycling

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



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

Taxonomy reporting

The EU Taxonomy Regulation (the Taxonomy) applies to Sectra since it is a listed company. This means that Sectra reports how much of the turnover, CapEx and OpEx of its activities are deemed sustainable (aligned) under the definitions of the Taxonomy.

For 2023/2024 fiscal year, Sectra has evaluated the technical screening criteria on the basis of publicly available guidance from the European Commission. The evaluation included the Climate Delegated Act, the Complementary Climate Delegated Act and the Environmental Delegated Act, which was adopted in 2023. Sectra is monitoring the development and interpretations of these Act as well as praxis, and will adapt its assessments and information as needed.

Eligible activities

Sectra has analyzed which activities are Taxonomy-eligible. As in the preceding year, our assessment is that the Group's primary activities—research, development and sales of medical IT systems and services for diagnostic imaging as well as security products to protect information—are not Taxonomy-eligible. No CapEx or OpEx associated with these activities are therefore eligible.

Sectra acquired two properties during the year that are Taxonomy-eligible under activity 7.7 Acquisition and ownership of buildings in the Climate Delegated Act. The CapEx that these acquisitions entailed, and the turnover and OpEx associated with these properties, are therefore deemed Taxonomy-eligible.

Sectra does not conduct any nuclear or fossil gas related activities.

Assessment of alignment

For an economic activity to be considered Taxonomy-aligned, it must meet the associated technical screening criteria for contributing substantially to one or more of the six environmental objectives in the Taxonomy, do no significant harm (DNSH) to any of the other objectives, and meet the requirements for minimum safeguards.

Sectra has analyzed the technical screening criteria for assessing whether any portion of the eligible turnover, CapEx or OpEx also contributes to climate change mitigation or adaptation.

Sectra's assessment is that none of the properties are Taxonomy-aligned as it cannot be determined whether they do any substantial harm to any of the Taxonomy's environmental objectives, since no climate risk and vulnerability assessment has been conducted for

the properties. Accordingly, 0% of Sectra's turnover, CapEx and OpEx is deemed Taxonomy-aligned.

Reporting principles

The following definitions are used to report turnover, CapEx and OpEx in accordance with Article 8 of the Taxonomy.

Turnover – total turnover corresponds to net sales recognized in the consolidated income statement. Turnover that is Taxonomy-eligible pertains to rental income from the properties that Sectra acquired during the year. Refer to Sectra's net sales in the income statement on page 92.

CapEx – total CapEx includes investments in capitalized development, tangible assets and leases recognized as right-of-use assets in accordance with IFRS 16. CapEx that is Taxonomy-eligible pertains to the two properties that were acquired during the year. Refer to Note 11 on page 110.

OpEx – total OpEx pertains to expenditures for research and development, short-term leases and expenditures for maintenance and repair. OpEx that is Taxonomy-eligible pertains to the two properties that were acquired during the year. Refer to Note 11 on page 110.

Explanation of abbreviations used in Taxonomy tables

DNSH = Does not significantly harm. The Taxonomy sets criteria for each economic activity to ensure that, in addition to making a substantial contribution to one or more of the objectives, the activity does not harm any of the other objectives.

Y = Yes. Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N = No. Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

EL = Eligible. Taxonomy-eligible activity for the relevant objective.

N/EL = Non-eligible. Taxonomy non-eligible activity for the relevant objective.

T = Transitional activity. An economic activity for which there is no technologically and economically feasible low-carbon alternative shall qualify as contributing substantially to climate change mitigation where it supports the transition to a climate-neutral economy.

E = Enabling activity.

Nuclear and fossil gas related activities

Nuclear energy related activities

1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

Fossil gas related activities

4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023/2024

Economic activities	Code	Turnover MSEK	Proportion of Turnover, year 2023/2024 %	Substantial Contribution Criteria						DNSH criteria (‘Does Not Significantly Harm’)						Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2022/2023 %	Category enabling activity E	Category transitional activity T
				Climate Change Mitigation Y; N; N/EL	Climate Change Adaptation Y; N; N/EL	Water Y; N; N/EL	Pollution Y; N; N/EL	Circular Economy Y; N; N/EL	Biodiversity Y; N; N/EL	Climate Change Mitigation Y/N	Climate Change Adaptation Y/N	Water Y/N	Pollution Y/N	Circular Economy Y/N	Biodiversity Y/N			

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1 Environmentally sustainable activities (Taxonomy-aligned)

Ownership and acquisition of buildings	CCM 7.7/ CCA 7.7	0	0	-	N	N/EL	N/EL	N/EL	N/EL	-	N	-	-	-	-	-	0	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0		
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which Transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Ownership and acquisition of buildings	CCM 7.7/ CCA 7.7	0.9	0.02	EL	EL	N/EL	N/EL	N/EL	N/EL								0		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.9	0.02	0.02	0	-	-	-	-								0		
A. Turnover of Taxonomy eligible-activities (A.1+A.2)		0.9	0.02	0.02	0	-	-	-	-								0		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities		2,962.7	99.98
TOTAL		2,963.6	100

	Proportion of Turnover/Total Turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0.02%
CCA	0%	0.02%
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

**Proportion of CapEx from products or services associated with
Taxonomy-aligned economic activities – disclosure covering year 2023/2024**

Economic activities	Code	CapEx MSEK	Proportion of CapEx, year 2023/2024 %	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2022/2023 %	Category enabling activity E	Category transitional activity T	
				Climate change Mitigation	Climate change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				Minimum Safeguards
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; Y/N	Y; N; Y/N	Y; N; Y/N	Y; N; Y/N	Y; N; Y/N	Y; N; Y/N				

A. TAXONOMY-ELIGIBLE ACTIVITIES
A.1 Environmentally sustainable activities (Taxonomy-aligned)

Ownership and acquisition of buildings	CCM 7.7/ CCA 7.7	0	0	-	N	N/EL	N/EL	N/EL	N/EL	-	N	-	-	-	-	-	0	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0		
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which Transitional		-	-	-						-	-	-	-	-	-	-	-		-

A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								
Ownership and acquisition of buildings	CCM 7.7/ CCA 7.7	149.9	53	EL	EL	N/EL	N/EL	N/EL	N/EL							0	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		149.9	53	53	0	-	-	-	-							0	
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		149.9	53	53	0	-	-	-	-							0	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities	130.6	47
TOTAL	280.5	100

	Proportion of CapEx/ Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	53%
CCA	0%	53%
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023/2024

Economic activities	Code	OpEx MSEK	Proportion of OpEx, year 2023/2024 %	Substantial Contribution Criteria						DNSH criteria (*Does Not Significantly Harm*)						Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2022/2023 %	Category enabling activity E	Category transitional activity T	
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				Minimum Safeguards
				Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				Y/N
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Ownership and acquisition of buildings	CCM 7.7/ CCA 7.7	0	0	-	N	N/EL	N/EL	N/EL	N/EL	-	N	-	-	-	-	-	0	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0		
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which Transitional		-	-	-						-	-	-	-	-	-	-	-		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Ownership and acquisition of buildings	CCM 7.7/ CCA 7.7	3.2	0.8	EL	EL	N/EL	N/EL	N/EL	N/EL								0		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3.2	0.8	0.8	0	-	-	-	-								0		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		3.2	0.8	0.8	0	-	-	-	-								0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		410.5	99.2																
TOTAL		413.7	100																

	Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0.8%
CCA	0%	0.8%
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

Sectra's risk universe:

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

Risks and risk management

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

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

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

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

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

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

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

Risk index trend: up stable down

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

Refers to financial risks (currency, interest, credit and liquidity risks). Read more about how the company assesses these risks in Note 29 on page 119 under Risks and risk management.

Risks with high or moderate risk index score

Description

Measures to limit risk

RISK AREA: GOVERNANCE, RISK AND CONTROL

Certifications

Risk level: Moderate




Sectra's products and services are certified and approved according to industry-specific regulations and relevant standards. New and expanded requirements for quality certifications for medical devices within the EU (MDR) as well as the US (issued by the FDA) have led to increased demand for certified auditors. For companies that sell medical devices, a shortage of certification auditors, longer processes and higher requirements for documentation entail an increased risk of not delivering new products and new releases on time.



Sectra monitors changes in regulations and relevant standards and makes continuous adjustments as needed based on new requirements and regulations. Reviews of whether regulatory requirements are met are planned in well ahead of time in dialogue with certified external auditors.

Risks with high or moderate risk index score	Description	Measures to limit risk
--	-------------	------------------------


RISK AREA: CYBERSECURITY AND INFORMATION SECURITY

<p>Cyberattacks, access violations or loss of data in IT systems and cloud-based services</p> <p>Risk level: Moderate</p> 	<p>The following risks have been identified in this area:</p> <ul style="list-style-type: none"> • Security breach, disruption and/or loss of data in Sectra's internal systems • Security breach, disruption and/or loss of data in systems and cloud-based services delivered to customers. • Security breach at customer sites due to shortcomings in Sectra's installation. • Security corrections in systems not installed in time by customers. <p>The threat level for violations and data theft has increased globally, and cybercrime is a serious threat to Sectra as well as to other companies. Healthcare is one of the most vulnerable targets, having received increased focus from attackers. If any of the above risks should occur, this could result in damage to patients and customers as well as to Sectra's reputation, and also lead to extensive financial consequences for the company.</p>	<p>Sectra works continuously to strengthen cybersecurity and information security. Internal security regulations and relevant certifications are implemented. Mandatory training for employees helps increase security awareness and expertise.</p> <p>Specific tools are used to detect and protect the company and customers against cybercrime. Systems are monitored continuously, and security tests and security scans are carried out regularly.</p> <p>In addition to improving the security of internal systems and networks as well as detecting and addressing any access violations, during the fiscal year we focused particularly on strengthening our incident and crisis preparedness.</p> <p>Refer to the additional information under the heading Information security and data protection on page 78.</p>
--	---	---


RISK AREA: FINANCING





<p>Outstanding accounts receivable</p> <p>Risk level: Moderate</p> 	<p>The Group's customers primarily include government authorities, public healthcare providers and other reputable customers with high credit ratings, although payment practices vary between countries. Sectra is exposed to greater credit risks in countries where many of its customers are privately owned, such as the US. An increase in the number of partners outside Europe is contributing to a higher risk of potential credit problems.</p>	<p>Procedures are in place to ensure thorough credit ratings of customers and partners. To minimize credit risks in fixed-price projects, Sectra makes extensive use of advance partial payments and bank guarantees. The risk level is assessed as stable in light of mitigating measures to manage the risk.</p>
<p>Currency exchange risks</p> <p>Risk level: Moderate</p> 	<p>The Group's exposure to currency exchange risks mainly arises through transactions in foreign currencies in the form of customer and supplier payments and, to a lesser extent, in connection with the translation of foreign subsidiaries' income statements and balance sheets. The Group's largest exposures are in USD, EUR and GBP.</p>	<p>Risks and payment flows in foreign currencies are continuously monitored. Intra-Group financing among subsidiaries is carried out in the local currency. The Group does not currently hedge its transaction exposure since the costs involved in effectively managing hedging contracts are deemed to be higher than any potential gains. The need for hedging contracts is continuously evaluated. In 2023/2024, currency fluctuations had a positive impact on the Group's operating profit. See the description of the financial outcome in the Administration Report.</p>

RISK AREA: PHYSICAL SECURITY, PERSONAL SAFETY AND CONTINUITY

<p>Product liability and property risks</p> <p>Risk level: Moderate</p> 	<p>Through its operations, Sectra assumes product liability, which means that personal injury or damage to property caused by the company's systems at the premises of a customer or third party could lead to compensation claims. Increased sales of cloud-based services are leading to greater risk exposure and a need for new types of insurance, such as cyber insurance. The terms and conditions for the cover offered by these types of insurance is, however, not always clear.</p> <p>The probability of risk pursuant to product responsibility is deemed to be low, as Sectra has historically never had any claims for damages. However, the overall risk is increasing due to a rise in cyber threats in society. Any claims that may arise due to cyber threats may have a substantial financial impact on the operations. Accordingly, the assessed risk level is deemed to be moderate.</p>	<p>We work continuously to improve security in our products, systems and cloud-based services.</p> <p>Insurance needs are evaluated on an annual basis. Insurance policies have been taken out for the property and liability risks to which the Group is exposed.</p>
--	--	--

RISK AREA: SUSTAINABILITY

<p>Corruption and deviations from the Code of Conduct</p> <p>Risk level: Moderate</p> 	<p>The focus on business ethics is high, both within the company and in the global business environment. This is particularly true of corruption and especially bribes. Sectra's risk exposure in this area has increased as a result of the growing number of distribution partners, which are more difficult to monitor using internal procedures.</p>	<p>We have a Code of Conduct with a strict anti-corruption policy, which is intended to limit the risk of individual instances of bribery. For more information, refer to the headings Corporate responsibility and the Code of Conduct. The Code of Conduct is included in all distribution agreements and Sectra is entitled to terminate its business relationships at short notice if the code is not followed. Other measures include ongoing assessments of subsidiaries and distributors and specific recurring audit procedures for selected subsidiaries.</p>
--	--	--

Risks with high or moderate risk index score	Description	Measures to limit risk
RISK AREA: LAWS AND REGULATIONS		
<p>Legal risk connected to data protection legislation</p> <p>Risk level: Moderate</p> 	<p>We operate in industries and countries where regulations concerning the protection of data and personal privacy have become more stringent in the last few years, for example through Schrems II, a judgment issued in the EU that makes it difficult to use US-based cloud service suppliers for storing or processing personally identifiable information within the EU. The introduction of more stringent regulation entails a risk that the company might be found in breach of privacy laws.</p>	<p>Risk analyses are carried out for data processing regarding all cloud-based services. When necessary, additional protective measures are taken for personal data, such as encryption or pseudonymization. Basic training in data protection and processing of personal data is mandatory for all employees. Read more under Information security and protection on page 78.</p>
RISK AREA: EMPLOYEES		
<p>Not attracting and/or retaining the right people</p> <p>Risk level: Moderate</p> 	<p>The following risks have been identified in this area:</p> <ul style="list-style-type: none"> • Not being able to attract or retain the right skills • Dependence on specific individuals <p>Sectra's main asset is its employees. It is therefore important to attract and retain the right people in different parts of the organization. Since there is high demand for qualified resources in the market, the risk of not attracting and retaining the right people has increased in the last few years. The loss of specific individuals could impact different parts of the operations.</p>	<p>Sectra works actively to be an attractive long-term employer. Our primary competitive strength is the company's recognized, strong corporate culture and the fact that we offer work that provides meaningful support for critical social functions. We can attract new employees, and retain existing ones, by offering competitive terms and regularly following up with our employees and being attentive to their perception of the company. Sectra also works continually to improve internal procedures, processes and documentation in order to minimize its dependency on specific individuals in the operations. Read more under the heading Social conditions and employees on page 79 and Employee strategy on page 20.</p>
RISK AREA: PROJECT COMPLETION		
<p>Resource shortages in major customer projects</p> <p>Risk level: Moderate</p> 	<p>In the Employees risk area, we have identified the risk of not being able to attract and retain the right personnel (see above). This risk is closely associated with not being able to deliver major customer contracts if we lack adequate personnel resources. This could lead to financial consequences as well as consequences for our brand.</p>	<p>We are working actively to be an attractive employer and to deliver our projects in an efficient way in order to minimize the risk of resource shortages. Before new, major customer contracts are entered into, thorough risk analyses and evaluations of delivery capacity are performed.</p>
RISK AREA: REPORTING		
<p>Goodwill and other acquisition-related assets</p> <p>Risk level: Moderate</p> 	<p>Sectra's balance sheet includes relatively large values linked to goodwill and other acquisition-related assets. Since Sectra reports in accordance with IFRS, there is no continual depreciation of goodwill. If events were to take place that led to a decline in the value of Sectra's assets related to goodwill, this could have material impact on earnings.</p>	<p>Goodwill and other acquisition-related assets are regularly tested for impairment in order to mitigate the risk of a situation arising that could have a material impact on earnings at a particular time. When acquisitions are conducted, thorough assessments are made of the items reported in order to ensure that the valuations are well founded.</p>

Board of Directors' affirmation

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

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

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

The Annual Report also includes the Group's and the Parent Company's statutory Sustainability Report in accordance with Chapter 6, Section 10 of the Annual Accounts Act (refer to page 74).

Linköping, date as indicated by our electronic signature

Torbjörn Kronander
President and CEO
Board member

Jan-Olof Brüer
Chairman of the Board

Birgitta Hagenfeldt
Board member

Anders Persson
Board member

Tomas Puusepp
Board member

Fredrik Robertsson
Board member

Ulrika Unell
Board member

Andreas Örnéus
Board member
Employee representative

Pontus Svärd
Board member
Employee representative

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

Andreas Troberg
Authorized Public Accountant

Consolidated income statements

SEK thousand	Note	2023/2024	2022/2023
Operating income			
Net sales	2	2,963,607	2,350,752
Capitalized work for own use		71,574	55,661
Other operating income		5,388	1,580
Total income		3,040,569	2,407,993
Operating expenses			
Goods for resale		-431,218	-262,897
Personnel costs	3	-1,436,908	-1,169,329
Other external costs	4, 5	-550,499	-428,175
Impairment of intangible assets and goodwill	10	-6,069	0
Amortization of intangible assets and goodwill		-43,980	-39,311
Depreciation of tangible assets	11	-32,801	-25,111
Depreciation of right-of-use assets	12	-21,284	-27,517
Total operating expenses		-2,522,759	-1,952,340
Operating profit		517,810	455,653
Financial items			
Interest income and similar profit/loss items	6	38,248	25,799
Interest expenses and similar profit/loss items	7	-3,284	-2,062
Total financial items		34,964	23,737
Profit after financial items		552,774	479,390
Taxes	9	-124,386	-104,433
Net profit for the year		428,388	374,957
Attributable to:			
Parent Company owners		428,388	374,957
Earnings per share, SEK			
Before dilution		2.22	1.95
After dilution		2.22	1.95

Consolidated statement of comprehensive income

SEK thousand	Note	2023/2024	2022/2023
Net profit for the year		428,388	374,957
Items that may be reclassified to profit and loss			
Change in translation differences from translating foreign subsidiaries		27,999	17,623
Other comprehensive income for the year		27,999	17,623
Total comprehensive income for the year		456,387	392,580
Attributable to:			
Parent Company owners		456,387	392,580

Consolidated balance sheets

SEK thousand	Note	Apr 30, 2024	Apr 30, 2023
ASSETS			
Fixed assets			
Intangible assets and goodwill	10	262,330	236,969
Tangible assets	11	227,040	74,556
Right-of-use assets	12	35,241	84,905
Other shares and participations	28	21	20
Long-term accounts receivable	2, 28	138,422	125,204
Other long-term assets		16,746	0
Deferred tax assets	9	8,990	6,632
Total fixed assets		688,790	528,286
Current assets			
Inventories	16	36,590	36,601
Accounts receivable	17, 28, 29	571,661	386,153
Current tax assets		10,274	4,622
Other receivables		13,354	16,322
Prepaid expenses and accrued income	18	102,610	100,376
Contract assets/recognized non-invoiced income	2, 18	983,019	719,065
Short-term investments	28	0	120,000
Cash and bank balances	19, 28	804,640	825,242
Total current assets		2,522,148	2,208,381
Total assets		3,210,938	2,736,667
EQUITY AND LIABILITIES			
Equity			
Share capital	20	38,825	38,825
Other contributed capital		361,470	361,470
Reserves		151,446	123,447
Retained earnings, including net profit for the year		1,017,850	772,927
Equity attributable to Parent Company owners		1,569,591	1,296,669
Long-term liabilities			
Long-term provisions	21	26,342	12,461
Deferred tax liabilities	9, 21	7,038	5,928
Non-current lease liabilities	12, 22, 28	19,204	56,968
Total long-term liabilities		52,584	75,357
Current liabilities			
Accounts payable	28	76,071	67,425
Current tax liabilities		67,170	51,935
Current provisions	21, 28	2,637	1,682
Current lease liabilities	12, 22, 28	12,584	25,294
Other current liabilities	23, 28	75,332	85,623
Accrued expenses and deferred income	24	408,706	390,398
Contract liabilities/invoiced non-recognized income	2, 24	946,263	742,284
Total current liabilities		1,588,763	1,364,641
Total equity and liabilities		3,210,938	2,736,667

Pledged assets and contingent liabilities, see Note 25.

Consolidated cash-flow statements

SEK thousand	Note	2023/2024	2022/2023
OPERATING ACTIVITIES			
Operating profit		517,810	455,653
Adjustment for non-cash items	26	142,681	121,351
Interest received	6	25,991	11,849
Interest paid	7	-3,284	-2,062
Income tax paid		-118,291	-71,635
Cash flow from operations before changes in working capital		564,907	515,156
Changes in working capital			
Change in inventories		-21,541	-12,825
Change in receivables		-408,649	-299,595
Change in current liabilities		191,609	237,752
Cash flow from operations		326,326	440,488
INVESTING ACTIVITIES			
Acquisitions of intangible assets	10	-72,210	-55,752
Acquisitions of tangible assets	11	-178,532	-37,036
Short-term investment		0	-120,000
Repayment of short-term investment		120,000	0
Cash flow from investing activities		-130,742	-212,788
FINANCING ACTIVITIES			
Repayment of lease liabilities	12	-10,268	-26,627
Redemption of shares		-211,935	-192,662
Cash flow from financing activities		-222,203	-219,289
Cash flow for the year		-26,619	8,411
Cash and cash equivalents, opening balance		825,242	808,775
Exchange-rate difference in cash and cash equivalents		6,017	8,056
Cash and cash equivalents, closing balance	19	804,640	825,242

Consolidated statement of changes in equity

SEK thousand	Reserves				Retained earnings, including net profit for the year	Total equity
	Share capital	Other contributed capital	Translation reserve	Other reserves		
Opening balance May 1, 2022	38,733	361,081	38,526	67,298	575,099	1,080,737
Net profit for the year	0	0	0	0	374,957	374,957
Other comprehensive income for the year	0	0	17,623	0	0	17,623
Total comprehensive income for the year	0	0	17,623	0	374,957	392,580
New share issue	91	0	0	0	-91	0
Share-based incentive programs	0	0	0	0	15,624	15,624
Conversion to shares	1	388	0	0	0	389
Redemption of shares	0	0	0	0	-192,662	-192,662
Total transactions with Parent Company owners	92	388	0	0	-177,129	-176,649
Closing balance April 30, 2023	38,825	361,470	56,149	67,298	772,927	1,296,669
Net profit for the year	0	0	0	0	428,388	428,388
Other comprehensive income for the year	0	0	27,999	0	0	27,999
Total comprehensive income for the year	0	0	27,999	0	428,388	456,387
Share-based incentive programs	0	0	0	0	28,470	28,470
Redemption of shares	0	0	0	0	-211,935	-211,935
Total transactions with Parent Company owners	0	0	0	0	-183,465	-183,465
Closing balance April 30, 2024	38,825	361,470	84,148	67,298	1,017,850	1,569,591

Share capital is described in more detail in Note 20.

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

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

Parent Company income statements

SEK thousand	Note	2023/2024	2022/2023
Operating income			
Net sales	2	167,261	128,645
Capitalized work for own use		5,536	3,647
Other operating income		606	224
Total income		173,403	132,516
Operating expenses			
Goods for resale		-21,934	-2,830
Personnel costs	3	-75,128	-60,223
Other external costs	4, 5	-143,475	-107,295
Amortization of intangible assets	10	0	-201
Depreciation of tangible assets	11	-1,711	-1,287
Total operating expenses		-242,248	-171,836
Operating loss		-68,845	-39,320
Profit/loss from financial items			
Interest income and similar profit/loss items	6	155,171	20,031
Interest expenses and similar profit/loss items	7	-26,324	-4,847
Total financial items		128,847	15,184
Profit/loss after financial items		60,002	-24,136
Appropriations	8	427,350	436,014
Profit before tax		487,352	411,878
Tax on net profit for the year	9	-81,747	-85,027
Net profit for the year		405,605	326,851

Parent Company statement of comprehensive income

SEK thousand	Note	2023/2024	2022/2023
Net profit for the year		405,605	326,851
Other comprehensive income		0	0
Total comprehensive income for the year		405,605	326,851

Parent Company balance sheets

SEK thousand	Note	Apr 30, 2024	Apr 30, 2023
ASSETS			
Fixed assets			
Intangible assets	10	9,183	3,647
Tangible assets	11	6,336	3,699
Participations in Group companies	13	166,811	54,496
Participations in associated companies	14	564	564
Receivables from Group companies	15	200,105	170,994
Deferred tax assets	9	0	191
Total fixed assets		382,999	233,591
Current assets			
Receivables from Group companies		798,354	664,145
Accounts receivable	17	421	240
Other receivables		3,126	3,540
Prepaid expenses and accrued income	18	22,959	22,331
Short-term investments		0	120,000
Cash and bank balances	19	683,564	662,611
Total current assets		1,508,424	1,472,867
Total assets		1,891,423	1,706,458
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	20	38,825	38,825
Statutory reserve		226,456	226,456
Fund for development costs		9,183	3,647
Total restricted equity		274,464	268,927
<i>Unrestricted equity</i>			
Share premium reserve		134,851	134,851
Retained earnings		241,465	103,620
Net profit for the year		405,605	326,851
Total unrestricted equity		781,921	565,322
Total equity		1,056,385	834,249
Long-term liabilities			
Provisions	21	2,685	916
Total long-term liabilities		2,685	916
Current liabilities			
Accounts payable		10,016	9,107
Liabilities to Group companies		716,724	813,063
Current tax liabilities		52,163	29,275
Other current liabilities	23	1,682	812
Accrued expenses and deferred income	24	51,768	19,036
Total current liabilities		832,353	871,293
Total equity and liabilities		1,891,423	1,706,458

Parent Company cash-flow statements

SEK thousand	Note	2023/2024	2022/2023
OPERATING ACTIVITIES			
Operating loss		-68,845	-39,320
Adjustment for non-cash items	26	13,727	4,160
Interest and dividends received	6	144,925	16,321
Interest paid	7	-26,325	-4,847
Income tax paid		-58,509	-50,068
Cash flow from operations before changes in working capital		4,973	-73,754
Changes in working capital			
Change in receivables		-144,104	-167,246
Change in current liabilities		-57,864	165,644
Cash flow from operations		-196,995	-75,356
INVESTING ACTIVITIES			
Acquisitions of intangible assets	10	-5,536	-3,647
Acquisitions of tangible assets	11	-4,348	-1,059
Acquisitions of subsidiaries		-87,072	0
Repayment of short-term investment		120,000	0
Acquisition of short-term investment		0	-120,000
Payment of loans to subsidiaries	15	-41,801	-62,810
Repayment of loans from subsidiaries	15	21,290	630
Cash flow from investing activities		2,533	-186,886
FINANCING ACTIVITIES			
Repayment of long-term loan		0	-2,301
Group contributions received/paid	8	427,350	436,014
Redemption of shares		-211,935	-192,662
Cash flow from financing activities		215,415	241,051
Cash flow for the year		20,953	-21,191
Cash and cash equivalents, opening balance		662,611	683,802
Exchange-rate difference in cash and cash equivalents		0	0
Cash and cash equivalents, closing balance	19	683,564	662,611

Statement of changes in Parent Company's equity

SEK thousand	Share capital ¹	Statutory reserve	Fund for development costs	Share premium reserve	Retained earnings, including net profit for the year	Total equity
Opening balance May 1, 2022	38,733	226,456	201	134,463	279,832	679,685
Change in fund for development costs	0	0	3,446	0	-3,446	0
Net profit for the year	0	0	0	0	326,851	326,851
Total comprehensive income for the year	0	0	0	0	326,851	326,851
New share issue	91	0	0	0	-91	0
Share-based incentive programs	0	0	0	0	19,987	19,987
Conversion to shares	1	0	0	388	0	389
Redemption of shares	0	0	0	0	-192,662	-192,662
Total transactions with Parent Company owners	92	0	0	388	-172,766	-172,286
Closing balance April 30, 2023	38,825	226,456	3,647	134,851	430,471	834,249
Change in fund for development costs	0	0	5,536	0	-5,536	0
Net profit for the year	0	0	0	0	405,605	405,605
Total comprehensive income for the year	0	0	0	0	405,605	405,605
Share-based incentive programs	0	0	0	0	28,465	28,465
Redemption of shares	0	0	0	0	-211,935	-211,935
Total transactions with Parent Company owners	0	0	0	0	-183,470	-183,470
Closing balance April 30, 2024	38,825	226,456	9,183	134,851	647,070	1,056,385

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

Notes

Table of contents

Note 1	Accounting policies	99
Note 2	Operating segments and net sales	102
Note 3	Employees and personnel costs	104
Note 4	Fees to auditors	107
Note 5	Operating lease expenses	107
Note 6	Interest income and similar profit/loss items	107
Note 7	Interest expenses and similar profit/loss items	107
Note 8	Appropriations	107
Note 9	Tax on net profit for the year	107
Note 10	Intangible assets and goodwill	108
Note 11	Tangible assets	110
Note 12	Right-of-use assets and lease liabilities	112
Note 13	Participations in Group companies	113
Note 14	Participations in associated companies	113
Note 15	Long-term receivables from Group companies	114
Note 16	Inventories	114
Note 17	Accounts receivable	114
Note 18	Prepaid expenses and accrued income	114
Note 19	Cash and bank balances	114
Note 20	Share capital and number of shares	115
Note 21	Provisions	115
Note 22	Long-term liabilities	116
Note 23	Other current liabilities	117
Note 24	Accrued expenses and deferred income	117
Note 25	Pledged assets and contingent liabilities	117
Note 26	Cash flow	117
Note 27	Related parties	117
Note 28	Measurement of financial assets and liabilities	118
Note 29	Risks, risk management and sensitivity analysis	119
Note 30	Asset management	120
Note 31	Proposed appropriation of profits	120
Note 32	Events after the balance-sheet date	120
Note 33	Financial definitions and alternative performance measures	120

Note 1 Accounting policies

Introduction

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as adopted by the EU. In addition, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplemental Accounting Rules for Groups were applied. To provide a better understanding of each accounting area, the most material accounting policies are described below.

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

All amounts are in SEK thousands, unless otherwise stated. Figures in parentheses pertain to the preceding year.

New and amended accounting policies applicable from 2023/2024

New and amended IFRS that entered force in 2023/2024 had no significant effects on the financial statements. The accounting policies and calculation methods are otherwise unchanged compared with those applied in the 2022/2023 fiscal year.

New and amended accounting policies applicable from 2024/2025 or later

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

Basis of preparation for the reports

Assets, provisions and liabilities are measured at cost or nominal value unless otherwise stated in the notes that follow. The Group uses accounting assumptions and estimates regarding the future, refer to page 101 for information on estimates and judgments.

Consolidated financial statements

The consolidated financial statements have been prepared using the acquisition method, and cover those companies in which the Parent Company, directly or through subsidiaries, exerts a controlling influence. This means that the Parent Company directly or through subsidiaries has an influence over the company, is entitled to variable returns and is also able to exercise its influence over the company to affect these returns.

Translation of foreign subsidiaries

Functional currency

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

Transactions and balance-sheet items

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

Segment reporting

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

The Group's operations are divided into the following segments: Imaging IT Solutions, Secure Communications, Business Innovation and Other Operations, refer to the description in Note 2.

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

Revenue

Revenue is recognized in accordance with IFRS 15 Revenue from Contracts with Customers. In assessing whether revenue is to be recognized, the Group follows a five-step procedure in accordance with the standard.

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

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

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

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

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

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

Imaging IT Solutions

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

Such contracts, where the assessment is made that the contract pertains to a combined performance obligation, are recognized as revenue continuously over the contract period. Costs connected to the set-up of the solution are capitalized and expensed when the related performance obligation is revenue recognized.

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

Secure Communications

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

Business Innovation

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

Pensions and post-retirement benefits to employees

The Sectra Group has defined-contribution pensions only. Pension premium payments are expensed continuously and are included in personnel costs. Sectra has no other pension obligations and is not responsible for any value changes in the paid-in premiums. This means that Sectra does not bear the risk when pensions are paid, and no pension obligations are recognized as liabilities in the balance sheet. For other remuneration of employees, see Note 3.

Share-based remuneration of employees

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

Intangible assets and goodwill

Capitalized development costs

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

Goodwill

Goodwill represents future economic benefits arising from a business acquisition that are not specifically identified and recognized separately. Goodwill is recognized at cost less accumulated impairment losses.

Patents and licenses

Acquired patent rights are recognized at cost and subject to straight-line amortization over the assets' ten-year estimated period of use. Acquired license rights are recognized at cost and subject to straight-line amortization over the assets' estimated period of use.

Impairment of intangible assets

For the purpose of identifying any impairment requirements, yields are individually measured when the need is indicated, and annually for incomplete development projects and goodwill. If the carrying amount exceeds the recoverable amount, the differences are charged against profit for the period on an ongoing basis as they arise. For an asset that does not generate cash flows, the recoverable amount is calculated for the cash-generating unit to which the asset belongs. The recoverable amount is the higher of the asset's net selling price and value in use. Value in use is calculated as the present value of future cash flows for specific assets. The amortization period for intangible assets exceeds five years if the asset is expected to generate financial benefits, based on individual assessment, over a period exceeding five years. Refer to Note 10 for a more detailed description of impairment testing.

Tangible assets

Depreciation is based on the original cost and estimated useful lives.

Buildings	15–80 years
Office furniture	10 years
Equipment and office machines	5 years
Equipment at customer premises	3–10 years, depending on the useful life in each agreement

Leases

The Group's leased assets comprise primarily premises and vehicles. Leases with a term of 12 months or less or where the underlying asset has a low value are not included in the right-of-use asset or liability in the balance sheet. These agreements are expensed on a straight-line basis over the term of the contract. The liability is initially measured at the present value of remaining lease payments over the term of the contract. Discounts are at the Group's incremental borrowing rate.

Financial instruments

Financial instruments include both assets and liabilities. Long-term receivables, securities holdings and other receivables, accounts receivable and cash and cash equivalents are recognized as assets. Financial liabilities include accounts payable and lease liabilities.

Financial assets

Except for those accounts receivables that do not contain a significant financing component and are measured at their transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value.

After the initial measurement at fair value, financial assets are measured based on the Group's business model for managing the asset and the type of cash flow the asset gives rise to.

Financial assets are classified in the categories of amortized cost, fair value via profit and loss, or fair value via other comprehensive income. In the periods included in the financial statement, the Group has no financial assets categorized as measured at fair value through profit or loss or other comprehensive income.

Long-term accounts receivable

The expected term of long-term accounts receivable exceeds 12 months, and recognition is accordingly at the discounted amount expected to flow in under the amortized cost method. Any impairment of long-term accounts receivable impacts other external costs.

Accounts receivable

The expected term of accounts receivables is brief, and recognition is accordingly at the undiscounted amount expected to flow in under the amortized cost method. Any impairment of accounts receivables impacts other external costs.

Cash and cash equivalents

Cash and cash equivalents consist of funds deposited in banks and similar institutions.

Impairment of financial assets

Financial assets are recognized in the balance sheet when the company becomes party to the agreement, and are derecognized when the agreement expires or the company loses control over the assets. A loss allowance is recognized when an expected credit loss exists under the original terms of the receivable. The IFRS 9 impairment model uses forward-looking information to account for expected credit losses. Credit loss recognition is not dependent on the Group first identifying a credit loss event. Instead, the Group

accounts for more extensive information in the assessment of credit risk and measurement of expected credit losses. When determining the expected credit losses, the Group uses its historical experience, external indicators and forward-looking information for the calculation.

Fair value

The method for calculating the fair value of financial assets and liabilities is based on three measurement levels. At measurement Level 1, fair value is calculated based on quoted market prices and instruments traded in an active market. At measurement Level 2, quoted market prices are not available, but variables for the calculation of fair value are obtained from market quotations. At measurement Level 3, fair value is calculated based on data that is not available in the market. The Group's financial assets and liabilities mainly belong to measurement Level 2 and 3, refer to Note 28.

Cash-flow statement

The cash-flow statement has been prepared using the indirect method. Cash flows in foreign currencies are restated at the average exchange rate. Change in receivables includes changes in accounts receivable (including long-term accounts receivable), prepaid expenses and accrued income, and contract assets.

Important estimates and judgments and uncertainty in estimates

At year-end, certain judgments are made in regard to the application of accounting policies that affect the carrying amounts recognized on the balance-sheet date. These estimates for reporting purposes may deviate from the actual outcome. The following estimates may involve a risk of changes in the carrying amounts. Revenue recognition is based on contracts with customers of varying degrees of complexity. Contracts with several different types of revenue streams such as licenses, hardware, upgrades or support are considered more complex. Critical assessments are made of how much revenue will be recognized and at what point in time. Company management assesses how revenues will be allocated to each identified performance obligation. Different policies for recognizing revenue can thereby be applied to different performance obligations, depending on the assessments made. Applied policies include full revenue recognition at the beginning of the contract, linear revenue recognition over the term of the contract or revenue recognition based on the delivery rate of services over the term of the contract. Allocation of the contract's total value to each performance obligation is based on each obligation's independent sales price, whether actual or estimated. Impairment requirements relating to intangible assets including goodwill are assessed on an ongoing basis, based on the calculated recoverable amount per cash-generating unit. The recoverable amount is based on the unit's value in use, which consists of estimated future cash flows during its useful life. Estimates are based on budgeted long-term targets and anticipated growth. Group synergy effects were taken into consideration when calculating cash flow associated with goodwill. The present value of the forecast future cash flows for all development projects has been calculated using an after-tax discount rate of between 8.6% and 10.6% (8.9–10.9). An after-tax discount rate of between 8.6% and 10.6% (8.9–10.9) has been used when calculating cash flows associated with goodwill. The growth rate assessment has been set in line with market trends and growth goals in the operating areas. Assumptions regarding future cash flows may be uncertain. The useful life of intangible assets is based on the estimated life of the asset. Amortization of intangible assets is based on estimated useful life per asset, which can have major significance for the Group's earnings and financial position.

Note 2 Operating segments and net sales

Information regarding the company's operating segments and geographic areas is used to evaluate sales and earnings in the Group and to allocate the Group's resources among various segments. The identified operating segments are: Imaging IT Solutions, Secure Communications, Business Innovation and Other Operations. Regarding the geographic distribution, the basis for distribution is the customer's billing address.

Imaging IT Solutions develops and sells medical IT systems and services that help customers care for more patients, while retaining or improving the level of quality. The segment's offering encompasses IT systems for managing, archiving and presenting all types of medical images and patient information as well as IT systems for operational follow-up and radiation dose monitoring. The segment also offers maintenance in the form of support, system monitoring, consulting services related to integration, system design, data migration and business development. The largest product area in the segment is IT solutions for managing and archiving radiology images and patient information.

Secure Communications develops and sells products and services for secure voice and data communications and the protection of society's

most sensitive IT infrastructure. The segment offers products for secure voice and data communications, and project-based development as well as security and threat analyses, and system monitoring services for control systems in society's critical operations. Development and production take place in Sweden. Sales are primarily conducted in EU countries from the business area's offices in Sweden, the Netherlands and Finland.

Sectra's business units in Business Innovation develop and sell IT systems for planning and monitoring orthopaedic surgery as well as products for medical education. Sectra carries out research projects and manages and develops its patent portfolio in this segment. As of the 2022/2023 fiscal year, the Genomics IT business unit is also included with a focus on innovation and development of IT support primarily for precision diagnostics in cancer care.

Other Operations pertain to Sectra's joint functions for administration, recruitment, Group finance, people and brand, IT, regulatory affairs and activities related to investors. This segment also includes property management.

Operating segments

	Imaging IT Solutions		Secure Communications		Business Innovation		Other Operations	
	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23
Net sales	2,551,607	2,078,987	367,353	234,455	89,871	73,811	164,923	124,670
Of which external	2,547,347	2,077,341	366,822	234,188	48,595	38,689	843	534
Depreciation/amortization	70,666	60,472	12,694	13,429	4,068	3,331	10,637	14,707
Impairment	0	0	4,984	0	1,085	0	0	0
Operating profit/loss	499,937	462,362	59,791	19,188	17,277	10,475	-59,066	-36,228
Assets	3,039,453	2,514,574	283,367	198,329	116,478	97,857	1,955,031	1,760,306
Liabilities	2,509,113	2,059,362	246,378	160,437	86,609	77,698	903,487	926,565
Investments ³	66,944	68,359	20,914	12,714	13,516	10,657	154,724	1,059
	Eliminations ¹		Total Group ²					
	23/24	22/23	23/24	22/23				
Net sales	-210,147	-161,171	2,963,607	2,350,752				
Of which external	0	0	2,963,607	2,350,752				
Depreciation/amortization	0	0	98,065	91,939				
Impairment	0	0	6,069	0				
Operating profit/loss	-129	-144	517,810	455,653				
Assets	-2,183,391	-1,834,397	3,210,938	2,736,669				
Liabilities	-2,104,240	-1,784,064	1,641,347	1,439,998				
Investments ³	0	0	256,098	92,789				

Note 2 Operating segments and net sales, cont.**Geographic areas**

	Sweden		United Kingdom		Netherlands		Rest of Europe	
	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23
Net sales	584,590	472,905	578,145	381,704	184,003	135,834	559,429	490,397
Imaging IT Solutions	323,052	317,690	577,404	381,257	122,253	92,431	499,674	441,989
Secure Communications	254,305	148,271	0	0	61,519	43,403	50,993	42,220
Business Innovation	6,387	6,944	741	448	231	0	8,765	5,654
Other Operations	846	0	0	0	0	0	-3	534
Assets	1,366,130	1,293,485	508,021	434,357	161,608	153,570	411,607	337,958
Investments ³	238,883	73,010	10,419	11,991	1,175	1,170	2,607	5,790

	US		Rest of World		Total Group ²	
	23/24	22/23	23/24	22/23	23/24	22/23
Net sales	826,190	687,006	231,250	182,906	2,963,607	2,350,752
Imaging IT Solutions	814,296	678,427	210,668	165,547	2,547,347	2,077,341
Secure Communications	5	294	0	0	366,822	234,188
Business Innovation	11,889	8,285	20,582	17,358	48,595	38,689
Other Operations	0	0	0	0	843	534
Assets	635,515	396,114	128,057	121,183	3,210,938	2,736,667
Investments ³	2,126	0	888	827	256,098	92,788

Recurring revenue per segment

	Imaging IT Solutions		Secure Communications		Business Innovation		Other Operations	
	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23
Non-recurring revenue	938,081	819,246	271,907	147,643	28,679	23,968	0	0
Recurring revenue	1,609,266	1,258,095	94,915	86,545	19,916	14,721	843	534
Of which cloud recurring revenue, CRR	378,269	241,163	0	46	18,582	13,360	0	0
Total external revenue	2,547,347	2,077,341	366,822	234,188	48,595	38,689	843	534
Share of recurring revenue, %	63.2%	60.6%	25.9%	36.9%	41.0%	38.0%	100.0%	100.0%

	Total Group	
	23/24	22/23
Non-recurring revenue	1,238,667	990,857
Recurring revenue	1,724,940	1,359,895
Of which cloud recurring revenue, CRR	396,851	254,569
Total external revenue	2,963,607	2,350,752
Share of recurring revenue, %	58.2%	57.8%

Note 2 Operating segments and net sales, cont.**Contract balance**

	23/24	22/23		23/24	22/23
Accounts receivable ⁴	571,661	386,153	Invoicing during the fiscal year related to the opening balance for contract assets for the period	325,687	164,935
Long-term accounts receivable ⁴	138,422	125,204	Revenue recognition during the fiscal year related to the opening balance for contract liabilities for the period	449,579	395,520
Contract assets ^{4,5}	983,019	719,065			
Contract liabilities ⁶	946,263	742,284			

¹ 99.4% (98.2) of the Parent Company's total sales are attributable to other companies in the Group. Purchases from Group companies amounted to 8.0% (1.9).

² Sectra has no customers that individually contribute more than 10% of total net sales. Of the Group's total intangible and tangible assets, amounting to SEK 524.6 million, SEK 404.9 million is attributable to Sweden, SEK 84.4 million to the UK and SEK 35.3 million to other countries.

³ Refers to investments in tangible and intangible assets for the year. See Notes 10 and 11.

⁴ Refer to Note 17.

⁵ Recognized non-invoiced income constitutes contract assets according to IFRS 15. This item comprises non-invoiced income attributable to performance obligations that have been satisfied according to customer contracts, but that is dependent on terms other than the remaining calendar time before payment of the consideration falls due. During the fiscal year, 45% of the opening balance was invoiced. For a distribution of contract assets per currency, refer to Note 17.

⁶ Advances received for installation services not yet performed as well as prepaid service and support revenue constitute customer payments received before the goods or services have been transferred (contract liabilities) and for which revenue is expected to be recognized during the coming fiscal years. Installation services revenue is recognized during the installation phase, while service and support revenue is recognized during the contract period. During the fiscal year, 61% of the opening balance was recognized as revenue.

Note 3 Employees and personnel costs**Average number of employees and percentage of women**

	23/24		22/23	
	Total	of whom, women	Total	of whom, women
Parent Company				
Sweden	59	25	53	23
Group				
Australia	29	6	30	8
Denmark	28	7	22	7
Finland	1	0	2	0
France	15	7	14	6
Canada	36	13	25	11
Netherlands	56	16	57	18
Norway	30	12	29	11
New Zealand	2	0	2	0
Portugal	43	19	34	14
Spain	4	1	4	1
United Kingdom	125	37	109	32
Sweden	531	171	485	146
Switzerland	3	1	0	0
Germany	42	11	38	11
US	195	68	164	62
Group total	1,140	369	1,015	327

On the balance-sheet date, the proportion of female Board members amounted to 35% (34) including employee representatives on all Boards of Directors of the Group's companies and to 22% (22) on the Parent Company's Board of Directors. The proportion of women in all management groups of the Group's companies, including company presidents, amounted to 33% (36) and the proportion of women in Group Management to 50% (50).

Salaries and other remuneration

	Group		Parent Company	
	23/24	22/23	23/24	22/23
Board and President	55,548	44,985	9,355	7,727
Other employees	1,074,758	866,471	40,466	31,724
Total	1,130,306	911,456	49,821	39,451

Social security expenses

	Group		Parent Company	
	23/24	22/23	23/24	22/23
Board and President				
Social security contributions	9,436	8,178	3,286	2,655
Pension costs	5,867	4,382	1,426	938
Total Board and President	15,303	12,560	4,712	3,593
Other employees				
Social security contributions	184,378	147,841	12,075	9,697
Pension costs	55,018	48,487	2,592	2,478
Total other employees	239,396	196,328	14,667	12,175

Note 3 Employees and personnel costs, cont.**Remuneration of the Board, President and other senior executives 2023/2024**

	Board fee	Basic salary	Variable remuneration	Pension premiums	Total
Jan-Olof Brüer, Chairman of the Board	637	0	0	0	637
Anders Persson	350	0	0	0	350
Tomas Puusepp	287	0	0	0	287
Birgitta Hagenfeldt	413	0	0	0	413
Fredrik Robertsson	287	0	0	0	287
Ulrika Unell	287	0	0	0	287
Total remuneration of the Board	2,261	0	0	0	2,261
President Torbjörn Kronander ³	0	5,284	1,809	1,426	8,519
Other senior executives (five individuals)	0	8,147	1,320	1,753	11,220
Total remuneration of the President and other senior executives	0	13,431	3,129	3,179	19,739
Total	2,261	13,431	3,129	3,179	22,000

Remuneration of the Board, President and other senior executives 2022/2023

	Board fee	Basic salary	Variable remuneration	Pension premiums	Total
Jan-Olof Brüer, Chairman of the Board	594	0	0	0	594
Anders Persson	333	0	0	0	333
Christer Nilsson ¹	123	0	0	0	123
Tomas Puusepp	276	0	0	0	276
Birgitta Hagenfeldt	373	0	0	0	373
Jonas Yngvesson ¹	90	0	0	0	90
Fredrik Robertsson	276	0	0	0	276
Ulrika Unell ²	186	0	0	0	186
Total remuneration of the Board	2,251	0	0	0	2,251
President Torbjörn Kronander	0	3,756	1,719	938	6,413
Other senior executives (five to nine individuals)	0	7,054	1,276	1,478	9,808
Total remuneration of the President and other senior executives	0	10,810	2,995	2,416	16,221
Total	2,251	10,810	2,995	2,416	18,472

¹ Stepped down at the 2022 AGM

² Elected at the 2022 AGM

³ After reaching retirement age, Sectra employees who are paid a salary in Sweden receive compensation for reduced social security contributions so that the effect is cost neutral for the company. Since the President has reached this age, such compensation is included in the basic salary amount as of January 1, 2024.

Preparation and decision-making process

The Board fee was decided at the AGM in accordance with the proposal of the Nomination Committee. Guidelines for remuneration of the President and other senior executives are determined at the AGM. Remuneration to the President/CEO was prepared by the Remuneration Committee and decided by the Board of Directors. The President/CEO prepared and decided on the remuneration of other senior executives.

Remuneration of the Board

Fees are paid to the Board Chairman and other external members in accordance with the decision of the AGM. Internal Board members are not paid a fee. The resolved fees for external Board members amount to SEK 290,000 (280,000) to each Board member and SEK 580,000 (560,000) to the Chairman of the Board. For Audit Committee work, SEK 65,000 (60,000) was paid to external Board members and SEK 130,000 (120,000) to the Chairman of the Audit Committee. No separate fees were paid for Remuneration Committee work. Other remuneration pertains to consultant services for assignments in which a Board member has specialist expertise.

Remuneration of the President and other senior executives

The terms and conditions of remuneration must emphasize remuneration after performance, and varies in relation to the individual's performance and the Group's earnings.

Total remuneration is on market terms and can consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. "Other senior executives" refers to the five individuals who, together with the President/CEO, comprised Group Management during the fiscal year.

Terms of notice and severance pay

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

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

Pension

For the President and other senior executives, retirement and survivor benefits including health insurance must be provided and are to be defined-contribution. Variable cash remuneration must not be pensionable. Pension premiums must total a maximum of 30% of the basic salary.

Note 3 Employees and personnel costs, cont.

Long-term incentive programs

The Group has performance-based incentive programs (LTIP). The programs enable employees to acquire shares in the company. The incentive programs are targeted at all employees, and the outcome depends on a number of terms and conditions, such as continued employment during the vesting period and earnings or sustainability criteria.

Performance-based incentive programs

	LTIP 2021	LTIP 2022
Program term	2022–2026	2023–2027
Share rights originally allotted	358,057	737,700
Share price on allotment, SEK	200.20	148.80
Theoretical value on allotment, SEK ¹	53,560,685	93,038,841
Allotment date	31 Dec 2021	31 Dec 2022
End date	31 Dec 2026	31 Dec 2027

¹ The theoretical value on allotment is calculated based on the number of shares allotted multiplied by the share price on the allotment date, with the share price reduced by the present value of the anticipated dividends not credited to the holder during the term of the program, and in LTIP SROW also the present value of the pledging of shares during the term of the program since this requires that own shares have been invested in addition to the fulfillment of performance criteria.

2022/2023	LTIP 2021	LTIP 2022
Number of share rights outstanding, Apr 30, 2022	353,657	0
Allotted during the year	150	737,700
Forfeited/expired during the year	-8,045	-26,760
Exercised during the year	0	0
Number of share rights outstanding, Apr 30, 2023	345,762	710,940
2023/2024		
Allotted during the year	600	3,800
Forfeited/expired during the year	-11,224	-39,820
Exercised during the year	0	0
Number of share rights outstanding, Apr 30, 2024	335,138	674,920

The aim of the performance-based incentive programs is to retain and recruit competent employees, who are expected to contribute to the Group's continued favorable performance. The programs are to promote well-founded decision-making and desirable results in a manner that corresponds with the company's vision and values. The intention is to increase the participants' sense of investment in the company, which is expected to be good for the company in the long term. The programs are to encourage increased ownership in the company, with the allotment of performance shares taking place on the condition that certain performance criteria are met. Increased partial ownership among the company's employees is expected to result in a stronger sense of loyalty to the company.

Each participant is allotted an individual number of share rights, meaning the right to receive a performance share free of charge provided that the certain conditions are met. Of the total 1,095,757 share rights allotted, 114,000 share rights pertain to the President and senior executives.

Employment conditions (all programs)

Participation in the programs is voluntary and available to all employees, provided that they are or are considered to be permanent employees on at least a 50% basis as of the date of the AGM's resolution to implement the programs. When switching between the Sectra Communications Group and other companies in the Sectra Group, the criteria for the program the participant is switching to are to apply as of the calendar year-end immediately following the change. For every calendar year

during the terms of the programs in which any of the performance conditions below have not been met, one tenth of all of the participant's share rights will be forfeited. For LTIP 2021, all savings shares must be retained during the entire term.

Performance conditions LTIP 2021

LTIP 2021 comprises two different programs: one for employees in North America (LTIP 2021 NA) and one for employees in the rest of the world (LTIP 2021 SROW).

For every calendar year during the term of the program (qualification period) for employees in North America, Sectra must have a) received a minimum of one "Best in KLAS" award (in any category), and b) received a first, second or third place ranking in "Best in KLAS for PACS/Radiology for large hospitals" in the US or Canada depending on where the participant is employed.

For employees in the rest of the world, in addition to the performance conditions above, the employee must have deposited savings shares in a deposit account specified by Sectra. One savings share comprises one Class B share in Sectra AB. The number of savings shares is to correspond to the number of share rights the employee has been allotted. The savings shares are to be deposited during the entire qualification period.

For every calendar year during the qualification period for employees in companies other than Sectra Communications AB and its subsidiaries (the Sectra Communications Group), Sectra must have a) received a minimum of one "Best in KLAS" award (in any category), and b) received a first, second or third place ranking in "Best in KLAS for PACS/Radiology for large hospitals" in the US.

For employees in the Sectra Communications Group, the Sectra Communications Group must have, for every calendar year during the qualification period, a) achieved an operating margin of at least 15%, and b) achieved EBIT growth of at least 8% year-on-year.

Performance conditions LTIP 2022

For every calendar year during the qualification period for participants in the program who are not employees of the Sectra Communications Group, Sectra must have a) received a minimum of one "Best in KLAS" award (in any category) in the employee's region, and b) received a first, second or third place ranking in "Best in KLAS for PACS/Radiology for large hospitals" in the US. "Region" refers to i) for employees in the US: the US, ii) for employees in Canada: Canada, iii) for employees in Europe incl. Sweden: Europe and iv) for employees in ANZ: Asia-Pacific.

The research company KLAS Research has revised the division of regions for the Best in KLAS awards. As a result, in June 2024, the Board of Directors, supported by the Annual General Meeting's instructions and the terms of LTIP 2022, resolved to modify the performance criteria linked to Sectra winning Best in KLAS in accordance with the following: "region" refers to the region the employee belongs to, based on the KLAS division of regions for the awards handed out each calendar year.

For employees in central functions in Sweden (Sectra AB, Sectra Imaging IT Solutions AB, Sectra Medical Education AB and Sectra Orthopaedics AB) and employed outside of the previously mentioned regions, Sectra must have a) received a minimum of two "Best in KLAS" awards in any category in any of the regions for each calendar year during the qualification period.

For employees of the Sectra Communications Group, the Sectra Communications Group must have, for every calendar year during the qualification period, a) achieved an operating margin of at least 10% for the 2022/2023 fiscal year and at least 15% for the following fiscal year, and b) achieved EBIT growth of at least 10% year-on-year.

Reporting of performance-based incentive programs

Costs during the fiscal year amounted to SEK 39,043 thousand (20,938), which is recognized in personnel costs. In the balance sheet, SEK 28,470 thousand (15,624) has been recognized in equity and the remaining SEK 10,573 thousand (3,997) in provisions (refer to Note 21).

In the Parent Company, the subsidiaries' share of costs are recognized as investments in subsidiaries and an increase in unrestricted equity.

Note 4 Fees to auditors

	Group		Parent Company	
	23/24	22/23	23/24	22/23
EY				
Audit fees	4,619	3,746	2,833	2,035
Audit activities in addition to audit assignment	784	346	156	330
Other services	249	1,620	242	283
Audit fees to other auditors				
Audit fees	498	469	0	0
Other services	0	0	0	0
Total	6,150	6,181	3,231	2,648

Audit assignments involve an examination of the Annual Report and consolidated financial statements, accounting records and the administration of the Board of Directors and the President and other tasks performed by the company's auditor, including audit consultancy. The fee for audit assignments includes the statutory audit performed in each country. Audit activities in addition to the audit assignment, pertains to quality-assurance services.

Note 5 Operating lease expenses

	Parent Company	
	23/24	22/23
Lease expenses recognized for the year	8,217	15,818
Nominal value of agreed future lease payments:		
Due for payment within 1 year	7,505	16,250
Due for payment after 1 year but within 5 years	34,032	39,167
Due for payment after more than 5 years	0	0
Total	41,537	55,417

The Parent Company's leases pertain chiefly to office space.

Note 6 Interest income and similar profit/loss items

	Group		Parent Company	
	23/24	22/23	23/24	22/23
Other interest income	25,991	11,849	20,768	4,953
Interest income from Group companies	0	0	31,511	11,369
Dividends	0	0	88,556	0
Profit from divestment of subsidiaries	0	0	4,089	0
Exchange difference, net	12,257	13,950	10,247	3,709
Total	38,248	25,799	155,171	20,031

Note 7 Interest expenses and similar profit/loss items

	Group		Parent Company	
	23/24	22/23	23/24	22/23
Interest expenses	3,284	2,062	1,368	21
Interest expenses from Group companies	0	0	24,957	4,826
Total	3,284	2,062	26,325	4,847

Note 8 Appropriations

	Parent Company	
	23/24	22/23
Group contributions	427,350	436,014
Total	427,350	436,014

Group contributions paid and received in the Parent Company are recognized as appropriations in profit and loss in accordance with the alternative rule for Group contributions in RFR 2 / IAS 27.

Note 9 Tax on net profit for the year

	Group		Parent Company	
	23/24	22/23	23/24	22/23
Current tax	-127,139	-105,899	-81,556	-85,044
Deferred tax	2,753	1,466	-191	17
Total tax expenses	-124,386	-104,433	-81,747	-85,027

Relationship between the Group's tax expense and recognized tax per applicable tax rate

Profit before tax	552,774	479,390	487,352	411,878
Tax per applicable tax rate for the Parent Company, 20.6% (20.6)	-113,871	-98,754	-100,395	-84,847
Adjustment of tax for previous years	-1,753	-489	5	2
Tax effect of non-deductible expenses	-1,512	-2,575	-460	-212
Tax effect of non-taxable income	15	548	19,303	14
Tax effect of changed tax rates or regulations	-1,117	-11	0	0
Tax effect of other tax rates in foreign subsidiaries	-5,238	642	0	0
Tax effect of loss carryforwards where deferred tax has not been recognized	0	-4,639	0	0
Other items	-910	845	-200	16
Tax on net profit for the year	-124,386	-104,433	-81,747	-85,027

Deferred tax liabilities

Deferred tax liabilities on untaxed reserves	338	0	0	0
Deferred tax liabilities on fixed assets	5,587	5,133	0	0
Deferred tax liabilities on current assets	0	7	0	0
Deferred tax liabilities on liabilities	800	0	0	0
Deferred tax liabilities on surplus values	313	788	0	0
Total deferred tax liabilities	7,038	5,928	0	0

Deferred tax assets

Deferred tax assets on fixed assets	0	32	0	0
Deferred tax assets on current assets	2,111	472	0	191
Deferred tax assets on current liabilities	5,445	3,790	0	0
Deferred tax assets on unutilized loss carryforwards	1,434	2,338	0	0
Total deferred tax assets	8,990	6,632	0	191

Loss carryforwards have no time limits.

Note 10 Intangible assets and goodwill

	Group						Parent Company
	Capitalized development ^{1,6}	Goodwill ²	Patents and licenses ³	Customer relationships ⁴	Trademarks ⁵	Total	Capitalized development ¹
Opening cost	402,255	77,899	15,333	56,722	8,180	560,389	1,673
Translation difference	0	3,824	50	3,029	0	6,903	0
Investments for the year	55,752	0	0	0	0	55,752	3,648
Accumulated cost as of April 30, 2023	458,007	81,723	15,383	59,751	8,180	623,044	5,321
Opening amortization and impairment	-252,487	-27,984	-3,165	-50,330	-8,180	-342,145	-1,473
Translation difference	0	-2,075	-52	-2,492	0	-4,619	0
Amortization for the year	-34,838	0	-1,531	-2,942	0	-39,311	-201
Accumulated amortization and impairment as of April 30, 2023	-287,325	-30,059	-4,748	-55,764	-8,180	-386,075	-1,674
Closing recognized residual value as of April 30, 2023	170,682	51,664	10,635	3,987	0	236,969	3,647
Opening cost	458,007	81,723	15,383	59,751	8,180	623,044	5,321
Translation difference	0	4,225	18	2,150	0	6,393	0
Investments for the year	72,210	0	0	0	0	72,210	5,536
Accumulated cost as of April 30, 2024	530,217	85,948	15,401	61,901	8,180	701,647	10,857
Opening amortization and impairment	-287,325	-30,059	-4,748	-55,764	-8,180	-386,075	-1,674
Translation difference	0	-1,088	-17	-2,066	0	-3,171	0
Amortization for the year	-39,063	0	-2,443	-2,495	0	-44,001	0
Impairment for the year	-1,085	-4,984	0	0	0	-6,069	0
Accumulated amortization and impairment as of April 30, 2024	-327,473	-36,131	-7,208	-60,325	-8,180	-439,316	-1,674
Closing recognized residual value as of April 30, 2024	202,744	49,817	8,193	1,576	0	262,330	9,183

¹ Capitalized development pertains to internally generated intangible assets comprising proprietary software and equipment for medical imaging and secure communications. The remaining amortization period on larger projects is one to five years. The largest remaining project concerns the development of IT systems in Imaging IT Solutions.

² Goodwill is attributable to the acquisition of Sectra Products UK Ltd, EXP Analytics Oy and RxEye AB. Goodwill attributable to the acquisition of RxEye AB was impaired in its entirety during the 2016/2017 fiscal year. Of total goodwill, SEK 49,817 thousand (46,770) was attributable to the Imaging IT Solutions segment and SEK 0 thousand (4,894) to the Secure Communications segment.

³ Remaining values in patents and licenses pertain to SEK 7,535 thousand (9,845) in the Imaging IT Solutions segment and SEK 658 thousand (788) in Secure Communications.

⁴ Of total customer relationships, SEK 1,576 thousand (3,987) was attributable to the Imaging IT Solutions segment. These pertain to assets acquired from Sectra Sverige AB, Sectra imaXperts BV, Sectra Products UK Ltd, it-mark ApS and RxEye AB.

⁵ Trademarks pertain only to the Imaging IT Solutions segment and are attributable to acquired assets in Sectra Sverige AB and Sectra Products UK Ltd.

⁶ Of the accumulated cost, 17.0% (15.0) pertains to ongoing development projects and 83.0% (85.0) to completed projects.

Impairment of intangible assets

An impairment test is performed on intangible assets if there is an indication that an asset may be impaired, and on ongoing development projects and goodwill at least once annually. The value of the Group's intangible assets is based on the value in use of the cash-generating development projects and acquired companies. The value in use is based on the cash flows that the assets are expected to generate. All assumptions described below have been approved by the Board.

Calculation of recoverable amount*Goodwill*

Future cash flows for goodwill are based on expected synergy effects in terms of the growth potential for sales for Imaging IT Solutions with respect to Sectra Products UK Ltd's products as well as growth potential for Secure Communications in the Finnish and Estonian markets.

The cash-generating unit for goodwill pertaining to Sectra Products UK Ltd is deemed to be the Imaging IT Solutions business area in its entirety. Sales of Sectra Products UK Ltd's products are deemed to be an integral part of the total business in Imaging IT Solutions. Goodwill attributable to the acquisition of EXP Analytics Oy was impaired during the fiscal year. Goodwill was previously based on future cash flows in the form of growth potential in the Finnish and Estonian market. The cash-generating unit for goodwill pertaining to EXP Analytics Oy was the Sectra Communications Oy subgroup.

Other intangible assets

The future cash flows used when calculating each unit's value in use are based on a detailed review of each development project.

Note 10 Intangible assets and goodwill, cont.

Discounting factor

Along with a joint discount rate of 8.6% (8.9) after tax, each cash-generating unit is charged an additional individual risk premium of 1.0 percentage point in the event that the technical conditions pertaining to the unit are considered, in all material respects, to be new and an additional individual risk premium of 1.0 percentage point in cases where the market conditions are considered, in all material respects, to be new. Overall, the assessment is that the components included in the risk premium are unchanged compared with the preceding year.

Goodwill

A discount rate of between 8.6% and 10.6% (8.9–10.9) after tax was used when calculating cash flows associated with goodwill.

Other intangible assets

The present value of forecast future cash flows for development projects has been calculated using a discount rate of between 8.6% and 10.6% (8.9–10.9) after tax.

Forecast period and growth rate

The forecast period when calculating value in use for intangible assets, except for goodwill, is determined by the asset's useful life of five years. The growth rate is based on the market growth in Sectra's individual product areas. The forecast period in connection with the calculation of goodwill has been set at five years. The growth rate assessment is based on market trends and growth goals in the business areas. The variation in assumed growth during the forecast period and thereafter between the respective acquired companies and the various development projects is significant, which means that average values can vary considerably between years. In cases where intangible assets are assumed to have an indefinite economic life, perpetuity growth has been set at 0% (0) under the prevailing external economic conditions, and for other assets, individual assessments have been carried out to determine the percentage by which the cash flow from each asset is assumed to be decreased.

Other assumptions regarding required yield

Risk-free interest:	Ten-year treasury bill on the balance-sheet date 2.5% (2.3)
Market risk premium:	6.1% (6.6)
Company-specific risk premium:	0.0–2.0% (0.0–2.0)
Beta value:	The beta value is calculated at 1.0 (1.0)
Interest expenses:	Sectra's assessed cost for borrowing
Tax rate:	Tax rate in Sweden

The return requirement is between 8.6% and 10.6% after tax, which corresponds to between 10.8% and 13.3% before tax.

Impairment tests and sensitivity analyses for the year

Goodwill

Impairment tests for the year showed an impairment requirement for goodwill attributable to EXP Analytics Oy. The estimated value in use of the cash-generating unit did not exceed the carrying amount of goodwill, which resulted in an impairment during the year of SEK 5.0 million. As of the balance-sheet date, there was no impairment requirement for goodwill items attributable to Sectra Products UK Ltd. Should there be any future changes in individual variables, the value in use may fall below the carrying amount which could lead to impairment. A sensitivity analysis in which the discount rate increases by 2 percentage points and annual perpetuity growth decreases by 2 percentage points results in the value that exceeds the carrying amount being reduced by an average of 22%. If growth during the forecast period also decreases by 2 percentage points, the value that exceeds the carrying amount is reduced by a total average of 61%.

Other intangible assets

Impairment tests for the year per development project and other intangible assets were performed with such a margin that Executive Management deems that any reasonable and possible changes in individual variables will not cause the value in use to fall below the carrying amount. The exception is a project that was assessed as having an impairment requirement during the year as a result of it not generating any revenue for some time. The impairment amount for the project totals SEK 1.1 million. A sensitivity analysis in which the discount rate increases by 2 percentage points and annual perpetuity growth decreases by 2 percentage points results in the value that exceeds the carrying amount being reduced by an average of 20%. If growth during the forecast period also decreases by 2 percentage points, the value that exceeds the carrying amount is reduced by a total average of 28%.

Parent Company

The Parent Company had intangible assets amounting to SEK 9.2 million (3.6) as of April 30, 2024.

Note 11 Tangible assets

	Group				
	Land and buildings	Office furniture	Equipment and office machines	Equipment at customer premises	Total
Opening cost	0	19,629	136,478	44,832	200,939
Translation difference	0	584	-1,600	2,004	988
Investments for the year	0	1,778	31,535	3,723	37,036
Reclassification	0	0	3,698	0	3,698
Sales/disposals for the year	0	-2,689	-27,557	-1,740	-31,986
Accumulated cost as of April 30, 2023	0	19,302	142,554	48,819	210,675
Opening depreciation and impairment	0	-13,262	-84,344	-41,419	-139,025
Translation difference	0	-351	2,453	-2,182	-80
Depreciation for the year	0	-1,811	-21,546	-1,754	-25,111
Reclassification	0	0	-3,698	0	-3,698
Sales/disposals for the year	0	2,281	27,954	1,560	31,795
Accumulated depreciation and impairment as of April 30, 2023	0	-13,143	-79,181	-43,795	-136,119
Closing recognized residual value as of April 30, 2023	0	6,159	63,373	5,024	74,556
Opening cost	0	19,302	142,554	48,819	210,675
Translation difference	0	722	3,371	2,259	6,352
Investments for the year	149,947	2,264	28,782	2,895	183,888
Sales/disposals for the year	0	0	-778	-39,952	-40,730
Accumulated cost as of April 30, 2024	149,947	22,288	173,929	14,021	360,185
Opening depreciation and impairment	0	-13,143	-79,181	-43,795	-136,119
Translation difference	0	-491	-1,721	-2,242	-4,454
Depreciation for the year	-2,818	-2,050	-25,479	-2,454	-32,801
Sales/disposals for the year	0	0	652	39,577	40,229
Accumulated depreciation and impairment as of April 30, 2024	-2,818	-15,684	-105,729	-8,914	-133,145
Closing recognized residual value as of April 30, 2024	147,129	6,604	68,200	5,107	227,040

Note 11 Tangible assets, cont.

	Parent Company		
	Office furniture	Equipment and office machines	Total
Opening cost	5,988	16,503	22,491
Investments for the year	657	402	1,059
Sales/disposals for the year	-2,247	-9,000	-11,247
Accumulated cost as of April 30, 2023	4,398	7,905	12,303
Opening depreciation and impairment	-4,753	-13,812	-18,564
Depreciation for the year	-194	-1,093	-1,287
Sales/disposals for the year	2,247	9,000	11,247
Accumulated depreciation and impairment as of April 30, 2023	-2,700	-5,905	-8,604
Closing recognized residual value as of April 30, 2023	1,698	2,000	3,699
Opening cost	4,398	7,905	12,303
Investments for the year	729	3,619	4,348
Accumulated cost as of April 30, 2024	5,127	11,524	16,651
Opening depreciation and impairment	-2,700	-5,905	-8,604
Depreciation for the year	-291	-1,421	-1,712
Accumulated depreciation and impairment as of April 30, 2024	-2,991	-7,326	-10,316
Closing recognized residual value as of April 30, 2024	2,136	4,198	6,335

Note 12 Right-of-use assets and lease liabilities

	Premises	Vehicles	Other	Total
Opening cost	115,981	15,911	373	132,266
New right-of-use assets	42,698	2,496	0	45,194
Concluded contracts	0	-1,851	0	-1,851
Translation difference	2,922	1,263	5	4,190
Accumulated cost as of April 30, 2023	161,601	17,819	378	179,799
Opening depreciation	-59,225	-7,888	-183	-67,297
Depreciation for the year	-23,350	-4,060	-107	-27,517
Depreciation concluded contracts	0	1,851	0	1,851
Translation difference	-1,147	-784	0	-1,931
Accumulated depreciation as of April 30, 2023	-83,722	-10,881	-290	-94,894
Closing recognized residual value as of April 30, 2023	77,879	6,938	88	84,905
Opening cost	161,601	17,819	378	179,799
New right-of-use assets	18,591	5,047	416	24,054
Concluded contracts	-105,529	-4,481	-301	-110,311
Translation difference	2,426	686	0	3,112
Accumulated cost as of April 30, 2024	77,089	19,071	493	96,654
Opening depreciation	-83,722	-10,881	-290	-94,894
Depreciation for the year	-16,929	-4,247	-107	-21,283
Depreciation concluded contracts	54,017	4,481	301	58,799
Translation difference	-3,036	-996	-3	-4,035
Accumulated depreciation as of April 30, 2024	-49,670	-11,643	-99	-61,413
Closing recognized residual value as of April 30, 2024	27,419	7,428	394	35,241

	23/24	22/23
Lease expenses		
Variable lease payments	6,100	3,324
Expenses pertaining to low-value leases	3,895	4,236
Depreciation	21,283	27,490
Interest, premises	637	1,601
Interest, vehicles	226	135
Interest, other assets	8	3
Total	32,149	36,789
Revenue from onward leasing		
Premises	0	534
Total	0	534
Cash outflow from leases		
Repayment of lease liabilities	10,268	26,627
Interest expenses pertaining to lease liabilities	871	1,738
Variable lease payments	6,100	3,325
Expenses for low-value leases and short-term leases	3,895	4,236
Total	21,134	35,926
	Apr 30, 2024	Apr 30, 2023
Lease liabilities		
Non-current lease liabilities	19,204	56,968
Current lease liabilities	12,584	25,294
Total	31,788	82,262
	Apr 30, 2024	Apr 30, 2023
Maturity analysis - undiscounted cash flow		
Year 1	17,625	28,920
Year 2	12,272	21,014
Year 3	3,921	15,747
Year 4	2,242	12,407
Year 5 or later	4,534	8,782
Total	40,594	86,870

Note 13 Participations in Group companies

	Corp. Reg. No.	Reg. office	No. of participations	Share of capital	Apr 30, 2024 Carrying amount ¹⁾	Apr 30, 2023 Carrying amount ¹⁾
Parent Company:						
Sectra Imaging IT Solutions AB	556250-8241	Linköping, SE	300,000	100%	16,903	8,449
Sectra Communications AB	556291-3300	Linköping, SE	3,000,000	100%	5,406	3,933
Sectra Secure Transmission AB	556247-1283	Linköping, SE	100,000	100%	95	95
Sectra Medical Education AB	559314-3471	Linköping, SE	500	100%	974	418
Sectra Orthopaedics AB	559314-3414	Linköping, SE	500	100%	980	399
Sectra Properties AB	559401-0026	Linköping, SE	250	100%	87,072	n/a
Ebberöd Capital, Inc.	20-8912327	Shelton, US	1,000	100%	0	0
Sectra Sverige AB	556483-9479	Linköping, SE	40,350	100%	23,726	21,975
Sectra Norge AS	975,353,265	Oslo, NO	5,000	100%	1,443	738
Sectra Inc.	06-1473851	Shelton, US	500	100%	12,799	6,140
Sectra Medical Systems GmbH	HR B 8546	Cologne, DE	500	100%	670	354
Sectra Medical Imaging Schweiz AG	CHE-225.049.408	Zurich, CH	100	100%	1,024	1,020
Sectra Danmark A/S	10073251	Odense, DK	5,000	100%	1,091	803
Sectra Ltd	4571654	Stevenage, UK	1	100%	1,784	633
Sectra Pty Ltd	105 376 190	Sydney, AU	1	100%	657	339
Sectra New Zealand Ltd	1539744	Auckland, NZ	1	100%	87	48
Sectra Medical Systems SL	B84352749	Madrid, ES	500	100%	2,937	2,587
Art Ces Lda	PT513270396	Porto, PT	5,000	100%	720	251
Sectra imaXperts BV	39069257	Almere, NL	500	100%	5,959	5,189
Sectra France SAS	811070317	Paris, FR	1,000	100%	249	77
Sectra Canada Inc	BC1112137	Vancouver, CA	100	100%	2,235	1,048
Sectra Ireland Ltd	760807	Dublin, IE	1	100%	0	n/a
Total					166,811	54,496
Sectra Imaging IT Solutions AB:						
Sectra Products UK Ltd	05968184	Stevenage, UK	1,000	100%	8,450	8,450
Total					8,450	8,450
Sectra Communications AB:						
Sectra Communications BV	27264295	The Hague, NL	1,800	100%	164	164
Sectra Communications Oy	2679724-9	Helsinki, FI	2,500	100%	3,319	23
Columbitech Inc.	04-3719150	Delaware, US	100	100%	0	0
Total					3,483	187

¹⁾ The carrying amount has increased as a result of the share-based incentive programs, refer to Note 3.

Note 14 Participations in associated companies

					Parent Company	
					Apr 30, 2024	Apr 30, 2023
Opening cost					564	564
Total					564	564
	Corp. Reg. No.	Reg. office	No. of participations	Share of capital	Apr 30, 2024 Carrying amount	Apr 30, 2023 Carrying amount
Sectra Saudi Arabia Ltd	10213371171087	Riyadh, SA	500	50%	564	564
Total					564	564

The company constitutes a subsidiary for the Group and is jointly owned by Sectra AB and Sectra Imaging IT Solutions AB, which own 50% each.

Note 15 Long-term receivables from Group companies

	Parent Company	
	Apr 30, 2024	Apr 30, 2023
Opening cost	170,994	105,998
New receivables	41,801	62,810
Amortized receivables	-21,290	-630
Exchange-rate difference	8,600	2,816
Total	200,105	170,994

Note 16 Inventories

	Group		Parent Company	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
Component stocks	20,129	26,422	0	0
Finished products	16,461	10,179	0	0
Total	36,590	36,601	0	0

Impairment of inventory via profit and loss totaled SEK 3,094 thousand (669) in 2023/2024.

Equipment and components mainly used for development are reclassified as equipment or expensed through profit or loss, depending on the estimated useful life of the inventory item. Of the total inventory value, 0 is measured at fair value after selling expenses. Accordingly, the entire inventory is measured at cost since this value is lower than fair value after selling expenses.

Note 17 Accounts receivable**Current accounts receivable per currency**

	Group		Parent Company	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
SEK	56,764	14,573	552	369
USD	119,348	114,200	434	434
EUR	193,002	146,761	-459	-457
GBP	125,002	79,705	-29	-29
Other currencies	77,545	30,914	-77	-77
Total	571,661	386,153	421	240

Long-term accounts receivable recognized in the Group of SEK 138,422 thousand (125,204) pertain only to GBP, refer to Note 2.

Change for the year in the reserve for expected credit losses

	Group		Parent Company	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
Opening balance	2,561	3,750	924	842
Realized losses	-924	0	-924	0
Reversal of unutilized amounts	-603	-1,633	0	0
Reserve for expected credit losses	1,833	207	0	0
Exchange-rate effect	96	237	0	82
Total	2,963	2,561	0	924

See Note 29 for an age analysis.

The reserve for expected credit losses pertains only to current accounts receivable. No provision requirement for long-term accounts receivable or contract assets (refer to Note 2) was deemed to exist on the balance-sheet date as a result of the credit risk in the underlying receivables. Moreover, customers' ability to pay when it comes to long-term receivables and contract assets is deemed to be very good, and the agreements are often unique in terms of their character and content, and it is not deemed possible to classify them according to separate credit risk rating

Note 17 Accounts receivable, cont.

groups with sufficient forecastability, refer to Note 29. Although the maturity of the credits are considered to have a low general predictive value for future losses, an individual monthly assessment is conducted for each customer divided by maturity category in each subsidiary. If any deviations from previous patterns are noted, a central follow-up is carried out. Through this age-based division and two-step process, objective and probability-weighted amounts are deemed to be achieved using reasonable and verifiable data, which is available on the balance-sheet date without unnecessary costs or efforts, for past events, current circumstances and forecasts of future economic conditions. Provisions for and reversals of bad debt losses are recognized in other external costs in profit or loss.

Note 18 Prepaid expenses and accrued income

	Group		Parent Company	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
Prepaid rent	0	122	678	2,986
Accrued interest income	2	2,154	2	2,154
Prepaid cost for maintenance agreements	36,143	36,231	16,149	12,965
Other items	66,465	61,869	6,130	4,226
Recognized non-invoiced income ¹	983,019	719,065	0	0
Total	1,085,629	819,441	22,959	22,331

Recognized non-invoiced income per currency

	Group		Parent Company	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
SEK	68,380	70,050	0	0
USD	483,813	259,213	0	0
EUR	127,480	111,983	0	0
GBP	135,933	134,047	0	0
Other currencies	167,413	143,772	0	0
Total	983,019	719,065	0	0

¹ Refer to Note 2.

Note 19 Cash and bank balances

	Group		Parent Company ¹	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
Cash and bank balances	804,640	825,242	683,564	662,611
Total	804,640	825,242	683,564	662,611

¹ Balances in the Group's cash-pool accounts are recognized in their entirety as cash and cash equivalents in the Parent Company and are included in the Parent Company's cash-flow statement. The subsidiaries' portion of the cash-pool accounts are recognized as short-term receivables from, or liabilities to, the Parent Company.

Bank overdraft facilities

	Group		Parent Company	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
Credit limit granted	15,000	15,000	15,000	15,000
Unutilized portion	-15,000	-15,000	-15,000	-15,000
Utilized credit amount	0	0	0	0

Note 20 Share capital and number of shares

	Quotient value per share, SEK	No. of shares								Share capital, SEK thou- sand
		Outstanding				Total issued				
		Class A	Class B	Class C	Total	Class A	Class B	Class C	Total	
Opening balance										
May 1, 2022	0.20	13,103,460	179,558,865	0	192,662,325	13,103,460	180,558,865	0	193,662,325	38,733
Conversion to shares	0.20	0	5,164	0	5,164	0	5,164	0	5,164	1
New share issue	0.20	0	0	453,406	453,406	0	0	453,406	453,406	91
Treasury shares ¹	0.20	0	0	-453,406	-453,406	0	0	0	0	0
Reclassification ¹	0.20	0	0	0	0	0	453,406	-453,406	0	0
Closing balance										
Apr 30, 2023	0.20	13,103,460	179,564,029	0	192,667,489	13,103,460	181,017,435	0	194,120,895	38,825
Conversion to shares	0.20	0	0	0	0	0	0	0	0	0
New share issue	0.20	0	0	0	0	0	0	0	0	0
Treasury shares	0.20	0	0	0	0	0	0	0	0	0
Reclassification	0.20	0	0	0	0	0	0	0	0	0
Closing balance										
Apr 30, 2024	0.20	13,103,460	179,564,029	0	192,667,489	13,103,460	181,017,435	0	194,120,895	38,825

¹ The newly issued shares have been repurchased at a price corresponding to the quotient value, totaling SEK 90,681 (200,000). The purpose of the repurchase is to ensure the future delivery of performance shares and to finance the costs of social security contributions related to the LTIP 2021 and LTIP 2022 incentive programs. The newly issued Class C shares were reclassified as Class B shares during the fiscal year.

Note 21 Provisions

	Group			Parent Company
	Guarantee commitments and other provisions	Share-based remuneration ¹	Total	Share-based remuneration
Carrying amount May 1, 2022	6,262	0	6,262	0
Provisions made in the period	4,835	6,418	11,253	787
Reversal of provisions	-5,544	0	-5,544	0
Reclassification	0	2,260	2,260	129
Translation difference	0	-88	-88	0
Carrying amount Apr 30, 2023	5,553	8,590	14,143	916
Of which total long-term portion of provisions	3,871	8,590	12,461	916
Of which total short-term portion of provisions	1,682	0	1,682	0
	Group			Parent Company
	Guarantee commitments and other provisions	Share-based remuneration ¹	Total	Share-based remuneration
Carrying amount May 1, 2023	5,553	8,590	14,143	916
Provisions made in the period	7,035	13,267	20,302	1,769
Reversal of provisions	-5,817	0	-5,817	0
Translation difference	0	351	351	0
Carrying amount Apr 30, 2024	6,771	22,208	28,979	2,685
Of which total long-term portion of provisions	4,134	22,208	26,342	2,685
Of which total short-term portion of provisions	2,637	0	2,637	0

The carrying amount at the end of the period is expected to be settled within one to four years for guarantee commitments and other provisions.

¹ For more information, refer to Note 3.

Note 22 Long-term liabilities**Reconciliation of liabilities attributable to financing activities**

	Group		Parent Company	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
Non-current lease liabilities	19,204	56,968	0	0
Current lease liabilities	12,584	25,294	0	0
Total lease liabilities	31,788	82,262	0	0
Current additional purchase consideration	0	563	0	0
Total additional purchase consideration	0	563	0	0
Total liabilities attributable to financing activities	31,788	82,825	0	0

	Convertible loans	Lease liability	Liability, additional purchase consideration	Total
Opening balance May 1, 2022	389	62,234	1,538	64,161
<i>Cash items</i>				
Repayments	0	0	-1,121	-1,121
Lease payments	0	-26,627	0	-26,627
<i>Non-cash items</i>				
New leases	0	45,194	0	45,194
Conversion to shares	-389	0	0	-389
Currency adjustment	0	1,461	146	1,607
Closing balance Apr 30, 2023	0	82,262	563	82,825
Opening balance May 1, 2023	0	82,262	563	82,825
<i>Cash items</i>				
Repayments	0	0	-563	-563
Lease payments	0	-10,268	0	-10,268
<i>Non-cash items</i>				
Conclusion of contracts	0	-46,932	0	-46,932
New leases	0	5,723	0	5,723
Currency adjustment	0	1,003	0	1,003
Closing balance Apr 30, 2024	0	31,788	0	31,788

Note 23 Other current liabilities

	Group		Parent Company	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
Value-added tax	49,084	63,404	643	0
Employee withholding taxes	19,307	12,730	1,039	811
Other liabilities	6,942	9,489	1	1
Total	75,333	85,623	1,683	812

Note 24 Accrued expenses and deferred income

	Group		Parent Company	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
Accrued social security contributions	52,976	49,366	5,615	4,860
Accrued vacation pay	89,522	80,160	10,154	8,303
Accrued accounts payable	83,293	42,384	3,890	2,871
Invoiced non-recognized income ¹	946,263	742,284	0	0
Other items	182,915	218,488	32,109	3,002
Total	1,354,969	1,132,682	51,768	19,036

¹ Refer to Note 2.

Note 25 Pledged assets and contingent liabilities

	Group		Parent Company	
	Apr 30, 2024	Apr 30, 2023	Apr 30, 2024	Apr 30, 2023
For bank overdraft facilities				
Chattel mortgages	33,250	33,250	11,000	11,000
Total pledged assets	33,250	33,250	11,000	11,000
Guarantees on behalf of subsidiaries			68,175	78,421
Total contingent liabilities			68,175	78,421

Note 26 Cash flow**Adjustment for non-cash items**

	Group		Parent Company	
	23/24	22/23	23/24	22/23
Depreciation/amortization and impairment	104,134	91,939	1,711	1,488
Unrealized exchange-rate differences	-5,924	8,461	10,247	4,038
Reversal of provision/provision	44,471	20,951	1,769	-1,366
Total	142,681	121,351	13,727	4,160

Note 27 Related parties

The Group's related parties comprise subsidiaries, Group Management and the Board of Directors as well as other key persons in senior positions. Other than sales between Group companies (refer to Note 2) and remuneration to senior executives (refer to Note 3), no significant transactions with related parties took place.

Note 28 Measurement of financial assets and liabilities

Group Apr 30, 2023	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
Investments held as fixed assets	20	0	20	20
Long-term accounts receivable	125,204	0	125,204	125,204
Accounts receivable	386,153	0	386,153	386,153
Short-term investments	120,000	0	120,000	120,000
Cash and bank balances	825,242	0	825,242	825,242
Total financial assets	1,456,619	0	1,456,619	1,456,619
Additional purchase consideration	0	563	563	563
Lease liabilities	0	82,262	82,262	82,262
Accounts payable	0	67,425	67,425	67,425
Total financial liabilities	0	150,250	150,250	150,250

Group Apr 30, 2024	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
Investments held as fixed assets	21	0	21	21
Long-term accounts receivable	138,422	0	138,422	138,422
Long-term assets	16,746	0	16,746	16,746
Accounts receivable	571,661	0	571,661	571,661
Cash and bank balances	804,640	0	804,640	804,640
Total financial assets	1,531,490	0	1,531,490	1,531,490
Lease liabilities	0	31,788	31,788	31,788
Accounts payable	0	76,071	76,071	76,071
Total financial liabilities	0	107,859	107,859	107,859

The earnings effect of impairment losses and reversals of previous impairment on bad debt losses was SEK -1,645 thousand (712), net. No gains or losses were recognized in any of the other categories. For cash and cash equivalents and other receivables and liabilities with shorter terms, the carrying amount is considered to correspond to the fair value. In the case of receivables or liabilities with a term exceeding one year, the carrying amount has been discounted. Long-term financial liabilities pertain to convertible debentures and the time to expiration is one to four years. Other financial liabilities have a time to expiration of less than one year.

Note 29 Risks, risk management and sensitivity analysis

Risks related to operations

Sectra's risks related to operations are limited. As a general rule, customers' operations are financed directly or indirectly with public funds and solvency is excellent, although payment practices can vary between different countries. Because Sectra is active in a large number of geographic markets, the Group's overall exposure to political and market risks, for example, is limited. The largest individual risks related to operations are described below.

Customers and partners

Sectra's five largest partners and customers jointly account for 17.1% (13.8) of consolidated sales. No individual customer accounts for more than 10% of consolidated sales. Although sales to each customer are often divided among a number of agreements, the proportion of long-term managed-services agreements has increased and, therefore, the loss of a major customer could have a significant effect on the Group's long-term earnings and financial position. Due to the continuous expansion of operations, the proportion of the Group's business volume represented by each individual partner and customer is gradually declining.

Product liability and property risks

Through its operations, Sectra assumes product liability, which means that personal injury or damage to property caused by the company's systems at the premises of a customer or third party could lead to a claim being made against Sectra. Insurance policies have been taken out for the property and liability risks to which the Group is exposed.

Intellectual property rights

Sectra is a leader in the areas in which the Group operates and invests substantial resources in product development. To ensure a return on these investments, Sectra works continuously to analyze the requirements for different products in terms of intellectual property rights, and to identify and protect inventions through patents.

Other business risks

The prices for medical systems in the world market are largely governed by major international companies. Accordingly, the USD and EUR exchange rates have an effect on the price structure and competitiveness. Other business risks, such as market risks, suppliers, technical development, dependence on individual persons, cybersecurity threats and ethical risks are analyzed continuously. Measures are taken as needed to reduce the Group's risk exposure.

Financial risks

Sectra is exposed to financial risks pertaining to currency, interest, financing and liquidity risks. Rules and authority for management of financial transactions and risks are described in the Group's financial policy, which is determined by the Board. Responsibility for management of financial transactions and risks is centralized to the Parent Company's finance department. The aim is to support the Group's business activities by identifying and limiting the Group's financial risks, providing cost-efficient financing of Group companies and managing cash and cash equivalents on market terms.

Currency exchange risks

The Group's exposure to currency exchange risks mainly arises through transactions in foreign currencies in the form of customer and supplier payments and, to a lesser extent, in connection with the translation of foreign subsidiaries' income statements and balance sheets. In accordance with the Group's financial policy, subsidiary financing is to be carried out in the local currency and currency exposure pertains mainly to USD, GBP and EUR.

Operating profit for the year includes an exchange gain of SEK 1,544 thousand (758) and net financial items include an exchange gain of SEK 12,257 thousand (13,950).

The Group does not normally hedge currency flows since the potential gains over the long term are not expected to be significant. Sectra monitors payment flows in foreign currencies on an ongoing basis, and hedging of transaction exposure may be implemented if the expected predictability increases significantly.

Group revenue and expenses in various currencies

SEK million						
Currency	Revenue		Expenses		Net exposure	
SEK	595.0	(459.3)	-968.9	(-746.8)	-373.9	(-287.5)
USD	819.1	(701.6)	-543.9	(-430.7)	275.2	(270.9)
EUR	499.4	(391.2)	-318.6	(-275.2)	180.8	(116.0)
GBP	577.5	(381.3)	-383.7	(-245.5)	193.8	(135.8)
Other currencies	472.6	(417.4)	-302.3	(-252.6)	170.3	(164.8)
Total	2,963.6	(2,350.8)	-2,517.4	(-1,950.8)	446.2	(400.0)

Interest-rate risks

Changes in market interest rates could affect the Group's earnings. The Group's interest-bearing assets are mainly short-term in nature, and pertain to securities that can be liquidated at short notice in the event of major changes in the general interest rate situation. On the balance-sheet date, the Group's interest-bearing assets exceeded its interest-bearing liabilities, as a result of which a decline in interest rates had an adverse impact on the Group and an increase had a positive effect.

Credit risks

The Group's credit risks can be divided into risks related to the customer's ability to pay as agreed and counterparty risks in conjunction with financial transactions.

Customer credit risk means that the customer fails to fulfill its undertaking for payment of customer invoices. The Group has set guidelines to ensure that customers have high credit ratings. Long-term accounts receivable and contract assets are not yet invoiced and therefore have no maturity history. These customer contracts are often unique in terms of character and content, and it is not deemed possible to classify them according to separate credit risk rating groups with sufficient forecastability, refer to Note 17. Sectra's customers consist largely of government agencies and other highly reputable customers with high credit ratings, and whose credit risk is considered to be extremely low. To minimize customer credit risks in fixed-price projects, Sectra makes extensive use of advance partial payments.

Age analysis of the Group's current accounts receivable

SEK million	Apr 30, 2024	Apr 30, 2023
Accounts receivable not due for payment	324.7	238.4
Accounts receivable overdue by 0–60 days	192.7	112.4
Accounts receivable overdue by more than 60 days	22.4	19.5
Accounts receivable overdue by more than 120 days	34.8	18.5
Reserve for expected credit losses	-2.9	-2.6
Total	571.7	386.2

Counterparty risks arise in financial transactions and cash management in conjunction with the Group having claims on banks and other securities issuers. The maximum credit exposure and credit rating for approved counterparties is described in the Group's financial policy. To minimize credit risks, Sectra only uses counterparties with high credit ratings and invests in high-quality instruments.

Liquidity risks

To minimize liquidity risks, excess liquidity may only be placed in bank deposits, or in securities that can be liquidated at short notice, and which have a smoothly functioning secondary market. A short-term investment was repaid during the fiscal year. Unutilized bank overdraft facilities are used in the event of temporarily elevated liquidity needs. Overdraft facilities were not utilized during the fiscal year or comparative year. The Parent Company monitors the Group's liquidity continually by compiling

Note 29 Risks, risk management and sensitivity analysis, cont.

liquidity forecasts as a basis for investments or short and long-term borrowing.

On the balance-sheet date, the Group's unutilized credit facilities amounted to SEK 15,000 thousand (15,000).

Sensitivity analysis

The Group's earnings depend mainly on product sales and the cost of personnel and materials. The analysis below is based on the figures from the 2023/2024 fiscal year and how the variables named would have affected profit after net financial items if no measures such as hedging or adaptation of resources had been taken. Each variable is treated individually, provided the others remain unchanged. The analysis is not claimed to be precise, but is merely indicative.

Variable	Change	Effect on profit after financial items
Net sales/ gross profit	+/- 1%	+/- SEK 25.3 million (+/- 20.9)
Cost of materials	+/- 1%	+/- SEK 4.3 million (+/- 2.6)
Personnel costs	+/- 1%	+/- SEK 14.4 million (+/- 11.7)
Interest rate levels	+/- 1%	+/- SEK 8.1 million (+/- 8.2)
Exchange-rate changes:		
SEK/USD rate	+/- 1%	+/- SEK 3.9 million (+/- 3.6)
SEK/EUR rate	+/- 1%	+/- SEK 2.5 million (+/- 2.7)
SEK/GBP rate	+/- 1%	+/- SEK 1.8 million (+/- 1.4)

In the event that the SEK weakens by 1% against the USD, GBP or EUR, profit after net financial items would improve by SEK 8.2 million (7.7).

Note 30 Asset management

The Group's financial goals have been determined by the Board. The goal is to have a favorable and flexible capital structure so that it can be changed if the conditions for operations or for different borrowing alternatives change and maintain financial stability. The Group's equity/assets ratio goal is 30%. In the 2023/2024 fiscal year, the Group's equity/assets ratio was 48.9% (47.4).

The Group's capital is defined as total equity less any positive unrealized changes in value and amounted to SEK 1,569,591 thousand (1,296,669) at April 30, 2024. Sectra's operations have previously been characterized by major seasonal variations during the fiscal year, which is why the Board aims to maintain a healthy capital structure with a low debt/equity ratio. In the 2023/2024 fiscal year, the Group's debt/equity ratio was 0.02% (0.06).

Note 31 Proposed appropriation of profits

The following funds in the Parent Company are at the disposal of the AGM (SEK thousand).

Share premium reserve	134,851
Retained earnings	241,465
Net profit for the year	405,605
Total	781,921

The Board and President propose that the profits be appropriated so that SEK 781,921 thousand is carried forward. In addition, it is proposed that the AGM resolves that SEK 1.10 per share be distributed to the shareholders through a 2:1 share split, combined with a mandatory redemption process and a bonus issue to restore the share capital. This entails a transfer of SEK 211,935 thousand to the company's shareholders. No ordinary dividend is proposed.

Note 32 Events after the balance-sheet date

No events resulting in adjustments or significant events not resulting in adjustments took place between April 30 and the approval date for the publication of the financial statements.

Note 33 Financial definitions and alternative performance measures

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

Share of recurring revenue

Purpose	Calculation
Shows the portion of external revenue that is recurring. Recurring revenue refers to revenue from customers for the provision of a good or service during the term of a contract, wherein the customer cannot continue to benefit from the full functionality of the good or service without ongoing payments and the revenue stream is expected to recur for more than 12 months. Recurring revenue mainly refers to revenue from subscription, support and maintenance agreements. The share delivered via the cloud is reported as cloud recurring revenue (CRR). Revenue from system implementations, migration and one-time purchases of licenses are not recognized as recurring revenue.	Recurring revenue divided by total external sales, refer to Note 2.

Recurring revenue churn

SEK thousand	23/24	22/23
Recurring revenue from customer contracts that have concluded or not been renewed	7,247	18,225
Recurring revenue	1,724,940	1,359,895
Share of recurring revenue, %	0.4	1.3

Purpose	Calculation
Indicates the share of recurring revenue from customer contracts that have been concluded or not been renewed.	Recurring revenue from customer contracts that have been concluded or not been renewed divided by total recurring revenue.

Dividend yield

SEK	Apr 30, 2024	Apr 30, 2023
Dividends	1.10	1.10
Share price on balance-sheet date	219.20	161.70
Dividend yield, %	0.5	0.7

Purpose	Calculation
Shows the percentage of the investment returned in the form of dividends.	Dividend as a percentage of the share price on the balance-sheet date.

Note 33 Financial definitions and alternative performance measures, cont.**Equity per share before and after dilution**

	Apr 30, 2024	Apr 30, 2023
Equity, SEK thousand	1,569,591	1,296,669
Number of shares before and after dilution at the end of the period	192,667,489	192,667,489
Equity per share before and after dilution, SEK	8.15	6.73

Purpose	Calculation
Measures the company's net value per share and shows if a company is increasing shareholder capital over time given currently available participations.	Equity divided by the number of shares before and after dilution at the end of the period.

Research and development costs

SEK thousand	Apr 30, 2024	Apr 30, 2023
Research and development (R&D) costs	326,198	269,809
Net sales	2,963,607	2,350,752
Percentage of sales re-invested in R&D, %	11.0	11.5

Purpose	Calculation
Demonstrates the proportion of sales re-invested in R&D.	R&D costs divided by net sales.

Investments

SEK thousand	23/24	22/23
Intangible investments	72,210	55,752
Tangible investments	183,888	37,036
Short-term investment	0	120,000
Investments	256,098	212,788

Purpose	Calculation
Shows the company's investments.	Acquisition of intangible and tangible assets during the period and short-term investments.

Non-interest-bearing liabilities and interest-bearing liabilities

SEK thousand	23/24	22/23
Non-interest-bearing liabilities	1,609,559	1,357,736
Interest-bearing liabilities	31,788	82,262
Total liabilities	1,641,347	1,439,998

Purpose	Calculation
Indicates the proportion of the Company's liabilities with and without interest. Included in the calculation of the debt/equity ratio and capital employed.	Non-interest-bearing liabilities refers to liabilities that are normally without interest, such as accounts payable. Interest-bearing liabilities refers to liabilities with interest, such as lease liabilities.

Cash flow per share before and after dilution

	23/24	22/23
Cash flow from operations, SEK thousand	326,326	440,488
Number of shares before and after dilution at the end of the period	192,667,489	192,667,489
Cash flow per share before and after dilution, SEK	1.69	2.29

Purpose	Calculation
Shows the cash flow the company generated per share before capital investments and financing.	Cash flow from operations divided by the number of shares before and after dilution at the end of the period.

Ratio of order bookings to net sales

SEK thousand	23/24	22/23
Order bookings	6,223,476	4,635,715
Net sales	2,963,607	2,350,752
Ratio of order bookings to net sales	2.10	1.97

Purpose	Calculation
Provides an indication of demand for the company's products and services.	Order bookings divided by net sales.

Liquidity

SEK thousand	Apr 30, 2024	Apr 30, 2023
Current assets	2,522,148	2,208,381
Overdraft facility granted	15,000	15,000
Current liabilities	1,588,763	1,364,641
Liquidity	1.6	1.6

Purpose	Calculation
Shows the company's current ability to pay.	Current assets plus overdraft facility divided by current liabilities.

Average no. of employees

Purpose	Calculation
Shows the number of full-time positions in a certain period.	Average number of full-time employees during the period.

Unadjusted exchange rates – sales

	23/24	22/23
Nominal change, %	26.1	20.6
Exchange-rate effect, %	-3.1	-8.0
Change in unadjusted exchange rates, %	23.0	12.6

Purpose	Calculation
Provides an indication of changes in financial measures for unadjusted exchange rates.	Amounts for the current year restated at last year's average exchange rates less last year's amounts at last year's average exchange rates, divided by last year's amounts at last year's rates.

Note 33 Financial definitions and alternative performance measures, cont.**Unadjusted exchange rates – operating profit**

	23/24	22/23
Nominal change, %	13.6	18.9
Exchange-rate effect, %	-5.6	-16.3
Change in unadjusted exchange rates, %	8.0	2.6

Purpose	Calculation
Provides an indication of changes in financial measures for unadjusted exchange rates.	Amounts for the current year restated at last year's average exchange rates less last year's amounts at last year's average exchange rates, divided by last year's amounts at last year's rates.

Unadjusted exchange rates – recurring revenue

	23/24	22/23
Nominal change, %	26.8	25.8
Exchange-rate effect, %	-3.1	-7.5
Change in unadjusted exchange rates, %	23.7	18.3

Purpose	Calculation
Provides an indication of changes in financial measures for unadjusted exchange rates.	Amounts for the current year restated at last year's average exchange rates less last year's amounts at last year's average exchange rates, divided by last year's amounts at last year's rates.

Order bookings

Purpose	Calculation
Indicates future revenue in the company.	Value of orders received or changes to earlier orders during the reporting period.

P/E ratio

	Apr 30, 2024	Apr 30, 2023
Share price at end of period, SEK	219.2	161.7
Earnings per share before dilution for the rolling 12-month period	2.22	1.95
P/E ratio, multiple	98.7	82.9

Purpose	Calculation
Shows how highly the market values the company's profits and how long it will take for the shareholders to get a return on their investment.	Share price at the end of the period divided by earnings per share for the most recent rolling 12-month period before dilution.

Earnings per share before and after dilution

	23/24	22/23
Profit after tax, SEK thousand	428,388	374,957
Average number of shares at the end of the period before dilution	192,667,489	192,664,046
Average number of shares at the end of the period after dilution	192,667,489	192,667,466
Earnings per share before and after dilution, SEK	2.22	1.95

Purpose	Calculation
Shows each share's participation in the company's earnings during the reporting period.	Profit/loss after tax divided by the average number of shares before and after dilution at the end of the period. This performance measure is defined in accordance with IFRS.

Return on equity

SEK thousand	23/24	22/23
Profit for the period	428,388	374,957
Equity at start of period	1,296,669	1,080,737
Equity at end of period	1,569,591	1,296,669
Average equity	1,433,130	1,188,703
Return on equity, %	29.9	31.5

Purpose	Calculation
Shows the return on capital attributable to the Parent Company owners.	Profit for the period divided by average equity.

Return on capital employed (ROCE)

SEK thousand	23/24	22/23
Profit after financial items	552,774	479,390
Financial expenses	-3,284	-2,062
Average capital employed	1,490,155	1,261,146
Return on capital employed, %	37.3	38.2

Purpose	Calculation
Shows profitability based on how much capital is used in the operations.	Profit after financial items plus financial expenses divided by average capital employed.

Operating margin

SEK thousand	23/24	22/23
Operating profit	517,810	455,653
Net sales	2,963,607	2,350,752
Operating margin, %	17.5	19.4

Purpose	Calculation
Measures operational profitability. This measure is used for the purpose of management by objectives in the operations.	Operating profit divided by net sales.

Operating profit per share

	23/24	22/23
Operating profit, SEK thousand	517,810	455,653
Number of shares before dilution	192,667,489	192,667,489
Operating profit per share, SEK	2.69	2.36

Purpose	Calculation
Shows earnings per share before interest and taxes.	Operating profit divided by the number of shares before dilution on the balance-sheet date.

Debt/equity ratio

SEK thousand	Apr 30, 2024	Apr 30, 2023
Interest-bearing liabilities	31,788	82,262
Equity	1,569,591	1,296,669
Debt/equity ratio	0.02	0.06

Purpose	Calculation
Shows to what extent the operations are financed by loans and describes the company's financial risk.	Interest-bearing liabilities divided by equity.

Note 33 Financial definitions and alternative performance measures, cont.**Equity/assets ratio**

SEK thousand	Apr 30, 2024	Apr 30, 2023
Equity	1,569,591	1,296,669
Total assets	3,210,938	2,736,667
Equity/assets ratio, %	48.9	47.4

Purpose

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

Calculation

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

Capital employed

SEK thousand	Apr 30, 2024	Apr 30, 2023
Total assets	3,210,938	2,736,667
Non-interest-bearing liabilities	1,609,559	1,357,736
Capital employed	1,601,379	1,378,931

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	23/24	22/23
Operating profit per share	2.690	2.360
Operating profit per share, five years earlier	1.230	1.125
Growth in operating profit per share over a five-year period, %	118.8	110.0

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	23/24	22/23
Profit after financial items	552,774	479,390
Net sales	2,963,607	2,350,752
Profit margin, %	18.7	20.4

Purpose

Shows a comparison of profitability regardless of corporate tax rate.

Calculation

Profit after financial items divided by net sales.

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Sectra AB (publ) for the financial year May 1, 2023 – April 30, 2024, except for the statutory sustainability report on pages 74–90. The annual accounts and consolidated accounts of the company are included on pages 68-123 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of April 30, 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of April 30, 2024 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Reporting Standards), as adopted by the EU, and the Annual Accounts Act.

A corporate governance statement has been prepared. The statutory Administration Report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act. Our opinions do not cover statutory sustainability report on pages 74–90.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Revenue recognition

Description

The Company enters into contract arrangements with customers that contain multiple performance obligations, such as transfer of hardware, software, and/or services. For these arrangements, management judgment is applied to allocate revenue to each performance obligation as these obligations are fulfilled at different points in time and/or over time. The Company also has fixed-price projects where performance obligations are fulfilled over time and the completion ratio is primarily determined comparing the incurred cost to estimated total cost. Management judgment is involved in estimating the cost to complete including the assessment of the remaining contingencies for projects until final delivery and acceptance.

Due to the degree of management judgment in arrangements containing multiple performance obligations and fixed-price projects, these types of arrangements have been a key audit matter in our audit.

Accounting principles for revenue recognition are included in section Accounting principles, Note 1 as well as key assumptions and judgments used for customer arrangements. In Note 2 revenue for each segment is presented.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

How our audit addressed this key audit matter

Our audit procedures in order to address this area, included, amongst others;

- Evaluated the Company's accounting principles for Revenue from Contracts with Customers.
- Audited on sample basis the contract arrangements that contained multiple performance obligations, in order to test when the revenue was recognized for each performance obligation.
- Examined revenue recognition timing for revenue recognized over time and tested that any deferred revenue was recognized as revenue in the correct period.
- Evaluated significant estimates and judgments made by management.
- Assessed whether the information disclosed in the financial statement is appropriate.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–67. The remuneration report for financial year May 1, 2023 – April 30, 2024 is considered other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or

error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sectra AB (publ) for financial year May 1, 2023 – April 30, 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory Administration Report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Sectra AB (publ) for the financial year May 1, 2023 – April 30, 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sectra AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the ESEF report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report and the scope of Sectra AB's statutory sustainability report is described on page 74, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Sectra AB (publ) by the general meeting of the shareholders on September 7, 2023 and has been the company's auditor since September 8, 2020.

Stockholm, the date stated by our electronic signature
Ernst & Young AB

Andreas Troberg

Authorized Public Accountant

Index to sustainability information

Each year, Sectra communicates the company's sustainability work as part of the Annual Report. Sustainability information encompasses pages 4, 6–7, 14–27 and 74–87. Sectra has reported on the information presented in the index below for the period May 1, 2023 to April 30, 2024 and, in doing so, referred to relevant GRI Standards. The GRI Standard used is GRI 1: Foundation 2021. All page references below refer to Sectra's 2023/2024 Annual Report and Sustainability Report. For questions regarding the Sustainability Report, please contact info.investor@sectra.com.

GRI Standard	Disclosure	Page/comment	
General disclosures			
The organization and its reporting practices	2-1	Organizational details	62, 68
	2-2	Entities included in the organization's sustainability reporting	68, 113
	2-3	Reporting period, frequency and contact point	68, 124, 128, 131
	2-4	Restatements of information	83
	2-5	External assurance	127
Activities and workers	2-6	Activities, value chain and other business relationships	4, 6–9, 25, 32–43, 46–51, 75
	2-7	Employees	80, 104–106
	2-8	Workers who are not employees	80
Governance	2-9	Governance structure and composition	62
	2-10	Nomination and selection of the highest governance body	62–63
	2-11	Chair of the highest governance body	58, 64
	2-12	Role of the highest governance body in overseeing the management of impacts	62, 64
	2-13	Delegation of responsibility for managing impacts	62, 64
	2-14	Role of the highest governance body in sustainability reporting	Reviewed by the President and all relevant members of Group Management
	2-15	Conflicts of interest	63, 64
	2-16	Communication of critical concerns	The President keeps the Chairman of the Board up to date on the company's performance and reports any critical matters to the Board without delay
	2-17	Collective knowledge of the highest governance body	58–59
	2-18	Evaluation of the performance of the highest governance body	64
	2-19	Remuneration policies	71–72, 105
2-20	Process to determine remuneration	71–72, 105	
2-21	Annual total compensation ratio	104–105, The Board's remuneration report https://investor.sectra.com/governance/corporate-governance/remuneration/	
Strategy, policies and practices	2-22	Statement on sustainable development strategy	12–13
	2-23	Policy commitments	74–83
	2-24	Embedding policy commitments	16, 74, 81
	2-25	Processes to remediate negative impacts	66–67, 74, 77–83, 88–90

GRI Standard	Disclosure	Page/comment	
	2-26	Mechanisms for seeking advice and raising concerns	81–82
	2-27	Compliance with laws and regulations	62, 66–67, 78–79, 81, 82
	2-28	Membership associations	Sectra holds Board positions and participates in projects and committees with various organizations, including the Royal Swedish Academy of Engineering Sciences, Swedish Medtech and the Swedish Security and Defense Industry Association (SOFF)
Stakeholder engagement	2-29	Approach to stakeholder engagement	17, 74
	2-30	Collective bargaining agreements	Sectra aims to offer employment terms and benefits that exceed or are in line with the industry's collective bargaining agreements and has not signed any collective bargaining agreements itself
GRI 3 2021: Disclosures on material topics	3-1	Process to determine material topics	74
	3-2	List of material topics	16, 74
	3-3	Management of material topics	74–75

References

- ¹ PACS 2023 Decision Insights Report, KLAS Research, <https://klasresearch.com/report/pacs-2023-decision-insights/3386> (page 8)
- ² 2024 Best in KLAS Awards - Software and Services US report <https://klasresearch.com/report/2024-best-in-klas-awards-software-and-services/3413>, and 2024 Best in KLAS Awards - global software <https://klasresearch.com/report/2024-best-in-klas-awards-global-software/3414> (page 8)
- ³ Report from UN, 2017. World Population Prospects: the 2017 Revision, <https://esa.un.org/unpd/wpp/> (page 29)
- ⁴ Imaging IT - Core Report - World 2024, Signify Research Limited, May 2024 (page 31)
- ⁵ Digital Pathology - World 2023 report, Signify Research Limited, April 2023 (page 31)
- ⁶ Orthopedic Software Market, <https://www.marketsandmarkets.com/Market-Reports/orthopedic-software-market-94720371.html> (page 31)
- ⁷ Ian J. Wallace, Steven Worthington, David T. Felson, Robert D. Jurmain, Kimberly T. Wren, Heli Majanen, Robert J. Woods, Daniel E. Lieberman. Knee osteoarthritis has doubled in prevalence since the mid-20th century. Proceedings of the National Academy of Sciences, 2017. <http://www.pnas.org/content/114/35/9332> (page 31)
- ⁸ Overview of the world's medical schools: an update. (2014) <https://doi.org/10.1111/medu.12499> (page 31)
- ⁹ World Directory of Medical Schools, <https://www.wdons.org> (page 31)
- ¹⁰ Sectra's visualization table is developed in collaboration with researchers at the Center for Medical Image Science and Visualization (CMIV), Interaktiva Institutet and Visualiseringscenter C (page 42)
- ¹¹ The Global Risks Report 2024, 19th Edition, https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf (page 45)
- ¹² 2023 annual review, MUST, <https://www.forsvarsmakten.se/siteassets/2-om-forsvarsmakten/dokument/musts-arsoversikt/must-arsoversikt-2023.pdf> (page 45)

Glossary

Artificial intelligence (AI)

A collective term for the scientific field that studies the creation of machines and computer programs that display intelligent behavior. AI research encompasses numerous disciplines, including everything from studying philosophical issues to developing tangible technological solutions in such areas as medical diagnostics.

Cardiology

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

Cloud

From the term cloud computing, meaning that computer power is distributed over the internet or company-specific intranets and not on individual computers.

Critical infrastructure

Basic infrastructure that is essential for the functioning of society, such as healthcare, digital infrastructure, bank-related activities, transportation, energy, and water supply.

Education portal

A cloud-based platform that provides users with access to a large digital library of quality-assured and anonymous medical cases and images as well as the opportunity for distance learning.

Encryption

Equipment that uses mathematical manipulations (algorithms and keys) to encrypt information, so that it can be interpreted or read only by the intended recipient. To read encrypted information, the recipient must have the correct key and algorithm.

Genomics

The study of genetic material, meaning an organism's DNA. In medicine, a patient's genetic material is studied to increase understanding of the causes of disease. In cancer diseases, for example, a tumor's mutations are studied in DNA. The genetic information plays an important role in diagnosing cancer and customizing treatment, known as precision medicine.

Integrated diagnostics

Diagnostic collaboration between different medical specialties, for example, between pathologists and radiologists for diagnosing, treating and monitoring cancer patients. Integrated diagnostics is facilitated by digital technology, computer algorithms, clinical workflows and extended reporting to the patient's physician.

Mammography

A radiology-based breast examination used to detect breast cancer at an early stage in asymptomatic women.

Medical diagnostic imaging

Using images (e.g. from radiology examinations or tissue samples) to assess a patient's medical condition. It could, for example, concern detecting an illness, assessing the course of an illness, or providing guidance for suitable treatment.

Medical IT

Information technology (e.g. software) used in healthcare.

Musculoskeletal diseases

A collective term for diseases affecting the body's musculoskeletal system, including the skeleton, muscles, joints and tendons.

Net Promoter Score (NPS)

A key figure for customer loyalty based on the question: "How likely is it that you would recommend this company to a friend or colleague?" The responses are on a scale from 0 to 10, where 0 means "not at all likely" and 10 means "highly likely." The NPS is the sum of the percentage of promoters (i.e. those who responded with 9 or 10) minus the percentage of detractors (i.e. all those who responded between 0 and 6).

Operational technology (OT)

Hardware and/or software that controls and monitors devices, for example valves and pumps, that are part of a physical process. The terms industrial control systems (ICS) and supervisory control and data acquisition (SCADA) systems are also commonly used to denote systems for operational technology.

Ophthalmology

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

Orthopaedics

A surgical specialty for disorders affecting the musculoskeletal system, meaning the skeleton, joints, tendons, other connective tissue and peripheral nerves.

Osteoarthritis

Arthritis or osteoarthritis is an inflammatory disease in the joints where the cartilage in one or several of the body's joints gradually breaks down.

Pathology, digital pathology

A specialized medical area that uses tissues and body fluids for diagnostic purposes. By digitizing the workflow, pathologists can review tissue samples digitally instead of with a microscope.

Picture archiving and communication system (PACS)

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

Precision medicine

Providing patient care that is highly adapted to individual conditions rather than "one size fits all." Advanced diagnostic analyses are a cornerstone of precision medicine.

Process industry

A type of automated manufacturing industry with several manufacturing processes, such as the paper industry, the petrochemical industry, and iron and steelworks.

Radiology

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

Sectra One/Sectra One Cloud

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

Software as a Service (SaaS)

This means that software will be delivered as a service. It may also include technology, operation and support in addition to the functionality of the specific software.

Virtual private network (VPN)

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

Visualization table

Large, interactive touch screen with an image-viewing program that enables interaction with 3D images of human and animal bodies.

2024 AGM

The AGM is scheduled for September 10, 2024 in Linköping, Sweden. Further information, the meeting notice and meeting documentation will be available at investor.sectra.com/agm2024

Notice

Official notice will be distributed not earlier than six weeks and not later than four weeks prior to the AGM in the form of a press release and publication on Sectra's website. The notice will be announced in the Swedish Official Gazette [Post- och Inrikes Tidningar] and an announcement that notice has been given will be published in Svenska Dagbladet.

Shareholders who wish to receive the notice by email and subscribe for information from the company need to fill in their contact information on the company's website investor.sectra.com/subscribe.

Documents

The complete proposals for resolution and other documents will be available not later than August 20, 2024 (three weeks prior to the AGM) on Sectra's website. Shareholders who wish to receive these documents by mail should contact the company by telephone +46 (0)13 23 52 00 or by email info.investor@sectra.com.

Financial calendar 2024/2025

September 6, 2024	Three-month report
December 12, 2024	Six-month report
March 14, 2025	Nine-month report
June 5, 2025	Year-end report

Distribution of the Annual Report

The Annual Report is published on Sectra's website. A summary of the 2023/2024 fiscal year and a message announcing that the report is available will be sent by mail to all shareholders registered with Euroclear Sweden AB on May 31, 2024.

This document contains materials protected by copyright. All rights are reserved.

For information on Sectra's trademarks, refer to: sectra.com/legal

Sectra's intellectual property rights include a number of patents. For more information, visit: <https://sectra.com/patents/>

Contact information, Sectra Group Headquarters

Sectra AB

Teknikringen 20
SE-583 30 Linköping
Email: info@sectra.com
Tel: +46 (0)13 23 52 00
sectra.com

For further contact information for Sectra's global offices, visit sectra.com/contact

Contact for shareholders and investors

Sectra's website for investors:
investor.sectra.com

Shareholder contact

Helena Pettersson
Chief Investor Relations Officer
Email: info.investor@sectra.com
Tel: +46 (0)13 23 52 04



Subscription

Financial reports, press releases and corporate governance information are available on the Group's website investor.sectra.com

To subscribe and receive information by email, register your contact information at investor.sectra.com/subscribe

Give us your feedback

We would like to know why you chose to buy shares in Sectra and what you think of your investment and confidence in the company. Please take time to answer Sectra's shareholder survey.

Your feedback is important!

Give us feedback: investor.sectra.com/agarenkat

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

SECTRA

