Towards a world where everyone has access to the best cancer care

Annual Report
2020/21

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Elekta

Content

About the Annual Report

Pages 92–147 constitute the statutory annual report, which has been audited. The Annual Report also includes Elekta's sustainability information, corporate governance and remuneration reports. Elekta presents a sustainability report prepared in accordance with the GRI Standards, Core option, and a sustainability report in accordance with the Swedish Annual Accounts Act.

THIS IS ELEKTA

A global leader in Precision Radiation Medicine

Elekta is a global leader in radiotherapy solutions to fight cancer and neurological diseases. In fact, we are the only independent radiotherapy provider of scale. We have a broad offering of advanced solutions for delivering the most efficient radiotherapy treatments.

Elekta's offering allows clinicians to treat more patients with increased quality, both with value-creating innovations in solutions and AI-supported service based on a global network. At present Elekta has an installed base of

>6,650

systems globally.

Solutions ~60% of net sales

Oncology Informatics Solutions

MR-Linac Solutions

Linac Solutions

Brachy Solutions

Neuro Solutions

Service ~40% of net sales

Delivering high quality after-market services, generating recurring revenues

Hope for everyone dealing with cancer

3 GOOD HEALTH AND WELL-BEING

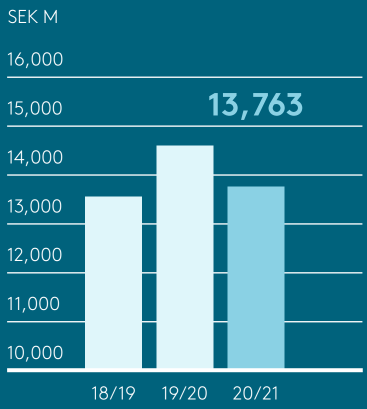
Elekta's purpose is to inspire hope for anyone dealing with cancer. Through our strategy, ACCESS 2025, we improve patient access to the best cancer care by:

- Accelerating innovation with customer utilization in mind
- Driving partner integration across the cancer care ecosystem
- Being the customer lifetime companion
- Driving market adoption across the globe

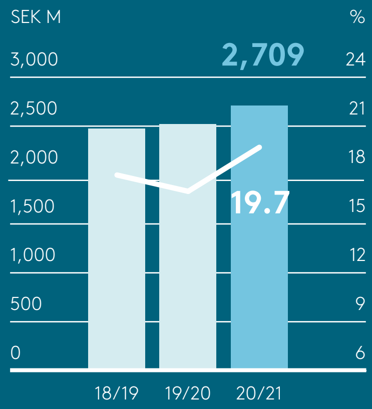
Sales and EBITA development

Impacted by Covid-19 during the last two years.

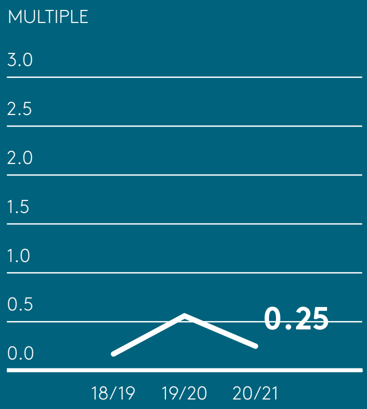
NET SALES

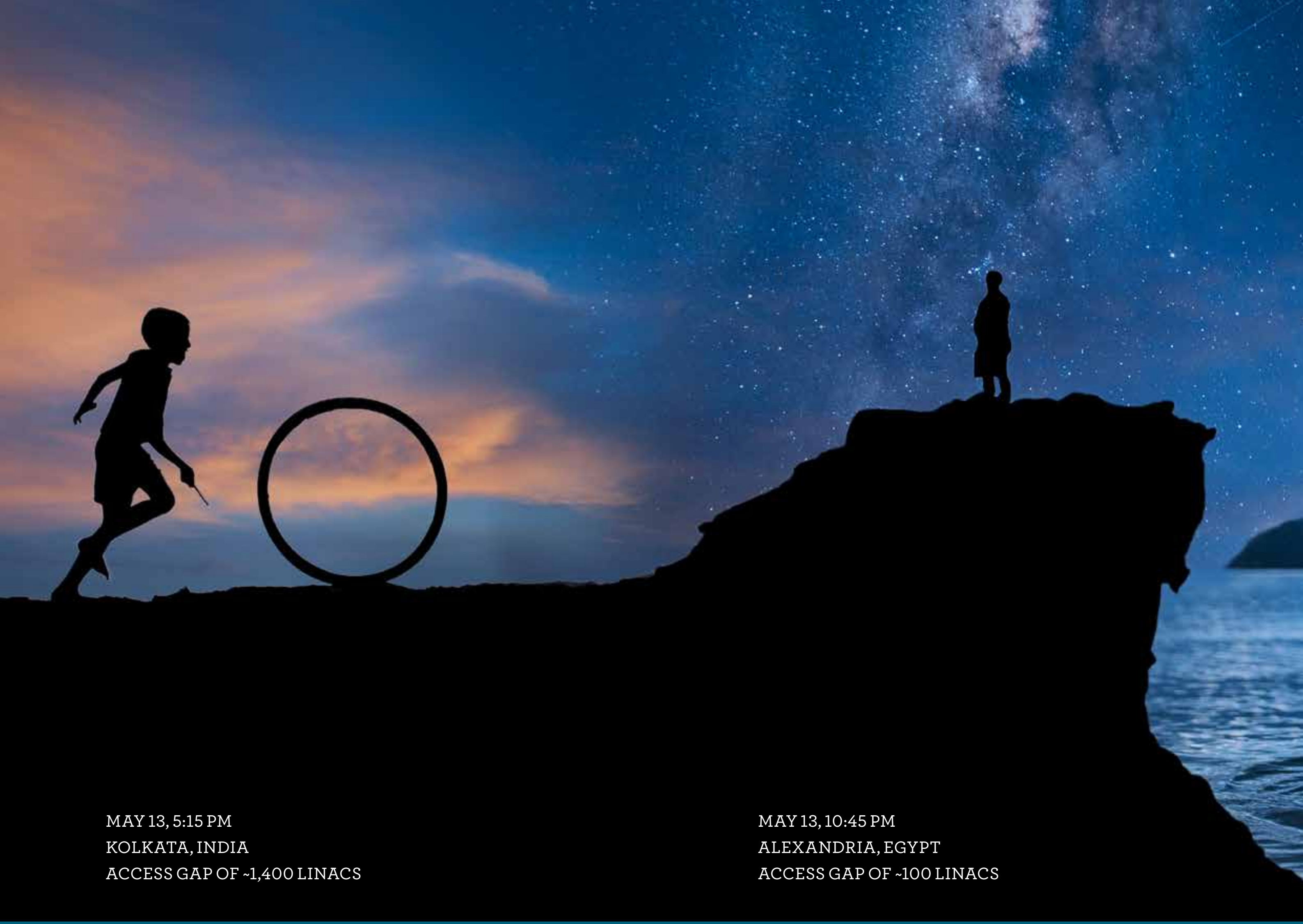


EBITA AND EBITA MARGIN



NET DEBT/EBITDA





Even if the cancer burden is global – most of the world lacks access to radiotherapy.

Currently there is a shortage of

>15,000

linacs globally.

We need to close this gap.

Our innovations push boundaries for what is possible to treat.

Based on functionalities such as seeing what to treat, precision and adaption, Elekta accelerates innovation to become even more agile and faster in improving cancer care around the globe.

Read more about our offering on page 18.

BUSINESS OVERVIEW

Accelerating innovations to elevate cancer care

We managed to increase orders, gaining market shares and grow the installed base in a pandemic affected market, giving more cancer patients access to radiotherapy. The successful execution of our new strategy will lead us towards a world where everyone has access to the best cancer care.

Supporting our customers during an unprecedented year

This year was unprecedented in many ways. The effects of the pandemic continued to cause uncertainty and many challenges. We focused on supporting our customers to keep cancer treatments up and running. Despite endless obstacles, clinicians all over the world were determined to maintain radiation therapy treatments and our task was to ensure that we did everything we possibly could to help them. Thanks to tremendous efforts by our customers and by our employees truly heroic achievements were accomplished. It has been a privilege to take part in all those stories of dedication throughout the year. I am especially proud that both our customer and employee satisfaction rates increased substantially across all areas.

Elekta demonstrated resilience and acceleration this year. We managed to grow our orders by six percent, and we gained market share. The acceleration of orders in the last quarter shows the suppressed need for cancer care equipment post the pandemic. Our revenue grew by one percent, low by historical comparison, but explained by difficulties accessing hospitals to install systems during the pandemic. Our strong margins were supported by lower expenses and cash flows were healthy throughout the year. I am especially pleased that we grew our installed base by five percent, giving more cancer patients access to radiation therapy treatments around the world.

Accelerating innovation with customer utilization in mind

During the first part of the year, we focused on resilience initiatives and digitalization of our processes, enabling acceleration for innovation projects in the second half of the year. Elekta's priority is to be world class in precision radiation medicine, but we have always believed in taking an open and proactive approach to building strong partnerships in the cancer care ecosystem. We use our precision radiation expertise to work hand in hand with clinicians and our partners to continuously develop innovative, outcome-driven and cost-efficient solutions that provide lasting clinical difference. And we can be fast and agile in turning needs into new innovations.

> "We can be fast and agile in turning needs into new innovations."

During the year, we have launched several new solutions that have the potential to improve patient outcomes and make workflows more effective. Our new linac, Harmony, introduced in September, recently treated its first patient. Harmony has the potential to be a valuable asset in mature market cancer centers, and at the same time serve as the key in bridging the gap in access to radiation therapy in emerging markets. On the software side, we released MOSAIQ 3 our latest version of oncology informatics and Monaco 6 in treatment planning as well as the latest treatment optimizer for the Leksell Gamma Knife, Lightning. We leveraged our acquisitions in the tumor planning tool, ProKnow, and patient-reported data application, Kaiku, with very promising results. Our brachy business launched Elekta Studio, which can improve treatment outcome significantly for a therapy essential to cancer care in underserved markets.

We also drove the paradigm shift towards MR-Linac with Elekta Unity, which moved into the second phase of commercialization in the beginning of the year. When we closed the

year we celebrated the 100th Unity order and Unity has now treated more than 2,500 patients for over 40 indications with outstanding clinical feedback. The MOMENTUM study is currently generating the clinical data that will be the basis for the ongoing and future reimbursement processes.

After the fiscal year, we strengthened our existing strategic partnership with Philips to include both R&D and distribution collaboration agreements. This will unlock opportunities providing better patient outcomes, easier selection by clinicians of the optimal treatment strategy, and more efficient and effective therapy delivery.

Our strategy – ACCESS 2025 – delivered in a sustainable way

Moving forward, we see two main growth drivers in our market: a steadily increasing cancer incidence, and increased demand for better healthcare in both mature and emerging markets. With a successful execution of our recently launched strategy, ACCESS 2025, we want to do our part to move towards a world where everyone has access to the best cancer care. We set the focus on closing the access gap, elevating cancer care and increasing the patients' participation in their own care. Our target is to increase access to radiation therapy for more than 300 million people globally, and to elevate cancer care through innovation making it more effective and efficient by doubling the clinical usage of short course treatments (hypofractionation) and quadrupling the usage of adaptive treatment. The patients' active participation in their own cancer care journey is essential for improved outcomes and quality of life and we want to increase that from less than 1 percent to 20 percent of the patients. Our mission at Elekta is to not just provide technology; we provide hope for everyone dealing with cancer.

Our ACCESS 2025 must be delivered in a sustainable way. Providing cancer care to low- and middle-income countries is our most important contribution in building a more sustainable world. But we are also leveling up our ambition on the environmental area, our social responsibility and governance, committed to doing our part in a world that needs to change. Since we signed the UN Global Compact in 2017, we have continued to push the agenda forward and now we have also committed to set science-based targets in accordance with the Paris agreement.

Towards a world where everyone has access

As we end this year and look towards accelerating innovation in radiation therapy, I look back at a year that everyone in Elekta should be proud of. I would like to extend my gratitude to all customers, partners and Elekta employees who throughout this year have done their utmost to support the journey towards a world where everyone has access to the best cancer care.

Gustaf Salford
President and CEO

Several trends support market growth

The global need for cancer care is enormous and rising. Today, radiotherapy plays an important role in treating cancer and adoption is growing, supported by technological developments, value-based care and increased efforts to close the access gap in many parts of the world.

The global radiotherapy and related oncology informatics software market is estimated to be worth more than seven billion USD and pre-Covid-19 it has historically grown by six to eight percent per annum. Elekta has a strong global market position with an overall market share of 42 percent. The market is primarily driven by the increasing number of patients and the continuous strive to improve patient outcomes. The largest future growth driver is expected to be the expansion of radiotherapy treatment capacity in low- and middle-income countries to reduce the gap between the installed base and the growing cancer burden.[1)]

The market for linear accelerators (linacs) has two leading players, Elekta and Siemens Healthineers, while the segment for MR-linacs consists of Elekta and ViewRay.

For more information about the competition see page 94.

[1)] Data bridge market research. Markets and markets. Competitive reporting. Elekta business intelligence.

Expected number of new cancer cases 2025 | Expected yearly growth in cancer cases 2020–2025 | Number of radiotherapy units per capita 2021

Drivers for radiotherapy adoption

More people get cancer...
As the world population is growing larger and older, with the 65+ cohort expected to increase by almost 80 percent by 2040[1], cancer incidence will increase. The World Health Organization estimates that there were >18 million new cancer cases in 2020[2]. New cancer cases per year are expected to increase to 28 million by 2040 according to a projection that takes both demographics and incidence rates into account[3].

...and live with it longer...
As survival rates have improved over time, more people are living with cancer as a chronic condition. This increases the risk of oligometastatic disease. As a non-invasive treatment option, radiotherapy plays an important part in treating oligometastases, adding both years to life and life to the years[4].

...but many still lack access to radiotherapy
There are large structural differences in cancer care and the availability of radiotherapy between countries and regions. While 50–60 percent of all cancer patients require radiotherapy, 40–60 percent of them lack access. Investing in additional radiotherapy capacity in low- and middle-income countries would save lives and lead to substantial economic benefits.[5]

Healthcare trends

Value-based healthcare

The trend of healthcare spending growing faster than GDP is set to continue, according to projections from OECD[6]. But with aging populations and scientific progress contributing to both more patients and more treatment options, healthcare systems are under increasing pressure to rein in costs. Regardless of reimbursement system, the trend to align economic incentives with quality of care and cost-efficiency is clear on all markets. This benefits cost-efficient treatments like radiotherapy.

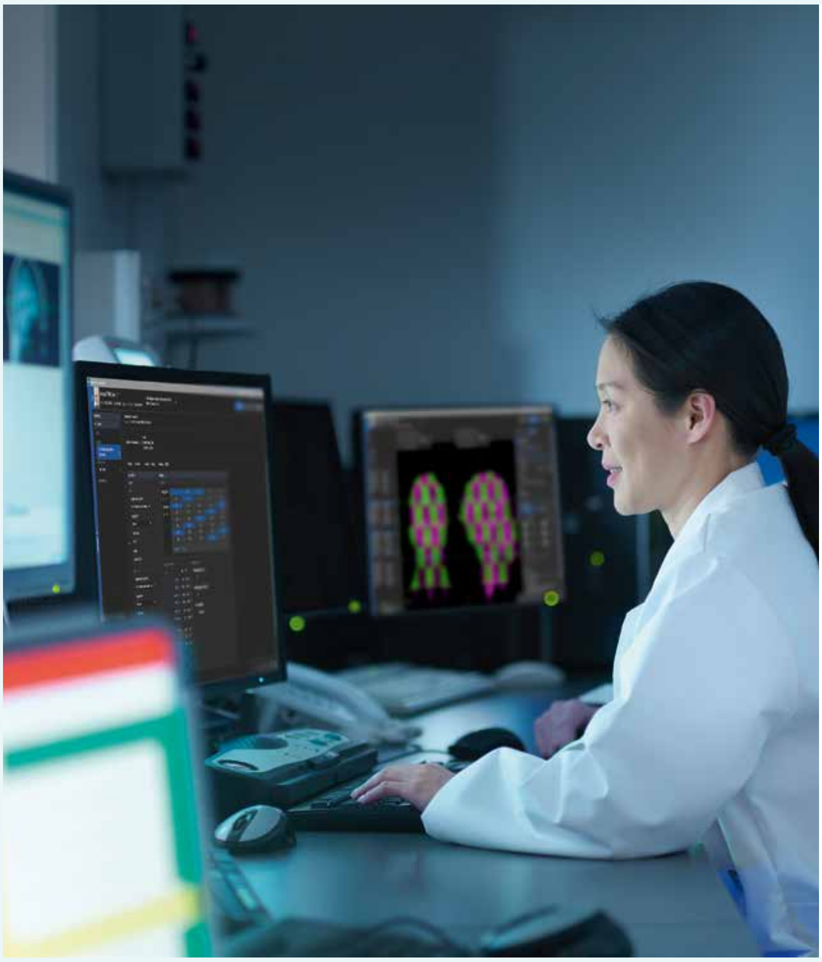
Optimized workflows
Trained healthcare staff are a scarce resource. Making the best use of their time by optimizing and automating workflows and enabling staff to treat more patients in less time, is an increasingly important trend in both high- and low-income countries.

[1] Projections from https://www.un.org/development/desa/pd/.
[2] https://gco.iarc.fr/tomorrow/en (excl. non-melanoma skin cancer).
[3] WHO Report on cancer, available at https://www.who.int/publications/i/item/who-report-on-cancer-setting-priorities-investing-wisely-and-providing-care-for-all (excl. non-melanoma skin cancer).
[4] Palma et al, 2020, Stereotactic Ablative Radiotherapy for the Comprehensive Treatment of Oligometastatic Cancers, https://www.medrxiv.org/content/10.1101/2020.03.26.20044305v1.
[5] Atun et al, Expanding global access to radiotherapy, The Lancet Oncol 2015 Sep; 16(10): 1153-86 https://pubmed.ncbi.nlm.nih.gov/26419354/.
[6] https://www.oecd.org/health/health-spending-set-to-outpace-gdp-growth-to-2030.htm.

Digitalization

Oncology in general and radiotherapy in particular are data-intensive disciplines and well suited to reap the benefits of digitalization. Artificial intelligence (AI) and big data analytics are used both for predictive maintenance and for automating tasks such as contouring. They are also being built into software suites to improve decision support, analytics, and workflow optimization.

Virtual and remote care via video consultations, online patient portals, patient wellness apps and remote monitoring provide even more data and are being used to overcome shortages of oncologists and to meet patient demands for more access points.



Precision in radiotherapy

Precision has always been important in radiotherapy. But with improved on-board imaging, such as magnetic resonance imaging, this is pushed even further with lower margin planning and adaptive treatment that takes instant changes in patient and tumor anatomy into account. This enables treatment of new cancer types and cancer in moving organs as well retreatment of oligometastases.

Improved precision has paved the way for hypofractionation, delivering the planned dose in fewer treatment sessions or so-called fractions. This saves time for the patient and for the clinic, increasing the availability and cost-efficiency of radiotherapy treatment and thus contributing to the value-based healthcare trend. During the pandemic, adoption of hypofractionation increased to reduce hospital visits and patients' risk of getting Covid-19[1].

[1] Spencer et al, 2021, The impact of the COVID-19 pandemic on radiotherapy services in England, UK: a population-based study, https://doi.org/10.1016/S1470-2045(20)30743-9.

Access to the best cancer care

Our updated strategy is guided by our purpose, mission, and vision. It builds on our strengths as a leader in precision radiation medicine and our unique position as an agile innovator and the only independent radiotherapy provider of scale.

Strategic framework

Our purpose is to inspire hope for anyone dealing with cancer, be that patients, clinicians, or relatives. While radiotherapy has a critical role to play in inspiring hope, it is not the sole answer.

Therefore, **our mission is to improve patient lives by working together with our customers**. We use our precision radiation expertise to work hand in hand with clinicians and our partners to continuously develop innovative, outcome-driven and cost-efficient solutions that provide lasting clinical difference in a sustainable way. We believe in taking an open and proactive approach in our practices, enabling us to build strong partnerships and meet evolving patient needs, no matter where they are in the world.

We aim for **our vision: a world where everyone has access to the best cancer care**. Our strategy, called ACCESS 2025, is the first part of our journey towards the vision.

In Elekta, we believe that access to the best cancer care can be measured across three main dimensions and we have set ambitious strategic targets for how Elekta will improve each of these dimensions:
- Availability of Care
- Elevation of Care
- Participation in Care

Availability of Care:

Improving the physical access to radiotherapy globally. By growing the installed base in currently underserved markets, we want to ensure that a larger share of the global population has access to radiotherapy.

Elevation of Care:

Improving patient access to better and more efficient care by driving clinical adoption of new technology (e.g. hypofractionation and adaptive treatments), optimal utilization of available technology and improving clinical decision support.

Participation in Care:

Increasing patient involvement in their own care journey and thereby enhancing the care teams' ability to improve clinical outcomes through access to deeper and richer patient-reported insights.

The strategy and its enablers

Accelerate innovation with customer utilization in mind

Drive partner integration across the cancer care ecosystem

A world where everyone has **access** to the **best** cancer care

Be the customer lifetime companion

Drive adoption across the globe

People

Resilience & Process Excellence across the value chain

Values We do what we say | We work as one team | We keep thinking forward

Delivered in a sustainable way

The strategy – ACCESS 2025

Elekta's strategy, ACCESS 2025, is built around four main strategic pillars that shall drive sustainable profitable growth and create the next generation treatment, workflows and customer engagement models.

Drive partner integration across the cancer care ecosystem

We believe that cancer care is best elevated by bringing together the expertise across the entire network. We also believe that there is no one solution to fit all and customers will need tailored solutions to fit their needs. And as the only independent radiotherapy provider of scale, we have an important role to play to ensure interoperability so that our customers and their patients can enjoy best-of-breed solutions across the cancer care continuum.

Accelerate innovation with customer utilization in mind

We will continue to invest in innovation, both in hardware and software, to keep driving the category of precision radiation medicine forward and to develop new solutions that help customers elevate standards of cancer care. We keep innovating with implementation in mind to drive faster adoption in the market while also advancing functionality.

Drive adoption across the globe

To make sure that patients really do get access to the best cancer care, we will continue to drive market adoption. Initiatives under this focus area include both optimizing our local presence in each market and working with governments on, for example, reimbursement rates.

Be the customer lifetime companion

We want to be the preferred and most trusted partner to our customers throughout the lifecycle of our solutions. It should be easy to be, and to become, an Elekta customer. We will therefore continue developing our service offering as well as new business models so we can build stronger relationships with our customers.

Interview with Maria Belfrage, VP Group Strategy & Sustainability

What does ACCESS 2025 stand for?

In refining our strategic framework, we focused on giving hope to cancer patients and doing so by providing the best cancer care. For us the best cancer care includes radiotherapy to a growing extent. Since many people around the world lack access to the best available treatment technology in radiotherapy, we built our strategy around increasing this access. Then it was very natural to name the strategy ACCESS 2025.

How is sustainability incorporated in the new strategy?

Completely. Elekta's business is about good health and well-being – one of the goals on UN's Agenda 2030. But for us it's also important that everything we do must be delivered in a sustainable way, and what that means for our business in terms of green processes, business ethics and our people is defined in our own sustainability agenda.

Business model to foster innovations

Elekta's business model is to develop, manufacture and market innovative solutions for precision radiation medicine, as well as to provide services and support for the installed base.

After the installation of the solution, which includes software and training, one year of warranty follows. To secure continuously treatments and avoid interruption for the scheduled patients, it is important to have the right service for the solution. Elekta has a good attach rate of service contracts to its installed base, which varies depending on business line and geographic market.

Together, the installation of solution and the service business drive two different revenue streams: upfront and periodical. Today, most devices and software solutions are paid upfront. Services are mainly paid periodically based on contracts but also including occasional service assignments.

Customers are increasingly interested in the concept "as a Service" to gain from lower upfront costs and always having the latest software. Based on this demand, Elekta is starting to offer "Software as a Service" and "Solutions as a Service". This implies that over time there will be a gradual shift towards periodical fees instead of upfront payment. As it occurs, it will smoothen out revenue and cash flow more evenly over a longer time period.

TODAY'S REVENUE STREAM

Upfront

Solutions:
- Device
- Software

Periodical
- Service

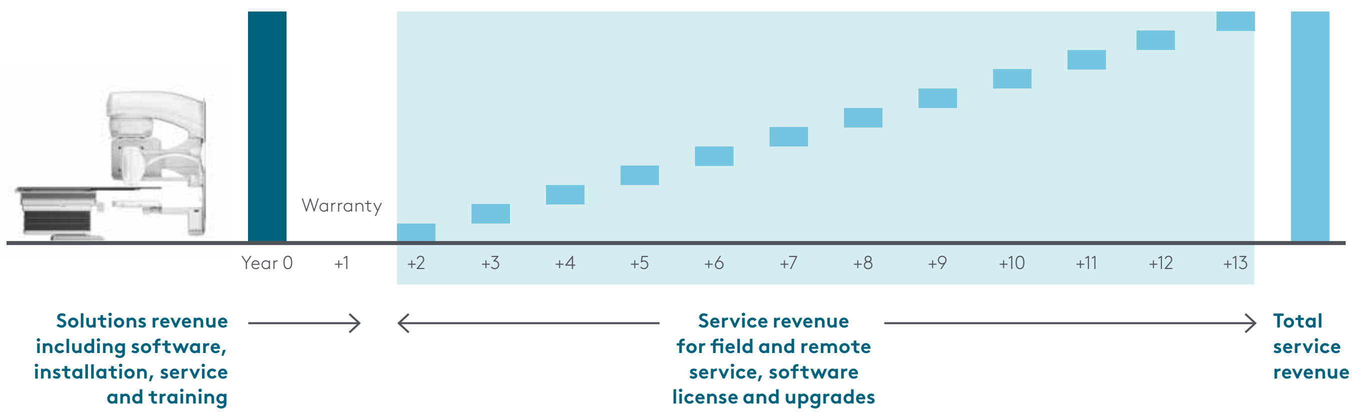
FUTURE REVENUE STREAM

Upfront

Solutions:
- Device
- Software

Periodical
- "as a Service"
- Service

REVENUE STREAM



Outlook and strategic milestones

Elekta's strategy provides the framework for our pursuit of profitable growth in a sustainable way and are quantified in the financial outlook.

Mid-term outlook until 2024/25

	Outlook	Comment
Net sales	>7% CAGR	Based on an average expected 6–8% market growth during the mid-term period
EBIT margin	EBIT % expansion	Continue improvements in EBIT margin

Dividend policy

	Outlook	Comment
Dividend	At least 50% of annual net profit	Dividend payout ratios during the last 5 years have been 49–67% of annual net profit

Strategic milestones until 2024/25

	Outlook	Comment
Availability of care	+300 m people in underserved markets to get access via Elekta's installed base	Contributing to closing the gap between the radiotherapy need and the current capacity
Elevation of care	2x to 4x	Double clinical usage of hypofractionation and quadruple the usage of adaptive treatments among our customers
Participation of care	+20%	Increase engagement of all of our customers' patients via an Elekta-powered tool

For **sustainability targets** see the In-depth sustainability report on **page 41**.

Sustainable excellence throughout the value chain

Research and development

Improving cancer care through innovation

Elekta's market-leading position is based on innovative as well as cost- and energy-efficient products developed in close collaboration with leading researchers and clinics. Our R&D hubs are spread out globally and are focused on:

- Informatics solutions in Sunnyvale and St. Louis, USA, and Shanghai, China
- Leksell Gamma Knife® (LGK) in Stockholm, Sweden
- Brachy in Veenendaal, the Netherlands
- Linacs and MR-Linacs in Crawley, UK and Beijing, China

Going forward there is increased focus on R&D of software in Northern Europe and China.

>10% of net sales invested in R&D

- Materials efficiency and circularity
- Innovation and R&D

Sourcing and manufacturing

Securing best possible treatment options

We have a strong focus on quality in both our own manufacturing operations and in sourcing, where we only use high-quality suppliers to secure stable solutions that provide the necessary precision. 80 percent of the sourced products and services come from approximately 450 qualified suppliers around the world. Elekta is producing in three main manufacturing units:

- Crawley, UK (Linacs and MR-Linacs)
- Beijing, China (Linacs and MR-Linacs)
- Veenedaal, the Netherlands (Brachytherapy)

Logistics platform

- Materials efficiency and circularity
- Emissions
- Waste
- Environmental compliance
- Occupational health and safety
- Supplier social assessments
- Human rights assessments

Most important sustainability topics. For more information on our sustainability focus areas, see the In-depth sustainability report on **page 41** and specific impact on the value chain on **page 64**.

The foundation of our long-term success is excellence and sustainability in all our processes throughout the value chain, from research and development, through sourcing and manufacturing, via marketing and sales, to service and aftermarket.

We achieve that by developing our people, being mindful of our stakeholders' needs and continuously refining our processes to reduce both our costs and environmental footprint. This focus creates resilience and ensures we continue to have the resources to inspire hope for anyone dealing with cancer.

Marketing and sales

Bringing innovation and clinicians together

With a strong local presence around the world, we are close to our customers. We have sales and an installed base in over 120 countries. In many markets we act with our own employees, in others, through selected partners. Around 12% of net sales are conducted through distributors.

During the fiscal year 2020/21, our order intake was SEK 17.4 bn.

Aftermarket & service

Providing excellence every day

Through high-quality service and support, we enable our customers to maximize the value of their investments and provide the best care possible.

A global team of 650 field service engineers and 165 support specialists assisted by our AI-based Elekta IntelliMax® predictive maintenance system, supports customers through the life cycle of our solutions.

Elekta uses a group-wide fully digitalized logistics platform to optimize the transport of our solutions and streamline the delivery of spare parts. Business travel is reduced by using digital communication tools and by remote support solutions.

- Anti-corruption
- Fair competition and public tenders
- Export control and safe trading

- Access to healthcare
- Anti-corruption
- Fair competition and public tenders
- Export control and safe trading
- Data privacy
- Customer health and safety

Value-creating innovations

Elekta offers leading solutions in precision radiation medicine that allow clinicians to treat more patients with increased quality. Through innovations that make radiotherapy safer and simpler to use, we contribute to easing the global cancer burden.

3 GOOD HEALTH AND WELL-BEING

Access to healthcare see **page 42.**

Elekta's solutions for Oncology Information Systems (OIS) brings together people, workflows, and the information clinics need to deliver quality care and run smooth operations. We constantly develop and refine our informatics offering, using AI and other techniques to make it easier to capture and analyze real world data, enabling clinics to optimize their workflows and improve clinical outcomes, productivity and financial performance.

Our broad portfolio of leading treatment solutions is optimized for precision, minimizing damage to surrounding healthy tissue. We have a proud history of bringing innovations, which have become standard of care, onto the market. And with Elekta Unity, a linac combined with a diagnostic grade MRI, we are driving a new paradigm shift in radiotherapy. At the end of 2020/21, Elekta had an installed base of approximately 6,650 devices, of which approximately 4,750 units were linacs, MR-Linacs and Leksell Gamma Knife systems.

Our service business provides a large stream of recurring revenues based on long-term service contracts with our customers. Through big data and AI, we are becoming more proactive, further reducing unplanned downtime so more patients can be treated.

Solutions

Elekta offers leading solutions in both radiotherapy treatment and oncology informatics systems for complete oncological clinics.

~60% of net sales

Oncology Informatics Solutions

MR-Linac Solutions

Linac Solutions

Brachy Solutions

Neuro Solutions

25%

software share of total revenue

Service

Delivering high quality after-market services with a global network, generating recurring revenues.

~40% of net sales

Oncology Informatics Solutions
Decision-making support with help of real-world data and AI

Our leading oncology information system, MOSAIQ, and other tools have helped clinicians to connect with their patients and to improve outcomes for more than 30 years. AI and real-world evidence are important features to support decision-making, enabling better overall care.

The treatment of cancer is complex and data driven. There is no single standard of care and treatment plans need to be tailored to each patient, usually from a combination of radiotherapy, surgery, and chemotherapy. To manage this complexity, and to make sure that there are no discontinuities in the handovers between the healthcare professionals involved in a patient's care, clinics use oncology information systems (OIS) for handling patient data and to analyze their own operations.

Elekta offers the best of breed OIS through MOSAIQ, which is built around a data model specifically designed for oncology. The role-based software presents each clinician with the relevant data to make decisions and offers automation for repetitive decisions. MOSAIQ is unique in its ability to do this using a single central data model for comprehensive oncology departments that offer both medical and radiation oncology.

Improving processes using AI and real-world evidence

For radiotherapy especially, it can be difficult to recruit patients to randomized controlled trials. Therefore, it becomes even more important to learn from real-world evidence. MOSAIQ's data model is made for collecting such evidence, with repeated observations of the same variables over long time horizons, making it possible to follow up on, for example, five-year survival rates. With the registry software METRIQ and MOSAIQ Oncology Analytics, clinics have all the tools they need to analyze and continuously improve their clinical outcomes, productivity, and financial performance.

With AI solutions, we can build support for improved treatment processes. Cancer care produces data from many patients going through the same repeated processes, which is very well suited for AI analysis. By letting the AI find the patterns that can improve treatments and clinical processes, physicians can focus more on building rapport with their patients, improving overall care.

New cloud opportunities

During the year, we expanded our new cloud solution platform, Elekta Axis, to more regions. The cloud enables us to provide "Software as a Service", SaaS. The demand for SaaS is increasing as clinics gain from lower upfront costs and by always having the latest version of the software. When software is treated as a capital expenditure, it is more restrained by budgets and requires a good understanding of the future software needs. SaaS is much more flexible and enables smooth updates.

The cloud also brings new possibilities for MOSAIQ Plaza, where several applications connect to each other using the data stored in MOSAIQ's data model. For Elekta, it makes it is easier to release software updates more frequently while hospitals gain more freedom to choose the applications that best suit their needs. There are, for example, smart applications for data capture, MOSAIQ Voice, which transforms doctors' dictated notes to structured data, and SmartClinic for optimizing workflows. These free up time for clinicians, allowing them to focus on their patients.

Patient-reported outcomes

In May 2020, Elekta acquired Kaiku Health, an app-based platform for patient-reported outcomes and an efficient tool for connecting clinicians and patients. Patients report their well-being via the app to the care team in between fractions. Kaiku notifies patients on what side-effects can occur, making them more aware of what to expect, and if necessary – dependent on their reporting – they get the support needed from the care team.

The Kaiku platform enables the care team to efficiently follow all their patients while focusing their resources on those patients in need of care. This close and personalized follow-up results in increased patient satisfaction.

Kaiku is a perfect example of how software can be a tool for clinicians to strengthen their relationship with patients and deliver personalized care, as well as a new source of data. With the increasing adoption of hypofractionation, clinicians will need more data visibility on how patients are responding to treatment.

How it works: MOSAIQ Plaza

MOSAIQ Plaza is a comprehensive ecosystem of oncology informatics tools, well-equipped to support multidisciplinary cancer care, enabling robust data access to all caregivers as well as:

- digital patient engagement
- data analytics
- machine QA
- treatment planning
- voice automation
- cancer registry
- tumor board orchestrator
- genetic tumor board
- oncology pathways

The software suite integrates seamlessly with Elekta radiotherapy systems to deliver pathway-driven, value-based healthcare.

MR-Linac Solutions
Strong momentum for both demand and evidence studies

The response to and use of Elekta's MR-Linac, Elekta Unity, have been very positive and it is expected to transform the treatment paradigm for many cancer indications.

Elekta Unity is both improving quality and creating a paradigm shift in radiotherapy due to the many advantages brought by the on-board 1.5T MRI. The superior image quality of the MRI embedded in the Unity system allows the clinicians to better visualize tumors and soft tissues. It allows them to improve treatment quality by continuously updating the treatment plan to target the tumor more precisely and thus spare more healthy tissue; to manage hard-to-treat cancers in difficult anatomical sites, such as rectum, liver, and pancreas; and, with the increased confidence provided by real-time imaging, to use more efficient treatment schedules such as hypofractionation.

Biological imaging capabilities such as diffusion weighted imaging (DWI) expands the possibilities further. DWI obtained with Elekta Unity allows trained physicians to assess the tumor's treatment response at the cellular level, detecting changes before they are visible on anatomical images. Adapting the plan based on these response biomarkers may allow dose escalation to more resistant areas of the tumor and de-escalation to more sensitive ones, improving patient outcomes.

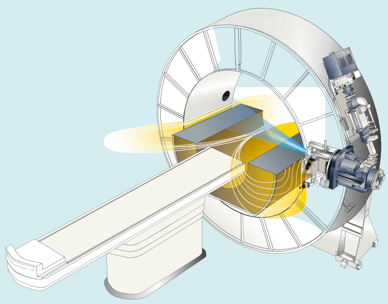
MRI guidance avoids additional exposure to radiation from the imaging process and can therefore be freely used for both continuous monitoring and for repeated scans.

~25%

of linac market addressable with MR-Linac technology

How it works: Elekta Unity

Elekta Unity combines a diagnostic grade wide-bore 1.5 Tesla MRI scanner with a state-of-the-art linac, mounted on a slip ring gantry allowing 360 degrees rotation. MR images generated before, during and after treatment are used for plan adaption, and sparing healthy tissue while delivering a lethal dose to the target.



Expectations met

The use of, and response to, Elekta Unity so far have supported expectations of a paradigm shift. Over 2,500 patients have now been treated with Elekta Unity in over 40 anatomical areas. As with any new technology, clinicians start cautiously, treating one or two indications, and then progressing to further and more complicated indications. The two most common indications so far are prostate cancer and oligometastases but we have already seen adoption in technically challenging indications, such as liver, rectal, and pancreas cancers.

We expect the MR-Linac technology to become standard of care in precision radiation medicine for many indications where uncertainties of target or tissue position and shape make clinical care challenging. This increased precision will make more patients eligible for radiotherapy. In the long term we expect that about 25 percent of the global linac market is addressable with MR-Linac technology.

Building MOMENTUM

Clinics' financials are largely determined by reimbursement rates, which should correspond to the benefits of the provided treatment. In the ongoing rollout, it is therefore important to compile clinical evidence to get the reimbursement rates in line with the additional benefits brought by Elekta Unity.

A key enabler for compiling that evidence is Elekta's MR-Linac Consortium and its primary clinical development project, the MOMENTUM study, which was launched in the beginning of 2019. The MOMENTUM study is an observational study designed to generate data that enables both the development and assessment of best clinical practices on Unity. Institutions participating in the study can access clinical and technical data from a large shared repository of both technical and clinical data, allowing researchers to learn from all patients treated on Elekta Unity. So far, over 1,700 patients have agreed to participate in the study, and we aim to reach 6,000 by 2024.

Realizing treatment potential

Beam-on imaging is a unique advantage of MR-Linacs, not possible with standard linacs' imaging capabilities. It allows monitoring of tumor and organs-at-risk during delivery. We are developing a kit of comprehensive motion management tools for Elekta Unity to allow clinicians to make full use of its potential. The first step is automatic gating, which will keep the treatment beam automatically on only when the tumor is in the planned position, for example, within a user-defined window of a patient's breathing cycle. We are also working on AI-based automatic contouring to increase the efficiency and save time for the clinician as well as tumor tracking, where the treatment beam follows the tumor during the treatment instead of stopping when the tumor is out of the planned position. All these developments will allow more patients to be treated with more precision and fewer side-effects.

MR-Linac advantages

Superior image quality

MR images have much better soft-tissue contrast than CT-based image guidance technology. The MR-Linac consortium believes that all top nine cancers by global incidence would benefit from Elekta Unity's improved visualization: lung, breast, prostate, colon, stomach, liver, rectum, esophagus and cervix[1].

On-board functional imaging

While images for dose-response studies can be acquired out of room, logistics usually makes this a daunting task for most radiotherapy departments. With an on-board diagnostic grade MRI scanner, these can be acquired in little or no additional time as an integral part of the patient's treatment session.

Beam-on images

MR-Linacs allow cross-sectional beam-on images, which is not possible on standard linacs. This monitoring of tumor and organ-at-risk motion during delivery enables gating and tumor tracking.

No imaging dose

MRI guidance avoids additional exposure to radiation from the imaging process and is therefore suitable for radiation-sensitive patients and those needing continued monitoring with repeated scans.

[1] https://gco.iarc.fr/today/data/factsheets/populations/900-world-fact-sheets.pdf.

SYDNEY, AUSTRALIA
MAY 2, 11:00 AM

The person in the picture is not Lyn. This is an illustrative photo for not exposing her to extra infection risk in the light of Covid-19.

Hope to experience more: Lyn's story

72-year-old Lyn from Sydney, Australia, married for 45 years with three daughters, spent her retirement enjoying the weather and spending time with her six grandchildren. In early 2020, she was diagnosed with cancer.

"I'd noticed some blood in my urine and scheduled an appointment with my doctor," she explains. After several tests, she learned that she had bladder cancer.

While doing her own research, Lyn learned about the new Elekta Unity MR-Linac and how it could personalize her treatment. This led her to GenesisCare's St Vincent Clinic Sydney where she was prescribed 20 treatments over four weeks.

"Lyn responded very well to the treatment and she didn't experience any significant side-effects. I think that comes down to being able to adapt each day to the changing anatomy and being more accurate in our treatment," says Dr Jeremy De Leon, MR-Linac Lead Oncologist at St Vincent Clinic.

"As a person living with cancer, it's difficult to talk about the future," Lyn says. "But you can always have goals. My goal has always been to see my daughters become happy, healthy adults. Now, with six amazing grandchildren, I have a new group of little people I plan to watch grow up and continue to be part of their lives."

Linac Solutions
Enhancing quality of treatment and raising clinical productivity

Optimizing workflows allow clinics to increase throughput while providing more patient-focused treatments.

Linacs are the cornerstone of radiation therapy departments treating a wide range of cancer tumors. Patients receiving care with a linac usually only visit the clinic for their treatment and can spend the rest of day at home with their families. Elekta's Linac solutions are designed to help clinicians improve the quality of care for each individual patient and treat more patients with fewer resources.

Because of budget and personnel constraints, clinicians are increasingly focusing on optimizing operational efficiency. Focus has gone from picking the best software solution for each specific task to prioritizing workflow integration and choosing complete solutions that streamline work at the clinic without compromising on quality of care.

Launch of Harmony

Our new high-productivity linac, Harmony, which was launched in September 2020, achieves the perfect balance, improving productivity without compromising on either versatility or precision.

The biggest change brought by Harmony is a completely redesigned in-room experience, especially for the often time-consuming patient setup process. The new FastTrack system can reduce patient setup time by up to 50 percent. With hand controllers at the table, and information displayed at the center of the linac, the operator remains at the patient's side during the entire setup. Overall, treatment times can be reduced by up to 25 percent, which means clinics can treat more patients with the same staffing, thus increasing radiotherapy access.

Harmony is available in two configurations: Harmony, which is aimed at emerging greenfield markets that want to elevate standard of care, and Harmony Pro, which is designed for mature replacement markets, requiring a wider range of treatment capabilities. Market clearance for Europe was granted in November 2020 and for the U.S. in June 2021. Clearances in other major markets such as China will follow.

Supporting hypofractionation

A value-based healthcare trend that has accelerated during the pandemic is hypofractionation, delivering the planned dose in fewer fractions. This improves quality of life for the patients, as it means fewer visits to the hospital. For clinics, it is an improvement in efficiency, since it enables treatment of more patients with the same resources.

When delivering a larger dose each fraction, precision is a prerequisite for making sure the dose is only delivered to the tumor, sparing organs-at-risk. Versa HD enables the transition to hypofractionation by offering sub-millimeter precision together with Monaco treatment planning system, advanced imaging, and motion guidance solutions, including 4D imaging technology to understand respiratory motion for lung indications.

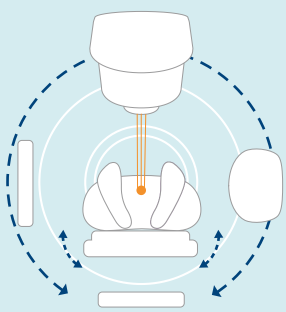
Stereotactic radiosurgery (SRS) and stereotactic body radiation therapy (SBRT) are forms of hypofractionation. These are areas of continuous development for Elekta, both with regards to adding capabilities and expanding access. As an example, together, Versa HD and Monaco make it possible to fit even SRS and SBRT into standard 15-minute treatment slots.

Analytics and cloud-based productivity

ProKnow, our cloud-based collaboration platform for measuring and improving treatment plan quality, is gaining traction. Measuring quality aspects of clinical practices against a bigger cohort of patients to improve outcomes is an important part of value-based healthcare. The collaboration features proved valuable during the pandemic, as more patients could keep their treatment schedules when clinicians used ProKnow to contour tumors remotely and work around lockdown restrictions.

How it works: Linac

The linear accelerator (linac) produces a beam of radiation that is actively shaped and aimed at the patient's tumor with high precision and in accordance with a calculated, individually adapted treatment plan. Using alternating current voltage, the electrons accelerate to high speeds and are aimed at the target to deliver a significant dose of radiation to the tumor, with minimal impact to the surrounding healthy tissue. The linac also includes an integrated imaging system for visualization and positioning of the tumor target.



ISTANBUL, TURKEY
JUNE 10, 06:00 AM

The person in the picture is not Serpil. This is an illustrative photo for not exposing her to extra infection risk in the light of Covid-19.

Hope to experience more: Serpil's story

In early 2020, Serpil, 38, and her husband had just bought a new home in Horsham, England, when she noticed a lump in her breast. "I just finished breast-feeding my son. I had heard that would protect me, but apparently not," she says.

She was diagnosed with stage III breast cancer, which had already spread to the lymph nodes. Her doctor was pragmatic and said that they would re-move as much of the tumor as possible and then follow-up with other treatments, chemo- and radio-therapy.

Needing help with the kids and a nice place to con-valesce, she moved into her mother's seaside house near Istanbul, Turkey. While her mother tended to her son and daughter, she went to the Memorial Bahçe-lievler Hospital, which is equipped with a state-of-the-art Elekta Versa HD, for treatment.

"It all went well, but the chemotherapy was tough. I was exhausted, lost my hair and my daughter said: 'Mommy, you look like a robot – I don't like it'," she says.

Due to Covid-19 restrictions her husband has not been able to visit her and the kids as planned. But with the successful treatment behind her, the plan is to return to England, where her husband, with help of some friends, has moved the family into their new house.

Brachy Solutions
Expanding access with new innovations and education

With around two thirds of the market, Elekta is the clear market leader in high dose rate brachytherapy.

High dose rate brachytherapy is a very precise form of radiotherapy where a radioactive source is inserted inside the body, inside or close to the tumor. Most brachy patients receive it in combination with external beam radiation such as a linac, but in some cases it can also be used as a standalone treatment. It is the standard of care for cervical cancer and clinically effective, as well as economical, for treatment of a range of different cancers such as prostate, breast, skin and rectal.

Eradication of cervical cancer

The World Health Organization (WHO) presented its "Global Strategy to Accelerate the Elimination of Cervical Cancer" in November 2020 and outlined three key steps: vaccination, screening, and treatment. By 2030 the goal is to achieve 90 percent vaccination coverage for girls under the age of 15, 70 percent screening coverage and 90 percent access to treatment. Reaching these targets could reduce the incidence rate in low- and lower-middle-income countries by 42 percent by 2045, according to the WHO. As the clear market leader, Elekta will play a key role in expanding access to treatment.

Education and innovation

Brachytherapy is relatively knowledge intense and there is a shortage of trained brachy therapists. To overcome that, and to make brachy accessible to more patients, we are focusing on education to train clinicians and on innovation to make it easier to use.

As the world's largest educational resource for brachytherapy, Elekta's Brachy Academy facilitates peer-to-peer training for clinicians. Brachy usually involves a minimally invasive procedure, and it may take some time for clinicians to become proficient and fast enough at performing it for the reimbursement to fully cover the clinic's cost. The Brachy Academy helps clinicians to gain proficiency faster, thus improving the economics for the clinic, while also spreading the use of brachytherapy.

We are focusing our innovation efforts on making brachytherapy faster and easier to use. Our applicators have a modular design making them easy to assemble, and we are also working on software that makes the treatment planning process faster and simpler, for example by using automation tools.

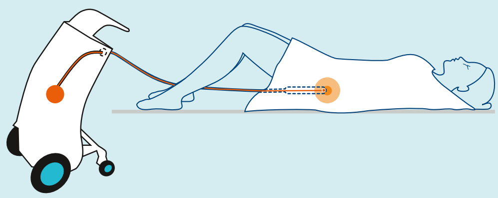
Launch of Elekta Studio

In November, we launched Elekta Studio, a solution that brings a complete image guided brachytherapy workflow into a single room. The centerpiece of the Elekta Studio is the ImagingRing, a wide bore mobile CT system that revolves around the patient. Where patients used to have the applicator inserted and then being moved out-of-room for imaging, with all the displacement risk and stress that entailed, they can now have their imaging done in-room. This results in safer more precise treatments, greater patient comfort as well as less stress for the treatment team.

The market response indicates that Elekta Studio clearly fills a gap. We are now compiling real world evidence from patients' treatments to show the solutions' advantages.

How it works: Afterloader with an applicator

A radioactive source, the size of a grain of rice, is temporarily placed inside or close to the tumor via an applicator at different predetermined positions for different times, delivering a carefully planned high dose very precisely. Treatment planning uses specially developed software and is done after the applicator has been inserted and an image has been acquired via CT or MRI. The radioactive source is stored and delivered through an afterloader that remotely steers the source in the patient's body. The entire treatment is typically delivered in one to four fractions during one stay at the hospital, enabling the patient to go home the same day or the next.



ANDHRA PRADESH, INDIA
MARCH 23, 07:30 AM

The person in the picture is not Suryavathi. This is an illustrative photo for not exposing her to extra infection risk in the light of Covid-19.

Hope to experience more: Suryavathi's story

Suryavathi Kanda, 39, and her family, consisting of her husband and now young adult children, run a small dairy business in Andhra Pradesh, India. It is hard work, so when Suryavathi learned that she had cervical cancer, she immediately started to worry. What would happen to the family business if she could not work? And would the hospital bills drain their savings and bring them into debt?

Meeting Dr. Umesh Mahantshetty at the Homi Bhabha Cancer Hospital & Research Centre put her at ease. He reassured her that her condition was treatable and that she would receive a combination of chemotherapy, external beam radiation therapy and brachytherapy, where a small radiation source is inserted into the body near or inside the tumor.

"Before the brachytherapy, the doctor told me my disease was already 75–80 percent treated. He said the remaining 25 percent would be cured if I underwent this therapy," she explains. "I wasn't troubled much with that procedure, and now I'm absolutely fine. My treatment was completed quickly and I'm now able to do my household chores."

That means getting up very early in the morning to have breakfast with her husband, tending to her household tasks, preparing the dairy equipment and extracting ghee (a clarified butter) to sell at shops. Her message for women who find themselves in her position is one of hope: "There are treatments and you can be cured."

Neuro Solutions
Minimally invasive treatment with highest precision

A strong and specialized value proposition for stereotactic radiosurgery.

Stereotactic radiosurgery (SRS) is a safe and cost-efficient treatment option for serious neurological conditions as well as brain metastases. The core of Elekta's neuro offering is the Leksell Gamma Knife, with Icon as the latest generation.

The main advantage of the Gamma Knife is the very sharp dose fall-off that allows planning and treatment with zero margins. The optimized workflow, where no additional quality assurance is required, saves time and allows some centers to treat more than 1,500 patients per year. It is minimally invasive, usually has no side effects and no convalescence or rehabilitation requirements for the patient. Treatment is normally performed in one fraction and patients can go home the same day.

Reduced treatment times

Even though SRS can be performed with modern linacs, clinics who invest in Gamma Knife find the accuracy superior and that they can increase the throughput of neuro patients while freeing up time on the linacs, improving overall access for patients and the economics for the clinic. The reason is the shorter overall treatment time on Gamma Knife, which, with the launch of the Gamma Knife Lightning in May 2020, was cut even shorter. The Lightning treatment optimizer can reduce beam on time by up to 50 percent and planning time by more than 80 percent. In feedback from customers, that has been described as game changing.

The installed base of Gamma Knife systems is about 360 systems and growing.

Increased patient comfort

Icon comes with two immobilization options, a frame and a mask. Our new frame, the Leksell Vantage Stereotactic System, provides a greatly improved patient experience with its open face design which gives additional patient comfort, and provides improved access for anesthesia.

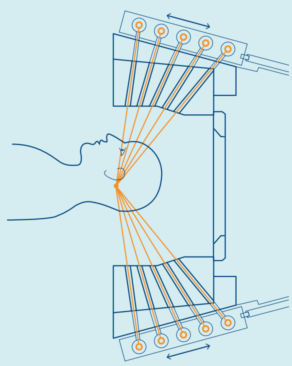
It is also easy and fast to operate and does not require sterilization since the pins used to fix the mask to the patient's head are disposable. Its innovative materials provide dramatically less image distortion and excellent imaging quality, especially in the MRI, allowing clinicians to see more anatomy as well as potentially speeding up the imaging process for both MRI and CT.

Remote planning

We have also launched a remote planning solution for Gamma Knife, which benefitted patients directly during the pandemic. The solution gives physicians remote access to the treatment planning station, enabling them to do the planning from home or from their office, which made it easier to keep treatments on schedule. Patients also benefit indirectly, as the solutions also allow physicians to share patient cases more easily in tumor boards, discuss with referring partners and increase collaboration with partner clinics.

How it works: Leksell Gamma Knife

Stereotactic radiosurgery is specifically developed to inhibit neurological conditions. With Elekta's Leksell Gamma Knife Icon, up to 192 low-intensity radiation beams converge with high accuracy on the target, delivering a powerful radiation dose. Target mass and shape determines the number of beams used. Advanced imaging and a system for motion control enables real-time adaptive treatment.



Service
Higher service quality with digitalization

Data-based and AI-supported predictive maintenance help our customers treat more patients on time.

Our service offering plays an integral part in the value that Elekta and clinicians provide for patients, directly via maintenance and repairs that keep the machines going. With preventive maintenance, clinical downtime can be minimized, making it easier for clinicians to keep their schedules and treat more patients on time.

Indirectly, service contracts support close relationships with the clinicians, and enable systematic collection of real-world data from the treatment of patients. Together with the stable recurring revenue stream from the service business, it lays a foundation for continued investments into research and development, which in turn leads to new innovations that help clinicians improve patient outcomes.

Global organization
Elekta Care is the brand name of our portfolio of services, which range from supporting customers with the installation and start-up of a new machine, to ongoing maintenance, training, and technology refresh options during the lifetime of the product. We also provide opportunities to take part in knowledge sharing through our global network of Elekta experts.

We have 650 field technicians that visit sites to perform maintenance and repairs. They are supported by an organization of 165 support specialists who provide remote assistance in local languages via our global support centers in multiple time zones. The training team, to a large extent, also supports our customers remotely. During the pandemic, these remote capabilities helped us reach record levels of customer satisfaction and maintain continued 24/7 support to our customers.

Digitalization
We continuously invest in digitalization to deliver better support more efficiently. This includes expanding our online training and education curriculum, but also using data and digital tools to make better decisions for ourselves and the clinics.

64 percent of the time, cases are now solved with remote support. Whereas service technicians used to rely solely on their own expertise and experience for diagnosing and fixing a problem, they are now supported by our specialists and data from our connected machines.

Our spares and logistics platform has been fully digitalized, and we are now able to take real-time decisions based on inventory, customers' installed base, and predictive insights.

IntelliMax
The cornerstone of our preventive maintenance program is Elekta IntelliMax which collects data from more than 18,000 connected Elekta products, including 80 percent of our installed base of linacs. AI-based patent algorithms analyze the data and look for patterns to detect problems before they can impact clinical availability. For example, an increase in power consumption might mean the multi-leaf collimator needs greasing.

For every issue detected by IntelliMax, eight hours of clinical downtime are avoided on average. Through IntelliMax we have increased the avoidance for clinical downtime by 35 percent during 2020/21.

We continue to develop our service business by centralizing, standardizing and automating where we can. With digitalization and innovations, we improve the service quality further and aim to increase our already high customer satisfaction.

Geographical overview

Covid-19 continued to impact healthcare regulatory systems and processes. Care providers' focus on dealing with the pandemic patients has led to a reduced diagnosis of cancer patients and postponed installation of new equipment. Although vaccination rollouts at the end of the fiscal year have had some positive effect, many countries are still affected by the pandemic.

ELEKTA'S TOTAL MARKET SHARE 42%

North and South America

ELEKTA´S MARKET SHARE[1)]

34%

Europe, Middle East and Africa

ELEKTA´S MARKET SHARE[1)]

56%

Asia Pacific

ELEKTA´S MARKET SHARE[1)]

39%

[1)] Based on order intake of linacs, MR-Linacs and Leksell Gamma Knife systems in the fiscal year.

North and South America

Highly focused on value-based care

The world's largest radiotherapy market, the U.S., is focused on value-based healthcare and together with a highly competitive landscape it is driving differentiating technology such as adaptive radiotherapy and MRI-guidance.

Market

North America is characterized by a high penetration of treatment solutions, services, and after-market business. The pandemic has accelerated the healthcare providers' need for strategic initiatives that address alignment opportunities. Ongoing consolidation of private healthcare providers and hospitals means the competitive landscape continues to be tough, with certain customers adopting longer buying cycles for new treatment solutions but also demand for differentiating technologies such as adaptive radiotherapy and MRI-guidance.

In the U.S., the reimbursement model is expected to change from a fee-for-service model, to payment of treatment per cancer type. Due to this upcoming alternative payment model the U.S. market is highly focused on value-based care and reducing the number of treatments per patients towards hypofractionation. The alternative payment model is planned to be effective in January 2022 for clinics representing 30 percent of the radiation therapy episodes. In the U.S. the pandemic led to major decreases in elective treatments, resulting in reduced revenues for private clinics, which had a negative impact on the radiotherapy market.

The South American market, as well as Mexico and Central America, still lacks significant radiotherapy capacity, which together with an aging population, contributes to a positive long-term market outlook. Increased activity among private-sector customers in key markets continues to drive demand in the region. The pandemic has led to a large decrease in radiotherapy treatments, which further amplifies the need for cancer care.

For performance during the year see page 94 and Note 5.

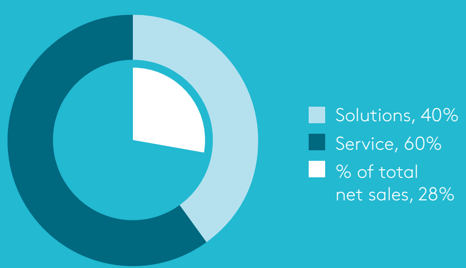
Further characteristics

North America

- The U.S. has the largest installed base of linacs, both in absolute numbers and per capita, and it is also Elekta's largest market
- Healthcare providers are predominately private
- The market is driven by replacement investments: renewing installed systems with new devices and enhanced functionality
- Around 60 percent of cancer patients are treated with radiotherapy
- The U.S. has the world's highest healthcare cost per person
- Requirements for greater efficiency create a demand for more integrated and comprehensive solutions

South America

- Underserved market and obsolete installed base, growing need for efficient and high-quality cancer care
- Rapidly aging population and an increasing number of cancer cases
- A combination of private and public care providers with limited access – mainly in the public system
- Faster consolidation as radiotherapy clinics and hospitals are being acquired by large healthcare groups



−4% net sales development vs. last year, in constant currency

Europe, Middle East and Africa

Huge need for expanding domestic capacity in emerging countries

The region's demand depends on whether the market is mature or emerging. In low- and middle-income countries, there is substantial need to expand cancer care, while in high-income countries, demand for service and support increases.

Market

The markets in Western Europe consist mainly of public care providers and a steadily growing private sector. The pandemic and the relatively slow vaccine rollout have affected the radiotherapy market negatively with only smaller effects from national wide stimulus packages. The recently launched Europe's Beating Cancer Plan is expected to represent significant investment opportunities within EU, especially in countries with low treatment capacity for cancer care.

In Eastern Europe, national programs triggered growth in the market despite the pandemic.

The Middle East is underserved in terms of radiotherapy capacity, as is Africa. Lung, breast, and cervical cancer are prevalent in Africa, which makes it an important market for brachytherapy. In emerging markets, the need for radiotherapy increases as the pandemic puts restraints on medical tourism.

For performance during the year see page 95 and Note 5.

–2% net sales development vs. last year, in constant currency

Further characteristics

Western Europe

- Interest and demand for new technology, particularly in improving clinical efficacy
- Need for replacement investments and modernization of the installed base
- Increasing demand for service and support

Eastern Europe

- Fewer resources devoted to cancer care, and investments are often funded by national programs for the expansion and modernization of radiotherapy

Middle East and Africa

- Turkey has good underlying growth, mainly driven by private investments, which supports medical tourism from e.g. the Arab world, Southeastern Europe, and Central Asia
- The Middle East needs increased capacity and local treatment in radiotherapy. Both private and state financed hospitals drive demand
- Substantial long-term potential in Africa due to an increasing number of cancer cases and only a small proportion of the population having access to advanced cancer care
- National cancer plans driving growth in several African countries and Saudi Arabia
- The public sector in the Middle East and Africa accounts for around 50 percent of the market

Asia Pacific

Strong unmet cancer care needs with high growth potential

Large populations with high and growing cancer incidences are increasing the need for radiotherapy capacity.

Market

China accounts for a large share of the regional market and therefore determines the pace of development for the whole region. The Chinese market recovered quickly from Covid-19 and is back to growth, mainly supported by the public sector. Precision radiation medicine is well accepted in China and the number of installed high-end systems enabling hypofractionation are growing. To improve the cancer survival rate, the Chinese government has set targets to expand radiation treatment capacity to clinics outside of large cities, although there is a challenge in finding qualified radiation therapy professionals. In the long-term, the need for cancer care will remain high in the region as average life expectancy increases.

India has been severely impacted by the pandemic, although the need for both value segment and advanced technology remains. The Indian healthcare reforms claim access for low-income population and the public sector has started to increase the capacity of radiation therapy, earlier detection of cancer and the number of patients to be treated.

In low-income countries within Asia Pacific, radiotherapy capacity is steadily expanding to meet unserved demand. Increased digitalization of medical procedures and records is also underpinning future growth in these markets. The region's mature markets are primarily driven by replacement demand.

For performance during the year see page 95 and Note 5.

Further characteristics

- Home to around 60 percent of the global population, but less than around 30 percent of the world's linacs. Drivers of specialized healthcare are growing economies, increasing life expectancy and more effective diagnostics
- China is Elekta's second largest market where Elekta is the market leader. Growth normally comes from both public and private sectors and focus is primarily on capacity expansion, even if replacement investments are increasing
- Japan is a mature market with focus on replacement investments. Japan has the highest penetration of Leksell Gamma Knife® systems. There is long-term underlying potential as only 25–30 percent of cancer patients receive radiotherapy
- Australia, Hong Kong, Singapore, South Korea, and Taiwan have well-established healthcare systems with a high cancer care capacity and are quick to adopt new technology
- The Southeast Asian Nations (ASEAN) has a combination of public cancer programs and public-private partnerships creating momentum for increasing radiotherapy capacity, although limited by the scarcity of qualified professionals
- India is normally a growing market for radiotherapy and an important destination for medical tourism globally. Radiotherapy is mainly offered in the private sector, but longer-term investments in the public sector are expected to increase, fueled by the growing need for local radiotherapy treatment

Solutions, 74%
Service, 26%
% of total net sales, 34%

11%

net sales development vs. last year, in constant currency

Risk management linked with strategic planning

Elekta operates in a highly competitive and regulated industry and a strong local presence leave us open to such risks as threats, uncertainties or lost opportunities relating to current or future operations or activities. Sound practices for risk management are an essential element of our culture, corporate governance, strategy development, and operational and financial management. We strive to maintain a culture of individual accountability, where everyone factors in risk in daily decision making so that the right level of the right risk is being taken.

Clear accountabilities at all levels

The first level of control consists of our employees who perform the day-to-day activities within the boundaries set by the Executive Management, and ultimately, the Board of Directors. These boundaries ensure that the actions of a single individual will not result in disproportionate risk or missed opportunities for the entire company, resulting in not achieving Elekta's strategic goals. Elekta's employees and their managers own all risks related to their business operations and are expected to manage these by maintaining internal controls and executing risk and control procedures. Every employee is expected to comply with internal policies and procedures and applicable laws and regulations. Elekta's support functions, such as Finance, IT, Human Resources, Compliance, Legal and Regulatory Affairs & Quality, form a second control level and carry out various risk management and compliance activities to support and monitor the first level of control. Elekta's independent internal audit function constitutes a third and final level of control reporting to the Audit Committee on the effectiveness of the risk management processes and internal control system.

Risk management governance

The Board of Directors is ultimately responsible for the governance of risk management and control systems. The President and CEO, assisted by Executive Management, is responsible for ensuring there is a common and efficient risk management process in place. Support functions provide guidance on governance, risk management and internal control.

Risk management linked with strategic planning

Elekta has an established Enterprise Risk Management (ERM) framework aligned with the strategic planning process. A group-wide overview of all Elekta's risks is created twice a year, using a common risk identification and rating methodology, providing a basis for decision-making and prioritization as well as ensuring appropriate levels of control.

Crisis management and response at group level

To ensure efficiency in Elekta's ability to successfully respond to disruptive events at group level and continue business operations, a number of risks deemed to have a major impact at group level are described in Elekta's risk universe on **page 35** and in **Note 2** concerning financial risk management. Elekta's risk universe consists of four risk categories, and some 30 aggregated risk areas are used to track the impact, probability as well as the risk response trend on at least a yearly basis.

Covid-19

To manage and stay ahead of the impact of the pandemic, a global crisis management and resilience response plan was early established. Elekta is running a set of well-coordinated global programs focusing on employee well-being and safety, ensuring sustainable financing and stable cash reserves, as well as continuously improving our processes with more innovation, automation, and digitalization.

Insurance as a risk management tool

Where identified risks cannot be avoided, mitigated or accepted, risks are being transferred through insurance where possible. Elekta's insurable risks are covered through global insurance programs tailored to transfer risks associated with property and business interruption, transportation, project execution, business travel, cyber- and liability risks.

Elekta's two-dimensional ERM process:

- **"Top down"** – designed to distill insights and provide clarity on the ten most important risk areas, supporting risk-informed decisions at the executive level and enabling proper risk oversight by the Board of Directors.
- **"Bottom-up"** – ensuring a consistent and comprehensive and group-wide risk identification and prioritization of important risks. Risks are evaluated on the basis of impact and probability and the level of risk preparedness.

Top-down
Methodology provides clarity on key risks at group level and enables proper risk oversight by the Board of Directors.

Bottom-up
Methodology ensures consistent and comprehensive risk identification and prioritization across the company. Risk are evaluated on the basis of impact and probability and level of preparedness.

Elekta's risk universe
Elekta has classified risks in four broad categories to facilitate the discussion around risk appetite and risk response.

Operational risks

Operational risks are those directly attributable to business operations that Elekta largely can manage and prevent. They have a negative impact on our financial performance and reputation.

Risk factors

We manufacture and sell medical equipment that is subject to many laws and regulations and commercialization is dependent on certification and approvals at local level. Elekta must fulfill rigorous demands in accordance with several rules and product safety standards, e.g. EU Directive 93/42/EEG on medical products, FDA's demands on quality systems, as well as a number of domestic directives and rules. Our portfolio is characterized by large investments in research and development leading to patent and other intellectual property rights, which need to be safeguarded from third party infringement or improper use. We operate in an industry in which there is an increased demand for using and analyzing personal data or treatment data in order to further develop our product portfolio. This needs to be done in accordance with privacy laws worldwide, and appropriate measures to protect the data against damage, manipulation and undue interference need to be considered. Our business operations depend on many advanced IT-systems and solutions that need to be protected against damage and undue interference whilst also adhering to various data privacy and security laws and regulations worldwide. We depend on successful relationships with business parties across the entire value chain, especially suppliers of critical components. In many markets we rely on an external network of distributors and agents. There is a worldwide trend to strengthen anti-corruption laws and healthcare equipment manufacturers are particularly exposed in this area selling on many compliance-challenged markets with a growing need for access to equipment. Our ability to attract and retain qualified personnel and management is of great importance and has a significant impact on the future success of Elekta. Increasingly, companies are being judged by their performance on a variety of environmental, social and governance matters and our ability to meet external expectations on these matters may impact our business and reputation of long-term sustainability performance.

Risk approach

The focus is on avoiding or mitigating these risks in a cost-efficient way. This is done through active risk prevention through strong corporate governance controls and business processes to guide the organization's behavior and decisions towards desired norms.

Strategic risks

Strategic risks are risks that Elekta voluntarily assumes in order to generate superior returns from the strategy.

Risk factors

Our industry is characterized by relatively swift technological alterations with advances in industrial knowhow and we rely on close collaboration with clinicians to develop new and improved treatment methods according to their needs. We use increased precision to expand the role of radiotherapy, e.g. with innovations such as our MR-Linac, driving paradigm shifts in precision radiation medicine and digital patient-centric solutions for value-based care. Strategic alliances and acquisitions are key to strengthen our portfolio and execute on our strategic priorities and we need to successfully implement the right company operating model that supports our strategy.

Risk approach

Our approach to managing these risks is to embed fact-based risk information as a natural part of executive decision-making, balancing risk versus reward. Read more about Elekta's strategy on **page 12**.

External risks

External risks arise from events outside the company and are beyond our influence or control.

Risk factors

A large geographical presence with multiple manufacturing sites and a large installed base exposes us to potential political and economic risks on a global scale and in individual countries or regions. Pandemics cause uncertainty in order growth, limited access to hospitals, and increased risk of delayed installations because of lock down of countries. Elekta's ability to sell is dependent on availability of financing for private customers and healthcare spending funds by governments. Elekta's ability to commercialize its solutions is dependent on the reimbursement level that hospitals and clinics can obtain. Elekta's operation is guided by stringent demands and standards for medical equipment by regulatory authorities and rule changes might bring about increased costs or hinder sales of Elekta's products.

Risk approach

The focus is to limit the consequences of these risks on our business. Risk management strategies involve continuously identifying and monitoring external risks and to prepare and train the organization to reduce the impact of occurring risk events through stress testing, and disaster/continuity/recovery plans. Understanding and managing the pandemic has been critical this year, balancing the well-being and safety of employees with the commitments to customers and their patients. A strong focus has been on resilience activities to control costs and prepare for getting back to growth.

Financial risks

Financial risks mainly refer to Elekta's ability to manage its financial debt and financial leverage, such as financing risks and liquidity risks as well as market risks.

Risk factors

With a large geographical presence and many legal entities worldwide, the company faces currency risks in the form of transaction and translation exposure. Further, the company holds loans in fixed and floating interest rates which could impact the financial result negatively.

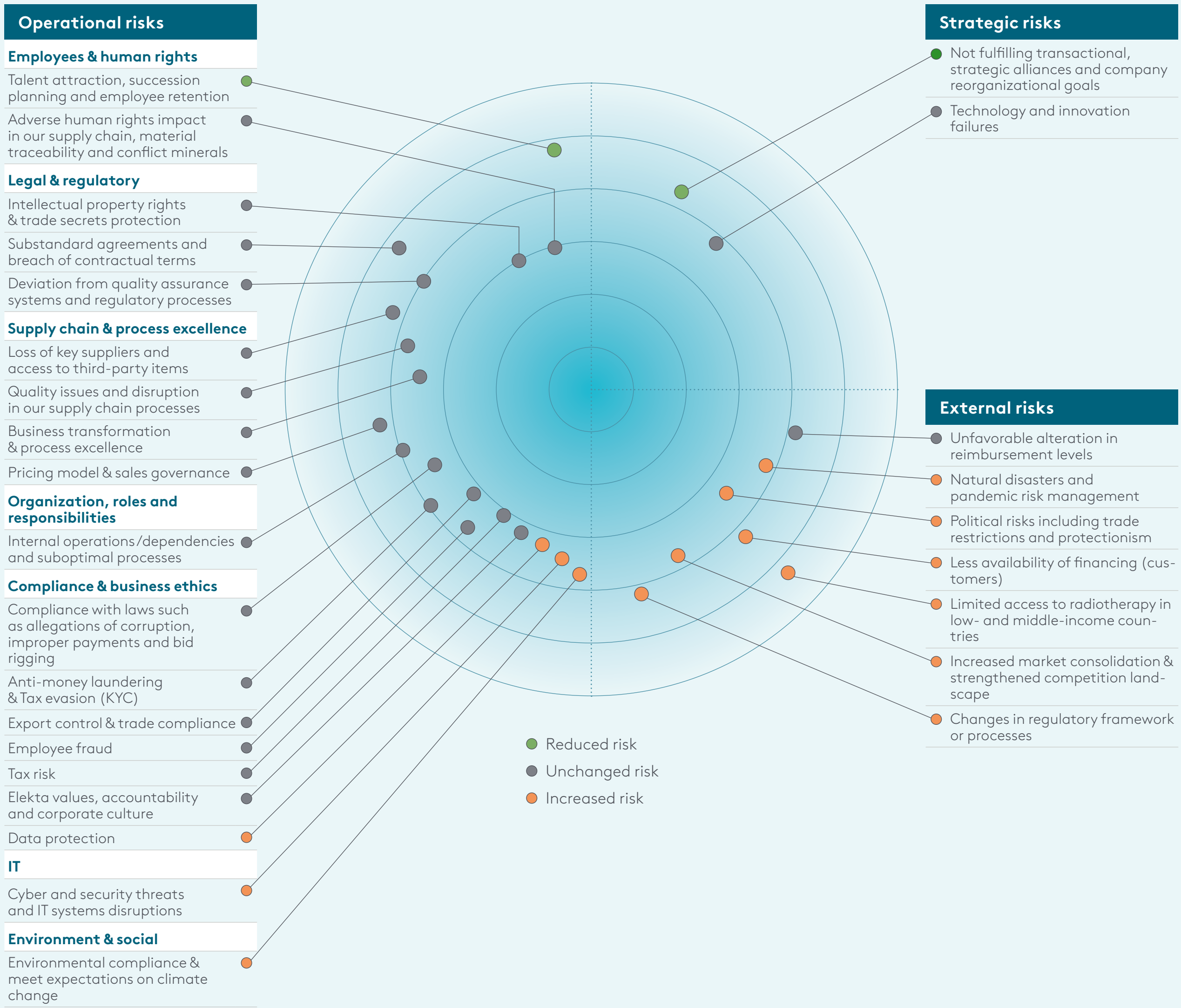
Risk approach

Financial risk management is conducted by the Elekta's finance department, which identifies, evaluates and hedges financial risks. Work is pursued in line with the policies established by the Board for overarching risk management and for specific areas such as currency risk, interest-rate risk, credit risk. Read more about Elekta's financial risk management in **Note 2** and in the internal control over financial reporting on **page 81**.

Risks with major impact on group level (bottom up)

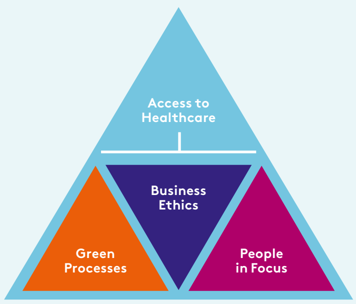
The Elekta risk universe model is built from a bottom-up approach where individual strategic, operational, and external risks are consolidated with the help of cluster risk areas. Each individual risk contained in Elekta's bottom-up risk register is mapped against a given risk cluster area and measured on its probability and impact, risk management preparedness and contribution to the overall impact on Elekta. Each risk identifying source is also given a unique weight, which will determine the level of influence on the overall risk score.

Below is a picture showing the Elekta risk universe and the severity of each risk cluster area. The closer to the center of the diagram, the more severe impact the risk cluster area has on Elekta during this strategic period. Risk development over the last twelve months is indicated by colors below.



Sustainability-related risks embedded into our risk universe

Our ERM methodology allows for all material sustainability risks to be part of our risk universe. As part of our strategic planning process, all management teams are asked to ensure that material sustainability risks associated with their operations are appropriately identified, evaluated and managed. For our material sustainability risks see the In-depth sustainability report on **page 41**.



Elekta key risks (top down)

As part of the ERM process, risks are evaluated with the insight of the Executive Management and the result is a list of the most important risks areas to focus on during the current strategy period.

Risk areas	Risk description	Consequences	Mitigation	Relevant UN goals
Customer satisfaction & quality excellence (operational risk)	Ability to timely and efficiently identify and respond to customer needs, demonstrate the value proposition of new products and services and fully comply with internal quality assurance systems and processes.	Customer dissatisfaction, loss of quality advantage, generating costs of non-quality and loss of market share.	Continuous development of products in close collaboration with customers and continuous improvements in efficient quality management processes.	3 Good health and well-being; 4 Quality education; 17 Partnerships for the goals
Cyber & security threats (operational risk)	Cyberattack on the Elekta internal network or on external services providers.	Damage to the company network and/or leakage of confidential information resulting in business interruption, loss of business critical data and breach of privacy regulations.	Consistent risk analyses and monitoring of threats. Employee training, updated software and internal control.	16 Peace, justice and strong institutions
Talent attraction & employee retention (operational risk)	Ability to attract, recruit and retain highly skilled employees.	Lost technological advantage, knowledge transfer disruption and inability to secure long-term talent growth.	Retention and succession planning. Leadership and people development programs and initiatives. Demonstrate sustainable business practices to increase human capital attractiveness.	5 Gender equality; 8 Decent work and economic growth
Compliance & business ethics (operational risk)	Allegations of corruption and bid rigging and failure to prevent improper payments by third parties on Elekta's behalf.	Breach of bribery, public tender and specific industry laws. Loss of reputation, brand value and shareholder value in addition to fines, blacklisting and management distraction and prosecution.	Implementation of effective compliance programs and training with focus on high-risk areas and behavior consistent with Elekta's values.	12 Responsible consumption and production; 17 Partnerships for the goals
Technology & innovation (strategic risk)	Ability to anticipate and adapt to customer's needs and customer's ability to adopt new technology and software.	Loss of competitiveness and ability to reach strategic targets, leading to lower growth and financial performance.	Technology and innovations to be proven through clinical and financial data. Proactively work with customers to support clinical evidence for new technology adoption.	9 Industry, innovation and infrastructure; 4 Quality education; 17 Partnerships for the goals
Business transformation & process excellence (operational risk)	Overcoming change management challenges, new delivery and support models.	Slow adoption of new ways of working and deliveries. Results in lost competitiveness and failure to meet strategic targets.	Align processes with strategy and stakeholders. Ensure right employee competences and research. Working together as one Elekta team addressing change management.	
Macro economic developments (external risk)	Ability to adapt and react to prolonged Covid-19 impact on sales, operations,employee well-being, cash flow and downturns in emerging markets.	Pandemic causing limited access to hospitals and delayed start of installations. Inability to plan long-term, leading to less agile business, higher costs and potentially lower financial performance.	Control of costs and close monitoring of the macroeconomic development in all markets, adjusting ways of working to keep servicing customers and maintain business sustainability.	3 Good health and well-being; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure
Competition landscape (external risk)	Ability to anticipate and respond to competition pressure due to vendor and customer consolidation as well as increased competition from the evolving medical imaging and informatics industry market	Potential loss of competitiveness and ability to reach strategic targets, leading to lower growth and financial performance.	Continuous development of state-of-the-art solutions and focus on unique value proposition.	

New dividend policy

Elekta B-shares have been listed on Nasdaq Stockholm since 1994. The total number of shares outstanding on April 30, 2021 were 383,568,409, whereof treasury shares amounted to 1,485,289 B-shares. Total trading in Elekta shares on Nasdaq Stockholm during the fiscal year 2020/21 (May 1, 2020 – April 30, 2021) amounted to 364.2 million shares (443.3), corresponding to 95 percent (116) of the total number of shares. Market capitalization on April 30, 2021, was SEK 41,761 M (33,313), an increase of 26 percent.

DISTRIBUTION OF SHARES APRIL 30, 2021

			Percentage of	
Class of share	No. of shares	No. of votes	Capital	Votes
A-shares	14,980,769	149,807,690	3.9%	28.9%
B-shares	368,587,640	368,587,640	96.1%	71.1%
Total	**383,568,409**	**518,395,330**	**100.0%**	**100.0%**

See Note 27 for more information on Elekta's share capital.

Dividend and authorization to repurchase shares

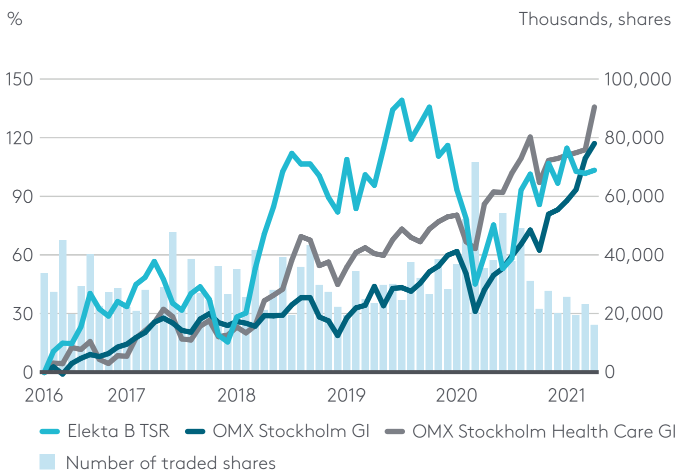
As of May 2021, Elekta's policy is to distribute at least 50 percent of the profit for the year in the form of dividends, share repurchases or comparable measures. All decisions regarding profit distribution are based on Elekta's financial position, earnings trend, growth potential and investment needs.

For 2020/21, the Board of Directors proposes a dividend of SEK 2.20 (1.80) per share (paid in two installments) to the Annual General Meeting (AGM). Due to the uncertainty brought by the pandemic, the dividends for 2019/20 were paid SEK 0.90 as an ordinary dividend decided by the AGM in August 2020, and SEK 0.90 as an extra dividend decided by an EGM in April 2021. The dividend proposal for 2020/21 amounts to approximately SEK 841 M (688), which corresponds to 67 percent (63) of the profit for the year.

For more information on the dividend, see page 99.

The Board intends to propose to the AGM a renewal of the Board's authorization to repurchase shares, not exceeding the limit for treasury shares of ten percent of shares outstanding. Treasury shares may be used for Elekta's share-based compensation programs. See **Note 7** for more information on Elekta's share programs.

THE TOTAL RETURN OF THE ELEKTA SHARE



10 LARGEST SHAREHOLDERS ON APRIL 30, 2021[1)]

		Percentage of	
Shareholder	No. of shares	Capital	Votes
Fourth Swedish National Pension Fund	29,334,380	7.6%	5.7%
Laurent Leksell[2]	22,737,393	5.9%	30.4%
Nordea Funds	20,036,210	5.2%	3.9%
AMF Pension & Funds	15,932,690	4.2%	3.1%
SEB Funds	13,771,570	3.6%	2.7%
Swedbank Robur Funds	11,715,003	3.1%	2.3%
Handelsbanken Funds	11,496,792	3.0%	2.2%
T. Rowe Price	10,889,697	2.8%	2.1%
Vanguard	9,914,577	2.6%	1.9%
BlackRock	9,855,032	2.6%	1.9%
Other	227,885,065	59.4%	43.8%
Total	**383,568,409**	**100.0%**	**100.0%**

1) Source: Modular Finance.
2) Including company holdings.

The table shows the ten largest known shareholders at the end of the fiscal year. Foreign ownership was approximately 52 percent (47) of capital and 38 percent (35) of votes.

Elekta as an investment

Elekta acts in a market segment with strong underlying demand as a driver for sustainable growth. Strategic decisions of technological progress and closeness to customers have strengthened our leading positions in the markets. Based on a strong balance sheet and business model, we are increasing our focus on innovation to develop new solutions and elevate the standard of cancer care. Our aim to create further shareholder value and strengthen our sustainability agenda is built upon the following:

“

Per Colleen,
Fourth Swedish Pension Fund

In my view a strong financial position, appealing customer offering, solid governance and the growing underlying demand make Elekta an attractive and sustainable investment.

Strong underlying demand for cancer treatment driving radiotherapy

- Increasing global cancer burden through growing incidence and prevalence as people live longer and cancer survival rates are rising globally
- Technological innovations improve radiotherapy treatment and more cancer types become relevant for radiotherapy
- Large structural differences in the availability of cancer care around the globe
- Increasing healthcare spending putting cost pressure on clinics, thus focusing on value-based healthcare to the benefit of cost-efficient treatments like radiotherapy

Attractive business model and strong financial position

- Business model with growing recurring revenue providing sustainable growth
- Long-term stable growth in order intake, revenue, cash flow and cash generation. Short-term more volatile, as the high-value MR-Linac business develops
- Strategic focus on service and software to further improve profitability long-term
- Strong balance sheet with good financial position

Strategic focus to improve patient access to best cancer care…

- Build stronger relationships with customers
- Deepen our partnerships, e.g. the in June, 2021, announced collaboration with Philips
- Drive market adoption through optimizing local presence and working with public affairs

…including innovations

- Build on strong product portfolio in close collaboration with partners
- Invest in innovation to drive faster adoption, advancing functionality, and to take precision radiation medicine forward

IN-DEPTH SUSTAINABILITY REPORT

A sustainability agenda to support our vision

Elekta's vision is a world where everyone has access to the best cancer care. That is why our sustainability agenda is set on improving access to healthcare globally while operating a responsible and sustainable business.

Today, cancer prevalence and mortality are significantly higher in low- and middle-income countries and this is something we want to change. By expanding our reach in low- and middle-income countries we aim to grow our business in underserved markets while achieving significant positive contribution to sustainable development globally. Working for increased access to healthcare for all is the guiding star in us being a responsible and sustainable company. In Elekta's sustainability agenda, this work is represented by the focus area **Access to Healthcare**.

In our efforts to enable Access to Healthcare, Elekta as a company and everyone working for us must behave responsibly and sustainably in every dimension: ethically, environmentally and socially. These dimensions are represented by the focus areas Business Ethics, Green Processes and People in Focus that provide the agenda's foundation. These are preconditions for a truly sustainable business and enable us to improve access to healthcare.

Green Processes covers our efforts to minimize our environmental footprint and advance more sustainable production processes.

Business Ethics is about making sure we embody the ethical business standards we set for ourselves. We live our values in everything we do. The focus area comprises our compliance and integrity programs which are instrumental in ensuring that we conduct business responsibly, no matter the challenges in specific markets.

To deliver on our sustainability agenda, we must also ensure that we have our employees at the heart of everything we do. Elekta as a workplace and our efforts to safeguard human rights in the supply chain are essential elements of **People in Focus**. Besides ensuring health and safety and employee satisfaction, this area includes focus on having a diverse workforce and inclusive environment and warranting respect for international human- and labor rights.

We let Agenda 2030 and its Global Goals for Sustainable Development guide our approach to sustainability. By addressing our most material sustainability topics, we are making positive contribution to nine of the 17 goals. We are particularly making significant contributions to target 3.4 that sets to reduce mortality from cancer by 2030 through our focused strategy to increase access to radiotherapy in underserved markets.

Further information about Elekta's focus areas, management approach, progress and performance can be found on the following pages.

Corporate sustainability governance

Given its importance to Elekta, corporate sustainability is integrated at every level of Elekta's governance structure. We describe our governance structure as bottom up and top down.

Sustainability-related strategies, management and goals are outlined and set by relevant functions and business lines at Elekta. By incorporating the agenda into the line organization, we ensure effective management and alignment with other strategic initiatives and targets. Sustainability performance may also impact individual performance assessments and remuneration.

A cross-functional steering committee comprising the CEO and selected members of the Executive Management team streamlines the process of implementing relevant actions and targets throughout the organization, and measures results. The sustainability agenda is managed by the SVP Chief Compliance and Integrity Officer, and the Global Sustainability Manager.

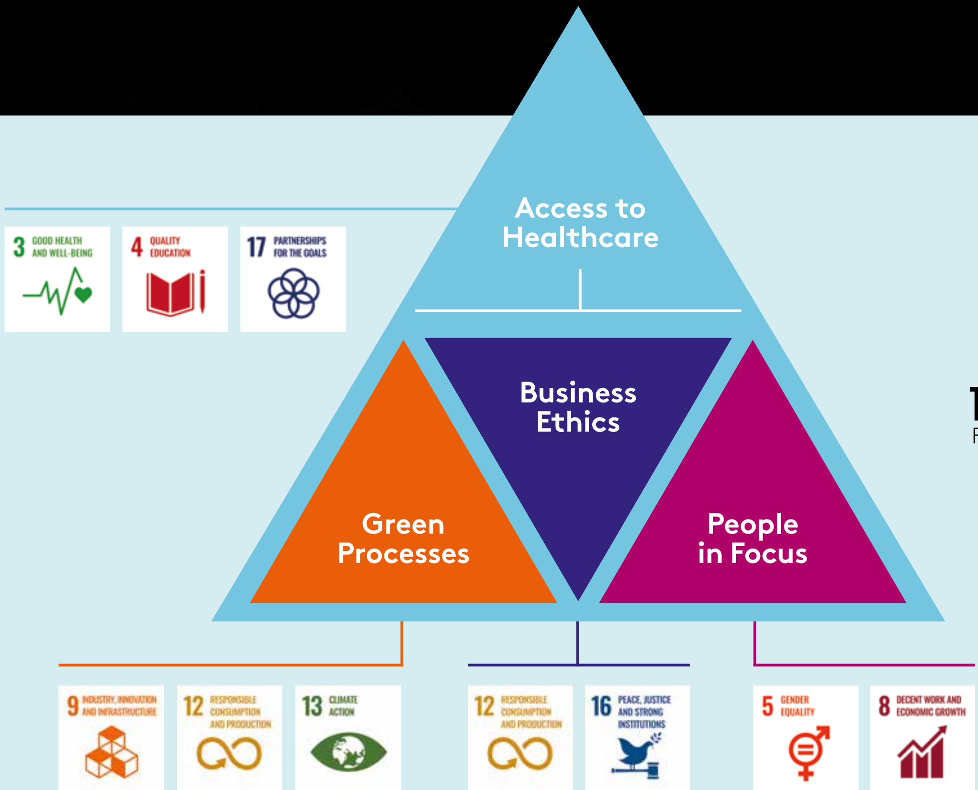
The Board of Directors and its committees oversee the sustainability agenda. Social and environmental sustainability issues are managed by the Board's compensation and sustainability committee while business ethics and integrity-related issues are managed by the Audit Committee.

Please refer to **page 63** for more information on Elekta's sustainability and corporate responsibility governance, as well as descriptions of Elekta's stakeholder dialogues and materiality assessment.

Guided by global standards and principles

The ethical principles in our Code of Conduct are all cornerstones in building a sustainable company. The Code of Conduct applies to everyone working for and on behalf of Elekta, such as employees, consultants, controlled companies, distributors, and agents. The Code of Conduct is supplemented by specific policies where needed.

Our sustainability efforts and policies are guided by leading global standards and principles including the UN Global Compact and its 10 principles, the OECD Guidelines for Multinational Enterprises and its associated due diligence guidance for responsible business conduct, the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the precautionary principle.



THE GLOBAL GOALS
For Sustainable Development

Highlights of the year

- Record high increase of Employee Satisfaction score (eNPS) to 23 in 2020/21 (eNPS 1 in 2019/20)
- 163 new Linacs installed in low-and middle-income countries
- Named one of the World's Most Ethical Companies by Ethisphere for the third consecutive year
- Two of our three climate goals achieved ahead of target. Elekta has committed to the Science Based Targets initiative.

Access to Healthcare

Access to healthcare, and radiotherapy particularly, is at the core of Elekta's business. We aim to improve access to healthcare globally, especially in low-and middle-income countries.

Why is this important to us?

Cancer is the second leading cause of death globally, accounting for an estimated 10 million deaths, or one in six deaths, in 2020. Half of all cancer patients require radiotherapy as part of their care, yet 70 percent of all radiotherapy equipment globally is available to only 25 percent of the world's population. A study published in The Lancet in 2015 estimated that while 50–60 percent of all cancer patients require radiotherapy, 40–60 percent of them lack access. At the same time, 70 percent of the total 10 million yearly deaths in cancer (2020), occur in low- and middle-income countries[1]. Less developed countries are disproportionally affected and are often lacking the means to treat the disease.

Applicable Sustainable Development Goals

Goal 3: Ensure healthy lives and promote well-being for all at all ages
3.4: Reduce mortality from non-communicable diseases and promote mental health
3.C: Increase health financing and support health workforce in developing countries

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
4.4: Increase the number of people with relevant skills for financial success

Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development
17.16: Enhance the global partnership for sustainable development
17.17: Encourage effective partnerships

Elekta's contribution

- Providing access to high-quality and innovative radiotherapy solutions globally
- Offering training and education on radiotherapy to healthcare professionals, particularly in low- and middle-income countries
- Collaborating and partnering with clinics, researchers, governments, and the civil society to develop new products and raise awareness about radiotherapy
- Elekta aims to establisha philanthropic foundation, pending approval of initial capital contribution by the Annual General Meeting, to further improve access to, and quality of, cancer care with special focus on radiotherapy

[1] Low- and middle-income countries as defined in the OECD DAC list of Official Development Assistance (ODA) recipients as underserved in terms of radiotherapy capacity.

Elekta's vision is to improve patient access to the best cancer care. In order to succeed, more than just our equipment is needed; health services must be available and of good enough quality. Particular challenges and barriers to provide radiotherapy in low- and middle-income countries that Elekta face, could be categorized into three main types:

- **Infrastructure:** this includes underdeveloped general healthcare and late-cancer diagnostics, low public awareness, lack of financing and reimbursement systems, and under dimensioned power and energy systems that may not serve radiotherapy equipment appropriately
- **Human capital:** one fundamental element to increase access to care is to have the workforce required for delivering radiotherapy. Trained and qualified radiotherapy professionals – radio oncologists, radio therapists, radio physicists – are limited across the world, but there is a particular knowledge gap in low-and middle-income capabilities
- **Utilization of equipment:** this is related to a usability knowledge gap which may lead to equipment downtime, unnecessarily lengthy treatment plans, patient queues etc.

To help close the access gap we need to overcome these barriers. When we succeed, we directly contribute to target 3.4 of Agenda 2030 which sets out to reduce mortality from non-communicable diseases by a third by 2030.

Elekta has set a goal to enable

+300M people

in low-and middle-income countries to get access via Elekta's installed base by 2024/25

How are we working with this?

Innovating suitable products, focusing on utilization and efficiency

Innovation and R&D drive Elekta and we are committed to offer value creating innovations tailored to regional clinical needs, including the specific needs of underserved markets. This includes lowering the barriers to entry by tailored innovations offered at competitive pricing. These cutting-edge innovations enable the delivery of advanced and evidence-based treatment modalities, such as IMRT/VMAT and SBRT, that can provide outcomes for several indications that are equal to surgery at a fraction of the cost for both provider and patient. The strategy is to offer high-value and high-productivity platforms, such as the newly released Elekta Harmony adapted to the needs of emerging markets by combining the large spectrum of treatment flexibility with cost effectiveness and user friendliness. New solutions and services like this are developed in cooperation with customers, clinics and researchers to effectively meet the specific and demanding challenges of these markets.

As utilization of already available equipment also remains a challenge in low-and middle-income countries, Elekta is committed to drive digital solutions for value-based healthcare and expand utilization of remote AI service platforms to increase high clinical uptime even in hospitals in remote locations, and to shorten and improve treatment plans and patient outcomes. Elekta's software solutions such as ProKnow, a cloud-based PACS platform, uses big data to assess and continuously improve and standardize treatment quality and workflow efficiency. ProKnow helps ensure that clinicians, no matter what their prior experience and knowledge level, can consistently deliver high-quality and efficient care to each and every patient.

Brachytherapy is proven to improve patient outcomes, and survival, for cervical cancer and other indications. It is particularly suitable for low- and middle-income countries as it is comparatively cost-efficient and enables highly targeted radiation doses to be given safely in a shorter period. It also requires less shielding and is space efficient.

Linear accelerators are pivotal in effective cancer care and represent the largest share of radiotherapy treatment globally. That is why Elekta has set a goal to increase installed linear accelerators in low- and middle-income countries so that 300 million additional people in these countries will get access by 2024/25. This is estimated to be equivalent to an additional 400,000 cancer treatments by 2024/25. This year we for example installed the first ever linear accelerator in Togo.

Closing the knowledge-gap and building human capital locally

In order to increase the bandwidth of trained professionals and improve the standard of treatment quality, we focus our efforts to close the knowledge gap and to build local human capital, in a variety of settings.

Our education and training portfolio broadly aims to cover three main categories of knowledge gap. The first category is focused on our product application that ensure the optimal, safe and efficient use of Elekta's products and solutions. This can involve training clinicians such as radiation oncologists, medical physicists and radiation therapists on various elements in order to go from using 3D conformal treatment to IMRT/VMAT, or further from IMRT/VMAT to SBRT. We have regular instructor-led training courses at customer sites, or Elekta main learning centers such as Atlanta, US; Beijing, China; Crawley, UK, Veenendaal, Netherlands, and Cape Town, South Africa. There are additional smaller regional centers, including centers in Brazil, Australia, Singapore and Japan. When traveling is not possible, most courses can also be conducted as virtual classroom trainings when required as Elekta Digital Learning. During the year, around 12,300 students were trained in this category (compared to 8,647 sessions in 2019/20). Further, self-directed content such as videos, eLearning, software simulations, through our Learning Management System, is consumed by 14,000 visitors yearly.

A second type of training we offer is peer-to-peer training through our global learning partnership network. Our experienced learning partners share their knowledge and best practice by hosting various clinical observations, clinical courses, and webinars. Through these programs, new users are able to adopt new treatment techniques and improve their clinical outcomes. Our successful LGK system-start and BrachyAcademy are good examples in this category. During the year, over 38,000 clinicians attended clinical courses and seminars.

A third type of training aims to serve an even bigger knowledge gap in radiotherapy, particularly observed in low- and middle-income countries. We partner with local universities, like Hacetepe University in Ankara, and organizations such as the Turkish Radiation Society, to provide free educational contouring courses to radiation oncologists in low- and middle-income countries. BrachyAcademy has also implemented a clinical training program focused on the treatment of cervical cancer, in partnership with Tata Memorial Center in Mumbai, India. During the year Elekta also funded Rayos Contra Cancer, a non-for-profit organization to offer multi-course curriculums to educate Elekta and non-Elekta customers in Africa, the Middle East and South America. These programs are developed and taught by volunteer physicians and medical physicists. Each program accommodated 10–12 centers. The enrollment is free and unlimited at each selected center. Through these training programs during the year, 450 clinicians from 35 clinics were trained, anticipating to benefit an estimated 21,000 patients yearly from improved radiotherapy treatments. Elekta intends to fund a scale-up of this program, targeting to have, by 2021/22, trained an additional 1,700 clinicians from 123 centers, anticipating to benefit an estimated 74,000 patients yearly. Elekta plans to collaborate with more organizations like Rayos Contra Cancer so we can provide high quality, accessible, and timely education and training to improve cancer patient outcomes in limited-resource settings in low- and middle-income countries.

Aside from training and educational activities, Elekta builds local capacity by expanding direct local presence including by increasing the number of local technical experts (service engineers) that help ensure clinical availability (machine uptime). We are also establishing new legal entities in low- and middle-income countries to better serve customers. During the year we have for example set up an Elekta entity in Egypt. As a side-benefit, our increased presence in low- and middle-income countries creates employment opportunities for Elekta locally, but more importantly creates new opportunities for clinical and technical employment in customer sites – both will contribute to better service and treat more patients.

Advancing radiotherapy infrastructure in public-private partnerships

We engage in partnerships with organizations such as IAEA, WHO, societies like ESTRO Cancer Foundation and ASTRO, as well as global cancer organizations like City Cancer Challenge, UICC and Global Coalition for Radiotherapy, to raise public awareness of the need and importance of radiotherapy as a critical cancer treatment and how innovative technical solutions can contribute to enable access. Elekta has been supporting with funds and/or clinical experts to these organizations to assure their successful progress.

We also work hands-on in partnerships to proactively get the necessary infrastructure in place to increase access to cancer care and specifically radiotherapy treatment. Ministries of Health in low- and middle-income countries sometimes need help and advice to deploy the right resources and plan for relevant technology. We can support them in these decisions and have done so successfully in a number of markets, for example Algeria, Morocco, Egypt and India. Consequently, we have invested in governmental affairs resources to be the focal point and consultant to the different governments and institutions at a national level. Together we can work proactively to get the necessary infrastructure in place to improve early diagnostics and cancer treatment.

Developing customer financing solutions in joint efforts

By partnering with third-party financiers, such as leasing companies or export credit agencies, we can enable financing solutions and other alternative payment models, to help lower the barrier to acquire the modern radiotherapy technology demanded. Partnerships like these accelerate the transfer of know-how and the implementation of solutions at a broad scale, both nationally and internationally. A recent example is the successful closing of a project together with Health Care Global Enterprises, one of the largest healthcare providers in India, for implementing a pay-per-use model across their 29 centers in India and expanding to Kenya. Other successes with private partners are the Indian Elysium or the French Elsan, which have invested in cancer care centers in Rwanda, Senegal, Mauritius, Dubai, Egypt and Turkey. From time to time we also provide financing to customers allowing for longer payment terms.

“ Testimonial from Rayos Contra Cancer Dr. Bestoon Hasan, participant in Elekta-funded training in Iraq

… it was an invaluable opportunity for our center to participate in this great curriculum. I am glad to inform you that we passed the test period in our new center and treated 10 patients successfully and we are now able to simulate, plan 3DRT, use IGRT, do quality checks and all other things discussed in the curriculum…

Habib Nehme, EVP Turkey, India, Middle East, Africa, APAC and Japan

Why is it so important to focus on radiotherapy in the region you work in?

The annual cancer incidence in my region is almost five million per year, with the total number of patients being almost double that. Consequently, access to cancer treatment is critical. Since radiotherapy is the most cost-effective technology in cancer treatment and should be used in more than 50 percent of the cases alone or combined to other therapies, it is important to focus on it. Currently, the need for radiotherapy runs at around three times the existing installed base.

What partnerships will be the most important in Elekta's endeavors to close the gap?

Two partnerships are important to improve access. Firstly, with governments for the execution and sustainability of the solutions. Secondly, with the private sector and oncology operators to speed up implementation and to fill the gaps in both technological and human capital. Successful projects with private partners include IHH in Asia, HCG in India and with Elysium and French investors Elsan and dr Faure, who have invested in centers in Asia, India, and Africa.

Performance and outlook

Achievements 2020/21	New goals 2021/22 and beyond
ACCESS TO HEALTHCARE	
Developed an enhanced strategy and launched targets to improve access to healthcare and expand Elekta's reach in low-and middle-income countries. Installed 163 linacs in low- and middle-income countries in 2020/21.	Increase installed linear accelerators in low- and middle-income countries so that 300 million additional people in these countries will get access to radiotherapy by 2024/25. This is equivalent to an additional 400,000 actual cancer treatments by 2024/25.
In 2020/21, 450 clinicians from South America, Africa and the Middle East were trained for free in Elekta funded clinical training with Rayos Contra Cancer. Additionally, a total of 12,300 students were trained through our carious product application trainings.	Additional 1,700 students from low- and middle-income countries enrolled in Elekta funded non-for-profit training with Rayos Contra Cancer by 2021/22.

Green Processes

Sustainable and green production processes are necessary for improving patient access to the best cancer care in the long-term. By setting ambitious targets for reducing greenhouse gas emissions and waste, and increasing circularity, Elekta is committed to be part of the solution.

Why is this important to us?

With the ever-increasing gravity of the climate change issue, no matter how big or small the impact, we must all take responsibility for future generations and that of the earth itself. All players need to contribute to reduce greenhouse gas emissions and improve climate resilience by upgrading industries and manufacturing sites.

Elekta's agenda in this area evolves around one overarching task: to help fight climate change and setting an ambitious roadmap for carbon dioxide emissions reductions in line with the goals of the Paris agreement. To get there, we focus on activities that have high impact, such as adopting more circular business models, using and choosing materials responsibly and efficiently and minimizing waste.

Elekta's main sources of greenhouse gas emissions derive from the extraction and production of materials we are buying from our suppliers, transportation of our products and

Applicable Sustainable Development Goals

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
9.4: Upgrade all industries and infrastructures for sustainability
9.5: Enhance research and upgrade industrial technologies

Goal 12: Ensure sustainable consumption and production patterns
12.4: Responsible management of chemicals and waste
12.5: Substantially reduce waste generation

Goal 13: Take urgent action to combat climate change and its impacts
13.1: Strengthen resilience and adaptive capacity to climate related disasters

Elekta's contribution

- Decrease the greenhouse gas emissions at Elekta and throughout our value chain e.g. low-carbon transport alternatives, reducing business travel and scale down waste at our manufacturing sites
- Advancing the circular approach and applying ISO 14000 series design for sustainability standards to all new product development
- Ensuring adherence to our environmental policies and standards

assemblies, as well as use of sold products. Even though the vast majority of our emissions thus are not under Elekta's control, we are committed to work hard to reduce the emissions generated also in our supply chain. From the extraction of our raw materials to the delivery to our customers. This makes our targets challenging and we have to look carefully at our processes to identify ways to improve.

We aspire to be an actor that peers and others can look to for inspiration on our approach to combat climate change. Therefore, Elekta recently committed to develop emission reduction target aligned with the Science Based Targets initiative criteria.

> **Gustaf Salford, President and CEO**
>
> We fully stand behind the Paris Agreement of 2015 and we are committed to set our targets in line with the Agreement's targets and the SBTi criteria.

How are we working with this?

Measuring to manage

Elekta has been measuring and reporting our emissions in all categories and scopes for a couple of years and each year our calculations are becoming more accurate and activity-based, and also within the more difficult to measure categories in scope 3.

Last year we established a dedicated program with environmental targets, KPIs, and a global steering team for Green Processes, meeting once a month to align, manage and follow up on activities to reach our targets. One target area we early set out as relevant, was to reduce our power emissions by a minimum of 30 percent across all major sites by 2021/22. In less than 12 months we are already on a good track to achieve that target since our sites in the UK, Sweden and the Netherlands are now all running on 100 percent renewable energy, with the Netherlands' power being produced by a windmill only 4.8 km away from the site.

Transportation and business travel was also identified as an area where our efforts can have big impact. We are working with our transport providers to enable low-emission modalities of transportation, and wherever we can we are switching towards road or sea freight over air transport. By supplying goods from near production sites we can not only decrease our emissions by shortening routes, but also costs and delivery times of transportation. Choosing to work with business partners for the management of transport of finished goods and spare parts, enables a more efficient coordination of transport of our own products as well as those from other companies.

By making fewer business journeys, we also decrease emissions while reducing costs and gaining efficiency for our employees. The pandemic year, where our travel emissions went down 86 percent, has proven to us that we can successfully coordinate major projects and conferences across borders and continents, without having to physically travel – saving both time for our employees and the environment. Elekta's travel policy was updated in 2020/21 and we urge employees not to travel for business unless necessary. Travel by train or road is preferred over air travel whenever possible.

Use materials more effectively and scale down waste

Developing business models based on a more circular approach will enable a decoupling of economic value creation from the consumption of finite resources, a prerequisite for a truly sustainable economy.

Our innovative and high-quality products are assembled using first-class parts, sourced from our global supplier base. Elekta's R&D department drives the application of environmentally conscious design principles during the product development lifecycle, actively addressing opportunities for low energy usage and implementation in areas such as material selection, modular design and circular economy.

The aim is to increase the lifespan of products and materials by refurbishing products, re-using components, reselling parts at their end-of-life, and recycle materials to minimize wasted resources. There are a number of ongoing and planned projects for taking back parts and components of our machines at end-of-life, refurbishing and subsequently re-using them. One example is the take-back of major climate-intense components such as the tungsten collimator in the Leksell Gamma Knife® for refurbishment and re-use.

During the past year we have scaled this practice up and implemented the approach across our product lines, especially our Linac line which represents the largest part of the business. We now include 21 different components from our linear accelerators in this program and we continue to identify new components fit for refurbishment. This circular approach hasn't come without logistical challenges, but it is slowly and steadily proving itself viable, and builds on good practice.

Alongside our aim of increasing product refurbishment, we are also dedicated to decreasing landfill. Our largest manufacturing site in the UK moved to zero waste to landfill during the year, and waste to landfill is already zero in our other two major office sites in Europe (Sweden and the Netherlands).

Last year, Elekta set a target to reduce selected packaging by 30 percent by 2025/26 compared with the 2019/20 baseline. We are working towards this goal through a number of initiatives, including a project that aims to re-design packaging cases for Linacs and Patient Support Systems. By reducing the size and weight of packaging materials, and in some cases reuse packaging, we will be able to decrease the material use and also cut the carbon emissions of our transports.

Environmental compliance across our business and in our supply chain

As we are committed to minimize the environmental impact of all operations and of our products and solutions, we are naturally also committed to be compliant with applicable laws, regulations, and standards regarding the environment. To accomplish this, our manufacturing sites have local environmental management systems that are certified with ISO 14001 or equivalent. The task to improve our environmental performance is further facilitated by implementing a groupwide environmental policy making sure our efforts are focused and coordinated. Hazardous waste from our operations represents less than three percent of our total waste, see **page 65** for more information.

Our most prominent environmental compliance risks are mainly found in our supply chain, and involve suppliers specializing in heavy manufacturing processes, coating systems, chemical deposition and metallurgical casting, resulting in potential waste and hazardous chemical disposal. Through our Supplier Code of Conduct, we ask of our suppliers to set the same level of protection for the environment as we ask of ourselves. Suppliers shall operate in full compliance with applicable environmental legislation and employ suitable management systems. Our suppliers are assessed and monitored also from an environmental risk perspective, using our Sustainable Sourcing Program – read more on **page 59**. If a supplier is identified having environmental risks in their manufacturing, they will go through our audit process and will be asked to correct any non-conformities and risk areas. During the past year we were unable to do audits due to the pandemic.

Performance and outlook

Goals communicated 2019/20	Achievements 2020/21	Status	New goals 2021/22 and beyond
MATERIALS EFFICIENCY			
Establish and implement a take-back program for selected parts of relevant products by 2021/22, and a refurbishment program to use reclaimed parts and components by 2025/26.	Ongoing, on track. Our Linac line have increased the number of selected components from 8 to 21 and are actively working with seven different supply chain partners to facilitate these activities. In the past year, over 100 components have been processed through our take-back program. We have also deployed circular economy-requirements into two major new product development projects.		Goals retained.
WASTE			
Send zero waste to landfill by 2024/25.	Ongoing, on track. Our largest manufacturing site in the UK moved to zero waste to landfill during the year, and waste to landfill is already zero in our other two major office sites in Europe (Sweden and the Netherlands).		Goals retained.
CLIMATE AND EMISSIONS			
Reduce the carbon emissions intensity (kg CO_2e/kWh) from own operations – e.g. energy (Scope 2) – by more than 30% by 2021/22, compared with 2018/19. Reduce carbon emissions intensity (tons CO_2e/MSEK net sales) from business travel (Scope 3) by more than 10% by 2021/22, compared with 2018/19. Reduce indirect carbon emissions intensity (tons CO_2e/MSEK net sales) from transport and logistics (Scope 3) by 25% by 2025/26, compared with 2018/19.	Two of our three goals achieved ahead of target. In 2020/21, the emissions intensity (kg CO_2e/kWh) from energy and power supply at our major sites decreased by 12% compared with 2018/2019. Carbon emissions intensity (tons CO_2e/MSEK net sales) from business travel decreased by 86% compared with 2018/19. Carbon emissions intensity (tons CO_2e/MSEK net sales) from transport and logistics was reduced by 25% compared with 2018/19.		Goals retained for 2021/22. Elekta will develop and submit new emission reduction targets to SBTi for approval by 2021/22.

CO_2e (tons)	2020/21	Change compared with baseline, %	2019/20[1)]	2018/19 (Baseline)
Direct emissions (Scope 1)[2)]	534	–16%	606	639
Indirect emissions from energy use (Scope 2)	1,642	–24%	1,966	2,169[3)]
Other indirect emissions (Scope 3)	462,741	–15%	418,011	544,710
Transport and logistics	33,631	–24%	24,172	44,343
Business travel	2,616	–86%	25,177	18,891
Remaining bought products & services	396,317	–18%	368,139	481,012
Sold products[4)]	30,177	–	–	–
Total emissions, absolute use	**464,917**	**–15%**	**419,977**	**546,359**
Scope 2 CO_2 intensity per kWh, kg/kWh	0.201	–12%	0.216	0.229
Business travel CO_2 intensity, kg/MSEK net sales	190	–86%	1,857	1,394
Transports and logistics CO_2 intensity, kg/MSEK net sales	2,444	–25%	1,783	3,271

1) Previously reported data in Scope 1 and 2 restated due to improved quality of historical underlying data. Certain categories in Scope 3 have also been adjusted, but some uncertainties regarding the underlying data remain.
2) Data adjusted for previous years: Gas heating in the Netherlands and United Kingdom have been relocated from Scope 2 to Scope 1 as gas is burnt on site.
3) Adjusted to include heating.
4) Data reported for the first time in 2020/21.

Please refer to **page 65** for reporting principles.

Achieved Ongoing, on track Ongoing, not on track Not achieved

Business Ethics

As Elekta strives for our life-saving products to be available to as many as possible worldwide, we must make it a top priority to combat corruption and other unethical behavior, which can be detrimental to sustainable development. We implement effective compliance and integrity programs with emphasis on values and behavior.

Why is this important to us?

Unethical business practices, such as corrupt or anti-competitive behavior, hinders sustainable economic and social development. Such practices can also have a substantial negative impact on innovation, customers and ultimately the wellbeing of patients.

Agenda 2030 and its SDG 16.5 sets out to substantially reduce corruption and bribery by 2030. It is a prerequisite to reach the other global goals for sustainable development. The healthcare sector is particularly vulnerable to corruption, including improper payments made in good faith due to the close interaction with those in charge of government funds. A high level of interaction with healthcare professionals calls for detailed guidelines on business practices that need to be free from even the suggestion of improper influence. Most of our sales will go through a public tender process, and it is crucial that we implement and promote lawful and sustainable practices, which is also part of Agenda 2030, SDG 12.7.

One of the world's most ethical companies for the third consecutive year

For the third consecutive year, Elekta was identified as one of the world's most ethical companies by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practice. The assessment process includes more than 200 questions on culture, environmental and social practices, ethics and compliance activities, governance, diversity, and initiatives to support a strong value chain.

Applicable Sustainable Development Goals

Goal 12: Ensure sustainable consumption and production patterns
12.7: Promote sustainable public procurement practices

Goal 16: Promote just, peaceful and inclusive societies
16.5: Substantially reduce corruption and bribery

Elekta's contribution

Enforcing a robust compliance program to detect, prevent and mitigate unlawful and unethical behavior in all our business activities, raising awareness about sound business practices, and providing compliance training both internally and externally.

Elekta's Anti-Bribery and Corruption Program

1 Top-level commitment

The Board of Directors has overall responsibility for the implementation of an effective compliance program. Our President and CEO reports to the Board and our SVP Chief Compliance & Integrity Officer reports to the Board's Audit Committee, at least four times a year on risks, programs and ongoing issues and investigations. For more information on the Compliance function and its interaction with the Board of Directors, see the Corporate governance report on **page 79**.

Our President and CEO demonstrates commitment through genuine engagement and regular communication to employees on expected behavior.

2 Risk assessments

We identify our biggest risks through systematic risk assessments where high-risk geographies with strategic importance to Elekta are prioritized. The aim of these risk assessments is to identify any gaps our compliance program might have in a specific region and to implement actions to mitigate such deficiencies. The risk assessments are conducted as workshops together with the relevant regional management and external support. These are supported with specific compliance audits included in the scope of audits performed by the internal audit function. During 2020/21, we focused on Sub-Saharan Africa, Russia and South America. A comprehensive risk identification process was performed considering the typical risk categories of country risk, sector risk, transaction risk, business opportunity risk and business partner risk. The risk assessment results and conclusions need to be put to good use and we are still working with implementing mitigation measures across all Regions with a similar risk profile.

3 Compliance organization

The Board of Directors has assigned the SVP Chief Compliance & Integrity Officer autonomy and resources for the day-to-day management of the compliance program responsible for overseeing high-risk legal and reputational areas (with resources such as regional Compliance Officers reporting into the global compliance function, a dedicated Global Data Privacy Officer as well as a Global Trade Compliance Officer). During the year the reporting line of the compliance function was changed and compliance is reporting to the EVP & General Counsel. Tax matters are managed by Elekta's tax committee and Elekta's tax function.

4 Practical and accessible policies

Our Code of Conduct and Group-wide anti-corruption policy are cornerstones in building and maintaining personal integrity across the company and protecting our reputation.

The Code of Conduct is available in 12 languages and is further elaborated by a number of corporate policies emanating from the Board of Directors and the President and CEO. During the year the global policy framework was updated, and all policies were reviewed and approved by the Executive Management and the Board of Directors. These include policies in the following areas:

- Anti-corruption & dealing with business partners
- Conflicts of interest
- Fair competition
- Confidential information & Trade Secrets
- Insider trading
- Trade compliance
- People & Human Rights
- Procurement
- Data privacy
- Risk management
- Tax strategy

The anti-corruption policy, which is a cornerstone in Elekta's Compliance program, provides guidance to employees and business partners, primarily in various interactions with healthcare providers and professionals. Local Anti-corruption supplements have been developed for certain countries where we have identified a need for more detailed and stricter guidelines than the general standards set forth in the global anti-corruption policy.

In addition to global policies, a number of Ways of working documents are supplementing each area with more detailed guidance, for example in the area of privacy, confidentiality and information security. The focus in these documents is to ensure our products, services and internal processes comply with GDPR, HIPAA, ISO 27001 and other applicable privacy legislation.

5 Communication and training

We strive to make Code of Conduct training as relevant and engaging as possible for employees and business partners. Our Code of Conduct and integrity training includes real-life case scenarios and ethical dilemmas with focus on the psychology of decision-making.

How are we working with this?

Elekta's anti-bribery and anti-corruption compliance program is based on best-practice elements as defined by leading enforcement agencies and external expectations, yet tailored to Elekta's specific needs, risks and challenges. It consists of nine activities designed to strengthen business ethics and prevent corruption and improper payments. The management approach of trade compliance, fair competition and data privacy are also described in the nine steps below.

How do we know the program is working?

Elekta measures the Compliance program effectiveness through risk assessments. The aim is to identify and remedy gaps we may have in our program due to for example specific country risk or local challenges. The risk assessment also serves as a good indicator of local knowledge about Policies and procedures and whether local management genuinely engages in promoting compliance and integrity.

Elekta includes root cause assessments as part of our case management process. The aim is to detect and prevent similar misconduct and to test whether the existing controls were adequately designed to mitigate the risk. We also ask our entire workforce about their perception of whether we "walk the talk" on compliance and integrity. An all-employee survey is launched every year to gauge employees' perceptions in this regard. Questions include whether Elekta's senior management genuinely promotes a culture of compliance and integrity, and whether employees believe concrete actions would be taken should they report a violation of the Elekta Code of Conduct.

Elekta's programs are continuously benchmarked with our peer companies and we participate in external surveys to measure our performance against best practice.

Code of Conduct training is included in the employee orientation program for new hires to ensure that all employees understand Elekta's expectations from the very start of their employment. Compliance is also an integrated part of training in the Elekta Leadership Programs.

To provide hands-on and easily available guidance on the main corporate policies, regular training videos dedicated to a specific topic are published internally. To ensure a wide distribution and that the policies are understood and practiced by all employees, this material is embedded in a mandatory Code of Conduct course.

The Code of Conduct training is supplemented with customized anti-corruption and compliance training to both Elekta employees and business partners. We also provide such customized training in-person, focusing on the risk employees face in their daily work, in various compliance areas. During this year a new concept was launched to adjust to the pandemic situation with travel restrictions. Our Code of Conduct training was moved to an app that accommodates more engaging ways of delivering training through videos, quizzes and competitions between functions/teams.

6 Third-party risk management program

To manage third-party representative risk, we have strict requirements on completion of an automated risk-based due diligence on all third-party intermediaries, and inclusion of compliance-with-laws language in all representative agreements. The compliance-with-laws clause sets forth clear expectations on business conduct and provides audit rights.

The third-party risk management program has been introduced in three phases covering: (1) commercial intermediaries, (2) government officials and other non-sales intermediaries such as registration agents and customs brokers and (3) high-risk product suppliers. During the year we assessed the practical implementation, adherence to and overall effectiveness of the third-party risk management program. The program is being submitted for external verification to ensure we have reasonable assurance to have prevented third parties from committing bribery on Elekta's behalf.

7 Interactions with healthcare professionals

We have clear guidelines in our anti-corruption policy on interactions with healthcare professionals. These guidelines are aligned with codes that have been developed with peers in leading industry associations (e.g. COCIR and Advamed). Such cooperation and alignment is key for the creation of a binding framework for ethical business conduct between the medical device industry and healthcare professionals.

8 Detect and respond

To facilitate employee reporting of any violations of the law or Code of Conduct, Elekta has established a global whistleblower process and a reporting tool, the "Elekta Integrity Line", available in all applicable languages, that can be used to anonymously report any suspected violations. All cases are checked internally by the SVP Chief Compliance & Integrity Officer, and regularly reported to the Board of Directors. Each relevant case is reviewed and followed up, to the extent feasible, with appropriate remediation measures. Elekta Integrity Line is now also open for external reporting, from any stakeholders.

In 2020/21, nine cases of alleged violations of law or our Code of Conduct were reported either through the Elekta Integrity Line, directly to Compliance through our specific compliance e-mail address, or through other channels. Most of the cases related to people and leadership issues. All relevant cases are being reviewed and followed up with appropriate measures. During the year an in-depth assessment was made of Elekta's hotline reporting process, and statistics on reported allegations during the during the last seven years were reported to the Audit Committee. Among the findings it was noted that most of the concerns reported over the last seven years pertain to business ethics and compliance with laws. While the statistics for Elekta suggest a relative low number of reports compared with benchmark, most of the cases reported had some merit which indicates that "Hotline reporting" is done in a meaningful way and very few (if any) reports have been made in bad faith.

9 Monitoring and continuous improvement

To ensure the effectiveness of a compliance program, audits must be performed to ensure adherence to our policies and procedures. Where relevant, compliance-specific questions are included as part of audits performed by the Internal Audit function. Findings from audits are used in improving both local and global programs.

Performance and outlook

Goals communicated 2019/20	Achievements 2020/21	Status	New goals 2021/22
RISK ASSESSMENTS			
Complete anti-bribery and corruption risk assessment in South America.	Completed.	Achieved	Complete anti-bribery and corruption risk assessment for Region Europe
All employees in customer facing sales roles to complete training on lawful interactions during public tenders.	Training still ongoing for employees, goal revised.	Ongoing, on track	Goal revised to extend training to all employees and third parties involved in sales working for and on Elekta's behalf, to be completed during FY 2021/22
Finalize audit of adherence to the Third-Party Risk Management Program and complete both phase 2 and 3 of the Third-Party Risk Management Program.	Goal revised during the year to embed an enhanced Monitoring program and plan as part of the Third-Party Risk Management Program. An enhanced inventory and risk classification model of the third-party universe was created along with a monitoring program and plan.	Ongoing, not on track	Implement Third-Party Monitoring program and complete monitoring process for 40% of total third-party population during an 18-month period
COMMUNICATION AND TRAINING			
Complete "Compliance Days" trainings for all regions and "Compliance Ambassador Program" to cover all markets.	Training completed for majority of regions and Compliance Ambassador Program completed for majority of markets. Goal revised due to new training delivery model adapted to Covid-19 circumstances, involving Compliance Ambassadors to a greater extent.	Ongoing, on track	Complete Compliance training for all regions.
Refreshed Code of Conduct training rolled out to all employees with a 100% completion rate target using mobile platform.	Completed.	Achieved	Annual all-employee Code of Conduct to be completed for 100% employees according to enhanced training model, further adapting training to the employee's individual profile
Roll out Code of Conduct training for distributors through mobile platform.	Goal revised due to new training delivery model.	Ongoing, on track	Complete Code of Conduct and enhanced Compliance training for all third parties according to new delivery model
DETECT AND RESPOND			
Re-launch transparency and openness campaign in conjunction with refreshed Code of Conduct training.	Completed	Achieved	Continue to increase response rate for participation in annual all-employee Integrity Survey with a target of at least 50% participation.

✓ Achieved → Ongoing, on track → Ongoing, not on track ✗ Not achieved

People in Focus

From the people in our supply chain and our more than 4,000 employees across the globe, to the patients receiving treatment with Elekta's solutions; people are the core of our business.

Why is this important to us?

Elekta's employees and the people working in our supply chain are instrumental in achieving our goal of increasing access to healthcare globally. Each and every employee in our day-to-day operations contributes to making a difference to the lives of millions of patients around the world. In fact, around 2 million patients are treated with Elekta's solutions every year.

Attracting and retaining qualified employees is a precondition for us to keep our successful position as innovator of cancer treatments. We offer a wide range of opportunities for our employees, such as acquiring diverse skills, gaining international experience, and accessing personal development and career advancement. Our aim is to create a culture and workplace where employees can grow professionally as well as personally.

Applicable Sustainable Development Goals and targets

5 GENDER EQUALITY

Goal 5: Achieve gender equality and empower all women and girls
5.5: Ensure full participation in leadership and decision-making
5.C: Adopt and strengthen policies and enforceable legislation for gender equality

8 DECENT WORK AND ECONOMIC GROWTH

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
8.5: Full employment and decent work with equal pay
8.7: End modern slavery, trafficking, and child labor
8.8: Protect labor rights and promote safe working environments

Elekta's contribution

Safeguarding the human rights and labor rights of everyone working at Elekta or in our supply chain globally. Ensuring that we offer an inclusive and safe working place.

How are we working with this?

Our approach as employer

Our People policy summarizes our approach as employer and is based on internationally proclaimed human rights and labor rights standards. The Human Resources function is responsible for the maintenance, training and monitoring of the policy as well as for investigating reports of potential violations. Managers in relevant functions are responsible for ensuring that the policy is implemented in their line organizations and that employees and contract workers in relevant areas of responsibility are familiar with and follow the standards set forth.

Elekta's global People Agenda aims at leveraging the full potential of our employees in executing our overall company strategy. The agenda is based on the following cornerstones:

1. Strengthen one-Elekta culture based on leadership and individual Elekta behaviors
2. Continue to drive leadership development at all levels of the organization
3. Drive focused development actions, mobility, and rotation to increase diversity and strengthen the people pipeline
4. Further reinforce people development and talent acquisition connected to current business needs and long-term workforce planning
5. Continue to drive the HR Excellence program to improve people process efficiency, digitalization, and HR business partner capabilities

Following up on performance and employee engagement

Performance reviews and development plans enable employees to be accountable for their performance and drive their career development. Employees are assigned development plans annually and performance is reviewed quarterly. The importance of acting in line with our values and for our leaders, in accordance with our Leadership Cornerstones, is in constant focus. The rating is based on the performance of individual objectives and overall performance.

To understand what to focus on to become better as an employer as well as an organization, we conduct thorough bi-annual Group-wide employee engagement surveys. This survey includes a range of indices, including engagement, team efficiency and leadership. The latest comprehensive survey was conducted in February 2020. In between the larger surveys we follow up with smaller pulse-surveys to understand perception and evaluate actions to increase for example employee engagement. In late 2020 we carried out an employee wellbeing pulse survey to measure employees' wellbeing and how it has been affected by the pandemic. For this year's results, see **page 58** and **61**.

Tailored training and development programs

People development is at the top of Elekta's strategic agenda. In today's rapidly changing world, continuous competence development is crucial. Elekta employees are provided with a personal development plan based on the best practice model 70:20:10. The model involves 10 percent formal training; 20 percent developmental relationships such as peer coaching and support from a line manager, a mentor or similar; and 70 percent applying the acquired skills in the employee's daily work, or in a stretch project. This enables the employee to maximize the development opportunity.

Interview with Karin Svenske Nyberg, EVP Human Resources

Covid-19 has challenged how we work – how do you ensure that employees remain engaged?

We have stayed close and continued to involve and include. It is in our teams that we create results, so our focus has been on the day-to-day work, for example managers checking-in with their staff. Our pulse checks have shown increased engagement during the year. We halve also increased internal recruitment, which shows that employees are feeling engaged and that they can develop at Elekta.

How will you achieve Elekta's ambitious diversity targets?

We will continue to strengthen our recruitment routines to ensure there are many female candidates. It is also important to work with employer branding to get more to apply. A bigger talent pool will contain more competent women, enabling us to hire more.

What sets Elekta apart from its competitors from an employee perspective?

Our purpose and the opportunity to contribute to change. Compared with our industry, we are entrepreneurial, agile, and dynamic. We put our employees center where they can steer their work and impact the world and make a difference.

Our leaders play an essential role in driving our continued transformation. We are running global leadership development programs for Elekta managers and employees who are identified for promotion. These include:

- Elekta Model Entrepreneur Program, is a one-year program aiming to support managers in developing their capabilities to drive change and encourage commitment among employees
- Elekta Model Leader Program, is also a one-year program, open to 10 participants per region per year, and is aimed at strong leaders aspiring for a senior leadership role
- Elekta Model Manager Program, tailored for new managers to learn how to become a more effective manager and covers topics such as team communication, productivity, and engagement
- Elekta Global Trainee Program, a challenging and rewarding year-long program where trainees rotate between business lines, global offices or work directly with our CEO. Through the program, trainees gain the network, skills and business insight to take the next step within Elekta and in time assume a leadership role

In addition to the global programs, Elekta offers local training programs throughout the organization. For instance, we offer the one-year program, Early Career Assessment and Orientation Program, to identify and develop more junior high-potential employees across our European operations.

A diverse and inclusive workplace

We believe that a diverse workforce and an inclusive and respectful work environment are essential components of a thriving innovative and sustainable business. Working at Elekta should mean that everyone has equal opportunities no matter gender, ethnic background, nationality or religion. Our approach is outlined in Elekta's policy for diversity and inclusion and progress is evaluated against clear targets and reported annually.

Our long-term goal is to increase the underrepresented gender (today female) in senior leadership positions to 30 percent by 2022/23. We aim to achieve this by ensuring that there is female representation in recruiting processes, evaluating candidates to new roles fairly, identifying new hires with high potential for managerial roles, ensuring a balanced gender distribution in our leadership programs, and developing processes for equal pay for equal work. Gender pay gap reviews of comparable roles within the company are conducted locally and based on local regulations and legal requirements. To increase focus on the development on females in senior leadership roles. Gender diversity is a specific focus area for our newly established Senior Appointments Board that is chaired by Elekta's CEO. Local diversity and inclusion initiatives include a newly founded Diversity, Equity, Inclusion and Belonging Committee at Elekta Americas. The purpose of the committee is to research, develop, and propose mechanisms that will help drive profitability and customer satisfaction through a committed and engaged employee base, and make Elekta an inclusive and rewarding place to work. In conjunction with this, a Women's Initiative has also been created. The aim of the initiative is to increase the share of female recruits; provide training, sponsorships, coaching and mentorships; and support women in the workplace.

Ferhan Bulca,
VP QA Solutions
Elekta Model Entrepreneur Program

"The Model Entrepreneur Program provided me with an extremely valuable network of forward-thinking colleagues with whom I can question the status quo, associate seemingly unrelated areas, and create new and improved solutions to bring to market.

James Travis,
Director of Global Learning Operations
Elekta Model Leader Program

"I have been able to apply the learning from the program in much of what I do professionally day-to-day and have also continued my own development through the mentoring opportunity offered as part of the program too. Overall it has been a fantastic learning experience that has proven invaluable!

Health, wellbeing and safety of employees

The health, wellbeing and safety of employees and subcontractors are vital aspects of our sustainability agenda and a foundation for our continued success. We are committed to ensuring a safe work environment throughout our operations, preventing workplace accidents, injuries, and illness, and we have a vision of zero workplace accidents by 2022.

Elekta's manufacturing sites operate local occupational health and safety management systems. These have been designed in line with national legal requirements and comprise various policies, processes and procedures depending on the sites' operations. All occupational health and safety management systems cover Elekta's employees as well as subcontractors working for us.

The sites operate local occupational health and safety committees or working groups that identify hazards, assess risks and investigate workplace incidents. These working groups comprise selected representatives from the local management team, health and safety specialists and most commonly also employee representatives from various departments at each site. The working groups convene every two to three months.

Risk assessments are in place for the activities that are carried out by Elekta's workers. The specially trained health and safety managers also carry out walk-around audits and inspections to identify hazards. They also investigate reported incidents. Sometimes external advisors are consulted in these activities. When hazards are identified and incidents occur, the internal processes are reviewed and risks assessments are updated.

Employees and other workers are also encouraged to report work-related hazards and hazardous situations to their managers or to the health and safety manager directly if necessary. Employees working off-site, for example with installations or service at hospitals, are always trusted to evaluate their working conditions and may discontinue their work until the health and safety issues have been resolved.

Workers are offered health and safety training depending on the specific needs according to their role and responsibilities. As stipulated in the Code of Conduct, and in our people & human rights policy, everyone with a job that requires specific safety instructions and protection will receive all necessary training before starting the work, and the workplace must be equipped with adequate protection materials and tools.

Health and safety training covers general health and safety practices as well as sessions on specific work-related hazards such as chemicals and radiation hazards. Health and safety matters are also communicated through the line organization and displayed on staff notice boards. At some sites there are work safety meetings where workers are invited to participate. Employees are also consulted in the development, implementation and evaluation of the management systems.

The promotion of worker health is important to Elekta and we partner with non-occupational healthcare providers as part of the compensation and benefits system at some sites. Other sites offer medical exams annually. Elekta also encourages employee wellbeing and health through webinars and the sponsoring of company sports associations.

New ways of working

Employee engagement

2020/21 has been unusual in many ways as the pandemic challenged established ways of working. At Elekta, employee engagement and efficiency have been in focus this year. Elekta identified early on that creating a strong support system for employees was going to be essential for their wellbeing. This has resulted in structured guidance for employees and leaders on homeworking, digital communications as well as mental and physical wellbeing, among other topics. In the light of the challenges of the pandemic, we are proud to see that the global employee survey results showed an increase in all areas of employee engagement, team efficiency, leadership index and Net Promoter Score (eNPS). Our engagement index at a global level increased from 80 to 83, a remarkable accomplishment in a year like this.

Recruitment and onboarding

Elekta attracts highly skilled employees across its markets. The pandemic has not had an impact on our ability to hire the right employees, but Elekta has made changes to the recruitment process and virtual interviews have become the norm. Naturally, ways of working are also more commonly discussed during the hiring process.

Efforts to adapt the onboarding process were quickly launched in the spring of 2020. IT and HR increased their collaboration to ensure that equipment is available and provided depending on the new employees' situations. Furthermore, face-to-face onboarding sessions have been replaced by online meetings and virtual team meetings have made new members feel welcome and supported their integration into the company.

Employee training

For a knowledge intensive company like Elekta, the training of employees is vital. We have leveraged our knowledge and experience from the transition from our external training to digital formats (read more on **page 56**) to inform our internal employee development offerings. In 2020/21 Elekta implemented a wide-scale LinkedIn learning pilot across the Group, as well as creating functional learning journeys within various digital platforms. Additionally, we connected with our managers and leaders through online sessions and provided relevant materials for self-study for all our employees.

Responding to changing conditions

In 2020, Elekta's Group Crisis Management Team, comprising members of Elekta's Executive Management team, started working together with a network of local teams in our major locations. Local working practices and on-site routines have been adapted in line with local laws and regulations.

Dee Mathieson, Managing Director of Elekta Ltd

"We have had a lot of very positive feedback from our employees about the support provided for their wellbeing during the Covid-19 pandemic. I am very proud of what the local HR team have put in place and the level of support they have had from other employees, for example the mental health first aiders. It is heartening to see how everyone pulled together at a time of crisis.

Occupational health and safety impacts directly linked to our business include radiation and off-site installations. Safety measures related to radiation include purpose-built shelters for testing, personal dosimetry for workers exposed to radiation and regular occupational health physical exams. Specific instructions and routines have been established for workers engaged in off-site installations.

We are concerned with the health, wellbeing, and safety of all our employees, and will continue to develop this agenda in relation to both physical and psychological aspects. Discrimination, harassment or bullying at the workplace jeopardize the health and wellbeing of our employees, conflict with the company's success and are obviously not tolerated in any form.

Safeguarding human and labor rights

Elekta has a global base of suppliers to Elekta's manufacturing processes. Most of our suppliers of direct materials do not operate in countries with a known high exposure to poor human rights. Such exposure is located further upstream in our supply chain, where there may be a risk that workers work excessive overtime, lack freedom of association, experience forced labor or have low wages. Some of our products contain, to a smaller extent, minerals such as cobalt and tungsten, which are often mined in high-risk or conflict-affected areas and there might be modern slavery-like working conditions connected to their extraction. We are members of the Responsible Minerals Initiative and are working with them to trace the source of minerals in our products, ensuring the minerals have been extracted under decent working conditions.

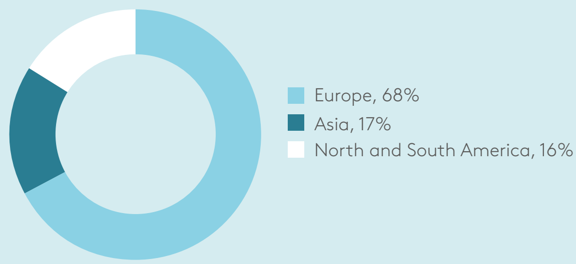
Our commitment to human rights and labor rights is set out in the Elekta Code of Conduct, which prohibits any form of forced, compulsory or child labor and proclaims the right to fair wages including time to rest, overtime compensation and holidays. The Code of Conduct is complemented by a Supplier Code of Conduct, which presents more specific requirements on Elekta suppliers, in all markets and jurisdictions. The Supplier Code of Conduct includes more detailed requirements on human rights and labor rights. It also covers the sourcing of conflict minerals, business ethics, and environmental protection. Under the Supplier Code of Conduct, all Elekta suppliers are required to set the same requirements for their suppliers.

We have a due diligence and follow-up program (Sustainable Sourcing Program) to identify and mitigate any non-conformities with our Supplier Code of Conduct, and ultimately to ensure that our suppliers respect basic human and workers' rights. The program consists of thorough self-assessment questionnaires supplemented by Elekta's risk assessment. Based on this a supplier is classed in a risk group. If in a medium or high-risk group, we either conduct an additional desktop analysis or an on-site audit to understand more. Our approach is always cooperation and continuous improvement, regardless of risk score. We will engage with suppliers and provide guidance when necessary to close non-conformities and improve results. Ending a business relationship is a last resort and only an option if the supplier is not willing to improve. So far this has not been necessary.

In 2020/21 Elekta identified deviations in the implementation of the Sustainable Sourcing Program itself. As a result, we have taken a step back and launched a review of the program. The review covers areas such as the structure, action plans, workflows, staffing and quality assurance of the program to ensure that the program is in line with Elekta's high standards and industry best practice . The conclusions of the review, along with external frameworks and legislation such as the European Union's upcoming Corporate Due Diligence and Corporate Accountability Directive, will feed into the revised program.

Elekta's procurement function is responsible for implementing the Supplier Code of Conduct and the Sustainable Sourcing Program, with advice from Elekta's Sustainability Manager. Sustainable sourcing and production is addressed by the Procurement Excellence Forum that comprises the Head of Procurement of each business line, sustainability leads from relevant business lines, Head of Facilities, members of the Logistics team and other relevant representatives. The forum is chaired by Elekta's Global Procurement Director.

GEOGRAPHIC LOCATION OF SUPPLIERS, BY SPEND



Striving for the highest quality and product safety

Quality and safety in all our products and offerings are top priorities and permeate our entire operations. The goal is to meet the highest possible safety standards for all products, for customers and patients, as well as for the company's own installation and service employees. Elekta's products are developed, manufactured, marketed, sold and serviced in accordance with quality-controlled processes. As a medical device manufacturer, Elekta must comply with strict and comprehensive international legal requirements and product safety standards. Elekta's business line function Product Quality & Service is specialized to improve and monitor product quality. For more information about the Medical Device Regulation, see **page 80** and **96.**

Elekta is certified with ISO 9001 (quality management systems) and ISO 13485 (design and manufacture of medical devices). Requirements in national regulations are implemented as applicable in the specific procedures concerned such as the requirements of reporting of incidents and recalls. Quality management systems are reviewed by both internal and third-party auditors and certified by external regulatory bodies and authorities that conduct regular inspections.

Performance and outlook

Goals communicated 2019/20	Achievements 2020/21	Status	New goals 2021/22 and beyond
EMPLOYEE ENGAGEMENT			
Increase eNPS to 20 by 2022/23.	Completed. eNPS increased to 23 in 2020/21.		New, more ambitious goal introduced: increase eNPS to 26 by 2023/24.
Reduce employee turnover rate (voluntary attrition rate) to 7% by 2022/23 globally.	The turnover rate decreased by 0.7 percentage points to 7.2 percent.		Goal retained: Reduce voluntary attrition rate to 7% by 2023/24
Improve overall employee experience based on results from individual employee and team discussions, comprehensive or pulse surveys and other dialogue forums.	The 2021 employee survey recorded overall improvements in team efficiency, leadership and engagement. All categories are above the external benchmark. The high response rate in the survey is maintained, 90% this year. In 2020/21, all employees received regular performance and career development reviews.		Goal retained: Improve overall employee experience based on results from individual employee and team discussions, comprehensive or pulse surveys and other dialogue forums.
DIVERSITY AND INCLUSION			
Increase the female/underrepresented gender representations in critical business positions to 30% by 2022/23.	In 2020/21 the share of females in critical business positions increased to 23%. The gap between voluntary attrition rate among female and men employees has decreased to 2.1% from 2.3% in 2019/20. Read more about Elekta Americas' Women's Initiative on **page 57**.		Goal retained: Increase the female/underrepresented gender representations in critical business positions to 30% by 2022/23.
Implement, assess and review gender pay gap reviews in our larger sites globally in a meaningful way.	Gender pay gap in 2020/21, per geography Location / Gender Pay Gap United Kingdom: 6 % United States: 4 % Sweden: 0 % The Netherlands: 11 % China: 0 % In 2020/21 there was no gender pay gap in Sweden and China. The largest pay gap was reported in The Netherlands and reflects the site's gender balance where there are relatively few women in senior positions. Gender pay gap is measured at Elekta's larger sites. For reporting principles, see **page 66**.		Goal retained: Continue assess and mitigate gender pay gap in our larger sites globally in a meaningful way.
Promote a geographically and culturally diverse workforce.	Ongoing. In the US, Elekta has established a Diversity, Equity, Belonging and Inclusion Committee – see **page 57**.		Goal retained: Continue to promote a geographically and culturally diverse workforce.

Achieved   Ongoing, on track   Ongoing, not on track   Not achieved

Goals communicated 2019/20	Achievements 2020/21	Status	New goals 2021/22 and beyond
OCCUPATIONAL HEALTH AND SAFETY			
Zero vision of workplace accidents by 2022. Develop the global work environment policy (incl. psychological work environment).	In 2020/21 Elekta recorded a total of 15 incidents and lost-time cases. This is a decrease of 10 incidents compared to last year. There have been seven incidents of discrimination in the year, of which all have been investigated and resolved without any further actions. No incidents are still ongoing. Reported incidents of discrimination are primarily reviewed by the local HR function as well as by an independent party. The global work environment policy is underway.	Ongoing, on track	Goals retained: – Zero vision of workplace accidents by 2022 – Develop the global work environment policy (incl. psychological work environment)
SUPPLIER ASSESSMENTS INCL. HUMAN RIGHTS			
Supplier Code of Conduct training to procurement staff as required.	Ongoing. 47 procurement employees have taken part in sustainability risk awareness training totaling 47 hours in the year. The training includes supply chain sustainability risks, including management and mitigation of these risks. Topics discussed include human rights, workers' rights, conflict minerals, corruption, environmental risks etc.	Ongoing, on track	Goal revised: Training on sustainability risk awareness in the supply chain to be offered to relevant employee groups.
Expand the Sustainable Sourcing Program to appropriate indirect suppliers by 2020/21, and continue assess direct suppliers. Audit all new high-risk suppliers by 2020/21.	During the year, Elekta has focused on a review of the Sustainable Sourcing Program. Read more on **page 59**.	Ongoing, not on track	New goals will be set upon the completion of the review.
100% of Elekta suppliers of products with 3TGs/cobalt to require their smelters validated by 2021/22.	Currently reviewed, as above.	Ongoing, not on track	As above.

Achieved — Ongoing, on track — Ongoing, not on track — Not achieved

Sustainability governance and reporting principles

Structured sustainability governance, stakeholder dialogues and materiality assessments ensure that we focus on our most material topics and enable us to track our progress.

Governance structure for corporate responsibility and sustainability

By incorporating the program for corporate responsibility into our line operations, we ensure effective management and alignment with other strategic initiatives and targets.

The Board of Directors governs Elekta's sustainability program on a high level and our CEO reports to the Board on major issues. The Group's compensation and sustainability committee oversees quarterly Elekta's environmental and social work. Matters pertinent to business ethics and compliance are overseen by the Audit Committee. For more information, please see **page 77**.

A cross-functional steering committee, comprising the CEO and selected members of the Executive Management, regularly discusses matters pertinent to corporate responsibility and sustainability. The committee comprises the CEO, selected members of the Executive Management and includes functions such as finance, communications, HR, legal, strategy, and compliance and sustainability. The work of this group streamlines the process of implementing relevant actions and targets throughout the different functions and business lines in our organization, as well as measuring results. The corporate responsibility program is developed and coordinated by the Compliance and Sustainability function at Elekta, managed by the SVP Chief Compliance and Integrity Officer and the Global Sustainability Manager.

Defining material topics and reporting content: stakeholder engagement and materiality assessment

Our approach to sustainability is all about focusing where it matters the most. By engaging with stakeholders and continuously developing our sustainability agenda, we have the best opportunity to conduct our business sustainably and thrive in an ever-changing environment.

Elekta continuously engages in dialogues with stakeholders such as investors, clients and employees. Insights and conclusions from these continuous dialogues inform our agenda and activities. Elekta also conducts more comprehensive stakeholder dialogues intermittently, the last one being in 2018/19. The dialogue engaged a number of our investors, all our employees as well as our Executive Management team and their directly reporting managers. Stakeholders were asked to rank various sustainability issues and individual topics based on their importance to our business and their impact on sustainable development. Input from relevant networks as well as general external stakeholder priorities of the medical supplies sector were also accounted for. Results were analyzed and discussed in the steering group for corporate sustainability. In 2019/20, Elekta carried out a thorough gap and benchmark analysis comparing the sustainability program and reporting with industry standards, peers and various sustainability rating indices. The analysis proved that our reporting is generally in line with best practice, but also identified areas of improvement such as climate change and emissions. This year, Elekta has focused on engaging customers in dialogue.

Forums for sustainable development

Elekta is an active member in networks and industry associations working on sustainability and human rights to ensure that we contribute to, and are up to date with, the global sustainability agenda. We are actively participating and collaborating in networks and organizations such as the following:

- UN Global Compact and its Swedish network
- Swedish Leadership for Sustainable Development (coordinated by Swedish International Development Agency)
- Responsible Minerals Initiative
- ICC Sweden's Sustainability Committee
- COCIR (e.g. the EHS steering committee)

Our material topics and their boundaries

Drawing on the conclusions from the stakeholder dialogue, legal requirements, risks and opportunities, we have identified a set of important topics, based on the double materiality principle. The topics cover a wide range of different issues along the value chain.

Compared with last year's report Elekta has further developed the reporting and aligned its most material topics and terminology with GRI Standards. The table below describes the specific boundaries – where the impact occurs. The size of the bullet reflects the scope of our impact.

Material topics	Research and development	Sourcing and manufacturing	Logistics	Marketing and sales	After market and service
ACCESS TO HEALTHCARE					
Access to healthcare	•			•	●
Innovation and R&D	●			·	•
GREEN PROCESSES					
Materials efficiency	●	●			·
Emissions	•	●	•	·	·
Waste		●			
Environmental compliance	·	●			
Supplier environmental assessments		●			
BUSINESS ETHICS					
Anti-corruption		·		●	●
Fair competition and public tenders				●	●
Export control and safe trading	•	•	•	●	●
Customer privacy	•			•	●
PEOPLE IN FOCUS					
Employee engagement	•	•	•	•	•
Occupational health and safety	·	●	·	·	•
Diversity and inclusion	•	•	•	•	•
Supplier social assessments		●			
Human rights assessment		●			
Customer health and safety	•				●

[1] See pages 67 for the GRI Content Index with page references for each material topic.

Reporting data and principles

Green processes

Materials

(weight in tonnes)	2020/21	2019/20[1]
Non-renewable materials	3,049	2,682
Renewable materials	859	770
Total	**3,908**	**3,452**

[1] The reported numbers from 2019/20 have been restated as a result of increased data quality.

The increased use of materials is a result of increased sales and shipments during 2020/21.

Non-renewable materials include metals, composites and ceramics, electronics and other materials used in the manufacturing of Elekta's products. Renewable materials include materials used in transport and packaging such as wood and cardboard.

The data compiled is based on material types and composition of standard products and may exclude certain parts. It covers Neurotherapy (Leksell Gamma Knifes), Radiotherapy (Linacs) and MR-Radiotherapy (MR-Linacs) products, that were manufactured and shipped during the fiscal year 2020/21.

Greenhouse gas emissions

Greenhouse gas emissions are presented as carbon dioxide equivalents (CO2e) in line with Greenhouse Gas Protocol's Scopes 1, 2 and 3. Emission factors are mainly based on data from DEFRA 2020 (includes all greenhouse gases) for travel and transport; Association of Issuing Bodies (AIB) and the National Energy Foundation Carbon Calculator for electricity emissions; and the World Input Output Database 2013 (includes CO_2, CH_4, N_2O) for remaining products and services.

A significant share of the travel and transport suppliers have provided CO_2e data to Elekta directly (100% of the total travel emissions are based on supplier activity data; for transport 41% of the total transport emissions are based on supplier activity data). Electricity and gas usage from Elekta's major sites and offices (Sweden, the Netherlands, China, the United Kingdom) has been calculated using the actual kWh amounts used and considering the respective renewable tariffs where applicable and using the National Energy Foundation Carbon Calculator for the remaining locations.

Emission data for travel not coming from travel suppliers directly has been calculated by considering the travel mode and distance traveled; emission data for logistics not coming from logistics suppliers directly has been calculated by considering the transport mode, weight of transported goods and distance of transport; emissions associated with remaining products and services have been calculated based on spend per sector categorisation; emissions associated with the use of products sold during the reporting period have been assessed by considering the energy usage per product (Linac, MR-Linac and Gammaknife) over its lifetime together with the energy mix of the country to which a product has been sold to. Further, a data input error within the scope 3 category logistics has been corrected.

For scope 1 and 2, enhanced clarity on actual usage figure have been integrated (also for historic data) to correct the figures and allow comparable results.

Global warming potential values (GWP) are based on the IPCC Fourth Assessment Report (AR4). Elekta uses the financial approach for consolidating GHG emissions and is not offsetting carbon. The calculations were carried out by a third-party provider.

Waste

Non-hazardous waste, by disposal method

(weight in tonnes)	2020/21	2019/20	Change,%
Energy recovery	281	340	–17
Recycling	52	113	–81
Landfill	58	69	–16
Total	**391**	**522**	**–25**

Hazardous waste, by disposal method

(weight in tonnes)	2020/21	2019/20	Change,%
Energy recovery	0	3	–100
Incineration	10	4	150
Total	**10**	**7**	**42**

Waste data includes our sites in Netherlands, Sweden, the United Kingdom, China, the United States and Canada.

Data is mainly actual and based on information provided by the waste disposal contractor at each sites. Data from the US and in China however, are based on estimates (partly due to waste being built into lease contracts, partly due to reporting of waste based on calendar year as opposed to financial year).

Environmental compliance

Elekta has not been subject to any significant fines or non-monetary sanctions for non-compliance with environmental laws.

Business Ethics

During 2020/21, there were two substantiated complaints concerning breaches of customer privacy or losses of customer data. The first case was an Elekta supplier who reported a suspected breach to Elekta concerning a booking system used for tradeshows and events. Elekta immediately initiated an investigation of the extent of the breach and it was reported to the Swedish Authority for Privacy Protection as a cross border data breach, due to the fact that it affected data subjects in several EU member states.

The other case was a customer case in which some information was sent by email, rather than the approved channels. It was discovered immediately and all possible copies of the email destroyed. The customer was informed of the incident, but it did not require a formal report to the United Kingdom's Information Commissioner.

In 2020/21 there were no confirmed incidents of corruption, and no legal actions for anti-competitive behavior, anti-trust, and/or monopoly practices. For pending legal disputes, see **page 97**.

People in Focus

Elekta's employees[1)]

Total number of employees by employment contract (permanent and temporary), by gender

	2020/21		
	Permanent contract	Temporary contract	Total
Women	1,201	27	1,228
Men	2,942	34	2,976
Non-categorized	138		138
Total	**4,281**	**61**	**4,342**

	2019/20		
	Permanent contract	Temporary contract	Total
Women	1,168	10	1,178
Men	2,781	18	2,799
Non-categorized	288	0	288
Total	**4,237**	**28**	**4,265**

Total number of employees by employment contract (permanent and temporary), by region

	2020/21		
	Permanent contract	Temporary contract	Total
North America	1,038	3	1,041
South America	71	0	71
Europe	1,914	44	1,958
Middle East, Africa and India	216	0	216
China	716	0	716
Japan	125	11	136
Asia Pacific	201	3	204
Total number of employees	**4,281**	**61**	**4,342**

	2019/20		
	Permanent contract	Temporary contract	Total
North America	1,020	6	1,026
South America	66	1	67
Europe	1,884	20	1,904
Middle East, Africa and India	201	0	201
China	777	1	778
Japan	148	0	148
Asia Pacific	141	0	141
Total number of employees	**4,237**	**28**	**4,265**

Total number of employees by employment type (full-time and part-time), by gender

	2020/21		
	Full-time	Part-time	Total
Women	1,171	57	1,228
Men	2,902	74	2,976
Non-categorized	137	1	138
Total number of employees	**4,210**	**132**	**4,342**

	2019/20		
	Full-time	Part-time	Total
Women	1,139	39	1,178
Men	2,759	40	2,799
Non-categorized	277	11	288
Total number of employees	**4,175**	**90**	**4,265**

1) All employee data is based on headcount and includes contractors.

Collective bargaining agreements

All employees have the right to join a trade union and to bargain collectively in accordance with local laws and applicable conventions. Everyone who works for Elekta should have the right to fair terms and conditions according to local rules and regulations, including contractual working time, time to rest, overtime and holidays. Employees, whether they are covered by collective bargaining agreements or not, are competitively and fairly compensated for their work. At year end, 12 (11) percent of Elekta's employees were covered by collective bargaining agreements.

Occupational health and safety

Workplace accidents are followed up by collecting data from production sites involving manual manufacturing work.

Diversity of governance bodies and employees

	2020/21		2019/20	
Gender, %	Men	Women	Men	Women
Board of Directors	62.5	37.5	62.5	37.5
Group management	86.0	14.0	81.3	18.7
All employees[2)]	61.0	29.0	65.6	27.6

2) 10.0% (6.8) of employees are not categorized.

	2020/21			
Age, %	–30 years	30–50 years	50–years	No age recorded
Board of Directors	0	12.5	87.5	–
Group management	0	46.6	46.6	–
All employees	11.0	61.7	24.1	3.2

	2019/20			
Age, %	–30 years	30–50 years	50–years	No age recorded
Board of Directors	0	12.5	87.5	–
Group management	0	46.7	53.3	–
All employees	8.8	61	22.8	7.5

Gender pay gap

Gender pay gap is calculated by dividing the average salary of men by the average salary of women and subtracting one. The gender pay gap reflects the pay gap across the organization and is not adjusted for differences such as managerial levels and years of work experience.

GRI content index

GRI Standard	Disclosure number	Disclosure name	Page reference	Omissions/ Comment
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
ORGANISATIONAL PROFILE				
	102-1	Name of the organisation.	94	
	102-2	Activities, brands, products and services	16–17, 18–29, 94	
	102-3	Location of headquarters	94	
	102-4	Location of operations	16–17	
	102-5	Ownership and legal form	39, 94	
	102-6	Markets served	16–17, 18, 30–33, 126	
	102-7	Scale of the organisation	18, 66, 96, 106, 137	
	102-8	Information on employees and other workers	66	
	102-9	Supply chain	16,59	
	102-10	Significant changes to the organisation and its supply chain	96–97	
	102-11	Precautionary principle or approach	42	
	102-12	External initiatives	42	
	102-13	Membership of associations	46, 63	
STRATEGY				
	102-14	Statement from President/CEO (senior decision-maker)	6–7	
ETHICS AND INTEGRITY				
	102-16	Values, principles, standards and norms of behaviour	11–12, 42, 52, 56	
GOVERNANCE				
	102-18	Governance structure	73, 77–78	
STAKEHOLDER ENGAGEMENT				
	102-40	List of stakeholder groups	63	
	102-41	Collective bargaining agreements	66	
	102-42	Basis for identification and selection of stakeholders	63	
	102-43	Approach to stakeholder engagement	63	
	102-44	Key topics and concerns raised	63–64	
REPORTING PRACTICE				
	102-45	Entities included in the consolidated financial statements	137	
	102-46	Process for defining the report content and the topic boundaries	63	
	102-47	List of material topics	64	
	102-48	Restatements of information	50, 65	
	102-49	Changes in reporting	70	
	102-50	Reporting period	70	
	102-51	Date of most recent report	70	
	102-52	Reporting cycle	70	
	102-53	Contact point for questions regarding the report	70	
	102-54	Reporting in accordance with the GRI Standards	70	
	102-55	GRI content index	67–69	
	102-56	External assurance	70	

Material topics

GRI Standard	Disclosure number	Disclosure name	Page reference	Omissions/ Comment
ACCESS TO HEALTHCARE				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	45–47, 64	
INNOVATION AND R&D				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	13–14, 16, 18–28, 43, 44	
Company specific disclosure	N/A	Investments in R&D	16	
ANTI-CORRUPTION				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	51–55, 64, 80	
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	65	
FAIR COMPETITION AND PUBLIC TENDERS				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	51–55, 64	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	65, 97	
EXPORT CONTROL AND SAFE TRADING				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	51–55, 64	
MATERIALS EFFICIENCY				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	48–49, 64	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	65	
EMISSIONS				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	48–50, 64	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	50, 65	
	305-2	Energy indirect (Scope 2) GHG emissions	50, 65	
	305-3	Other indirect (Scope 3) GHG emissions	50, 65	
	305-4	GHG emissions intensity	50, 65	
WASTE				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	48–50, 64	
GRI 306: Waste and Effluents 2016	306-2	Waste by type and disposal method	65	
ENVIRONMENTAL COMPLIANCE				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	48–50, 64	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	65	
SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	48–50, 64	
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	49–50	
EMPLOYEE ENGAGEMENT				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	55–59, 61, 64	
Company specific disclosure	N/A	Employee engagement and eNPS	61	

GRI Standard	Disclosure number	Disclosure name	Page reference	Omissions/ Comment
OCCUPATIONAL HEALTH & SAFETY				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic,its boundary and management approach	51, 57–58, 62, 64	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	57–58	
	403-2	Hazard identification, risk assessment, and incident investigation	57–58	
	403-3	Occupational health services	57–58	
	403-4	Worker participation, consultation, and communication on occupational health and safety	57–58	
	403-5	Worker training on occupational health and safety	57–58	
	403-6	Promotion of worker health	57–58	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	57–58	
Company specific disclosure	N/A	Number of recorded incidents	62	
	N/A	Number of lost time cases	62	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	62	
TRAINING AND EDUCATION				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	55–57, 58, 64	
GRI 404: Training and education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	56–57	
	404-3	Percentage of employees receiving regular performance and career development reviews	61	Not reported by employee category.
DIVERSITY AND INCLUSION				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	55, 57, 61, 64	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	65	
	405-2	Ratio of basic salary and remuneration of women to men	61, 66	Not reported by employee category.
HUMAN RIGHTS ASSESSMENT				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	55, 59, 62, 64	
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	62	
SUPPLIER SOCIAL ASSESSMENT				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	55, 59, 62, 64	
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	59, 62	
Company specific disclosure	N/A	Number of audits of high-risk suppliers – results and follow-up actions/sanctions	62	
CUSTOMER PRIVACY				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	51–55, 64	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	65	
CUSTOMER HEALTH AND SAFETY				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	55, 59	

ABOUT THE SUSTAINABILITY REPORT

This sustainability report covers the fiscal year 2020/21 (May 1, 2020 – April 30, 2021). Elekta publishes a sustainability report annually. Last year's report was published on July 10, 2020. Compared to last year's report Elekta has added GRI 308: Supplier Environmental Assessment 2016 to the GRI Content Index and adopted the revised standard GRI 403: Occupational Health and Safety 2018.

The report covers all Elekta's fully-owned subsidiaries. See **Note 20** for details about Elekta's subsidiaries.

The report constitutes Elekta's Communication of Progress in line with the UN Global Compact's guidelines. The report has been prepared in accordance with GRI Standards: Core level.

Questions or comments? We would like to hear from you. Please contact Lisa Hjalmarsson, Global Sustainability Manager, lisa.hjalmarsson@elekta.com

STATUTORY SUSTAINABILITY REPORT

This report has been prepared in accordance with the Swedish Annual Accounts Act. Please refer to the table below for page references.

	Pages
Business model	14, 16–17
Environmental matters	48–50, 65
Social matters and employees	44–47, 55–59, 61–62, 66
Human rights	55, 59, 62
Anti-corruption	51–54, 65
Sustainability risks	34–37, 44, 48–50, 55, 57–58, 59
Auditor's report	70

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Elekta AB (publ), corporate identity number 556170-4015

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2020-05-01 – 2021-04-30 on pages 41–69 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 auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability 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.

Opinion

A statutory sustainability report has been prepared.

Stockholm, July 8, 2021

Ernst & Young AB
Signature on original auditors' report in Swedish[1)]

Rickard Andersson
Authorized Public Accountant

[1)] This is a translation of the original auditors' report in Swedish. In the event of any differences between the translation and the original statement in Swedish, the Swedish version shall prevail.

CORPORATE GOVERNANCE

Increased importance and attractiveness of radiotherapy

Elekta is a key industrial partner to cancer care and healthcare providers globally. Cancer is the fastest growing healthcare burden in society and the first or second leading cause of death globally.

Over the last 18 months the pandemic has forced hospitals and clinics to reprioritize resources and to restrict access for installations and treatments. Elekta has shown strong resilience, both financially and operationally, and has been able to continue supporting customers in keeping cancer care going. Even so, the lack of resources brought by the pandemic will leave long-lasting marks as diagnosis and treatment for millions of cancer patients have been delayed.

The importance of cancer care and the long-term attractiveness of the radiation therapy market was underscored by Siemens Healthineers' re-entry to our industry. This change in the competitive landscape strengthens Elekta's long-held tradition of bringing diagnostic imaging to radiotherapy and will spur technological and clinical innovations.

The role of radiotherapy in cancer care has successively grown as clinical and technological innovations brought to market. Elekta has improved patient outcomes and improved precision of both diagnosis and treatment. We are dedicated to continuously improve cancer care and making the treatments better, safer and more effective. Our strategic partnership with Philips will further unlock opportunities in the broader cancer care spectrum. Globally, there is still a substantial shortage of radiotherapy capacity. Especially low- and middle-income countries are severely underserved. But as cancer incidence continues to increase, all countries will need to invest to expand treatment capacity.

Sustainability is an area where the Board via its committee work is deeply engaged. We view ESG as a tool to systematically manage our social impact and reduce our climate footprint, and for identifying business opportunities while avoiding risks.

Elekta's environmental impact is limited, and governance issues have long been integrated into our code of conduct. Our biggest impact is on social issues where our societal contribution to cancer care aligns perfectly with our business strategy and goals. However, there are limitations to our ability as a publicly listed company to be involved in the early stages on these issues. Therefore, the Board plans to ask the AGM to fund a foundation that will work early with governments and NGOs to improve access to efficient cancer care in low- and middle-income countries.

Gustaf Salford was appointed President and CEO by the Board in November 2020, having served as acting CEO since June. Gustaf has been with Elekta for twelve years and has in a variety of roles proven himself to be a strong and capable leader with deep competence and international business acumen. The Board puts a strong focus on long-term succession planning and managerial development. As our industry is technologically complex and requires a great deal of specialization, having the ability to recruit internally to leadership positions is strategically important for us.

"The change in the competitive landscape strengthens Elekta's long-held tradition of bringing diagnostic imaging to radiotherapy and will spur technological and clinical innovations."

We have a strong and dedicated team at Elekta and substantial business opportunities ahead of us. The pandemic exposed vulnerabilities in the global healthcare systems that will need to be addressed in the future. We intend to do our part and continue to work to improve access to the best cancer treatment as possible for millions of patients around the world. Thereby Elekta will help reducing the global cancer burden.

Laurent Leksell
Chairman of the Board

Corporate governance report 2020/21

Elekta AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm. Elekta considers good corporate governance, including risk management and internal control, to be an important element of a successful business operations as it provides opportunities for maintaining confidence among customers, patients, shareholders, authorities and other stakeholders. Elekta's corporate governance report 2020/21 has been prepared by the Company's Board of Directors, in accordance with the annual accounts act and the Swedish corporate governance code, as a separate report from the Board of Directors' report, and it has been reviewed by the Company's external auditor.

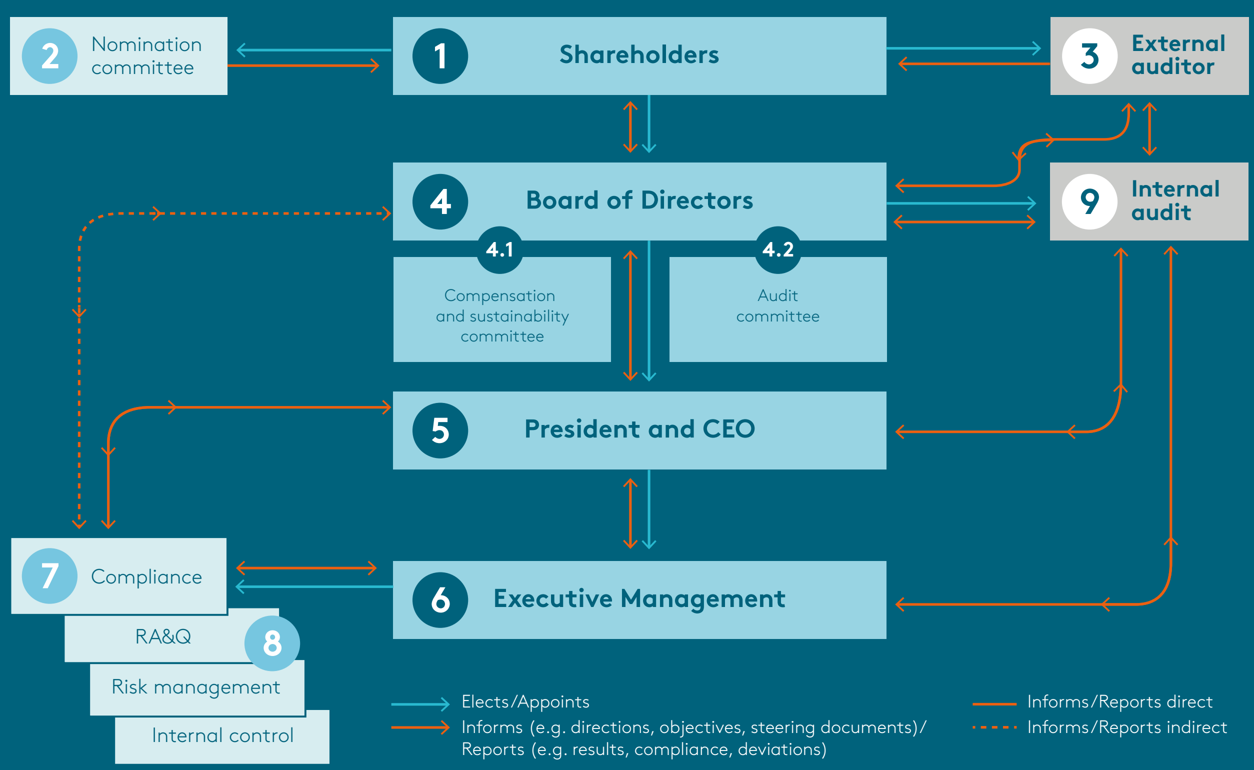
Elekta's structure for corporate governance

An overview of Elekta's[1] structure for corporate governance is set out in the illustration below. The different corporate bodies that are included in the structure are described in more detail in this report in the order specified below.

Elekta has implemented and complied with the Swedish corporate governance code (the Code)[2] with one exception during the fiscal year of 2020/21. According to point 2.4 of the Code, the chairman of the Board of Directors is not to be the chairman of the nomination committee. Elekta's nomination committee resolved to appoint the chairman of the Board of Directors, Laurent Leksell, as chairman of the nomination committee. This was motivated by the fact that Laurent Leksell, in his capacity as the major shareholder, is well suited to effectively lead the work of the nomination committee in order to achieve the best result for the Company's shareholders.

ELEKTA'S GOVERNANCE STRUCTURE

As per April 30, 2021



[1] "Elekta" or the "Group" refers to the Elekta Group which includes Elekta AB (publ) and its subsidiaries, and "Elekta AB" and the "Company" or the "Parent Company" refers to Elekta AB (publ). [2] The Code can be found at www.corporategovernanceboard.se.

1 Shareholders

Shares and votes

Elekta AB's B share is since 1994 listed on Nasdaq Stockholm. On April 30, 2021, the total number of registered shares in Elekta AB was 383,568,409 divided between 14,980,769 Series A shares and 368,587,640 Series B shares. At the general meetings of shareholders, which are the forum in which shareholders may exercise influence, Series A shares entitle the holder to 10 votes each, while Series B shares carry one vote each.

Laurent Leksell has been the largest shareholder of Elekta AB in terms of voting rights since the listing on Nasdaq Stockholm and controlled through own and related parties' as per 30 April, 2021 holdings representing 30.4 percent of the votes.

Read more about the share, the shareholders and Elekta's dividend policy on **page 39**.

General meeting of shareholders

The general meeting of shareholders is Elekta AB's highest decision-making body at which the shareholders can exercise their right to make decisions in certain company matters. In addition to the annual general meeting (AGM) of shareholders, extraordinary general meetings (EGM) of shareholders may be held at the discretion of the Board of Directors or if requested by the external auditor or by shareholders holding at least 10 percent of the shares.

The AGM is held in Stockholm, Sweden. The date and venue for the meeting will be announced on Elekta's website **www.elekta.com**, not later than in connection with the third interim report for the period May–January. Notification of the AGM is published, according to the rules of the Swedish companies act, not earlier than six weeks and not later than four weeks in advance of the meeting.

Disclosures on direct or indirect shareholdings in Elekta AB representing at least one-tenth of the voting rights, and information about authorizations by the general meeting of shareholders for the Board of Directors to decide upon acquisition of own shares, are set out on **page 39**.

General meetings 2020/21

The AGM 2020 was held on August 26, 2020. As a result of the Covid-19 pandemic, the AGM was held through advance voting. 381 shareholders voted in advance, either personally or by proxy, corresponding to approximately 70 percent of the votes in the Company. The main resolution items of the AGM 2020 are set out in the column to the right.

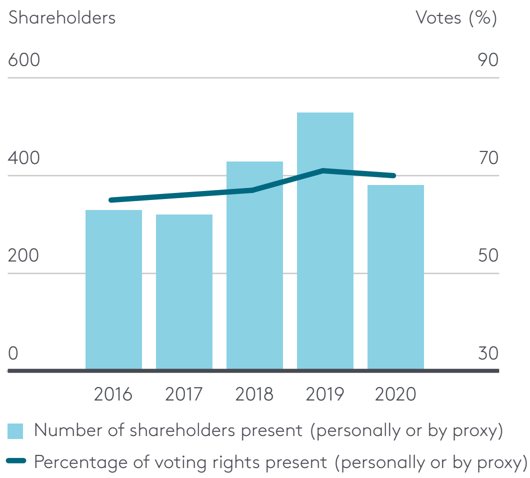
An EGM was held on April 16, 2021. The EGM was, as the AGM 2020, carried out through advance voting and the general meeting resolved that an amount representing SEK 0.90 per share shall be distributed as an extra dividend to the shareholders.

Further information regarding the above mentioned general meetings, including the minutes, is available at **www.elekta.com**. No other general meetings of shareholders were held during the fiscal year 2020/21.

AGM 2021

The AGM 2021 will be held on August 25, 2021. More information regarding this AGM is found on **page 160**.

SHAREHOLDERS' PRESENCE AT AGM:S



The main resolution items of the AGM 2020:

- A dividend payment of SEK 0.90 per share to shareholders
- Discharge from liability of the members of the Board of Directors as well as the President and CEO for management of the Company in the 2019/20 fiscal year
- Adoption of fees to the Board of Directors totaling SEK 4,580,000 (5,130,000), of which SEK 1,280,000 (unchanged) to the chairman of the Board of Directors and SEK 550,000 (unchanged) to each of the other external members of the Board of Directors, as well as remuneration for board committee work of SEK 115,000 (unchanged) to the chairman of the compensation and sustainability committee and SEK 80,000 (unchanged) to each of the other members of the committee, and SEK 240,000 (unchanged) to the chairman of the audit committee and SEK 150,000 (unchanged) to each of the other members of the committee
- Re-election of Laurent Leksell, Caroline Leksell Cooke, Johan Malmquist, Wolfgang Reim, Jan Secher, Birgitta Stymne Göransson and Cecilia Wikström as members of the Board of Directors. Tomas Puusepp had declined re-election. Laurent Leksell was re-elected as chairman
- Election of Ernst & Young AB as external auditor, with authorized public accountant Rickard Andersson as the auditor in charge
- Adoption of guidelines for remuneration of senior executives
- Adoption of the share-based long-term incentive program, Performance Share Plan 2020, to be offered to Executive Management and certain key employees
- Authority for the Board of Directors for acquisition and transfer of own shares

2 Nomination committee

The responsibilities of the nomination committee
The main responsibility of the nomination committee is to prepare proposals for adoption at the AGM with respect to election and remuneration matters, as for instance election of chairman of the general meeting, directors and external auditor as well as remuneration to the directors and the external auditor.

Appointment of nomination committee
The AGM 2020 resolved that the nomination committee for the AGM 2021 would be appointed through a procedure whereby the chairman of the Board of Directors would contact the four largest shareholders in terms of voting rights, besides the shareholder or shareholders the chairman of the Board of Directors may represent. The assessment of which shareholders that are the largest shall be based on Euroclear Sweden's shareholder statistics as of the last banking day in September. These shareholders would be given the opportunity to appoint one person each who, together with the chairman of the Board of Directors, would constitute the nomination committee. The chairman of the nomination committee would, unless the nomination committee unanimously decides otherwise, be the member of the nomination committee appointed by the largest shareholder in terms of voting rights. No remuneration would be paid to the members of the nomination committee.

The composition of the nomination committee for the AGM 2021 is set out below. The assignment for the nomination committee is valid until the end of the next AGM or, where applicable, until a new nomination committee has been appointed.

The nomination committee for the AGM 2021

- Laurent Leksell (chairman) – represents his own and related parties' holdings and is also the chairman of the Board of Directors
- Per Colleen – The Fourth Swedish National Pension Fund
- Filippa Gerstädt – Nordea Funds
- Javiera Ragnartz – SEB Funds
- Tomas Risbecker – AMF Pension & Funds

Preparation for the AGM 2021
The nomination committee held four meetings prior to the AGM 2021. An evaluation of the Board of Directors' work, competences, composition and independence of its members is performed annually and initiated by the chairman of the Board of Directors, partly to assess the preceding year, partly to identify areas for development for the Board of Directors. During the fiscal year 2020/21 a digital evaluation was performed with support from an external company. The conclusion is presented to the nomination committee by the chairman of the board. In addition, individual interviews have been held by the committee with each director. The nomination committee has, through the audit committee's chairman, obtained the audit committee's recommendation as regards election of auditor.

When preparing its proposal for board composition, the nomination committee has applied the Code, section 4.1, as diversity policy. The nomination committee's proposals for the AGM 2021 are presented in the notice convening the AGM 2021. A reasoned statement explaining the nomination committee's proposal for the Board of Director's composition is posted on Elekta's website in connection with the issuance of the notice of the AGM 2021.

3 External auditor

External auditor and auditor in charge
The external auditor of Elekta AB is appointed by the AGM for a period lasting until the end of the next AGM. The AGM 2020 elected Ernst & Young AB (EY) as external auditor with Rickard Andersson as auditor in charge.

Rickard Andersson was born in 1973 and is an authorized public accountant. During the year, he was also the elected auditor in charge of Munters, Pricer and SSAB. He has no assignments in any other company that affects his independence as the auditor in charge of Elekta AB.

EY has performed the audit of Elekta for the 2020/21 fiscal year, in accordance with a risk-based external audit plan, resulting in the unqualified auditor's report and statement, which are available on **page 148**.

Services and fees
According to the audit committee's guidelines, services in addition to audit services, known as permissible non-audit services, that Elekta may procure from the external auditor in order to assure that the impartiality and independence of the external auditor is not put at risk, may not exceed 70 percent of the cost for audit services measured over a three-year period. The audit committee may decide to make exceptions under certain circumstances.

Non-audit services procured from EY during the 2020/21 fiscal year adhered to the guidelines established and comprised mainly of tax consultancy and other audit-related services.

The fees to the external auditor for the 2020/21 fiscal year are reported in **Note 9**.

4 Board of Directors

Responsibilities of the Board of Directors

The work of the Board of Directors is regulated by the Swedish Companies Act, the Company's articles of association, the Code and the working instructions for the Company's Board of Directors. The board is responsible for the organization of Elekta AB and the management of the Company's operations in the interest of the Company and all shareholders. This includes appointing a President and CEO who is responsible for managing the day-to-day operations in accordance with instructions from the board. The responsibilities for the board also include:

- Establishing overall goals and strategy
- Defining guidelines to govern ethical conduct with the purpose of ensuring the long-term ability to create value
- Ensuring an effective system for follow-up and control on the Company's operations and risks that the Company and its operations are exposed to
- Ensuring a satisfactory process for monitoring compliance with laws and regulations and other regulatory compliance requirements applicable for the Company as well as compliance with internal company regulations
- Ensuring that external information and communications are characterized by openness, and that they are accurate, reliable and relevant

Appointment of the Board of Directors

The Board of Directors of Elekta AB is elected by the AGM for a period lasting until the end of the next AGM.

According to the articles of association of Elekta AB, the board is to have between three and ten members with no more than five deputy members. There are no other rules in the articles of association concerning the appointment or removal of members of the board.

Composition and independence of the Board of Directors

The Board of Directors comprises seven members which are presented on **page 84**. There are neither deputy board members nor employee representatives on the board. The general counsel serves as secretary for the board.

According to the Code, the majority of the directors appointed by the general meeting of shareholders shall be independent of the Company and the executive management. In addition, at least two of the directors, who are independent of the Company and the executive management, shall also be independent of major shareholders. The composition of the board meets the independence requirements as five of the seven members of the board have been deemed independent in relation to the Company, the Executive Management and major shareholders. These five members are Johan Malmquist, Wolfgang Reim, Jan Secher, Birgitta Stymne Göransson and Cecilia Wikström.

The independence of each board member is shown on **page 84**. Remuneration to the Board of Directors is set out in **Note 7** and on **page 84**.

THE WORK OF THE BOARD OF DIRECTORS INCLUDING SOME IMPORTANT AGENDA ITEMS IN 2020/21

2020 | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER

May – Board meeting
- Adoption of year-end and Q4 report 2019/20
- Meeting with auditors and review of external audit report for the full year
- Review and approval of budget fiscal year 2020/21 incl. financial targets
- Report from the audit committee and the compensation and sustainability committee
- Adoption of updated prospectus for MTN-program

July – Board meeting
- Adoption of annual report 2019/20 (including all reports therein)
- Adoption of notice and final proposals to the AGM

August – Two board meetings
- Inaugural board meeting
- Adoption of working instructions for board and committees as well as group policies
- Adoption of interim report Q1 2020/21
- Report from the audit committee and the compensation and sustainability committee

September – Four board meetings
- General market review
- Review of R&D and M&A
- Report from business lines
- Introduction by Kaiku Health's Managing Director
- Approval of supplementary MTN prospectus

October – Board meeting
- Review of strategic projects

EXAMPLES OF THE BOARD'S FOCUS AREAS

1 ELEKTA'S NEW VISION

A focus area that proved its importance as the pandemic swept over the globe is making sure that every patient has access to the best cancer care – Elekta's renewed vision and the pillar of Elekta's sustainability agenda. The Board of Directors has focused on finding ways to affect the growing cancer burden. A new foundation that aims to meet this, through public affairs and cooperation, will be proposed to the AGM. The Board of Directors has also focused on choosing the right leader for Elekta and appointed a new President and CEO in November 2020.

2 R&D

Elekta's R&D and innovation road map is of highest priority and is monitored closely by the Board of Directors. During the year, the R&D portfolio grew substantially with a strong emphasis on software and informatics including AI and machine learning solutions. Proactive and digital service has also been in focus and has proven to be a key factor in continuing to provide high up-time of radiation therapy equipment in cancer treatment around the globe, which also improved customer satisfaction.

The work of the Board of Directors

The working instructions for the Board of Directors establish that the board is to:

- Hold at least seven ordinary meetings per year
- Adopt finance and foreign exchange policies
- Adopt a code of conduct
- Approve a long-term plan and budget, including an investment budget
- Approve investments and similar decisions where the amount of the transaction exceeds SEK 5 million if such a transaction falls outside the approved investment budget
- Decide on acquisition or sale of real property or shares, or acquisition or sale of the assets of, or a major part of the assets of, another company
- Decide on the establishment and liquidation of subsidiaries
- Adopt guidelines for remuneration of senior executives to be approved by the AGM
- Decide on terms of employment for the President and CEO according to guidelines for remuneration of senior executives approved by the AGM
- Adopt the annual report, year-end report and interim reports

Within the board, there is no special distribution of responsibilities among the members of the board in addition to the duties that the board has delegated to the compensation and sustainability committee and to the audit committee, respectively.

During the fiscal year 2020/21, the board held 14 minuted meetings. Board meetings are normally held at Elekta's head office in Stockholm, or at other locations where Elekta has offices or other facilities, but have during this fiscal year been held through telephone and video conferences as a result of the pandemic. Representatives from the Executive Management and other senior managers regularly attend board meetings to report on matters within their respective area of responsibility. For ordinary board meetings, an agenda with decision supporting material is available ahead of the meetings. The board members' attendance at board meetings is shown on **page 84**.

BOARD COMMITTEES

To improve the efficiency of the board work, the Board of Directors has appointed a compensation and sustainability committee and an audit committee. The committees work in accordance with directives adopted by the Board of Directors and prepare recommendations and proposals for the board.

4.1 Compensation and sustainability committee

The committee and its responsibilities

The compensation and sustainability committee shall prepare the Board of Director's motions on issues relating to remuneration principles, remuneration and other terms and conditions of employment for the Executive Management. In relation to sustainability, the committee shall, inter alia, monitor the measures to strengthen corporate culture with respect to corporate social responsibility in the light of the Company's code of conduct as well as advise the President and CEO on proposals for targets and vision for sustainability.

NOVEMBER	DECEMBER	2021	JANUARY	FEBRUARY	MARCH	APRIL

Board meeting (November)
- Appointment of Gustaf Salford as President and CEO
- Adoption of interim report Q2 2020/21
- Report from the audit committee and the compensation and sustainability committee
- Review of North American market and certain product areas

Board meeting (January)
- Approval of divestment of stake in ViewRay
- Approval of establishment of office in Egypt

Board meeting (February)
- Adoption of interim report Q3 2020/21
- Report from the audit committee and the compensation and sustainability committee
- Review of the Chinese market and on-going M&A projects

Two board meetings (March)
- Resolution to convene an EGM and to propose that the EGM resolves on an extra dividend

3 M&A AND PARTNERSHIP

Complementing Elekta's own R&D pipeline thorough mergers and acquisitions is permanently on the Board of Director's agenda. Specialized software companies with value-added technologies are evaluated regularly. The Board of Directors has also reviewed the potential in partnerships with focus on cooperative partners who share Elekta's values and how the market opportunities can be leveraged together.

4 THE PANDEMIC

The impact of the pandemic continued to influence the Board of Directors' agenda throughout the fiscal year. The Board's focus has been on continuing to secure Elekta's resilience by embracing what was learned during last year and fully adapting to the new circumstances. The Board of Directors has been committed to ensuring that customers can continue to care for their patients, as well as the safety of Elekta's employees around the globe.

Composition

The compensation and sustainability committee consists of four members appointed by the board, at the first board meeting following the election of the board by the AGM, for a term of one year. In addition to the committee members, the President and CEO, the Executive Vice President Human Resources, the Vice President of Compensation & Benefits, the Chief Compliance and Integrity Officer as well as the Global Sustainability Manager attend the committee's meetings. The General Counsel and EVP serves as secretary for the committee.

The compensation and sustainability committee

- Laurent Leksell (chairman)
- Caroline Leksell Cooke
- Wolfgang Reim
- Cecilia Wikström

Work during the year

During the fiscal year 2020/21, the compensation and sustainability committee held five minuted meetings. At these meetings, the committee has, inter alia, reviewed the remuneration of the Executive Management, prepared a proposal for a new long-term incentive program for 2021/22 for Executive Management and other key individuals as well as prepared the board's recommendations regarding guidelines for remuneration of senior executives for the next AGM. In addition, the work has included conducting a succession planning and reviewing management succession plans for senior management levels and other Group-critical positions. The committee has further, in line with instructions from the Board of Directors, worked with the Company's sustainability matters, with a special focus on human rights, corporate philanthropy and environment.

The members' attendance at committee meetings and independence are shown on **page 84**.

4.2 Audit committee

The audit committee and its responsibilities

The board shall appoint an audit committee with the responsibility to monitor the Company's financial reporting and provide recommendations and proposals to ensure the reliability of the reporting. The committee shall, with regard to the financial reporting, monitor the effectiveness of the company's internal control, internal auditor and risk management. Included in the responsibilities of the committee is also to be continuously informed about the audit of the annual report and consolidated financial statements. In addition, the committee shall inform the Board of Directors about the result of the audit and how the audit contributed to the reliability of the reporting as well as the role of the committee during the audit. The audit committee also examines and monitors the impartiality and independence of the auditor. Furthermore, the committee provides proposals to the Company's nomination committee concerning the appointment of auditor for the following mandate period.

Composition

The members of the audit committee cannot be employed by the Company and at least one shall have accounting or audit competency. Elekta's audit committee has three members who were appointed by the board at the first board meeting following the election of the board by the AGM, for a term of one year.

In addition to the committee members, the CFO, the Head of Group Accounting and the Chief Audit Executive also attend the committee's meetings as well as the external auditor, if needed. The associate general counsel serves as secretary for the committee.

> "Birgitta Stymne Göransson, **Chairman of the audit committee**
>
> *An independent audit committee is a fundamental component of good corporate governance.*

The audit committee

- Birgitta Stymne Göransson (chairman)
- Johan Malmquist
- Jan Secher

Work during the year

During the fiscal year 2020/21, the audit committee held four minuted meetings. During such meetings, the committee has reviewed the year-end report and annual report for the fiscal year 2019/20 as well as interim reports for 2020/21. Further, part of the work has been to monitor the performance of the global internal control framework, approve the internal audit plan as well as review and follow-up of internal audit reports. Another task, amongst others, that has been dealt with is to review the external audit plan and external audit reports. At every meeting, in-depth reviews are carried out on the financial management of selected business areas.

The members' participation at committee meetings is shown on **page 84**.

5 President and CEO

Responsibility

The President and CEO is responsible for the day-to-day management of the Company in accordance with applicable laws and regulations as well as internal steering documents. These include the working instructions for the CEO adopted by the board and other instructions from the board. The President and CEO also represents the Group in various contexts, leads the work of the executive management and makes decisions in consultation with the members of the executive management.

Appointment of the President and CEO

The board appoints Elekta AB's President and CEO.

Gustaf Salford was on November 26, 2020 appointed as the President and CEO of Elekta AB. He had then been acting President and CEO since Richard Hausmann resigned on June 2, 2020. More information about Gustaf Salford is provided in the presentation of the current Executive Management on **page 86**.

Remuneration to the President and CEO is described in **Note 7**. The guidelines, proposed by the Board of Directors for approval by the AGM 2021, for remuneration to the Executive

Management are described on page 102 and in the Remuneration report 2020/21 on page 89.

6 Executive Management

Appointment and responsibility

The President and CEO appoints the members of the executive management. The President and CEO is responsible for and leads the work and meetings of the executive management. The executive management supports the President and CEO in his work and makes joint decisions following consultation with various parts of the Group.

Composition

A presentation of Elekta's current Executive Management is provided on page 86. As of April 30, 2021, Elekta's Executive Management comprised the President and CEO, the CFO, the five Solutions presidents, four region EVPs as well as the heads of Global Services, HR and Legal.

Remuneration to the Executive Management is described in **Note 7**. The guidelines, proposed by the Board of Directors for approval by the AGM 2021, for remuneration to Executive Management are described on page 102.

Work during the year

The Executive Management meets on a regular basis. During the fiscal year, the meetings have mainly been carried out through telephone and video conferences due to the pandemic.

The most important agenda items at the meetings during the fiscal year were strategic and operational issues such as product development, acquisitions/divestments, investments, market development, organization, long-term plans and budget, and monthly and quarterly business and financial reviews.

7 Compliance

Responsibility

The compliance function's responsibilities are to review and evaluate compliance issues within the organization to ensure that management and employees of the Group are in compliance with rules and ethical regulations relating to, inter alia, anti-corruption, export control and competition law. The compliance function also monitors the implementation of a program to ensure compliant personal data processing within the Group. In addition, Compliance is responsible for the overall strategy and coordination of the areas of sustainability.

Elekta's Chief Compliance & Integrity Officer presents on a quarterly basis the progress of the risk-based compliance program at each meeting of the audit committee and reports on any incidents and on-going investigations. A written compliance report is submitted at every meeting.

The function is headed by the Chief Compliance & Integrity Officer who reports to the General Counsel and EVP.

Work during the year

During the year, the work with corruption risk assessments has continued with a focus on high risk markets and in connection therewith has a framework for collaborating with third parties, such as distributors and sales agents, been evaluated. Elekta's program to prevent corruption has been strengthened as a result of such risk assessments and the control measures that have been identified are being implemented for markets with similar risks.

As a result of the pandemic, the compliance function has introduced a new training concept, using a digital training platform and video training sessions. Each employee has an individual training profile adapted to the risks that are deemed relevant for the relevant role and duties.

Information about the work relating to monitoring the goals within business ethics is provided on page 51.

8 Regulatory affairs and quality

Responsibility

The regulatory affairs and quality function's responsibilities include supporting management to comply with regulatory requirements for products, quality systems and market entry. Interaction with, and to provide transparency to, external regulatory bodies is another key responsibility. The function is furthermore responsible for the quality system's infrastructure and compliance, product clearances and approvals as well as post market vigilance and recall reporting.

The heads of the function, Senior Vice President Regulatory Affairs & Quality and Vice President Regulatory Affairs & Quality, both report to the General Counsel and EVP.

Work during the year

The most important tasks during the fiscal year have encompassed to ensure product approval for regulatory market entry as well as to manage inspections from different authorities and organizations to ensure continued certification. In addition, the work of the function has included to manage the implementation of the new Medical Device Regulation in Europe (MDR). The quality management system and the main part of the product portfolio are already MDR certified. The remaining products are planned to be certified during the fiscal year 2021/22.

9 Internal audit

Responsibility

Internal audit is an independent function that conducts independent and objective assurance, review and consulting activities. The scope of the internal audit function encompasses the examination and evaluation of the adequacy and effectiveness of Elekta's governance, process steering, risk management and internal control processes, as well as the quality of performance in carrying out assigned responsibilities to achieve the Group's objectives as part of the assurance activity. The work also encompasses consulting activities and advisory support in the same areas. The internal audit function works in accordance with the guidelines for the internal audit function adopted by the board.

The internal audit function is appointed by, and reports to, the audit committee and the Board of Directors. The Chief Audit Executive, who functionally reports to the audit committee and administratively to the CFO, supervises the internal audit function.

Work during the year

The work of the internal audit function has included, based on an established and by the audit committee approved internal audit plan, audits of subsidiaries as well as quality reviews of processes encompassed by the global internal control program. Furthermore, statistical follow-up reporting of the internal control program to Executive Management, the audit committee and the Board of Directors has been carried out as well as consulting in connection with the update of the internal control program. The internal audit function has during the year coordinated the external audit as well as managed the audit committee meetings.

Elekta´s process for internal control

Risk management, governance and internal control are key components of Elekta's strategy and management processes. Elekta's Board of Directors assumes the overall responsibility for establishing an efficient control of risk management, governance and internal control. The responsibility for maintaining the control systems is delegated to the President and CEO, who is assisted by the Executive Management, other operational managers and coworkers. Functions responsible for risk management, governance and internal control continuously report the current status directly to the Board of Directors and/or the audit committee.

Elekta's personnel will represent the first level of control environment in their day to day work and in their management teams. To facilitate the work there are policies, guidelines and boundaries set by the Executive Management on behalf of the Board of Directors. The boundaries should ensure that no individual employee accepts a disproportionate portion of risk or to little risk which may result in missed opportunities and ultimately Elekta not achieving the strategic goals. All employees have the obligation to obtain an appropriate level of understanding within their roles and responsibilities and carry out their responsibilities correctly and completely. Employees are the owners of all risks related to their business operations and are expected to manage these by maintaining good internal control and follow risk and control procedures. Every employee is expected to comply with internal policies, procedures and applicable laws and regulations.

The next stage of control environment lays within the support functions such as finance, IT, HR, compliance, regulatory affairs and quality as well as legal that support and monitor the first level of controls.

The final stage of control environment is the internal audit function that provides independent and objective audits, assurance and advisory support to the management on governance, preparation of decisions, risk management and internal control.

The process for risk management and internal control applies for the entire Group, including business lines, regions, functions, management, coworkers, processes and technology. The Elekta risk work is focused on identifying and managing strategic risks, operational risks, legal and regulatory risks, external risks and market- and financial risks. Risk assessments are being completed and updated continuously in order to identify risks that can impact the achievement of strategy goals, legal compliance and regulations and financial reporting.

The Board of Directors also continuously manage decisions that include risk management, for example, within the Elekta strategy and management processes and business management. Find out more about risk management in the board's report on risk management and internal control over financial reporting on **page 81**. A description of how other risks are being managed can be found in the risks and risk management section on **page 34**.

Report on risk management and internal control over financial reporting

The Board of Directors' report on risk management and internal control over financial reporting has been prepared in accordance with the annual accounts act and the Swedish corporate governance code, and constitutes an integral part of the corporate governance report. The external financial reporting has been prepared in accordance with laws and regulations and applicable accounting standards, namely the International Financial Reporting Standards (IFRS), and other requirements on listed companies, such as the Nasdaq Stockholm Rule Book for Issuers. Elekta's work on risk management and internal control over financial reporting is based on the 2013 updated internal control – integrated framework (the "framework"), established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO framework is based on 17 fundamental principles linked to five components: control environment, risk assessment, control activities, information and communication, as well as monitoring.

Objective

The Elekta Group is governed and controlled based on the distribution of rights and responsibilities, including decision-making, among different corporate bodies according to laws and regulations as well as internal steering documents. A structure is provided through which Elekta's objectives and the means of attaining these objectives and monitoring performance are set. The objectives reflect choices made on how the Group seeks to create, preserve and realize value for its stakeholders. Governance is twofold; it concerns both effectiveness and accountability. Effectiveness is measured by performance, and accountability includes all issues surrounding disclosure and transparency.

Objective setting is a prerequisite necessary to internal control and a key part of the Elekta strategy and management processes. Therefore, Elekta's corporate governance encompasses both the strategy and management processes, outlining the establishment of both long-term objectives and strategies with at least a three-year perspective and short-term objectives and plans with a one-year perspective, and the risk management and internal control process.

Control environment

Important elements of the control environment applicable for Elekta's financial reporting are the financial guide, including the accounting policy, reporting instructions, authorization policy and finance policy. In addition, there are other important elements of the control environment for financial reporting such as the communication policy and processes and work instructions to be found in group-wide steering documents and in the Elekta business management system.

≥3 years
strategic perspective

Risk assessment is carried out continuously throughout the year in order to identify risks that can affect the possibility to reach targets set in relation to the strategy, the business, reporting and compliance.

Risk assessment

Risk assessment includes identifying any risk that the qualitative characteristics of useful financial information, according to IFRS, may not be fulfilled or the financial reporting assertions may not be supported. Risk assessment criteria include occurrence, completeness, accuracy, cut-off, classification, existence, rights and obligations, and valuation for profit and loss and balance sheet items in the financial reporting as applicable, but also information processing relating to input, processing and recording of data. A risk assessment regarding internal control over financial reporting is performed once a year and covers profit and loss and balance sheet items in the financial reporting and related areas and processes. The work is documented in a risk map and included in risk and control matrices (RACMs) per area and process.

Control activities

Control activities mitigate the risks identified to achieve set objectives through adherence to risk tolerance levels in terms of globally defined minimum internal control requirements over financial reporting. The control activities are documented in RACMs per area, process and risk.

Control activities are aimed at preventing errors and irregularities from occurring and/or detecting errors and irregularities that may have occurred. Control activities can be manual or automated, such as authorizations and approvals, verifications, reconciliations, and business performance reviews, or a combination of two.

Control activities comprise the following areas and processes:

- Entity-level controls – over the control environment
- General IT controls – over IT system components, processes and data for a given IT environment including logical access, program change management, back-up and recovery
- Process controls – over processes such as order recognition, order to cash, revenue recognition, purchase to pay, inventory, payroll and financial statement close

The globally defined minimum internal control requirements over financial reporting comprise entity level controls that are regulated through Elekta's steering documents at Group-wide level, the business management system and internal control frameworks of standard controls that include general IT controls and uniform process controls for all Elekta companies and locally defined controls where necessary. The controls included in the internal control framework are documented in RACMs as standard models for all entities and then specifically for each individual entity. All controls in the internal control framework are based on risk assessments of financial flows that impact the financial reporting in general and more specifically for the individual entities.

Information and communication

Information and communication regarding risk management and internal control over financial reporting relates to both internal and external information and communication.

Internal information about important internal steering documents for risk management and internal control over financial reporting, including RACMs, as well as the communication policy and processes, work instructions and other relevant information in the Elekta business management system, are channeled down the organization and communicated to relevant personnel on the Group's intranet. Internal information regarding the status of the effective design and operating effectiveness of risk management and internal control over financial reporting are channeled up the organization, based on the result of the monitoring, in order for management at different levels to be able to take corrective actions as necessary. The President and CEO and the Chief Audit Executive in turn inform the audit committee and the board, respectively, of the results of the monitoring in order for them to be able to fulfill their oversight responsibility. This communication normally takes place at the ordinary audit committee meetings and board meetings, respectively.

Elekta provides the financial markets and other stakeholders with continuous external information and communication regarding the Group's and the Company's financial performance and position in accordance with the communication policy.

External information and communication regarding financial reporting is provided in the form of:

- Interim reports, year-end reports and annual reports
- Press releases on news and events that may significantly affect the Group's valuation and future prospects
- Presentations and telephone conferences for financial analysts, investors and media representatives on a regular basis

See information, including reports, press releases and presentations, on the Elekta website **www.elekta.com**. Elekta observes a silent period prior to each interim and year-end report.

Monitoring

Monitoring of internal control over financial reporting is carried out through ongoing evaluations, separate evaluations, or some combination of the two, to ascertain whether the five components of risk management and internal control are present and functioning; control environment, risk assessment, control activities, information and communication, as well as monitoring.

Ongoing evaluations are routine operations, built into processes. Monitoring takes place on a real-time basis by operational managers and personnel and periodically by management at different levels of the Group, and the audit committee and the board, and includes for example monitoring of the following:

- Business and financial performance
- Order bookings and revenue recognition
- Compliance reports from the compliance function
- Internal audit reports from the RA&Q functions related to, for example, the quality system and regulatory compliance
- Internal audit planning
- Internal audit reports from the internal audit function
- External audit reports from the external auditor

Special evaluations may be performed through:

- Periodic reviews of whether risk management and internal control are operating as intended by financial managers and general management at local, regional, business area and Group level as applicable
- Internal control compliance confirmation questionnaire, a tool for local management to report on the status of effective design and operating effectiveness of the globally defined minimum internal control requirements over financial reporting documented in RACMs
- Internal audit according to the internal audit plan

Instructions and budget approvals of internal control for financial reporting are conducted by the audit committee on behalf of the Board of Directors and require supporting documentation in the form of presentation of status, progress and solutions, as well as supporting appendices such as internal audit reports and internal control reports. Status, progress and solutions for internal control over financial reporting are discussed at the audit committee meeting and instructions are documented and, where approvals are required, approvals are performed and documented accordingly. The audit committee subsequently briefs the board of directors at the next board meeting and provides supporting documentation for discussion and approval.

> **Jonny Lövgren,**
> **Chief Audit Executive**
>
> *"Effective internal control in our processes improves reliability of decision basis and significantly reduce the risk of non-compliance.*

Activities performed in the fiscal year 2020/21

During the fiscal year 2020/21, the performed activities have primarily focused on review of timeliness and quality of internal control performance, improvement of management reporting regarding adherence to the internal control framework as well as ongoing internal control improvements. In addition, the implementation of the internal control framework in some small sized group companies has continued as planned. Risk-based reviews on the quality of financial reporting, underlying processes and control points in smaller and/or new entities have started. Annual update of the internal control framework has been performed according to plan as well as annual sign-off by management. Information relating to the results of the independent reviews were addressed at the meetings of the audit committee and subsequently followed up by the board.

Planned activities for the fiscal year 2021/22

During the fiscal year 2021/22, focus will continue to be on reviews of timeliness and quality of internal control performance and also increase efficiency and centralization of control performance. Furthermore, on-going implementation of internal control framework in new entities will be continued and any new entities will be included continuously. Also, additional risk-based reviews on the quality of financial reporting, underlying processes and control points in smaller and/or new entities will continue.



	Laurent Leksell	**Caroline Leksell Cooke**	**Johan Malmquist**
First elected:	1972	2017	2015
	■ Board chairman ■ Chairman of the compensation and sustainability committee	■ Member of the board ■ Member of the compensation and sustainability committee	■ Member of the board ■ Member of the audit committee
Attendance:	■ 14/14 ■ 5/5	■ 14/14 ■ 5/5	■ 14/14 ■ 4/4
Total fees (SEK):	■ 1,280,000 ■ 115,000	■ 550,000 ■ 80,000	■ 550,000 ■ 150,000
Year of birth:	1952	1981	1961
Education:	MBA and PhD, Stockholm School of Economics	BSc Stockholm University; Marketing studies at Wharton School at the University of Pennsylvania and at Columbia Business School	BSc Stockholm School of Economics
Independence:	Independent of the Company and the executive management, not independent of the major shareholders	Independent of the Company and the executive management, not independent of the major shareholders	Independent of the Company and the executive management and independent of the major shareholders
Other board assignments:	Board chairman: Leksell Social Ventures and Stockholm School of Economics Board member: International Chamber of Commerce (ICC)	Board chairman: Bonit Invest S.A./N.V Board member: Leksell Social Ventures` investment committee	Board chairman: Getinge AB and Arjo AB Board member: Mölnlycke Health Care AB, Dunkerstiftelserna, Chalmers University of Technology Foundation, Trelleborg AB and Stena Adactum AB
Holdings[1] in Elekta AB:	14,980,769 A-shares 7,756,624 B-shares	182,308 B-shares	20,000 B-shares
Principal work experience and other information:	Founder of Elekta and Executive Director (2005–2013). Former President and CEO of Elekta (1972–2005). Among others, Assistant Professor and Faculty member of Stockholm School of Economics, IFL and INSEAD Fontainbleau, and Visiting Scholar at Harvard Business School	Extensive experience in the areas of digital strategy, communication and technology. Currently responsible for major international business in the role as industry manager at Google	Extensive experience from the medical technology industry, among others as president and CEO of Getinge AB (1997–2015). Before that various positions within the Getinge Group and Electrolux Group

[1] Own and closely related parties as per April 30, 2021.

			
Wolfgang Reim	**Jan Secher**	**Birgitta Stymne Göransson**	**Cecilia Wikström**
2011	2010	2005	2018
■ Member of the board ■ Member of the compensation and sustainability committee	■ Member of the board ■ Member of the audit committee	■ Member of the board ■ Chairman of the audit committee	■ Member of the board ■ Member of the compensation and sustainability committee
■ 14/14 ■ 5/5	■ 14/14 ■ 4/4	■ 14/14 ■ 4/4	■ 14/14 ■ 5/5
■ 550,000 ■ 80,000	■ 550,000 ■ 150,000	■ 550,000 ■ 240,000	■ 550,000 ■ 80,000
1956	1957	1957	1965
MSc and Doctor of Physics, Federal Institute of Technology ETH, Zurich	MSc in Industrial Engineering and Management, Linköping University	MBA, Harvard Business School; MSc in Chemical Engineering and Biotechnology, KTH Royal Institute of Technology, Stockholm	Bachelor in Theology, Uppsala University
Independent of the Company and the executive management and independent of the major shareholders	Independent of the Company and the executive management and independent of the major shareholders	Independent of the Company and the executive management and independent of the major shareholders	Independent of the Company and the executive management and independent of the major shareholders
Board chairman: Ondal Medical Systems GmbH Board member: GN Store, Nord A/S, LAP GmbH and Audeering GmbH	Board chairman: Peak Management AG Board Member: IKEM (Innovation and Chemical Industries in Sweden) and The European Chemical Industry Council	Board chairman: BCB Medical Oy, Industrifonden and Min Doktor Board member: Pandora AS, Enea AB and Leo Pharma	Board chairman: European Institute of Public Administration (EIPA) in Maastricht Board member: Beijer Alma AB and Örebro University
17,500 B-shares	28,800 B-shares	8,100 B-shares	1,100 B-shares
CEO of Amann Girrbach AG. Independent consultant focusing on the medical technology industry and interim CEO at DORC BV (2016) and Ondal Medical Systems (2013). Before that, CEO of Dräger Medical AG (2000–2006). At Siemens from 1986 until 2000, as CEO of the Ultrasound Division (1998–2000) and President of the Special Products Division (1995–1998)	President and CEO of Perstorp Holding AB. Previously President and CEO of Ferrostal AG (2010–2012). Operating partner of the US private equity fund Apollo in London (2009–2010). CEO of Clariant AG in Basel (2006–2008). CEO of SICPA in Lausanne (2003–2005). Various leading positions in the ABB Group (1982–2002)	President and CEO of Memira Group (2010–2013). CEO of Semantix Group (2005–2009). COO/CFO of Telefos (2001–2005). Before that various management positions, including McKinsey, Gambro and Åhléns	Executive Director Kjell and Märta Beijer Foundation. President of the Board of EIPA in Luxembourg. President of the Uppsala University Alva Myrdal Center for Nuclear Disarmament. Member of the European Parliament (2009–2019). M.P. in the Swedish Parliament (2002–2009). Priest within the Swedish Church during the last 26 years

Gustaf Salford

Year of birth: 1977

President and CEO[1]

Employed since: 2009

Holdings[2]**:** 11,500 B-shares

Education: MSc in Business Administration, Stockholm School of Economics

Johan Adebäck

Year of birth: 1964

CFO

Employed since: 2004

Holdings[2]**:** 4,000 B-shares

Education: BSc in Business Administration and Economics, Stockholm University

Maurits Wolleswinkel

Year of birth: 1971

President Linac Solutions & Chief Product Officer

Employed since: 2011

Holdings[2]**:** 16,216 B-shares

Education: MSc in Mechanical Engineering, Delft University of Technology; MSc in General Management, Nyenrode University

Lionel Hadjadjeba

Year of birth: 1958

President MR-linac Solutions and acting EVP Region Europe

Employed since: 2019

Holdings[2]**:** –

Education: Medical Doctor, Internal Medicine and Haemato-Oncology, University of Nancy; MBA, Business School HEC, Paris

Paul Bergström

Year of birth: 1974

EVP Global Services

Employed since: 2017

Holdings[2]**:** 1,000 B-shares

Education: MSc in Electrical Engineering, KTH Royal Institute of Technology, Stockholm

Larry Biscotti

Year of birth: 1974

EVP Region Americas

Employed since: 2018

Holdings[2]**:** –

Education: BSc in Economics, Cornell University; MBA Global Business, Pepperdine University; Advanced Management, PLD, Harvard Business School

Habib Nehme

Year of birth: 1964

EVP Region Turkey, India, Middle East, Africa, APAC & Japan

Employed since: 2018

Holdings[2]**:** –

Education: MSc in Biomedical Engineering, University of Technology of Compiègne; Electrical Engineering degree, Jesuits Saint Joseph University of Beirut; Marketing degree, Business School HEC, Paris

Anming Gong

Year of birth: 1964

EVP Region China

Employed since: 2009

Holdings[2]**:** –

Education: MSc in Biomedical Engineering, Huazhong University of Science and Technology, Wuhan

[1] Richard Hausmann was President and CEO of Elekta until his resignation on June 2, 2020. In August, 2020 some reporting lines of the Executive Management changed. Consequently, Steve Wort and Caroline Mofors stepped down from the management team. Renato Leite was EVP Region Europe until June 14, 2021 when he left Elekta. Lionel Hadjadjeba is Acting EVP Region Europe.

[2] Own and closely related parties on April 30, 2021.

Andrew Wilson

Year of birth: 1970

President Oncology Informatics Solutions

Employed since: 2006

Holdings[2)]**:** –

Education: BSc in Health Science, University of Sydney

John Lapré

Year of birth: 1964

President Brachy Solutions

Employed since: 2011

Holdings[2)]**:** 10,000 B-shares

Education: MSc in Human Nutrition and Physiology; PhD in Toxicology from Wageningen University & Research

Verena Schiller

Year of birth: 1980

President Neuro Solutions

Employed since: 2008–2010 and since 2012

Holdings[2)]**:** 2,181 B-shares

Education: Radiation Therapist, Munich

Karin Svenske Nyberg

Year of birth: 1966

EVP Human Resources

Employed since: 2017

Holdings[2)]**:** 1,200 B-shares

Education: MSc in Chemical Engineering, KTH Royal Institute of Technology, Stockholm; Behavioural Science, Stockholm University

Jonas Bolander

Year of birth: 1966

General Counsel and EVP

Employed since: 2001

Holdings[2)]**:** 4,400 B-shares

Education: Master of Laws, Stockholm University

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Elekta AB (publ) corporate identity number 556170-4015.

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2020-05-01 – 2021-04-30 on pages 71–87 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 auditing standard RevU 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 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, July 8, 2021

Ernst & Young AB
Signature on original auditors' report in Swedish[1)]

Rickard Andersson
Authorized Public Accountant

[1)] This is a translation of the original auditors' report in Swedish. In the event of any differences between the translation and the original statement in Swedish, the Swedish version shall prevail.

Remuneration report 2020/21

Introduction

This report describes how Elekta AB (publ) has applied the guidelines for remuneration to executive management, adopted by the Annual General Meeting (AGM) 2020, in the fiscal year 2020/21. One senior executive at Elekta is covered by this report, Elekta's President and CEO. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board, and will be approved by the AGM. The remuneration report will be available on Elekta's website **www.elekta.com** at the time for the AGM 2021.

Further information on executive remuneration is available in **Note 7**. Information on the work of the compensation and sustainability committee during the fiscal year is set out in Elekta's corporate governance report available on **page 77**. Remuneration of the Board of Directors is not covered by this report, such remuneration is resolved annually by the AGM and disclosed in **Note 7** and on **page 84**.

Key events and key figures in 2020/21

On **page 6**, the President and CEO summarizes the fiscal year 2020/21 and Elekta's result. In the summary, information around key events which have impacted the remuneration will be available in more detail.

Elekta's remuneration guidelines: purpose, scope and deviations

A prerequisite for the successful implementation of Elekta's strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, it is necessary that Elekta offers competitive remuneration. The remuneration structures shall encourage employees to do their utmost to safeguard shareholders' interests and thereby Elekta's sustainability and long-term value creation.

According to the remuneration guidelines for executive management, they shall include a well-balanced combination of fixed salary, variable remuneration, long-term incentive programs, pension benefits and other benefits, as well as terms governing termination, where applicable. This combination of remuneration strengthens and supports short- and long-term targeting and target fulfilment. The total compensation shall be on market terms on the geographic market where the individual resides or works. Applied remuneration levels shall be reviewed annually in comparison with equivalent positions on the market, to ensure that Elekta is able to attract and retain skills critical for the business where so required.

> **Cecilia Wikström,**
> **Member of the compensation and sustainability committee**
>
> It is important that the total remuneration to senior executives is competitive and that there are incentives for a sustainable and value-creating development of the company while we at all levels in the organization do everything we can to contribute to a better environment and a sustainable world.

The auditor shall review if the company has complied with the remuneration guidelines to executive management. The auditor's report will be available on Elekta's web page at the time for the AGM 2021 together with other AGM material.

No remuneration has been reclaimed during the fiscal year.

In addition to remuneration covered by the remuneration guidelines, the AGM of the company may resolve to implement long-term share-related incentive plans. Elekta has three outstanding share programs called performance share plans and they are described in **Note 7**.

3
outstanding share programs

Total remuneration of the President and CEO in 2020/21 (TSEK)

Name (position)	Fixed remuneration: Annual base salary	Fixed remuneration: Pension	Fixed remuneration: Other benefits	Variable remuneration: One-year incentives[1)]	Variable remuneration: Multi-year incentives[2)]	Total remuneration	Proportion of fixed an variable: Fixed	Proportion of fixed an variable: Variable
Gustaf Salford (President and CEO from June 2020)	4,495	1,435	119	5,493	1,133	12,675	48%	52%
Richard Hausmann (President and CEO until June 2020)[3)]	632	325	48	–	–	1,005	100%	0%
Total remuneration for President and CEO position	**5,127**	**1,760**	**167**	**5,493**	**1,133**	**13,680**	**52%**	**48%**

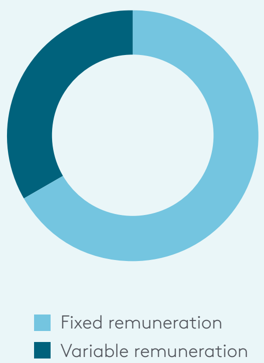
1) One-year incentives (STI 2020/21 and other bonus) earned in 2020/21.
2) Multi-year incentive (LTI) cost allocated in 2020/21. For actual vested reward, see table multi-year variable remuneration (LTI 2018/21) below.
3) Excluding remuneration of SEK 12,557 M during notice period.

Performance of the President and CEO in 2020/21
One-year variable remuneration (STI 2020/21)

Name (position)[1)]	Performance criteria[2)]	Relative weighting of performance criteria	Measured performance and Remuneration outcome (MSEK)
Gustaf Salford (President and CEO from June 2020)	Group revenue	33.33%	2019 baseline: N/A Threshold for payout: SEK 12,381 M Threshold for maximum payout: SEK 23,215 M Performance outcome: SEK 15,187 M
	Group EBIT margin	33.33%	2019 baseline: N/A Threshold for payout: SEK 1,216 M Threshold for maximum payout: SEK 2,280 M Performance outcome: SEK 1,946 M
	Group cash flow	33.33%	2019 baseline: N/A Threshold for payout: SEK 960 M Threshold for maximum payout: SEK 1,800 M Performance outcome: SEK 1,705 M

1) Richard Hausmann did not qualify for one-year variable remuneration based on the company's performance bonus 2020/21 due to his resignation during the first quarter.
2) The performance criteria are reviewed and decided every year by the Board of Directors and the criteria shall support the short-term strategy but also have a long-term view. Therefore, the performance criteria can be changed year by year.

Proportion of fixed and variable remuneration of the President and CEO's total remuneration



Performance of the President and CEO in 2020/21
Multi-year variable remuneration (LTI 2018/21)

Name (position)	Performance criteria	Relative weighting of performance criteria	Measured performance and Remuneration outcome
Gustaf Salford (President and CEO from June 2020)	EPS growth fiscal year 2018/19[1]	100%	Threshold for payout: SEK 3.53 Threshold for maximum payout: SEK 3.80 Performance outcome: SEK 3.14 = 0%
Richard Hausmann (President and CEO until June 2020)	EPS growth fiscal year 2018/19[1]	100%	Threshold for payout: SEK 3.53 Threshold for maximum payout: SEK 3.80 Performance outcome: SEK 3.14 = 0%

[1] LTI 2018/21 had a one-year performance target but postponed vesting until 2021.

Comparative information on the change of remuneration[1] and company performance over the last two fiscal years (TSEK)

	2020/21	2019/20	Change
Total remuneration for President and CEO position[2]	13,680	15,027	–9%
Group operating profit (EBIT)	1,906,000	1,657,000	15%
Average remuneration on full time equivalent basis employees[3] in Sweden	852	821	4%

[1] Fixed and variable remuneration earned during each fiscal year.
[2] Excluding Richard Hausmann's remuneration of SEK 12,557 M during notice period.
[3] Excluding members of the executive management.

FINANCIAL REPORTING

Content

Board of Directors' Report

The Board of Directors and the CEO of Elekta AB (publ), corporate identity number 556170-4015 and registered office in Stockholm, hereby submit the consolidated financial statements and annual report for the fiscal year 2020/21, covering the period May 1, 2020 – April 30, 2021. Amounts in parentheses indicate values for the previous fiscal year. Elekta AB (publ) is referred to as "Elekta AB" or "the Parent Company" and the Elekta Group, which includes Elekta AB and its subsidiaries, is referred to as "Elekta" or "the Group".

Elekta's operations

Elekta is a medical technology company which aims to improve, prolong and save lives through clinical solutions for treating cancer and brain disorders. The Group develops clinical treatment solutions for radiation therapy and radiosurgery, as well as workflow-enhancing software systems, across the spectrum of cancer care. Elekta is a leader in clinical solutions for image guided radiation therapy and stereotactic radiosurgery, giving oncologists and neurosurgeons an unmatched capability to treat tumors and functional targets with ultra-high precision while sparing healthy tissue. Since 2018 Elekta also offers MR-guided radiation therapy, combining a linear accelerator with magnetic resonance imaging.

Elekta's treatment solutions and oncology informatics portfolios are designed to enhance the delivery of radiation therapy, radiosurgery and brachytherapy, and to drive cost efficiency in clinical workflows. Elekta's operations are divided into three geographical regions:

- North and South America
- Europe, Middle East and Africa
- Asia Pacific

Market

The global market development for Elekta's solutions is driven by the need for qualitative cancer care at an affordable cost.

Cancer incidence and prevalence are increasing. More patients are surviving their cancer, which increasingly makes cancer a chronic disease with growing number of patients all over the world in need of long-term care. The cost of cancer care is increasing and the demands for cost efficiency in health systems and among care providers is an important part of the market dynamics. This benefits solutions within radiation therapy which is one of the most cost-effective treatment solutions.

A complete radiation therapy program includes various technologies in Elekta's product portfolio. New advancements in precision, accuracy and effectiveness will increase the need for radiotherapy. Information management solutions constitute an important element in care delivery where hospital information systems and cancer informatics are other important elements of Elekta's solutions. There is a significant shortage of radiotherapy capacity, which is important in understanding the potential and market in many low-income economies.

Increasingly precise diagnosis of each tumor, and a continuously expanding range of therapy options is transforming oncology care to more integration between diagnosis and radiotherapy treatment.

Competition

The main competitor in the global market, with a comprehensive product range and overlap with Elekta, is Siemens Healthineers after their acquisition of Varian Medical Systems in the beginning of 2021. Elekta is overall one of the largest suppliers of radiation therapy solutions. For the emerging markets, Elekta is the largest supplier.

From a competitive perspective there are also various companies addressing specific segments within radiation therapy. Companies, such as Accuray with its radiosurgery solutions, Bebig with its brachytherapy products, ViewRay with its MR-Linac as well as RaySearch and Philips with their treatment planning solutions, are part of Elekta's competitive landscape. Hospital Information System (HIS) companies are addressing the HIS market with hospital wide solutions where cancer care is one of many different specialties. In addition, there are a number of companies with products and applications supporting different aspects of cancer care processes.

Financial guidance

Elekta's aim is to achieve profitable growth in a sustainable way. Elekta conducts its operations based on a strategic plan which is regularly reviewed and evaluated by the Board of Directors. Due to uncertainties related to the development of the pandemic, Elekta did not publish an outlook for the fiscal year 2020/21.

In May, 2021, Elekta published, together with the year-end report, the company's new mid-term outlook. Until fiscal year 2024/25 Elekta will target net sales CAGR of above 7 percent and EBIT margin percent expansion. A new dividend policy, stating that at least 50 percent of net profit will be distributed to shareholders, was also introduced.

Fiscal year 2020/21

Order intake and order backlog

The pandemic and locked down countries continued to have a negative impact on order intake, but in the second half of the fiscal year order intake started to improve thus returning to growth in constant exchange rates for the full year. Gross order intake for the full year decreased by 2 percent and increased by 6 percent based on constant exchange rates. The order backlog was SEK 33,293 M on April 30, 2021, compared with SEK 34,689 M on April 30, 2020. Orders that are canceled or not expected to materialize as planned are removed from the order backlog. The order backlog was affected by a negative translation differences of SEK 3,524 M (positive 461) relating to the revaluation of the order backlog at closing rates.

Geographic region: North and South America

In North and South America gross order intake increased by 11 percent to SEK 5,579 M (5,024), corresponding to a 23 percent increase based on constant exchange rates. The increase was mainly due to strong order growth in North America. Order intake in South America decreased compared to last year.

Net sales decreased by 13 percent to SEK 3,888 M (4,482), corresponding to a decrease of 4 percent in constant exchange rates. The negative development was larger in South America

The fiscal year 2020/21

- Gross order intake amounted to SEK 17,411 M (17,735), a decrease of 2 percent and an increase of 6 percent based on constant exchange rates
- Net sales amounted to SEK 13,763 M (14,601), a decrease of 6 percent and an increase of 1 percent based on constant exchange rates
- EBITA increased by 7 percent to SEK 2,709 M (2,521)
- The EBITA margin was 19.7 percent (17.3) and the improvement is explained by lower selling expenses and R&D costs
- Operating result (EBIT) was SEK 1,906 M (1,657)
- Profit for the year amounted to SEK 1,253 M (1,084)
- Earnings per share amounted to SEK 3.28 (2.84) before/after dilution
- Cash flow from operating activities amounted to SEK 2,551 M (1,014), representing an operational cash conversion of 82 percent (35)
- Cash flow after continuous investments amounted to SEK 1,706 M (252)
- The Board of Directors proposes to the AGM a dividend of SEK 2.20 (1.80) per share for 2020/21

6%

order growth based on constant exchange rates

than in North America compared to last year. Revenue from Solutions represented 40 percent (44) of the region's total net sales. The contribution margin in the region amounted to 39 percent (40).

For information on the market characteristics of the region North and South America see **page 31**.

Geographic region: Europe, Middle East and Africa

Gross order intake in the region decreased by 10 percent to SEK 6,353 M (7,029) and by 4 percent based on constant exchange rates. There were large differences among countries in the region. Overall, order intake in Europe declined, driven by countries like Germany, UK and France, although there were also some strong performers e.g. Italy, Poland and Russia. In Middle East and Africa order intake also declined, although e.g. Morocco and the United Arab Emirates had a strong positive development during the fiscal year.

Net sales decreased by 7 percent to SEK 5,140 M (5,547), corresponding to a decrease of 2 percent based on constant exchange rates. The development in Middle East and Africa was negative but in Europe net sales turned to growth for the full year despite a significant decline in the UK during the period. Revenue from Solutions represented 61 percent (64) of the region's total net sales. The contribution margin in the region amounted to 37 percent (32).

For information on the market characteristics of the region Europe, Middle East and Africa see **page 32**.

Geographic region: Asia Pacific

Gross order intake in the region decreased by 4 percent to SEK 5,479 M (5,682), corresponding to a 5 percent increase based on constant exchange rates. China, Japan and India returned to strong growth rates compared to last year, but order intake was negatively impacted by the pandemic in Australia and East Asian countries.

Net sales increased by 4 percent to SEK 4,735 M (4,572), corresponding to an increase of 11 percent based on constant exchange rates. The increase was mainly related to revenue growth in China, Japan and India. Revenue from Solutions represented 74 percent (72) of the region's total net sales. The contribution margin in the region amounted to 32 percent (31).

For information on the market characteristics of the region Asia Pacific see **page 33**.

Gross order intake

- North & South America, SEK 5,579 M
- Europe, Middle East and Africa, SEK 6,353 M
- Asia Pacific, SEK 5,479 M

Net sales

- North & South America, SEK 3,888 M
- Europe, Middle East and Africa, SEK 5,140 M
- Asia Pacific, SEK 4,735 M

Net sales
The pandemic continued to have a negative impact on net sales throughout the fiscal year as travel restrictions and limited access to hospitals led to delayed installations. Net sales for the full year decreased by 6 percent to SEK 13,763 M (14,601), equivalent to an increase of 1 percent based on constant exchange rates. Service sales was stable and had a positive development with a growth rate of 5 percent in constant exchange rates despite the negative impact from Covid-19. Solutions sales was relatively volatile between quarters and decreased 1 percent in constant currency. Geographically net sales increased in Asia Pacific and decreased in the other two regions. For net sales in the regions see each section above.

Earnings
Gross margin was 40.8 percent (42.0), a decrease mainly explained by negative impact from currency, but also higher supply-chain costs and higher cost to service the installed base during the pandemic. Operating expenses decreased by 6 percent based on constant exchange rates, driven by lower selling expenses due to Covid-19 cost control measures. Selling and administrative expenses amounted to SEK 2,229 M (2,537), corresponding to 16 percent (17) of net sales.

EBITA amounted to SEK 2,709 M (2,521) representing a margin of 19.7 percent (17.3).

The effect from changes in exchange rates was SEK 97 M (–298), including hedges. Operating result was SEK 1,906 M (1,657), corresponding to an operating margin of 14 percent (11). The operating result included a one-off legal fee for multi-year process of SEK 35 M from the successful conclusion of the humediQ litigation. Net financial items amounted to SEK –277 M (–203), of which SEK –41 M (–51) consisted of interest on lease liabilities under IFRS 16. Profit before tax amounted to SEK 1,630 M (1,454) and tax amounted to SEK –377 M (–370), representing a tax rate of 23 percent (25). Profit for the year amounted to 1,253 M (1,084).

Earnings per share amounted to SEK 3.28 (2.84) before/after dilution. Return on shareholders' equity amounted to 16 percent (14) and return on capital employed amounted to 12 percent (12).

Investments and depreciation
Continuous investments amounted to SEK 845 M (761). Investments in intangible assets amounted to SEK 678 M (566) and were mainly related to ongoing R&D programs. The increase was related to a higher level of capitalized development costs due to progress in R&D projects. Investments in tangible assets amounted to SEK 167 M (196). Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 1,204 M (1,275).

Research and development
Elekta conducts research and development (R&D) aimed at strengthening and enhancing its position as technology leader. Costs related to the R&D function amounted to SEK 1,486 M (1,657). Capitalization and amortization of development costs in the R&D function decreased to a net of SEK –2 M (–176). Capitalization amounted to SEK 676 M (555) and amortization to SEK 678 M (731).

Cash flow
Cash flow from operating activities increased by SEK 1,537 M to SEK 2,551 M (1,014). Cash flow after continuous investments increased to SEK 1,706 M (252). Operational cash conversion was 82 percent (35). The strong improvement in cash flow was mainly related to lower increase in working capital compared to last year.

See **page 110** for more information on the consolidated cash flow.

Financial position
Cash and cash equivalents and short-term investments amounted to SEK 4,411 M (6,470) and interest-bearing liabilities

Significant events during the year

MAY 2020 – APRIL 2021

Leksell Gamma Knife Lightning launched
In May, 2020, Leksell Gamma Knife® Lightning was launched, which is the nextgeneration treatment optimizer that represents a significant step forward in the already efficient workflows for the integrated Leksell Gamma Knife® stereotactic radiosurgery (SRS) system.

Genesis Care order
In May, 2020, GenesisCare ordered several Elekta linear accelerators at a value of around USD 200 M (approx. SEK 2 000 M) over the next five years, of which 11 Elekta Unity MR-Linac systems, as GenesisCare enters the U.S. market.

Acquisition of Kaiku Health
In May, 2020, Elekta acquired Kaiku Health, which strengthens Elekta Digital offering with personalized remote digital interventions.

Richard Hausmann resigns as President and CEO
In June, 2020, Richard Hausmann, President and Chief Executive Officer, decided to resign for personal reasons with immediate effect.

Elekta Unity receives clearance in China
In August, 2020, Elekta Unity received clearance from the National Medical Products Administration (NMPA), clearing the technology for clinical use in China. Elekta Unity has followed strict clinical trials in top Chinese hospitals for nearly two years after its introduction, according to new NMPA guidelines.

Elekta introduces Harmony
In September, 2020, Elekta Harmony was launched, a linear accelerator designed to meet healthcare centers' need for a productive, precise and versatile radiotherapy treatment system.

Elekta receives MDR certificates for the linac portfolio
In September, 2020, Elekta received the EU Medical Device Regulation (MDR) certificate for its flagship linear accelerator portfolio.

excluding lease liabilities amounted to SEK 5,184 M (8,102). Thus, net debt amounted to SEK 774 M (1,632). Net debt in relation to EBITDA was 0.25 (0.56).

In September 2020 SEK 2,000 M of the revolving credit facility (RCF) was repaid, the RCF was utilized as a precautionary action due to Covid-19. A loan of GBP 18 M was repaid during the year and in April 2021 a USD 50 M loan was repaid in advance.

The exchange rate effect from the translation of cash and cash equivalents amounted to SEK –329 M (–5). The translation difference in interest-bearing liabilities amounted to SEK –216 M (25). Other comprehensive income was affected by exchange rate differences from translation of foreign operations amounting to SEK –838 M (30).

See **page 106** for more information on the consolidated balance sheet.

Employees

The average number of employees during the year was 4,194 (4,117). The number of employees on April 30, 2021 totaled 4,314 (4,100). Value added per average employee amounted to SEK 1,432 K (1,391).

Legal disputes

humediQ GmbH

In March, 2021, the London Court of International Arbitration (LCIA) awarded in favor of Elekta in the dispute with Livian GmbH (formerly humediQ GmbH). The arbitration was settled whereby all claims against Elekta group companies were rejected in full.

ZAP Surgical Systems, Inc

In the last quarter in the patent infringement dispute in the US and Germany against ZAP Surgical Systems, Inc, first communicated in April, 2019, the US patent was reverted back to the US Patent Office's Patent Trial and Appeal Board (PTAB), resulting in a finding of partial invalidity of the parts of the patent that were challenged. Elekta is currently reviewing whether to appeal the PTAB's decision. The US decision should have no bearing on the parallel infringement suit in Germany.

Italian case to court

As first communicated in November, 2015, Elekta's subsidiary in Italy and some former employees are suspected of interfering with public procurement processes. The trial that started in February, 2020, is still ongoing and the proceedings have slowed downed due to the pandemic. Elekta is fully cooperating with the Italian authorities.

Significant events after year-end

No events have occurred subsequent to the balance sheet date that would have a material impact on the Elekta's financial statements.

Partnership with Philips

In June, 2021, Elekta and Royal Philips signed a non-exclusive agreement to deepen their existing strategic partnership to advance comprehensive and personalized cancer care through precision oncology solutions. Through deeper cross-portfolio collaboration, Elekta and Philips will utilize their complementary capabilities to further improve patient care. The strengthened strategic partnership intends to further deliver a superior experience in diagnosis and adaptive, personalized treatments for clinicians, shorter treatment times and more precise therapy for patients, and lowered care costs for healthcare providers.

Sustainability

Elekta presents sustainability information in the section Business overview and In-depth sustainability report. Elekta AB has prepared a statutory sustainability report in accordance with Chapter 6 Section 11 of the Swedish Annual Accounts Act. The references to the statutory sustainability report are presented on **page 70**.

Elekta Studio introduced

In November, 2020, Elekta introduced Elekta Studio with its launch of the ImagingRing, an advanced interventional CT system that enables clinicians to conduct the entire brachytherapy workflow without moving the patient from room to room. Elekta Studio is designed to radically simplify the 3D image-guided adaptive brachytherapy.

Gustaf Salford appointed President and CEO

In November, 2020, Gustaf Salford, Elekta's CFO, was appointed President and CEO with immediate effect. He had been Acting President and CEO since June 2, 2020.

Divestment in ViewRay

In January, 2021, Elekta announced that it has sold its 7.3 percent of the outstanding common stock (11,501,597 shares) in ViewRay, Inc. Elekta has no remaining shares in ViewRay after the transaction.

Johan Adebäck appointed CFO

In February, 2021, Johan Adebäck, Elekta's Group Treasurer, was appointed CFO with immediate effect. He had been Acting CFO since June 2, 2020.

Elekta Monaco® receives clearance in U.S.

In March, 2021, Elekta announced that its latest solution for proton therapy, Monaco® treatment planning for protons, has received 510(k) clearance from the U.S. Food and Drug Administration (FDA). Monaco is a component of Elekta's Treatment Management Solution, which provides a full-featured environment for delivering proton therapy.

Elekta wins lawsuit against humediQ GmbH

See Legal disputes above (March, 2021).

Quality

Elekta continues to focus on improving processes as one of the company's key strategic priorities. Elekta conducts regular audits to ensure compliance to established requirements from medical regulatory authorities. Where appropriate Elekta's development, production or sales units are certified in accordance with relevant ISO standards.

IT

Elekta IT has successfully deployed technologies that allowed a seamless shift to working from home for most of the company's employees and for the conduct of virtual customer events following the global pandemic. Elekta's cloud-based infrastructure and applications has proved to be highly resilient and has performed in accordance with availability targets throughout the period. In addition, Elekta's IT team managed the relocation of the remaining data center to an alternative UK facility without unplanned downtime, delivering the promise of reduced carbon footprint and increased security and availability. This now hosts a small number of business systems as Elekta's commitment to cloud infrastructure and application services continues as the default standard for delivering the future reporting and analytics platform, and providing the necessary expansion capacity for technology, infrastructure, and business applications.

Continuous security programs delivered increased email security, strengthened identities, application access and awareness training for all employees. Throughout the year Elekta has delivered a continuous cyber awareness training programme that has been mandated for all employees. The programme has strengthened Elekta's commitment to investments in IT security management systems. Elekta will continue to drive value from the company's technology and application platforms to deliver more automation and capabilities in a faster, reliable, and consistent manner, providing value to users and efficiencies for Elekta.

During the year Elekta has been able to build significant collaboration channels for customers and partners, largely on the company's CRM system to improve the speed and efficiency on many interactions within customer care. Elekta has established a progressive roadmap for further digitalization and automation to help customers, not only manage the installed base of Elekta systems, but also more efficiently gain clinical acceptance of new equipment by turning a historically manual process into a full digital workflow based on the salesforce.com platform. This initiative has reduced the time for installation projects and will ultimately give the company's customers a digital access to their installation journey with Elekta.

Risks

During the year, the impact of Covid-19 has caused uncertainty in order growth, limited access to hospitals and increased risk of delayed installations because of lock down of countries. A weak economic development, strained finances, especially in light of a prolonged impact of the pandemic, may mean less availability of financing for private customers and reduced future healthcare spending by governments. Geopolitical tensions, including restrictions and protectionism with a growth of sanctions may impact Elekta's local partnering, manufacturing and sales in certain markets as well as further expose Elekta to potentially conflicting trade compliance sanctions. The radiotherapy industry is characterized by an increased demand for using and analyzing personal data or treatment data in order to further develop the products. Elekta's solutions need to be protected against damage and undue interference whilst also adhering to various data privacy laws and regulations worldwide and an increasing threat of material cyber and information security attacks targeting healthcare data has been noted. Elekta witnesses an increased competition due to vendor and customer consolidation as well as changing competition landscape within the medical imaging and informatics market. Elekta continues to respond with development of state-of-the-art solutions and focus on a unique value proposition. Corruption and risk of improper payments continues to be a threat in many markets having a growing need for access to radiotherapy and Elekta continuously work to strengthen its compliance programs and business ethics preventive controls. Elekta's operational, strategic, external, and financial risks are described on **page 35** together with the risk management process. Elekta's financial risks are described in more detail in **Note 2**.

Sensitivity analysis

Elekta's operation is project based with relatively big deliveries to customers. The lead time from delivery to installation can therefore vary from period to period. Quarterly variations of delivery volumes occur, which has a high impact on net sales and net income each quarter. Elekta's gross margin can also vary from period to period depending on product and geographic mix and currency movements. During the year, Elekta had a gross margin of 40.8 percent (42.0).

As a result of its international operations and structure, Elekta has a significant exposure to exchange rate fluctuations. This pertains primarily to expenses in SEK and GBP against revenue in USD and EUR. Based on the year's income, expense and currency structure a general change of 1 percentage point in the SEK exchange rate against other currencies would affect the Group's net profit and shareholders' equity by approximately +/– SEK 23 M (24). In the short term, the effect is reduced through hedging.

Based on the balance sheet structure at year-end a general change of 1 percentage point in the interest on borrowings and investments would affect the Group's profit before tax by approximately +/– SEK 0 M (1).

Parent Company

The Parent Company of the Group, Elekta AB, conducts no operating activities but provides group management, joint group functions and financial management. Profit for the year amounted to SEK 427 M (137) inclusive of dividends from subsidiaries of SEK 354 M (496). Total assets amounted to SEK 11,306 M (14,778) of which shares in subsidiaries amounted to SEK 2,590 M (2,251) and receivables from subsidiaries amounted to SEK 5,089 M (6,639). Cash and cash equivalents and short-term investments at year-end amounted to SEK 3,421 M (5,387). Shareholders' equity amounted to SEK 2,087 M (2,346). Interest-bearing liabilities amounted to SEK 9,042 M (12,327), of which SEK 3,858 M (4,283) constituted liabilities to subsidiaries. The average number of employees during the year was 45 (41). The number of employees on April 30, 2021 was 49 (41). For further information refer to the Parent Company's financial reports and the accompanying notes.

Shares

The total number of registered shares on April 30, 2021 was 383,568,409 divided between 14,980,769 A-shares and 368,587,640 B-shares. One series A-share entitles the holder to 10 votes and series B-shares entitle the holder to one vote for each share. All shares carry equal rights to participate in the Company's assets and profits. In accordance with Section 12 of Elekta's Articles of Association, series A-shares are subject to right of first refusal. All A-shares are owned indirectly by Laurent Leksell who is also the only shareholder representing more than 10 percent of total votes. On April 30, 2021, treasury shares amounted to 1,485,289 (1,485,289) equivalent to 0.4 percent (0.4) of the total number of outstanding shares as well as of share capital. Regarding treasury shares, par value is 0.50 SEK per share and average cost is 49.70 SEK per share.

See **page 39** for more information on Elekta's share.

Dividend and proposal to repurchase shares

For 2020/21, the Board of Directors proposes to the AGM a dividend of SEK 2.20 (1.80) per share. Total proposed dividend amounts to approximately SEK 841 M (688) and 67 percent (63) of the group net profit for the year. It is also proposed that the dividend will be paid in two installments, with one payment of SEK 1.10 per share in September 2021 and the remaining SEK 1.10 per share in March 2022. The proposed record dates are August 27, 2021, for the first payment and February 28, 2022, for the second payment.

The Board of Directors intends to propose to the 2021 AGM a renewal of the board's authorization to decide on the acquisition of a maximum number of own shares so that, after the acquisition, the company holds no more than 10 percent of the total number of outstanding shares in Elekta AB.

Appropriation of profit

Amounts in SEK	April 30, 2021
Distributable shareholders' equity of the Parent Company	
Premium reserve	656,608,114
Retained earnings	655,701,729
Profit for the year	426,363,450
Total	**1,738,673,294**
The Board of Directors propose:	
to be distributed to the shareholders, a total dividend of SEK 2.20 per share[1]	840,582,864
and that the remaining amount be carried forward	898,090,430
Total	**1,738,673,294**

[1] The total amount distributed may change up until the record date depending on changes in the number of shares.

33% equity/assets ratio

The board's statement on the proposed dividend

In making this proposal for dividend, the board has taken into account the Parent Company's dividend policy, equity/assets ratio as well as its general financial position, whereby the Parent Company's ability to fulfill existing and foreseeable payment obligations in a timely manner, as well as potential acquisitions and other investments. The Parent Company's equity includes SEK –8 M pertaining to assets and liabilities measured at fair value in accordance with Chapter 4 Section 14 a of the Swedish Annual Accounts Act. The equity ratio and liquidity is reassuring, under the assumption that the Parent Company and the Group continue to be profitable. The impact of the proposed dividend on the Group's reported equity/assets ratio of 33 percent (29), will be marginal. Concerning the Parent Company's and the Group's result and position in general, refer to the income statements, statements of comprehensive income, balance sheets and cash flow statements and notes.

It is the assessment of the Board of Directors that the proposed dividend neither prevents the Parent Company, and other companies within the Group, from fulfilling their obligations, nor from making the necessary investments. The proposed dividend can therefore be justified in respect of Chapter 17, section 3, paragraphs 2 and 3 of the Swedish Companies Act (the prudence rule).

Articles of Association

The Articles of Association state that board members are appointed and dismissed by the AGM. The Articles of Association contain no specific regulations regarding changes to the Articles of Association.

Guidelines for remuneration to executive management – adopted by AGM 2020

The following guidelines for remuneration and other terms of employment for the executive management of the Group were adopted by the AGM 2020.

Guidelines

It is of fundamental importance to Elekta and its shareholders that the guidelines for remuneration and other terms of employment for the executives of the Group attract, motivate and retain competent employees and managers, both in the short and long-term. To achieve this goal, it is important to ensure fairness and internal equity, while maintaining market competitiveness in terms of the structure, scope and level of executive compensation within Elekta. Employment conditions for executive management should comprise a balanced mix of fixed salary, a variable salary component/annual incentive, long-term incentives, pension and other benefits, as well as notice and severance payments, where applicable.

Remuneration and forms of remuneration

Employment terms for executive management shall include a well-balanced combination of fixed salary, variable remuneration, long-term incentive programs, pension benefits and other benefits, as well as terms governing termination, where applicable. This combination of remuneration strengthens and supports short-term and long-term targeting and target fulfilment. The total compensation shall be on market terms on the geographic market where the individual resides or works.

Applied remuneration levels shall be reviewed annually in comparison with equivalent positions on the market, to ensure that the Company is able to attract and retain skills critical for the business where so required. Median salaries on the market are determined through external benchmarking where such is available. As far as possible, remuneration shall be based on performance and thus the annual variable remuneration shall constitute a relatively large portion of the total remuneration. The various types of remuneration that may be paid out are described below.

Fixed salary

Fixed salary for executive management shall be individual and based on each individual's responsibilities and role in terms of individual skills and experience in the relevant position as well as regional conditions. In case of a maximum variable remuneration result, the fixed salary may amount to between 40 and 50 per cent of the total annual fixed salary and variable remuneration.

Variable remuneration

In addition to fixed salary, executive management are entitled to variable remuneration, referred to as an annual bonus. The variable remuneration is structured as part of the total remuneration package and shall primarily be related to results in terms of the Group's financial targets (50–100 percent of the variable remuneration). Other non-financial targets of particular interest, such as clearly defined individual targets with respect to specific work duties within the respective business area, shall also be used (0–50 percent of the variable remuneration). Variable remuneration targets shall be established annually by the Board of Directors with the aim of ensuring that they are in line with the Group's business strategy and results targets. Targets shall be structured so as to promote the Group's business strategy and long-term interests, including its sustainability, by being clearly connected to the business strategy and promoting the long-term development of the executive management. The size of the variable remuneration varies depending on position and may constitute between 30 and 70 percent of fixed annual salary at full achievement of targets.

Target fulfilment is measured, and any payments made in respect thereof take place annually or quarterly. If the financial targets for variable remuneration are exceeded, there is a possibility to pay additional remuneration in consideration of over-performance. The annual bonus entails that there is potential to receive, at most, 200 percent of the variable remuneration in case of over achievement of targets. Thus, payment of variable remuneration is capped at 200 percent of the original target for the variable remuneration and may entail, at most, that 140 percent of the fixed salary can be paid out as variable remuneration. Target formulation is structured so that no variable remuneration or bonus is received in the event a minimum performance level or threshold is not achieved. Upon conclusion of the annual measurement period, an assessment shall take place as to the extent to which targets have been fulfilled, through an overall performance assessment.

The Compensation & Sustainability Committee is responsible for the assessment with respect to variable salary for the President and CEO and other executive management. Insofar as relates to financial targets, the assessment shall be based on audited financial information published by the Group. The Company may, at any given time, alter, discontinue or cancel parts of the remuneration plan, or the entire plan. However, only in respect of future performance at the time in question. The Company may also, after payment of remuneration, subsequently correct the remuneration if an error can be identified in a final audit.

Share-related long-term incentive programs

The Board of Directors uses long-term incentive programs to ensure alignment between the interests of the shareholders and the interests of executive management and other key individuals in the Company. The Board of Directors shall each year assess whether a share-related long-term incentive program should be proposed to the AGM.

These long-term incentive programs promote the Group's business strategy and long-term interests including its sustainability by strengthening the Group's ability to recruit and retain employees, diversifying and increasing share ownership among key individuals and ensuring a shared focus on long-term growth in value for the shareholders.

Special remuneration

Additional cash variable remuneration can be paid, with a delay in payment up to 36 months, to ensure long-term commitment and that key employees remain in connection with acquisitions of new companies, divestments of businesses, other transitional activity or other extraordinary work endeavors. Such delayed remuneration is conditional on continued employment until a predetermined date in order for any payment to take place, and is applied only in very special cases, and thus is not included in any ordinary remuneration system. The delayed remuneration may not exceed 50 percent of the contracted annual fixed remuneration per year and thus may amount to 150 percent of annual salary in the event of delayed payment for 36 months. The delayed remuneration shall otherwise comply with the same principles as applicable to variable remuneration in the Group. Decisions regarding special remuneration for extraordinary endeavors shall be taken by the Board of Directors.

Pensions

When new pension agreements are entered into, executive management who are entitled to pension shall only have defined contribution pension agreements. With respect to executive management who are Swedish citizens, retirement normally takes place at the age of 65 and, with respect to others, in accordance with each country's pension regulations. The general rule is that pension provisions are based only on fixed salary and take place at market levels in each country; however, pension provisions shall not exceed 40 percent of fixed salary. Certain individual adjustments may occur in line with local market practice or mandatory collective agreement provisions.

Other benefits

Benefits such as company car, compensation for preventive care insurance, healthcare insurance and medical insurance, etc. shall constitute a smaller element of the total compensation package and be in accordance with what is customary on each geographic market. Premiums and other costs for such benefits may not, in total, exceed 20 percent of fixed salary. For executive management stationed in a country other than their country of domicile, additional compensation and other benefits may be paid to a reasonable extent in light of the particular circumstances associated with being stationed in a foreign country.

This comprises, for example, relocation costs, housing, term fees, journeys home, assistance with tax returns and tax equalisation. With respect to employment conditions governed by regulations other than Swedish ones, insofar as relates to other benefits, appropriate adjustments shall take place to comply with such mandatory regulations or established local practice, whereupon the overarching purpose of these guidelines shall be satisfied as far as possible.

Remuneration payable to Directors

Directors elected by the general meeting shall, in specific cases, be entitled to receive fees and other remuneration for work performed on behalf of the Company, alongside boardwork. Fees on market terms, which must be approved by other Directors, shall be payable in respect of such services.

Termination terms and severance compensation

Termination periods within the Company shall comply with the statutes and agreements applicable on each geographic market. Termination periods with respect to executive management shall be between 6 and 12 months and, in specific cases, executive management are entitled to severance compensation corresponding to 6–12 months' fixed salary. In case of certain radical changes in the ownership structure, the President and CEO is entitled to receive additional severance compensation corresponding to 18 months' fixed salary.

Preparation and decision-making procedure

The Company's Compensation & Sustainability Committee shall, each year, prepare remuneration issues and submit to the Board of Directors recommendations for principles for structuring the Group's compensation system and executive management remuneration. The recommendations shall include proposals for structuring bonus systems, the breakdown between fixed and variable remuneration as well as the size of any salary increases. The Compensation & Sustainability Committee shall also propose criteria for assessment of performance by executive management. Decisions regarding remuneration are adopted by the Board of Directors as a whole. The Board of Directors shall prepare proposals for new guidelines at least every fourth year and shall present the proposals for a decision by the AGM.

The Compensation & Sustainability Committee shall comprise of at least three independent directors, one of whom shall serve as chairman. The President and CEO shall attend the meetings of the committee. The elected chairman of the Compensation & Sustainability Committee shall convene its meetings. The members of the Compensation & Sustainability Committee are independent in relation to the Company and company management. The President and CEO, and other members of Group management, may not be present at meetings at which remuneration issues are addressed and decided upon, insofar as they are affected by the issues. In conjunction with all decisions, it is ensured that conflicts of interest are avoided and that any potential conflicts of interest are addressed in accordance with the Company's corporate governance framework, comprising of a code of conduct, policies and guidelines.

Derogation from the guidelines

The Board of Directors may decide to derogate temporarily from the guidelines, wholly or in part, where there are particular reasons for doing so in an individual case and provided such derogation is necessary to satisfy the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, the duties of the Compensation & Sustainability Committee include preparing decisions by the Board of Directors on remuneration issues, which includes decisions regarding derogations from the guidelines.

Description of significant changes to the guidelines

The content of the guidelines has been reviewed and adapted to the legal requirements imposed by Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards encouragement of the longterm shareholder engagement.

Guidelines for salary and other remuneration to executive management – proposal to AGM 2021

The Board of Directors proposes that the AGM to be held on August 25, 2021 adopt the following guidelines for salary and other remuneration for Directors, the President and CEO and – where appropriate – Vice President and other executive management. Other executive management means members of the Executive Management of Elekta AB (publ). The guidelines shall apply to employment agreements executed after the AGM and any modifications to existing employment agreements that are made after the AGM. The guidelines do not apply to board fees decided upon by general meetings or such issues and transfers covered by Chapter 16 of the Companies Act.

There are no changes to existing guidelines approved by AGM in 2020.

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

Elekta's business strategy is guided by the Company's purpose, mission, and vision. The strategy builds on Elekta's strengths as a leader in precision radiation medicine, and unique position as an agile and independent innovator. The Company's strategic objective is to improve patient access to the best cancer care through four focus areas: 1) accelerate innovation with customer utilization in mind, 2) drive partner integration across the cancer care ecosystem, 3) be the customer lifetime companion, and 4) drive adoption across the globe. For further information about Elekta's strategy see page 11.

In order to successfully implement the Company's business strategy and to foster the Company's long-term interests, including its sustainability, it is of fundamental importance for the Company and its shareholders that, from a short-term and long-term perspective, the remuneration guidelines attract, incentivise and create favourable conditions for retaining skilled employees and managers.

The guidelines are aimed at creating increased transparency as regards remuneration issues and, through a carefully considered remuneration structure, creating incentives for executive management to execute strategic plans and achieve the Company's financial targets. This is in order to support the Company's business strategy as well as its long-term interests, including its sustainability. To achieve this, it is important to maintain fair and internally balanced terms which, at the same time, are competitive on the market in terms of remuneration structure, scope and level.

Remuneration and forms of remuneration

Employment terms for executive management shall include a well-balanced combination of fixed salary, variable remuneration, long-term incentive programs, pension benefits and other benefits, as well as terms governing termination, where applicable. This combination of remuneration strengthens and supports short-term and long-term targeting and target fulfilment. The total compensation shall be on market terms on the geographic market where the individual resides or works.

Applied remuneration levels shall be reviewed annually in comparison with equivalent positions on the market, to ensure that the Company is able to attract and retain skills critical for the business where so required. Median salaries on the market are determined through external benchmarking where such is available. As far as possible, remuneration shall be based on performance and thus the annual variable remuneration shall constitute a relatively large portion of the total remuneration. The various types of remuneration that may be paid out are described below.

Fixed salary

Fixed salary for executive management shall be individual and based on each individual's responsibilities and role in terms of individual skills and experience in the relevant position as well as regional conditions. In case of a maximum variable remuneration result, the fixed salary may amount to between 40 and 50 per cent of the total annual fixed salary and variable remuneration.

Variable remuneration

In addition to fixed salary, executive management are entitled to variable remuneration, referred to as an annual bonus. The variable remuneration is structured as part of the total remuneration package and shall primarily be related to results in terms of the Group's internal financial targets (50–100 percent of the variable remuneration). Other non-financial targets of particular interest, such as clearly defined individual targets with respect to specific work duties within the respective business area, shall also be used (0–50 percent of the variable remuneration). Variable remuneration targets shall be established annually by the Board of Directors with the aim of ensuring that they are in line with the Group's business strategy and results targets. Targets shall be structured so as to promote the Group's business strategy and long-term interests, including its sustainability, by being clearly connected to the business strategy and promoting the long-term development of the executive management. The size of the variable remuneration varies depending on position and may constitute between 30 and 70 percent of fixed annual salary at full achievement of targets.

Target fulfilment is measured, and any payments made in respect thereof take place annually or quarterly. If the financial targets for variable remuneration are exceeded, there is a possibility to pay additional remuneration in consideration of overperformance. The annual bonus entails that there is potential to receive, at most, 200 percent of the variable remuneration in case of over achievement of targets. Thus, payment of variable remuneration is capped at 200 percent of the original target for the variable remuneration and may entail, at most, that 140 percent of the fixed salary can be paid out as variable remuneration. Target formulation is structured so that no variable remuneration or bonus is received in the event a minimum performance level or threshold is not achieved. Upon conclusion of the annual measurement period, an assessment shall take place as to the extent to which targets have been fulfilled, through an overall performance assessment.

The Compensation & Sustainability Committee is responsible for the assessment with respect to variable salary for the President and CEO and other executive management. Insofar as relates to financial targets, the assessment shall be based on audited financial information published by the Group. The Company may, at any given time, alter, discontinue or cancel parts of the remuneration plan, or the entire plan. However, only in respect of future performance at the time in question. The Company may also, after payment of remuneration, subsequently correct the remuneration if an error can be identified in a final audit.

Share-related long-term incentive programs

The Board of Directors uses long-term incentive programs to ensure alignment between the interests of the shareholders and the interests of executive management and other key individuals in the Company. The Board of Directors shall each year assess whether a share-related long-term incentive program should be proposed to the AGM. More information about current share programs is available in Note 7 and, with respect to the proposed share program, in items 18 a) and 18 b) of the material for the AGM. These long-term incentive programs promote the Group's business strategy and long-term interests including its sustainability by strengthening the Group's ability to recruit and retain employees, diversifying and increasing share ownership among key individuals and ensuring a shared focus on long-term growth in value for the shareholders.

Special remuneration
Additional cash variable remuneration can be paid, with a delay in payment up to 36 months, to ensure long-term commitment and that key employees remain in connection with acquisitions of new companies, divestments of businesses, other transitional activity or other extraordinary work endeavors. Such delayed remuneration is conditional on continued employment until a predetermined date in order for any payment to take place, and is applied only in very special cases, and thus is not included in any ordinary remuneration system. The delayed remuneration may not exceed 50 percent of the contracted annual fixed remuneration per year and thus may amount to 150 percent of annual salary in the event of delayed payment for 36 months. The delayed remuneration shall otherwise comply with the same principles as applicable to variable remuneration in the Group. Decisions regarding special remuneration for extraordinary endeavors shall be taken by the Board of Directors.

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This comprises, for example, relocation costs, housing, term fees, journeys home, assistance with tax returns and tax equalisation. With respect to employment conditions governed by regulations other than Swedish ones, insofar as relates to other benefits, appropriate adjustments shall take place to comply with such mandatory regulations or established local practice, whereupon the overarching purpose of these guidelines shall be satisfied as far as possible.

Remuneration payable to Directors
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The Board of Directors may decide to derogate temporarily from the guidelines, wholly or in part, where there are particular reasons for doing so in an individual case and provided such derogation is necessary to satisfy the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, the duties of the Compensation & Sustainability Committee include preparing decisions by the Board of Directors on remuneration issues, which includes decisions regarding derogations from the guidelines.

Description of significant changes to the guidelines
The content of the guidelines has been reviewed and adapted to the legal requirements imposed by Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards encouragement of the long-term shareholder engagement.

Previously decided remuneration that is not yet due for payment
The Company has three ongoing share-related programs that have not yet fallen due for payment. These are programs decided upon in 2018, 2019 and 2020. More information about current share programs is available in **Note 7**.

Consolidated income statement

SEK M	Note	2020/21	2019/20
Net sales	6	13,763	14,601
Cost of products sold		–8,153	–8,464
Gross profit		**5,610**	**6,138**
Selling expenses		–1,143	–1,444
Administrative expenses		–1,086	–1,093
R&D expenses		–1,486	–1,657
Other operating income and expenses		–85	11
Exchange rate differences		97	–298
Operating result	5–10	**1,906**	**1,657**
Income from participations in associates	12	–7	–4
Financial income	12	30	63
Financial expenses	12	–253	–215
Interest expenses lease liabilities	12	–41	–51
Exchange rate differences	12	–5	4
Profit before tax		**1,630**	**1,454**
Income taxes	15	–377	–370
Profit for the year		**1,253**	**1,084**
Profit attributable to:			
Parent Company shareholders		1,254	1,084
Non-controlling interests		–1	0
Earnings per share:			
Before dilution, SEK	16	3.28	2.84
After dilution, SEK	16	3.28	2.84
Average number of shares:			
Before dilution, thousands	16	382,083	382,062
After dilution, thousands	16	382,083	382,062

Consolidated statement of comprehensive income

SEK M	Note	2020/21	2019/20
Profit for the year		**1,253**	**1,084**
Other comprehensive income			
Items that will not be reclassified to the income statement:			
Remeasurements of defined benefit pension plans	29	–3	–8
Change in fair value of equity instruments	22	206	–104
Tax	15	–43	24
Total items that will not be reclassified to the income statement, net of tax		**160**	**–88**
Items that subsequently may be reclassified to the income statement:			
Revaluation of cash flow hedges	3	231	37
Translation differences from foreign operations		–838	30
Tax	15	–48	–7
Total items that subsequently may be reclassified to the income statement, net of tax		**–654**	**60**
Other comprehensive income, net of tax		**–494**	**–27**
Total comprehensive income		**759**	**1,057**
Comprehensive income attributable to:			
Parent Company shareholders		760	1,057
Non-controlling interests		–1	0

Comments on the consolidated income statement

Net sales

Net sales decreased 6 percent to SEK 13,763 M (14,601), corresponding to 1 percent increase based on constant exchange rates.

	Net sales, SEK M	Change, %[1)]	Operating result, SEK M
Q1	2,981	–5%	335
Q2	3,534	3%	559
Q3	3,581	7%	468
Q4	3,667	1%	545
Full-year 2020/21	**13,763**	**1%**	**1,906**

[1)] Compared to last fiscal year based on constant currency.

Earnings

Gross margin was 40.8 percent (42.0). The decrease compared to last year was to a large part explained by negative impact from currency, but also higher supply chain costs and higher costs to serve the installed base during the pandemic Covid-19. EBITA amounted to SEK 2,709 M (2,521), representing a margin of 19.7 percent (17.3).

Operating result increased by 15 percent and amounted to SEK 1,906 M (1,657). The operating result increased mainly due to lower operating expenses, driven by lower selling expenses due to Covid-19 cost control measures. Operating result also included a positive effect from changes in exchange rates compared to last year. Operating margin was 14 percent (11).

Research and development costs decreased with 10 percent to SEK –1,486 M (–1,657) equal to 11 percent (11) of net sales. Capitalization of development costs and amortization of capitalized development costs amounted to net SEK –9 M (–183), of which SEK –2 M (–176) relates to the R&D function. Capitalizations increased as more projects reached this stage of the development compared to last year. Capitalization within the R&D function amounted to SEK 676 M (555) and amortization to SEK –678 M (–731).

The change in unrealized exchange rate effects from effective cash flow hedges amounted to SEK 231 M (37) and is reported in other comprehensive income. Closing balance of unrealized exchange rate effects from effective cash flow hedges in shareholders' equity was SEK 199 M (–33) exclusive of tax. According to Elekta's currency hedging policy, anticipated sales in foreign currency may be hedged up to 24 months.

Net financial items amounted to SEK –277 M (–203). Interest expense was higher because of higher level of gross debt and an early repayment of loan. Interest income was lower due to lower interest rates.

Income before tax amounted to SEK 1,630 M (1,454). Tax expense amounted to SEK –377 M (–370) or 23 percent (25). The lower tax rate was mainly driven by a geographic mix effect. Profit after tax amounted to SEK 1,253 M (1,084).

Result overview

SEK M	2020/21	2019/20
Operating result/EBIT	**1,906**	**1,657**
Amortization of intangible assets:		
Capitalized development costs	685	746
Assets relating business combinations	118	119
EBITA	**2,709**	**2,521**

Consolidated balance sheet

SEK M	Note	April 30, 2021	April 30, 2020
ASSETS			
Non-current assets			
Intangible assets	17	8,779	9,469
Right-of-use assets	18	953	1,156
Tangible fixed assets	19	897	968
Shares in associated companies	21	27	34
Other financial assets	3, 22	506	714
Deferred tax assets	15	436	504
Total non-current assets		**11,597**	**12,845**
Current assets			
Inventories	23	2,283	2,748
Accounts receivable	24	3,281	3,379
Accrued income	30	1,772	1,526
Current tax assets	15	165	138
Derivative financial instruments	3	220	97
Other current receivables	25	1,116	1,208
Short-term investments	26	–	62
Cash and cash equivalents	26	4,411	6,407
Total current assets		**13,247**	**15,566**
Total assets		**24,844**	**28,411**
EQUITY AND LIABILITIES			
Equity			
Parent Company shareholders:			
Share capital	27	192	192
Contributed funds		812	812
Reserves		623	1,278
Retained earnings		6,568	5,830
Parent Company shareholders, total		**8,197**	**8,113**
Non-controlling interests		0	1
Total equity		**8,197**	**8,113**
Non-current liabilities			
Long-term interest-bearing liabilities	28	3,043	7,101
Deferred tax liabilities	15	515	545
Long-term lease liabilities	28	854	1,043
Long-term provisions	29	224	235
Other long-term liabilities	3	71	73
Total non-current liabilities		**4,707**	**8,997**
Current liabilities			
Short-term interest-bearing liabilities	28	2,141	1,001
Short-term lease liabilities	28	200	213
Accounts payable	2, 3	1,016	1,025
Advances from customers	30	3,759	4,103
Prepaid income	30	2,082	2,226
Accrued expenses	31	1,837	1,703
Current tax liabilities	15	137	246
Short-term provisions	29	174	179
Derivative financial instruments	3	35	105
Other current liabilities	32	559	501
Total current liabilities		**11,941**	**11,300**
Total equity and liabilities		**24,844**	**28,411**

For information about assets pledged and contingent liabilities see **Note 33** and **34** respectively.

Comments on the consolidated balance sheet

The Group's consolidated balance sheet has been affected by changes in exchange rates. The balance sheets of the foreign subsidiaries are translated at the closing rate as per the closing date. The exchange rates used for translation as per April 30, 2021 and April 30, 2020 respectively are presented in the table on **page 115**.

Assets and capital employed

The Group's total assets decreased by SEK 3,567 M to SEK 24,844 M (28,411). Fixed assets totaled SEK 9,676 M (10,437) of which goodwill amounted to SEK 5,973 M (6,311). Right-of-use assets amounted to SEK 953 M (1,156).

Current assets, excluding cash and cash equivalents and short-term investments, decreased by SEK 259 M to SEK 8,837 M (9,096). Accounts receivable, accrued income and inventories decreased by 4 percent (2). Inventory value in relation to net sales was 17 percent (19).

Cash and cash equivalents and short-term investments decreased by SEK 2,059 M to SEK 4,411 M (6,470) at year-end, totaling 18 percent (23) of total assets. Of total bank balances SEK 8 M (8) were pledged primarily for commercial guarantees.

The Group's capital employed decreased to SEK 14,435 M (17,472).

Liabilities and shareholders' equity

Interest-free liabilities and provisions decreased by SEK 531 M to SEK 10,409 M (10,940). Interest-bearing liabilities amounted to SEK 6,239 M (9,358), of which SEK 1,054 M (1,256) pertained to lease liabilities. Net debt amounted to SEK 774 M (1,632). Total equity was SEK 8,197 M (8,113). Return on shareholders' equity amounted to 16 percent (14) and return on capital employed amounted to 12 percent (12). Net debt/EBITDA ratio was 0.25 (0.56) and equity/assets ratio was 33 percent (29).

Working capital

Elekta's operations is to a large extent project based. Payment flows from projects generally occur in connection with order receipt, delivery and acceptance, which generates fluctuations in working capital. Thus, movements in working capital depend on the progress of projects and the timing of certain events in relation to terms in the contract. Invoicing and payments from the customer occur in accordance with the terms of the contract while revenue is recognized based on accounting principles. Therefore cash flow from projects does not always coincide with the recognition of revenue and may result in either an asset (accrued income) or a liability (advances from customers).

Elekta's payment terms varies significantly between regions and specific customers. For example, in China, the majority of Elekta's customers are in the public sector. Financing and payments are normally structured by a bank through a letter of credit arrangement. When Elekta has met certain performance conditions, payments are obtained from the issuing bank. The majority of the proceeds are normally due at shipment. As another example, the US is largely a private hospital market with replacement investments. The operating cycle in the projects are typically shorter than Elekta's average. In a typical customer relationship, Elekta receives partial payments at order receipt, delivery, installation and acceptance. Lastly, customers in Europe are typically public hospitals and contracts are awarded through public procurement processes. In such cases, terms and conditions are often pre-defined by the customer. This means that Elekta get paid late in the operating cycle and payment times are generally longer than normal. There are many examples of projects where customers pay after acceptance of installation.

Accounts receivable amounted to SEK 3,281 M (3,379) as per April 30, showing a decrease of 3 percent in SEK. The majority of non-due accounts receivable are normally due within 90 days.

In a limited number of customer projects, Elekta is providing financing through extended payment terms. Such receivables amounted to SEK 373 M (355) as per April 30 and are included in "Other financial assets" in the balance sheet and specified as "Contractual receivables" in **Note 22**.

Customer advances represent projects for which invoiced amounts exceed revenue recognized. Advances from customers amounted to SEK 3,759 M (4,103) as per April 30, a decrease of SEK 344 M.

Working capital

SEK M	**April 30, 2021**	April 30, 2020
Working capital assets		
Inventories	2,283	2,748
Accounts receivable	3,281	3,379
Accrued income	1,772	1,526
Other operating receivables	1,116	1,202
Sum working capital assets	**8,451**	**8,856**
Working capital liabilities		
Accounts payable	1,016	1,025
Advances from customers	3,759	4,103
Prepaid income	2,082	2,226
Accrued expenses	1,837	1,703
Short-term provisions	174	179
Other current liabilities	559	501
Sum working capital liabilities	**9,428**	**9,735**
Net working capital	**–977**	**–879**
Percent of net sales	–7%	–6%

Net working capital amounted to SEK –977 M (–879) at year-end, corresponding to –7 percent (–6) of net sales.

Changes in consolidated equity

SEK M	Note	Share capital	Other contributed capital	Translation reserve	Hedge reserve	Retained earnings	Elekta AB:s owners, total	Non-controlling interests	Total equity
Opening balance May 1, 2019		**192**	**812**	**1,277**	**–59**	**5,556**	**7,778**	**1**	**7,779**
Opening balance adjustment due to IFRS 16		–	–	–	–	–31	–31	–	–31
Profit for the year		–	–	–	–	1,084	1,084	–	1,084
Remeasurements of defined benefit pensions plans		–	–	–	–	–8	–8	–	–8
Change in fair value of equity instruments		–	–	–	–	–104	–104	–	–104
Revaluation of cash flow hedges		–	–	–	37[1)]	–	37	–	37
Translation differences from foreign operations		–	–	30	–	–	30	–	30
Tax relating to components of other comprehensive income	15	–	–	–	–7	24	18	–	18
Other comprehensive income		–	–	30	30	–88	–27	–	–27
Total comprehensive income		**–**	**–**	**30**	**30**	**996**	**1,057**	**–**	**1,057**
Dividend		–	–	–	–	–688	–688	–	–688
Incentive programs		–	–	–	–	–3	–3	–	–3
Transactions with the shareholders, total		**–**	**–**	**–**	**–**	**–691**	**–691**	**–**	**–691**
Closing balance April 30, 2020		**192**	**812**	**1,307**	**–29**	**5,830**	**8,113**	**1**	**8,113**
Opening balance May 1, 2020		**192**	**812**	**1,307**	**–29**	**5,830**	**8,113**	**1**	**8,113**
Profit for the year		–	–	–	–	1,254	1,254	–1	1,253
Remeasurements of defined benefit pensions plans		–	–	–	–	–3	–3	–	–3
Change in fair value of equity instruments		–	–	–	–	206	206	–	206
Revaluation of cash flow hedges		–	–	–	231[1)]	–	231	–	231
Translation differences from foreign operations		–	–	–838	–	–	–838	0	–838
Tax relating to components of other comprehensive income	15	–	–	–	–48	–43	–90	–	–90
Other comprehensive income		–	–	–838	184	160	–494	0	–494
Total comprehensive income		**–**	**–**	**–838**	**184**	**1,414**	**760**	**–1**	**759**
Dividend		–	–	–	–	–688	–688	–	–688
Incentive programs		–	–	–	–	12	12	–	12
Transactions with the shareholders, total		**–**	**–**	**–**	**–**	**–676**	**–676**	**–**	**–676**
Closing balance April 30, 2021		**192**	**812**	**469**	**154**	**6,568**	**8,197**	**0**	**8,197**

[1)] Of which transferred to the income statement in 2020/21: SEK 164 M (–145).

Comments on changes in consolidated equity

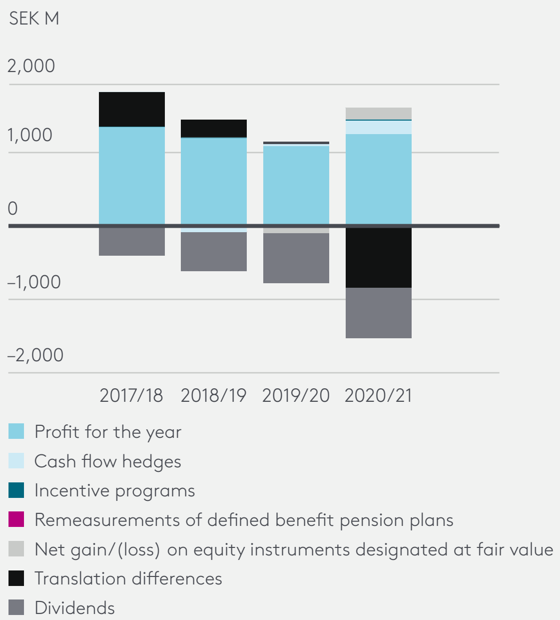
In 2020/21 Elekta paid a total dividend of SEK 688 M. The dividend payment has affected equity through a reduction of retained earnings.

The total number of shares in Elekta as of April 30, 2021, amounted to 383,568,409 of which 14,980,769 A-shares and 368,587,640 B-shares. See **Note 27** for more information on share capital.

Total equity includes equity of foreign subsidiaries. Translation is performed at closing rate and the translation difference is reported in the translation reserve via other comprehensive income. The translation difference amounted to SEK –838 M (30) in 2020/21. Shareholders' equity in foreign currency is hedged when it is deemed appropriate in individual cases. The translation reserve includes all exchange rate differences arising in conjunction with the translation of foreign operations that have prepared their financial reports in a currency other than that used in the group's financial reports. In addition, the translation reserve consists of exchange rate differences arising from the translation of liabilities raised as a hedging instrument for a net investment in foreign operations. The translation reserve amounted to SEK 469 M (1,307) at year end.

Cash flow hedges are reported in the hedge reserve via other comprehensive income. Elekta hedges its currency risk in line with the policy established by the board. The scope of this hedging is determined by the Company's currency risk assessment. Currency hedging is defined on the basis of the expected sales in foreign currency over up to 24 months. Hedging is done to reduce the effects of short-term fluctuations on the currency markets. The hedge reserve includes the effective portion of the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet occurred. During 2020/21 the change in the hedge reserve was SEK 184 M (30) after tax and the closing balance of the hedge reserve was SEK 154 M (–29).

Changes in consolidated equity



Consolidated equity and return

Consolidated cash flow statement

SEK M	Note	2020/21	2019/20
Operating activities			
Profit before tax		1,630	1,454
Non-cash items:			
Depreciation and amortization	8, 17, 18, 19	1,204	1,275
Interest net	35	204	150
Other non-cash items	35	307	54
Operating cash flow before interest and tax		**3,345**	**2,932**
Interest received		30	63
Interest paid		–249	–208
Income taxes paid	15	–465	–261
Operating cash flow		**2,660**	**2,526**
Change in inventories		270	–116
Change in operating receivables		–772	–434
Change in operating liabilities		393	–962
Change in working capital		**–109**	**–1,512**
Cash flow from operating activities		**2,551**	**1,014**
Investing activities			
Investments in intangible assets	17	–678	–566
Investments in machinery and equipment	19	–167	–196
Sale of fixed assets		0	0
Continuous investments		**–845**	**–761**
Cash flow after continuous investments		**1,706**	**252**
Business combinations	35, 37	–272	–178
Short-term investments	35	–	–26
Divestment short-terms investments	35	60	–
Investments associates	35	–	–
Investments in other shares	35	–	–343
Divestment in other shares	35	443	–
Dividends associated companies	21	1	10
Cash flow from investing activities		**–613**	**–1,298**
Cash flow after investments		**1,938**	**–284**
Financing activities			
Borrowings	35	0	4,745
Repayment of lease liabilities	35	–215	–205
Repayment of debt	35	–2,703	–1,229
Dividend		–688	–688
Cash flow from financing activities		**–3,605**	**2,624**
Cash flow for the year		**–1,667**	**2,339**
Change in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		**6,407**	**4,073**
Cash flow for the year		–1,667	2,339
Exchange rate differences		–329	–5
Cash and cash equivalents at the end of the year	26	**4,411**	**6,407**

Comments on the consolidated cash flow statement

The cash flow statement describes the ability of the operations to generate cash and cash equivalents. Elekta's cash flow is used primarily to finance market growth, strategic research projects and investments. Based on the income statement and balance sheet translated at the average exchange rate, the statement shows the Group's net flows during the year.

Elekta's project-based operations affect cash flow through movements in working capital. Payment flows from projects generally occur in connection with order receipt, delivery, and acceptance – mostly not coinciding with revenue recognition – thus generating fluctuations in working capital levels. See also comments on working capital on page 107.

The operating cash flow (cash flow from operating activities exclusive of change in working capital) amounted to SEK 2,660 M (2,526), an increase of SEK 135 M compared with the preceding year.

Cash flow from operating activities increased to SEK 2,551 M (1,014).

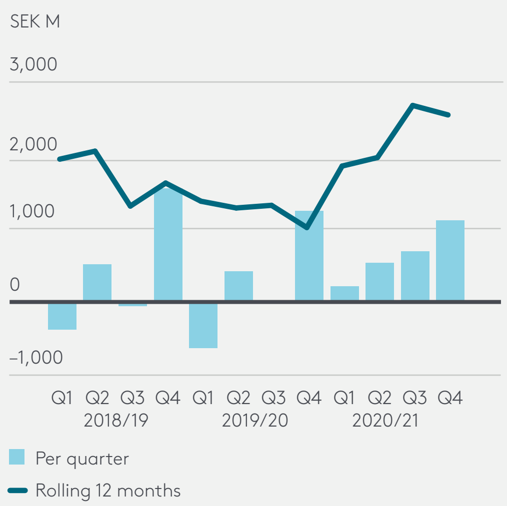
Cash flow from investing activities amounted to SEK –613 M (–1,298) including investments in intangible assets of SEK –678 M (–566).

Cash flow after continuous investments increased by SEK 1,453 M to SEK 1,706 M (252). The increase in cash flow was mainly related to lower increase in working capital compared to last year.

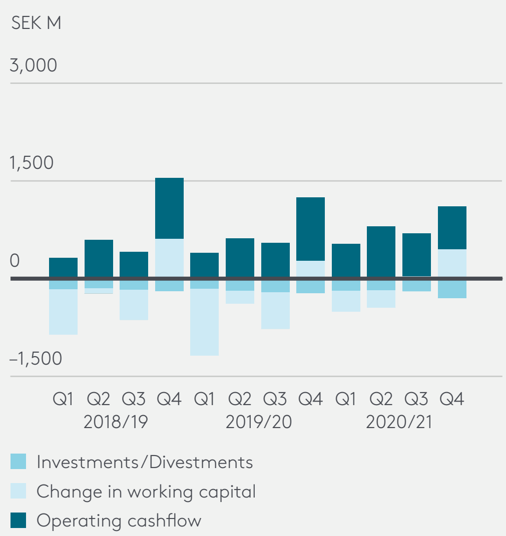
Cash flow after investments amounted to SEK 1,938 M (–284), including payments relating to business combinations of SEK –272 M (–178).

Cash flow from financing activities amounted to SEK –3,605 M (2,624).

Cash flow from operating activities



Specification of cash flow after continuous investments



Financial statements – Parent Company

Income statement – Parent Company

SEK M	Note	2020/21	2019/20
Administrative expenses		–27	–131
Operating result		**–27**	**–131**
Income from participations in Group companies	11	327	297
Income from participations in associated companies		–	0
Interest income and similar items	13	154	220
Interest expenses and similar items	13	–217	–195
Income from participation in other companies		208	–
Write-down participations in other companies		–	–107
Exchange rate differences		–4	3
Appropriations	14	–	14
Profit before tax		**441**	**101**
Income taxes	15	–14	36
Profit for the year		**427**	**137**

Statement of comprehensive income – Parent Company

SEK M	2020/21	2019/20
Profit for the year	**427**	**137**
Other comprehensive income		
Other comprehensive income, net of tax	**–**	**–**
Total comprehensive income	**427**	**137**

Balance sheet – Parent Company

SEK M	Note	April 30, 2021	April 30, 2020
ASSETS			
Non-current assets			
Intangible assets	17	46	53
Shares in subsidiaries	20	2,590	2,251
Shares in associated companies	21	13	6
Receivables from subsidiaries		2,194	2,391
Other financial assets	22	81	320
Deferred tax assets	15	27	41
Total non-current assets		**4,951**	**5,062**
Current assets			
Receivables from subsidiaries		2,895	4,248
Other current receivables	25	39	81
Cash and cash equivalents	26	3,421	5,387
Total current assets		**6,355**	**9,716**
Total assets		**11,306**	**14,778**
EQUITY AND LIABILITIES			
Equity			
Share capital	27	192	192
Statutory reserve		156	156
Restricted equity		**348**	**348**
Premium reserve		657	657
Retained earnings		1,082	1,341
Unrestricted equity		**1,739**	**1,998**
Total equity		**2,087**	**2,346**
Untaxed reserves	14	**–**	**–**
Long-term provisions	29	**36**	**10**
Long-term interest-bearing liabilities	28	3,043	7,101
Total long-term liabilities		**3,079**	**7,111**
Current liabilities			
Short-term interest-bearing liabilities	28	2,141	942
Short-term liabilities to subsidiaries	28	3,858	4,283
Short-term provisions	29	4	1
Other current liabilities	32	137	95
Total current liabilities		**6,140**	**5,321**
Total equity and liabilities		**11,306**	**14,778**

Cash flow statement – Parent Company

SEK M	Note	2020/21	2019/20
Operating activities			
Profit before tax		441	101
Interest net	35	37	–44
Other non-cash items	35	–135	286
Interest received		154	199
Interest paid		–191	–156
Income taxes paid	15	–	–2
Operating cash flow		**306**	**384**
Change in operating receivables		1,119	–783
Change in operating liabilities		–391	359
Change in working capital		728	–424
Cash flow from operating activities		**1,034**	**–40**
Investing activities			
Shareholders' contributions paid	35	–290	–7
Short-term investments	26	–	45
Investments in other shares	35	–	–343
Divestments of other shares	35	443	–
Change in long-term receivables		197	–7
Cash flow from investing activities		**350**	**–312**
Cash flow after investments		**1,384**	**–352**
Financing activities			
Borrowings		–	4,333
Repayment of debt		–2,701	–868
Dividend		–688	–688
Cash flow from financing activities		**–3,389**	**2,777**
Cash flow for the year		**–2,005**	**2,425**
Change in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		**5,387**	**2,941**
Cash flow for the year		–2,005	2,425
Exchange rate differences		39	21
Cash and cash equivalents at the end of the year	26	**3,421**	**5,387**

Changes in equity – Parent Company

	Restricted equity		Unrestricted equity		
SEK M	Share capital	Statutory reserve	Premium reserve	Retained earnings	Total equity
Opening balance May 1, 2019	**192**	**156**	**657**	**1,893**	**2,898**
Profit for the year	–	–	–	137	137
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**137**	**137**
Dividend	–	–	–	–688	–688
Incentive programs	–	–	–	–1	–1
Transactions with the shareholders, total	**–**	**–**	**–**	**–689**	**–689**
Closing balance April 30, 2020	**192**	**156**	**657**	**1,341**	**2,346**
Opening balance May 1, 2020	**192**	**156**	**657**	**1,341**	**2,346**
Profit for the year	–	–	–	427	427
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**427**	**427**
Dividend	–	–	–	–688	–688
Incentive programs	–	–	–	2	2
Transactions with the shareholders, total	**–**	**–**	**–**	**–686**	**–686**
Closing balance April 30, 2021	**192**	**156**	**657**	**1,082**	**2,087**

Notes

NOTE 1
Essential accounting principles

Elekta AB, with corporate registration number 556170-4015, is a Swedish public company with its registered office in Stockholm. The address to the head office is Elekta AB, Kungstensgatan 18, Box 7593, SE-103 93 Stockholm.

This annual report, including the consolidated financial statements, was signed and approved for publication by the Board of Directors of Elekta AB on July 7, 2021. The statements of income and the balance sheets, for the Parent Company and the Group, included in the annual report and the consolidated financial statements, are subject to adoption by the annual general meeting on August 25, 2021.

The most important accounting principles applied in the preparation of the financial reports are set out below and, where applicable, in the following notes. Mainly, the same principles are applied for the Parent Company and the Group. The Parent Company's accounting principles deviating from those applied by the Group, or considered important to describe, are stated under a separate heading at the end of this note.

Basis for preparation
Elekta's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) on April 30, 2021, the Swedish Annual Accounts Act and standard RFR 1 of the Swedish Financial Reporting Board. The Parent Company's financial reports have been prepared in accordance with the Swedish Annual Accounts Act and standard RFR 2 of the Swedish Financial Reporting Board.

Measurement basis
Assets and liabilities are recognized at historical cost apart from financial assets and liabilities that are short-term investments, derivatives and contingent considerations, which are recognized at fair value.

New and revised IFRS applied from May 1, 2020
There are no new or revised standards and interpretations adopted as of May 1, 2020 that have had a material impact on the Elekta Group's financial statements.

Consolidated accounts
The consolidated accounts include Elekta AB (the Parent Company) and its subsidiaries. Subsidiaries are all companies in which the Group has a controlling interest. The Group has a controlling interest in a company when it has exposure, or right, to variable returns from its holding in the company and has the ability to use its power over the company to affect the returns. A subsidiary is included in the consolidated accounts from the point in time when the controlling interest is obtained until the point in time when the controlling interest ceases.

Intra-group transactions, balance sheet items and unrealized intra-group profits are eliminated in the consolidated accounts.

The acquisition method
The consolidated accounts have been prepared in accordance with the acquisition method, which means that the cost of shares in subsidiaries is eliminated against their equity at the time of acquisition. Acquisition related transaction costs are not included in the cost of the shares but expensed as incurred. The equity in a subsidiary is determined on the basis of the fair value of assets, liabilities and contingent liabilities at the acquisition date. Thus, only the part of the subsidiary's equity which has arisen after the acquisition date is included in the consolidated accounts. In business combinations, where the sum of (i) the cost of shares in subsidiaries, (ii) the value of non-controlling interest and (iii) the fair value of previously held equity interest, exceeds the fair value of the Group's share of acquired identifiable net assets at acquisition, the difference is reported as goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are reported for the items for which the accounting is incomplete. Such amounts may be adjusted during the measurement period, or new assets or liabilities may be recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

Non-controlling interests
In connection with acquisitions of less than 100 percent, when a controlling influence is achieved, non-controlling interests are determined either as a proportional share of the fair value of identifiable net assets excluding goodwill or at fair value. Non-controlling interests are recognized as a separate item in the Group's equity. The Group's profit or loss and every component of other comprehensive income are attributable to the shareholders of the Parent and to non-controlling interests. Losses attributable to non-controlling interests are recognized even if this results in a negative balance. Subsequent acquisitions up to 100 percent and divestments of participations in a subsidiary that do not lead to a loss of controlling influence are recognized as equity transactions.

Translation of foreign subsidiaries
The Group companies prepare their financial statements in their functional currency, i.e. the currency used in the primary economic environment in which they mainly operate. These reports provide the basis for the consolidated accounts which are prepared in Swedish kronor (SEK), which is the functional currency of the Parent Company and the presentation currency. Unless otherwise stated, the amounts presented are in millions Swedish krona and, accordingly, rounding differences

NOTE 1 Essential accounting principles, cont.

can occur. The income statements and balance sheets of foreign subsidiaries have been translated, from their respective functional currency, to the presentation currency of the Group. All items in the income statements have been translated at the average rate for the reporting period, while assets and liabilities in the balance sheets have been translated at the closing rate. Translation differences are reported in other comprehensive income.

Certain long-term financing related to subsidiaries, where a settlement is not considered to take place in the foreseeable future, is considered as an increase in the Parent Company's net investment in the subsidiaries. Taking the tax effect into consideration, exchange gains and losses are reported in other comprehensive income.

Income statement

Elekta presents its income statement classified by function where the operating expenses are allocated to cost of products sold, selling expenses, administrative expenses and R&D expenses. Exchange rate differences are reported on separate lines within the operating result. These have been identified as important to distinguish from operating revenue and costs directly related to functions in order to ease comparability over time.

Government grants

Government grants relate to financial grants from governments, public authorities and similar local, national, or international bodies. These are recognized when there is a reasonable assurance that the grants will be received and that Elekta will comply with the conditions attached to them. Government grants relating to expenses are recognized in the income statement as a deduction of such related expenses. Government grants relating to assets are included in the balance sheet as prepaid income and recognized as income over the useful life of the assets.

Transactions and balances in foreign currency

Transactions in foreign currency are translated to the respective Group Company's functional currency by use of the currency rate prevailing on the transaction date. Monetary receivables and liabilities in foreign currency are similarly translated by use of the closing day rate. Exchange rate differences arising upon translation, and upon payment of the transaction, are reported in the income statement with the exception of those related to qualified hedge transactions, related to cash flows or net investments, which are recognized in equity under other comprehensive income. Exchange rate gains and losses on operating balance sheet items are recognized in the operating result. Exchange rate gains and losses on loans and investments are recognized as financial items. Non-monetary assets and liabilities carried at historical cost are translated at the exchange rate prevailing on the transaction date.

Cash flow statement

The cash flow statement is prepared according to the indirect method.

Exchange rates

		Average rate		Closing rate	
Country	Currency	**2020/21**	2019/20	**April 30, 2021**	April 30, 2020
Australia	AUD	6.388	6.504	6.517	6.464
Canada	CAD	6.692	7.216	6.825	7.102
China	CNY	1.302	1.378	1.295	1.396
Euroland	EUR	10.293	10.681	10.151	10.694
United Kingdom	GBP	11.549	12.200	11.682	12.278
Hong Kong	HKD	1.130	1.234	1.079	1.271
Japan	JPY	0.083	0.089	0.077	0.092
USA	USD	8.764	9.637	8.377	9.847

The Parent Company

The Group's Parent Company, Elekta AB, carries out group management and provides joint group functions and financial management. The Parent Company's revenues consist mainly of dividends from subsidiaries. The most material balance sheet items are shares in subsidiaries, intra-group balances and external loans.

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and standard RFR 2 of the Swedish Financial Reporting Board. RFR 2 requires the Parent Company, in its annual accounts, to apply all the International Financial Reporting Standards (IFRS) as endorsed by the EU in so far as this is possible within the framework of the Annual Accounts Act and with regard to the relationship between accounting and taxation. RFR 2 states what exceptions from, and additions to, IFRS should be made.

Revenues

The Parent Company's revenues consist mainly of dividends from subsidiaries. Dividends are recognized when the right to receive payment is judged to be firm.

Shares in subsidiaries and shares in associates

Shares in subsidiaries and shares in associates are accounted for at cost less any accumulated impairment losses. Acquisition-related transaction costs are included in the cost of the shares. The recoverable amount of shares in subsidiaries or shares in associates is calculated whenever there is an indication of a reduction in value. Impairment is performed if the recoverable amount is lower than the carrying value. Impairment losses are recognized in the financial net in the income statement.

NOTE 1 Essential accounting principles, cont.

Financial instruments

Derivative financial instruments and short-term investments are accounted for at fair value. Changes in the fair values of derivative financial instruments are reported in the income statement with the exception of exchange differences related to a monetary item that forms part of a net investment in a foreign subsidiary. Such value changes are recognized in equity under other comprehensive income. Contingent considerations are reported as provisions in the Parent Company.

Group contributions

Group contributions are reported in accordance with RFR 2. Group contributions received and given are recognized as income from participations in Group companies and increase of shares in subsidiaries respectively. The tax effect of group contributions is recognized in the income statement in accordance with IAS 12.

NOTE 2

Financial risk management

Accounting principles

See **Note 3** for accounting principles relating to financial instruments.

Financial risk factors

As a result of its operations, the Elekta Group is exposed to a number of financial risks: market risk, credit risk and liquidity risk. The Group's overriding risk management policy focuses on the unpredictability of financial markets and seeks to reduce any potentially unfavorable effects on the Group's financial results.

Risk management is conducted by the Group's finance department, which identifies, evaluates and hedges financial risks. Work is pursued in line with the policies established by the board for overarching risk management and for specific areas such as currency risk, interest-rate risk, credit risk, utilization of derivative instruments and financial instruments that are not derivatives, and the investment of surplus liquidity.

Market risk

Market risk encompasses currency risk, interest-rate risk and price risk. The Group's exposure to and management of currency risk and interest-rate risk are described below. The Group's exposure to price risk is limited and is not described in particular.

Currency risk

Because of its international operations, the Group is exposed to currency risks in the form of transaction exposure and translation exposure. Transaction exposure arises as a result of future business transactions and translation exposure emerges as a result of recognized assets and liabilities in foreign currency as well as net investments in foreign operations. The Group's currency risk mainly arises from currency exposures in US dollars (USD), Euro (EUR), British Pounds (GBP), Japanese Yen (JPY) and Chinese Yuan (CNY).

The Group's net revenue arises primarily in USD, EUR and JPY, while the Group's net expenses largely arise in GBP, EUR and USD. Sales companies primarily have income and expenses in their functional currency while production companies are to a greater extent exposed to currency risk as sales are largely in a currency other than the functional currency. The currency risk that arises from future business transactions and recognized assets and liabilities are managed using derivative contracts based on forecasted net flows and recognized net balances. Elekta's policy is to hedge the exchange-rate risk using forwards, the extent of which is determined by the Group's estimation of the exchange-rate risk and in accordance with the Group's established policy. Highly forecasted transaction exposure hedging is on the basis of expected net sales and hedging is conducted over a period up to 24 months. Each Group company is responsible for quantifying its transaction exposure in particular flow forecasts that then provide the basis for determination of the exposure and decisions on hedging measures. Currency hedging of recognized assets and liabilities in foreign currency is hedged, in accordance with policy, from 50 percent to 100 percent.

Hedging is carried out in order to reduce the effects of short-term fluctuations in currency markets. The Parent Company's direct and indirect holdings in foreign operations entail that net assets in the foreign operations are exposed to currency risk. Such net investments in foreign currency are hedged when viewed as appropriate on an individual basis, currently there are no outstanding net investment hedges.

Based on the year's income, expense and currency structure (transaction exposure) a general change of one percentage point in the SEK exchange rate against other currencies would affect Group net profit and shareholders' equity by approximately +/– SEK 23 M (24), exclusive of hedging effects.

The table below shows the impact on net income from a 1 percent weakening of the Swedish krona (SEK) in relation to the major currencies.

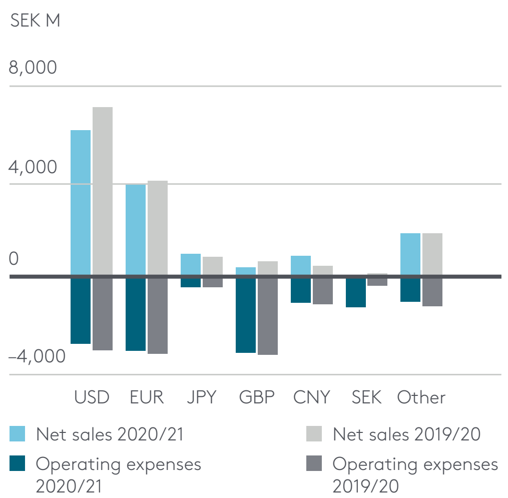
Impact on operating result of a 1 percent weakening of SEK, SEK M

Currency	April 30, 2021	April 30, 2020
USD	32	39
EUR	8	8
JPY	5	4
GBP	–27	–26
CNY	–2	–7
Other currencies	7	6

The Group's net sales and operating expenses by currency for 2020/21 are shown in the following diagram.

NOTE 2 Financial risk management, cont.

Net sales and operating expenses per currency



Interest-rate risk

Interest-rate risk refers to the risk that changes in the interest rate level negatively affect Elekta's earnings.

Elekta's policy is to reduce the interest-rate risk through the use of loans, investments and derivatives. Hedging is carried out in order to reduce impact on result from interest rate movements and is never to exceed the amount and maturity of the underlying exposure. The Group's finance department analyzes exposure to interest-rate risk, whereby refinancing, turnover of existing positions, alternative financing and hedging are taken into account. Based on this, the effect on earnings that a certain change in the interest rate would have is calculated, in which the total change in the interest rate is used for all currencies.

Elekta usually obtains long-term loans at a variable or fixed interest rate based on current market conditions. Conversion to fixed or variable interest rates is done using interest rate derivatives when this is deemed appropriate from a risk management and market perspective. An interest rate swap entails that the Group reaches agreement with another party with the indicated intervals (such as per quarter) to swap the difference between fixed and variable interest amount, estimated on the basis of the contracted nominal amount.

Based on the balance sheet structure at year-end and under the assumption that all other variables were constant, a general change in the interest rate on loans and investments by one percentage point would affect the Group's net result and shareholders' equity by +/– SEK 0 M (1), excluding hedging effects. The impact on the result is mainly attributable to lower/higher interest expense for loans at variable interest rate.

On April 30, 2021, interest-bearing liabilities amounted to SEK 6,239 M (9,358), of which SEK 1,054 M (1,256) pertained to lease liabilities. The average fixed interest term was 1.1 years (1.2) and the weighted average interest rate, taking interest rate derivatives into account, was 1.8 percent (1.8). See **Note 28** for more information on interest-bearing loans.

Credit risk

Credit risk arises via financial credit risk related to cash and cash equivalents, short-term investments, derivative instruments and balances at banks and financial institutions as well as through credit exposure vis-à-vis customers and distributors. Credit risk is managed primarily at Group level, but, as regards credit risk in accounts receivable and accrued income, the primary responsibility lies with the individual Group companies. Maximum credit risk is deemed to correspond to the carrying values of the financial assets recognized in the balance sheet.

Financial credit risk

Elekta's finance policy includes special counterparty regulations in which the maximum credit exposure and the lowest credit rating for various counterparts are specified. Elekta's liquidity is invested in accordance with the determined policy, with the goal of maintaining high liquidity combined with a low credit risk.

The majority of the subsidiary financing goes through internal loans from the Parent Company, therefore there is a credit risk originating from these. The opening balance of expected credit losses in the Parent Company amounted to SEK 31 M and the closing balance of expected credit loss reservation at the end of financial year 2020/21 was SEK 27 M.

Credit risk in accounts receivable

Credit risk in accounts receivable, including accrued income, are managed primarily by the individual group companies. The credit risk for each new customer is analyzed before the conditions for payment and delivery are offered. A continuous follow up of the credit risk in receivables outstanding and agreed transactions are performed. A risk assessment is conducted continuously of credit worthiness through the observance of the customer's financial position and other influencing factors as well as previous experience. No single customer accounts for 10 percent or more of Elekta's net sales.

A continuous assessment is made of the credit risk in receivables outstanding and at the end of the financial year 2020/21 the provision for bad debts amounted to SEK 146 M. See **Note 24** for an analysis of credit exposure in accounts receivable and provision for bad debts.

Liquidity risk

Liquidity risk pertains to the risk of not being able to cover payment obligations due to insufficient cash and cash equivalents or difficulties in obtaining external financing. The operating Group companies draw up cash flow forecasts, which are consolidated centrally. At the Group level, rolling forecasts for the Group's liquidity reserve are observed in order to ensure that the Group has sufficient cash resources to meet the requirements of current operations, while also retaining sufficient scope of unutilized credit facilities.

Excess liquidity in operating Group companies is usually transferred centrally and is managed by the Group's financial function. Investments are made primarily in interest-bearing accounts, term-limited borrowing, money market instruments, money market funds and tradable securities, depending on which instrument is viewed as having an appropriate term or sufficient liquidity to meet the particular situation. In order to reduce the liquidity risk, Elekta endeavors to maintain readily available funds equal to at least 10 percent of net sales. On April 30, 2021, available cash and cash equivalents and short-term investments amounted to SEK 4,403 M (6,462), or 32 percent (44) of net sales. In addition, Elekta had SEK 2,030 M (225) in unutilized credit facilities.

NOTE 2 Financial risk management, cont.

The table below shows the Group's liquidity risk through a maturity analysis regarding financial liabilities (including interest payments as applicable) and derivatives recognized as financial liabilities. The amounts noted in the table are contractual, undiscounted cash flows classified on the basis of the term on the balance sheet date that remains to the agreed maturity date.

Capital management

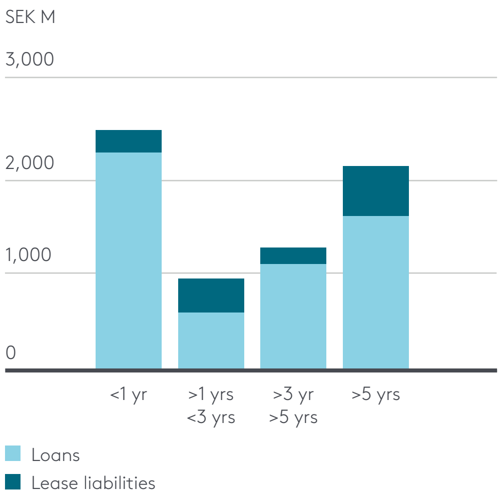
The primary objective of the Group's capital management is to secure a going concern through maintaining a high credit-worthiness and a well-balanced capital structure with the aim of generating return to shareholders and benefits for other stakeholders, and to keep down the costs of capital.

In order to maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

Maturity analysis: financial liabilities

	April 30, 2021					April 30, 2020				
SEK M	< 1 yr	> 1 yrs < 3 yrs	> 3 yrs < 5 yrs	> 5 yrs	Total	< 1 yr	> 1 yrs < 3 yrs	> 3 yrs < 5 yrs	> 5 yrs	Total
Loans (Note 28)	2,232	597	1,093	1,580	5,502	1,149	2,907	3,557	944	8,557
Lease liabilities (Note 28)	231	346	164	512	1,252	252	399	224	622	1,497
Accounts payable	1,016	–	–	–	1,016	1,025	–	–	–	1,025
Derivative financial instruments – outflow, gross	6,886	1,675	–	–	8,561	4,751	672	–	–	5,424
Derivative financial instruments – inflow, gross	–6,721	–1,692	–	–	–8,413	–3,923	–	–	–	–3,923
Other liabilities	559	64	–	–	623	501	66	–	–	567
Total	**4,204**	**990**	**1,257**	**2,092**	**8,542**	**3,755**	**4,044**	**3,781**	**1,566**	**13,146**

Maturity analysis: loans & lease liabilities



Net debt/EBITDA ratio

SEK M	Note	**April 30, 2021**	April 30, 2020
Interest-bearing liabilities	28	5,184	8,102
Cash and cash equivalents and short-term investments	26	–4,411	–6,470
Net debt		**774**	**1,632**
EBITDA		3,110	2,931
Net debt/EBITDA ratio		0.25	0.56

The net debt/EBITDA ratio was 0.25 compared to 0.56 for prior fiscal year. See **Note 28** for more information on interest-bearing liabilities and section Alternative Performance Measures on **page 155** for more information on EBITDA and Net debt.

NOTE 3
Financial instruments

Accounting principles

A financial asset or a financial liability is reported in the balance sheet when the Company becomes party to the contractual terms and conditions of the instrument. A financial asset is removed from the balance sheet when the contractual rights are realized, fall due, or if the Company transfer substantially all the risks and rewards of ownership. Spot acquisitions or sales of financial assets are reported on the settlement date, which is the date on which the asset is delivered. Accounts receivable are reported in the balance sheet when the invoice is dispatched.

Financial assets are initially recognized at fair value plus transaction costs, except for those financial assets carried at fair value through profit or loss. Related transaction costs are expensed in the income statement.

The fair value of quoted financial assets corresponds to the asset's listed bid price on the closing date. In the absence of such information, a valuation is carried out using generally accepted methods such as the discounting of future cash flows at the quoted market interest rate for the particular maturity.

For short-term loans, the fair value is deemed to comply with the carrying amount in view of the fact that a change in market rate of interest does not have a material effect on the market value.

Financial assets and liabilities are off-set and reported at a net amount in the balance sheet when there is a legal right to net and when the intention is to settle the items using a net amount or simultaneously realize the assets and settle the liability.

Subsequent measurement of the financial asset, after the initial recognition at fair value, is based on what business model the Company have for managing the asset and the cash flow characteristics of the asset. For debt instruments there are three measurement categories with the following characteristics.

- Amortized cost; assets held with the intention for collection of contractual cashflows and the cashflow represent solely payments of principal and interest.
- Fair value through other comprehensive income; assets held with the intention for collection of contractual cashflow and for selling it, and the cashflow represent solely payments of principal and interest.
- Fair value through profit and loss; all financial assets that do not meet the criteria for amortized cost or fair value through other comprehensive income.

Equity instruments, instrument that evidences a residual interest in the asset of an entity after deduction of all its liabilities, are measured at fair value through profit and loss.

The financial liabilities are classified into following measurement categories:

- fair value through profit and loss; liabilities held for trading
- amortized costs; liabilities not held for trading

Financial assets measured at amortized cost

Assets are classified in this category when the intention is to hold the asset for collection of contractual cashflows and the cashflow represent solely payments of principal and interest.

In this category assets are measured at amortized cost using the effective interest method, less any provision for impairment. Interest income and gains and losses is recognized in the income statement. The category includes for example accounts receivables as well as cash and bank.

Accounts receivable

Since the anticipated life of accounts receivable is short, reporting is based on the amounts expected to be received, without discounting in accordance with the method for amortized cost. Impairment loss on accounts receivable is recognized in operating profit. See **Note 2** and **24** for further information about credit risk and impairment policies.

Cash and cash equivalent

Cash and cash equivalent comprise cash and bank balances with financial institutions and short-term investments with an original maturity of less than three months. Cash and bank are reported at amortized cost, while the short-term investments in money market funds is measured at fair value through profit and loss.

Financial assets measured at fair value through other comprehensive income (FVOCI)

When the intention of the financial asset is to hold the asset for collection of contractual cashflow and for selling it, and the cashflow represent solely payments of principal and interest, the asset is classified into this category. The assets are measured at fair value with changes in fair value recognized in other comprehensive income (OCI), except for effective interest, impairment gains and losses and foreign exchange gains and losses which are recognized in the income statement. When the financial asset is derecognized, the cumulative gain or loss in OCI is reclassified to the financial income statement.

In this category Elekta has classified account receivables that may be sold. For Elekta it is only in a few countries where account receivables are subject for factoring.

As the sold account receivables are derecognized close to them being issued, there are no material differences between fair value and amortized cost.

Elekta treat interest in other shares as equity investment designated as measured at fair value through other comprehensive income with gains and losses remaining in other comprehensive income, without recycling to profit or loss upon derecognition.

NOTE 3 Financial instruments, cont.

Financial assets measured at fair value through profit and loss (FVPL)

All financial assets that do not meet the criteria for amortized cost or FVOCI are measured as FVPL. Assets are classified to this category when the intention is to sell in short term. Derivatives with a positive market value are classified in this category unless they are used for hedge accounting. Financial derivatives and short-term investments in tradeable securities as well as money market funds is classified in this category. Assets in this category are recognized at fair value and changes in value are recognized in the income statement.

Impairment

Financial assets carried at amortized cost and FVOCI are assessed for impairment based on expected credit losses. The expected credit loss allowance is based on historical credit loss experience, current conditions and forward-looking economic conditions.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to measuring expected credit losses on accounts receivables, meaning a use of a lifetime expected loss allowance. See **Note 24** for more information about impairment on accounts receivables.

Financial liabilities at fair value through profit or loss

This category includes derivatives with negative fair values that are not used for hedge accounting, financial liabilities held for trading and contingent considerations. Liabilities in this category are measured at fair value with changes in that value recognized in the income statement.

Financial liabilities measured at amortized cost

This category includes financial liabilities that are not held for trading, for example loans and accounts payable. These are recognized initially at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest method.

Loan liabilities

Loan liabilities are initially reported at fair value, net of transaction costs, and subsequently at amortized cost according to the effective interest method.

Loan liabilities carrying a fixed rate of interest that are reported under hedge accounting in line with the method for fair value hedging are valued at market in respect of the interest component. Changes in market value are off-set with changes in value of the hedge instrument in net financial items.

Hedging of net investments

Loans in foreign currency are reported at closing rate. Exchange rate differences for loans in connection with hedging of net investments in foreign operations are reported in other comprehensive income, with tax effects taken into account, and are thus off-set against the translation differences that arise when translating the subsidiaries' balance sheets into SEK.

Accounts payable

The valuation principle for accounts payable is the amortized cost principle. The expected lifetime for accounts payable is short and thus the payables are reported at nominal value without discounting.

Accounting for derivatives used for hedging purposes

The group applies the hedge accounting requirements of IFRS 9. All derivatives are initially and continuously recognized at fair value in the Balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized as follows. Changes in value relating to cash flow hedges are reported in other comprehensive income and are taken to the income statement as the hedged cash flow affects the income statement. Any ineffective portion of the change in value is reported directly in the income statement.

The result of a revaluation of derivatives used to hedge fair value is reported in the income statement along with changes in the fair value of the receivable or liability exposed to the hedged risk. For derivatives designated and qualified as hedging instruments, the method of recognizing the fair value gains or losses depends on the nature of the item being hedged.

The Group documents, at the inception of the hedge, the relationship between hedged item and financial derivative instrument, as well as its risk management objective and strategy. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting the changes in fair values or cash flows of hedged items based on the following hedging criteria's.

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship and
- The hedge ratio of the hedging relationship is consistent with risk management strategy.

The table below presents the Group's financial assets and financial liabilities by measurement category with the carrying amount and fair value per item. Fair value for long-term interest-bearing liabilities has been established by discounting future payment flows at current market interest rate and then converting to SEK at the current exchange rate. For other financial instruments the fair value is estimated to agree with the carrying amount.

NOTE 3 Financial instruments, cont.

Financial instruments per category

SEK M	Note	April 30, 2021 Carrying amount	April 30, 2021 Fair value	April 30, 2020 Carrying amount	April 30, 2020 Fair value
FINANCIAL ASSETS					
Financial assets measured at fair value through profit or loss:					
Derivative financial instruments – non-hedging		32	32	81	81
Short-term investments	26	–	–	62	62
Current investments classified as cash equivalents	26	792	792	1,241	1,241
Financial assets measured at amortized cost:					
Other financial assets	22	423	423	409	409
Accounts receivable	24	3,281	3,281	3,314	3,314
Other receivables	25	582	582	554	554
Cash and bank	26	3,618	3,618	5,166	5,166
Financial assets measured at fair value through other comprehensive income:					
Accounts receivable hold to collect and sell	24	–	–	65	65
Equity instruments	22	60	60	297	297
Derivatives used for hedging purposes:					
Derivative financial instruments – hedging		212	212	25	25

SEK M	Note	April 30, 2021 Carrying amount	April 30, 2021 Fair value	April 30, 2020 Carrying amount	April 30, 2020 Fair value
FINANCIAL LIABILITIES					
Financial liabilities measured at fair value through profit or loss:					
Derivative financial instruments – non-hedging		29	29	55	55
Other liabilities (contingent considerations)		120	120	105	105
Financial liabilities measured at amortized cost:					
Long-term interest-bearing liabilities	28	3,043	3,250	7,101	7,503
Short-term interest-bearing liabilities	28	2,141	2,174	1,001	1,002
Accounts payable		1,016	1,016	1,025	1,025
Other liabilities		803	803	516	516
Derivatives used for hedging purposes:					
Derivative financial instruments – hedging		13	13	58	58

Distribution by level when measured at fair value

SEK M	April 30, 2021 Level 1	April 30, 2021 Level 2	April 30, 2021 Level 3	April 30, 2021 Total	April 30, 2020 Level 1	April 30, 2020 Level 2	April 30, 2020 Level 3	April 30, 2020 Total
FINANCIAL ASSETS								
Financial assets measured at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	–	32	–	32	–	81	–	81
Short-term investments	–	–	–	–	62	–	–	62
Current investments classified as cash equivalents	792	–	–	792	1,241	–	–	1,241
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	–	212	–	212	–	25	–	25
Financial assets measured at fair value through other comprehensive income:								
Accounts receivable hold to collect and sell	–	–	–	–	–	65	–	65
Equity instruments	60	–	–	60	297	–	–	297
Total financial assets	**852**	**244**	**–**	**1,096**	**1,600**	**171**	**–**	**1,771**
FINANCIAL LIABILITIES								
Financial liabilities at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	–	29	–	29	–	55	–	55
Contingent considerations	–	–	120	120	–	–	105	105
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	–	13	–	13	–	58	–	58
Total financial liabilities	**–**	**42**	**120**	**162**	**–**	**112**	**105**	**217**

NOTE 3 Financial instruments, cont.

The table above shows how the Group's financial assets and financial liabilities, which are carried at fair value, have been categorized in the fair value hierarchy. The different levels are defined as follows. Level 1: Quoted prices on an active market for identical assets or liabilities. Level 2: Other observable data than quoted prices included in Level 1, either directly (that is, price quotations) or indirectly (that is, obtained from price quotations). Level 3: Data not based on observable market data.

Financial instruments, level 1

The fair value of tradeable securities are reported based on quoted prices on an active market.

Financial instruments, level 2

The fair value of financial instruments that are not traded on an active market are determined by means of available valuation techniques. Market information is used when available. The use of corporate-specific information is avoided whenever possible. If all important in-data required for a fair value valuation of an instrument is observable, the instrument is in level 2. Specific valuation techniques used in the valuation of financial instruments include, for example, listed market prices, fair value for interest-rate swaps, calculated as the present value of estimated future cash flows based on observable yield, fair value of currency forward contracts determined through the use of rates for currency foreign exchange contracts on the balance sheet date.

Financial instruments, level 3

The change during the year for instruments at level 3 refers to contingent considerations. Contingent considerations are valued at the fair value based on data available such as conditions set forth in the purchase agreement and current assessments of the estimated fulfillment of the conditions.

Movements financial instruments level 3

SEK M	2020/21	2019/20
Contingent considerations		
Opening balance May 1	105	2
Business combinations	79	103
Payments	–47	–2
Translation differences	–16	2
Closing balance April 30	**120**	**105**

Outstanding derivative financial instruments

The Group's derivative financial instruments outstanding at April 30 are presented with nominal amounts and fair values in the table below. The total amount of fair values of assets and liabilities respectively are equivalent to the carrying values recognized in the balance sheet.

Derivatives outstanding

	April 30, 2021				April 30, 2020			
SEK M	Nominal	Asset	Liability	Hedge reserve after tax	Nominal	Asset	Liability	Hedge reserve after tax
Currency derivatives:								
Cash flow hedges	5,772	212	13	151	3,859	25	58	–32
Non-hedge accounting	–22	32	29	–	1,405	81	55	–
Currency derivatives, total	**5,750**	**244**	**42**	**151**	**5,264**	**106**	**112**	**–32**

The table below presents detailed information regarding the Group's outstanding cash flow hedges. Realized results from cash flow hedges have been recognized on the line "Currency rate differences" in the operating result and amounted to SEK 164 M (–145) during the year, of which SEK 0 M (–9) was related to the ineffective portion.

Cash flow hedges outstanding

		Q1 21/22		Q2 21/22		Q3 21/22		Q4 21/22		22/23	
Currencies	Currency	Amount	Exchange rate	Amount	Exchange rate	Amount	Exchange rate	Amount	Exchange rate	Amount	Exchange rate
GBP/SEK	GBP	27 M	11.625	38 M	11.401	30 M	11.419	25 M	11.347	44 M	11.306
EUR/SEK	EUR	7 M	11.978	15 M	10.334	10 M	10.436	18 M	10.390	24 M	10.205
USD/SEK	USD	35 M	9.530	53 M	9.049	57 M	8.702	53 M	8.725	110 M	8.336
JPY/SEK	JPY	800 M	0.083	550 M	0.082	700 M	0.080	800 M	0.080	1,000 M	0.080
CNH/SEK	CNH	18 M	1.279	18 M	1.250	12 M	1.679	18 M	1.246	39 M	1.237
USD/GBP	USD	9 M	0.743	2 M	0.724	–	–	–	–	–	–

NOTE 3 Financial instruments, cont.

The hedged transactions in foreign currency are estimated to take place in the coming 24 months. Results from the forward exchange agreements recognized in the hedge reserve in other comprehensive income on 30 April 2021, will be accounted for in the income statement in the periods when the hedged transactions will affect the income statement. The estimated future effect from outstanding cash flow hedges are presented in the table below.

Outstanding cash flow hedges' estimated effect on the income statement

	2021/22				2022/23			
SEK M	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Expected result from cash flow hedges	61	53	18	49	8	7	1	0

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities set off only consist of derivative financial instruments.

	2020/2021					2019/2020				
SEK M	Gross amount	Amounts set off in the balance sheet	Net amounts in the balance sheet	Amounts covered by netting agreements but not set off	Net amount	Gross amount	Amounts set off in the balance sheet	Net amounts in the balance sheet	Amounts covered by netting agreements but not set off	Net amount
Financial assets	244	–	244	–203	41	106	–	106	–45	62
Financial liabilities	42	–	42	0	41	112	–	112	–51	62

In the case of financial assets and liabilities that are subject to legally binding offsetting agreements, each agreement between the company and the counterparties permits net deduction of the relevant financial assets and liabilities if both parties elect to apply net deduction. If both parties are not in agreement regarding net deduction, gross deduction is applied. In the event that one party defaults, the other party is entitled to deduct on a net basis.

NOTE 4
Estimates and assessments

The preparation of financial statements and application of accounting standards require that management use estimates and assessments. Therefore, they make certain assumptions which are considered reasonable under the prevailing circumstances. Thus, estimates and assessments affect the financial reports and they are frequently based on experience as well as other factors, including expectations of future events. Using other assumptions than those actually applied in the preparation of the financial statements, the result can be different and the actual outcome seldom complies with the anticipated result.

For Elekta, estimates and assessments are particularly important in:

- revenue recognition, see **Note 6**
- valuation of accounts receivable, see **Note 24**
- calculation of deferred taxes, see **Note 15**
- impairment testing of goodwill, see **Note 17**
- capitalization and amortization of Intangible assets, see **Note 17**
- calculation of provisions, see **Note 29**
- valuation of leases, see **Note 18**

Estimates and assessments are continually reassessed.

NOTE 5
Segment reporting

Accounting principles

Operating segments are reported in accordance with management reporting as reported to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocation of resources and assessment of the operating segments' performance. In Elekta, this function has been identified as the President and CEO who is responsible for and deals with the continuous administration of the Group based on the board's guidelines and instructions. To his aid, he has the Executive Management. Elekta's President and CEO evaluates business performance from both geographic and product based perspectives. The geographic follow-up is however the main perspective and the product based perspective constitutes a complement to the geographic monitoring and control. It is from the geographic perspective that the business activity is conducted and managed. Evaluation of financial performance is executed for three geographic regions which are Elekta's operating segments:

- North and South America
- Europe, Middle East and Africa
- Asia Pacific

The same accounting principles are applied in the segment reporting as for the Group.

See **Note 17** for information on goodwill per region. For information regarding tangible fixed assets per country see **Note 19**.

Segment reporting

	North and South America		Europe, Middle East and Africa		Asia Pacific		Other/ Group-wide[1]		Group total	
SEK M	**2020/21**	2019/20	**2020/21**	2019/20	**2020/21**	2019/20	**2020/21**	2019/20	**2020/21**	2019/20
Net sales[3]	3,888	4,482	5,140	5,547	4,735	4,572	–	–	13,763	14,601
Operating expenses	–2,386	–2,704	–3,260	–3,786	–3,227	–3,142	–	–	–8,874	–9,633
Contribution margin	**1,502**	**1,778**	**1,880**	**1,760**	**1,507**	**1,430**	–	–	**4,889**	**4,968**
Contribution margin, %	39%	40%	37%	32%	32%	31%				
Global costs	–	–	–	–	–	–	–2,983	–3,312	–2,983	–3,312
Operating result	**1,502**	**1,778**	**1,880**	**1,760**	**1,507**	**1,430**	**–2,983**	**–3,312**	**1,906**	**1,657**
Income participations in associated companies	–	–	–	–	–	–	–7	–4	–7	–4
Financial income	–	–	–	–	–	–	30	63	30	63
Financial expenses	–	–	–	–	–	–	–295	–266	–295	–266
Exchange rate differences	–	–	–	–	–	–	–5	4	–5	4
Profit before tax	**1,502**	**1,778**	**1,880**	**1,760**	**1,507**	**1,430**	**–3,259**	**–3,515**	**1,630**	**1,454**
Income taxes	–	–	–	–	–	–	–377	–370	–377	–370
Profit for the year	**1,502**	**1,778**	**1,880**	**1,760**	**1,507**	**1,430**	**–3,636**	**–3,884**	**1,253**	**1,084**
Net sales per product type										
Solutions[2]	1,563	1,965	3,126	3,577	3,485	3,305	–	–	8,175	8,846
Service	2,325	2,518	2,014	1,970	1,249	1,268	–	–	5,588	5,755
Total	**3,888**	**4,482**	**5,140**	**5,547**	**4,735**	**4,572**	**–**	**–**	**13,763**	**14,601**
Depreciation/Amortization	–519	–553	–608	–645	–77	–77	–	–	–1,204	–1,275
Investments	407	444	352	278	86	39	–	–	845	761

[1] Within other/group-wide are costs that can not be allocated by segment such as global costs. Allocations by segment are not done for financial items, tax, assets and liabilities.
[2] The product type Solutions includes hardware and software combined as it better reflects the business follow-up.
[3] Net sales from internal transactions amounts to SEK 11,489 M (9,732) and has been eliminated in the table above.

NOTE 6
Net sales

Accounting principles
Elekta's revenue is primarily derived from the sales of treatment solutions and oncology informatics including equipment used for radiation therapy, radiosurgery and brachytherapy as well as software products and related services.

Many of Elekta's products and services are sold on a stand-alone basis but are often included in bundled deals, which are arrangements where equipment, software and services may be included in the same contract. A bundled deal is treated as a project which is supported by a project team that coordinates the production, delivery and installation, which can occur at different stages. The equipment, installation, software and services are distinct performance obligations excluding the software that is integrated in the hardware.

In most contracts the transaction price consists of a fixed consideration which is clearly stated in the contract and the products are usually sold without a right of return. In rare cases contracts can include variable consideration for which the value is estimated for revenue recognition purposes.

The allocation of the transaction price, including any discount, to the various goods and services (performance obligations) in a contract is performed based on the relative stand-alone selling prices for the goods and services identified as performance obligations. As many items included in a bundled deal are also sold on a stand-alone basis, the stand-alone selling prices are based on observable prices in most cases. For items not sold on a stand-alone basis the stand-alone selling prices have been estimated using the best available market and internal data relating to those items.

Costs incurred to obtain a contract consist mainly of commissions, which is recognized as contract asset and are amortized over the time when the related revenue is recognized.

The timing for revenue recognition of products and services included in a bundled deal depend on its nature and when control for each product or service has been transferred to the customer. Payment terms or conditions for projects differ between regions. In some markets, partial payments will be due upon certain events such as order receipt, delivery and acceptance. In other markets, the entire payment is due upon completion of implementation or acceptance. Amounts invoiced are reported as accounts receivable while revenue recognized amounts not yet invoiced are reported as accrued income.

Treatment solutions
Elekta sells treatment solutions including hardware, software and service. Main hardware products are Leksell Gamma Knifes®, Linear accelerators, MR linacs and Afterloaders. Software licenses consist mainly of Oncology informatics systems (OIS) and Treatment planning systems (TPS). Services include maintenance and support relating to equipment, software, training, installation services and warranties. Most bundled deals include at least one device, software licenses, installation, service, training and one-year standard warranty that is included in the price. There is a possibility for an extended warranty in some contracts that is considered as a service contract. Revenue recognition for these deals is linked to when control for each identified performance obligation is transferred to the customer, which for a standard contract happens at different stages over a longer period, usually up to six months depending on the geographical market.

Hardware products
In a standard contract, the control is considered to be transferred when the device is delivered to the customer's site and installation is started. At this time, risk and rewards are transferred, the customer has physical possession of the unit and Elekta has the right to payment for the equipment delivered.

Software products
For software licenses control is considered to be transferred and revenue is recognized when the licenses are made available to the customer, which is usually at the time of acceptance of the software.

Service contracts
For service agreements, control is considered to be transferred over time and revenue is recognized on a straight-line basis over the contractual term of the arrangement or the expected period during which the specified services will be performed. Maintenance and support agreements relating to software products are generally renewed on an annual basis. Installation services and training with low values and which span over a limited time are considered non-material and revenue is recognized when the related device reaches the stage of technical acceptance.

Estimates and assessment
Changes to the goods and services included in an arrangement and the amounts allocated to each item could affect the timing and amount of revenue recognition. Revenue recognition also depends on the timing of shipment, readiness of the customer's site, availability of products and for some contracts, customer acceptance terms. If shipments or installations are not made on scheduled timelines or if the products are not accepted by the customer in a timely manner, revenues may differ from expectations.

Revenue recognition does often not coincide with invoicing to, and payments from, customers. Payment terms or conditions for projects may differ between contracts and regions, but in a standard Elekta contract partial payments will be due upon certain events, such as order receipt, shipment and acceptance. In a standard project, amounts invoiced in accordance with an invoicing plan are reported as accounts receivable and as a contract liability included in advances from customers if performance obligations are not yet satisfied and revenue cannot be recognized. Amounts that have been recognized as revenue, but for which Elekta has not yet the right to invoice according to the invoicing plan agreed, are reported as contract assets and included in accrued income. For service contracts the agreed consideration is invoiced and paid in advance in most markets. When there is a contract agreed and invoiced to the customer, Elekta usually has the right to payment even if the performance obligations are still to be satisfied.

NOTE 6 Net sales, cont.

Therefore, a receivable is accounted for with a corresponding contract liability reported as deferred income.

Net sales for the year amounted to SEK 13,763 M (14,601). Accrued income amounted to SEK 1,772 M (1,526). Accounts receivable amounted to SEK 3,281 M (3,379). For more information on accounts receivable see Note 24.

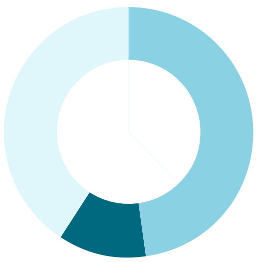
Net sales per country is based on sales to customers in the respective country. There is no individual customers representing more than 10 percent of net sales.

Net sales by country

SEK M	2020/21	2019/20
Sweden	46	56
USA	3,147	3,571
China	2,221	1,833
Japan	926	813
Germany	650	661
Italy	697	553
United Kingdom	389	592
India	397	357
Australia	312	361
France	445	330
Canada	249	300
Spain	382	424
Netherlands	304	346
Other countries	3,599	4,404
Total	**13,763**	**14,601**

Net sales per product type and timing of revenue recognition

SEK M		2020/21	2019/20
Hardware	Point in time	6,595	6,975
Software	Point in time	1,581	1,871
Service	Over time	5,588	5,755
Total		**13,763**	**14,601**



NOTE 7
Salaries, other remuneration and social security costs

Accounting principles

Remuneration paid to employees in the form of wages/salary, paid vacation, etcetera is accounted for as it is earned.

Share-based compensation

Ongoing share programs are reported according to IFRS 2 Share-based payments and are mainly equity-settled. The conditions of the share programs state that they may be settled in other ways than through shares. This possibility is only applied to a very limited extent and neither cost nor obligationare material amounts.

Accounting for equity-settled share-based compensation programs entails that the instrument's fair value at grant date is recognized in the income statement over the vesting period, with a corresponding adjustment to equity. This leads to an estimated cost, corresponding to the earned portion of the estimated share value at allotment, being charged to profit and loss over the vesting period. For performance-based share programs (2018), the expected number of vested shares is revised at each reporting date and the impact of any changes over the original estimates are recognized in the income statement, with a corresponding adjustment to equity. Market-based share programs (2019 & 2020) are not revalued during the remainder of the vesting period after the fair value is established, except if the condition of continued employment during the vesting period is no longer fulfilled.

In addition, provisions are made for estimated employer contributions related to the share programs. Calculations are based on a theoretical market valuation where the market value is calculated using Black & Scholes based on the share price on the closing date. For allotted shares, social security expenses are paid on the basis of the market value on the allotment date.

Salaries, other remuneration and social security costs

	Group		Parent Company	
SEK M	2020/21	2019/20	2020/21	2019/20
Salaries and remunerations:				
Board and Managing directors	115	133	24	30
Other employees	3,308	3,265	43	31
Total salaries and other remunerations	**3,423**	**3,398**	**67**	**60**
Social security costs:				
Pension costs	215	240	12	13
Other social security costs	451	430	28	25
Total social security costs	**667**	**670**	**41**	**37**
Total salaries, other remuneration and social security costs	**4,089**	**4,068**	**108**	**98**

Bonuses included in the above salaries and other remunerations to the Boards and the Managing directors of subsidiaries amounted to SEK 34 M (37), and SEK 8 M (10) in the Parent Company. Total pension costs amounted to SEK 215 M (240) of which SEK 19 M (19) concern defined benefit pension plans. Pension costs in the Parent Company amounted to a total of SEK 12 M (13) of which the total amount related to defined contribution pension plans. For further information regarding the defined benefit pension plans see Note 29.

NOTE 7 Salaries, other remuneration and social security costs, cont.

Remuneration to the Board of Directors

The AGM resolved the adoption of fees to the Board of Directors totaling SEK 5,475 K (6,175), of which SEK 5,475 K (6,175) were paid. The fees were distributed in accordance with the table below.

Fees for the Board of Directors

	April 30, 2021			April 30, 2020		
SEK Thousands	Regular remuneration	Remuneration compensation committee	Remuneration audit committee	Regular remuneration	Remuneration compensation committee	Remuneration audit committee
Chairman:						
Laurent Leksell	1,280	115	–	1,280	115	–
Members:						
Tomas Puusepp	–	–	–	550	–	–
Cecilia Wikström	550	80	–	550	80	–
Wolfgang Reim	550	80	–	550	80	–
Jan Secher	550	–	150	550	–	150
Birgitta Stymne Göransson	550	–	240	550	–	240
Johan Malmqvist	550	–	150	550	–	150
Caroline Leksell Cooke	550	80	–	550	80	150
Total	**4,580**	**355**	**540**	**5,130**	**355**	**690**

Remuneration to executive management

The guidelines for remuneration to the executive management, which are proposed by the Board of Directors for the AGM on August 25, 2021 are presented on **page 102**. The Executive Management for 2020/21 was comprised of a total of 19 people, of whom eight are located in Sweden and the other eleven in the Netherlands, the UK, the US, Turkey, Germany and China. The tables below display remunerations and other benefits to the Executive Management in 2020/21 and 2019/20 respectively.

Remuneration and other benefits to Executive Management during the year 2020/21

SEK Thousands	Fixed remuneration	Variable remuneration	Share-based compensation	Other benefits	Pension costs	Total
President and CEO [1)]	12,656	6,993	1,133	124	5,331	**26,238**
Other senior executives resident in Sweden (8)	9,177	6,167	3,266	273	2,691	**21,574**
Other senior executives resident abroad (11)	37,880	20,499	7,507	1,369	1,488	**68,743**
Total senior executives	**59,713**	**33,660**	**11,906**	**1,765**	**9,511**	**116,554**

1) Richard Hausmann resigned as President and CEO June 2, 2020 and Gustaf Salford took over as Acting President and CEO from June 2, 2020.In november,2020, Gustaf Salford was appointed President and CEO. Of the remuneration and other benefits listed above to the President and CEO SEK 13,562 K are remunerations and other benefits to Richard Hausmann.

Remuneration and other benefits to Executive Management during the year 2019/20

SEK Thousands	Fixed remuneration	Variable remuneration	Share-based compensation[2)]	Other benefits	Pension costs	Total
President and CEO [1)]	8,864	4,488	–918	5	2,588	**15,027**
Other senior executives resident in Sweden (6)	14,000	3,637	–1,783	460	3,290	**19,604**
Other senior executives resident abroad (11)	37,634	13,879	–1,753	1,862	1,759	**53,381**
Total senior executives	**60,498**	**22,004**	**–4,454**	**2,327**	**7,636**	**88,012**

1) Richard Hausmann resigned as President and CEO June 2, 2020 and Gustaf Salford took over as Acting President and CEO from June 2, 2020. The remuneration and other benefits listed above to the President and CEO is only remunerations and other benefits to Richard Hausmann.
2) During the fiscal year a new estimation of share-based compensation was made which resultated in SEK –4,454 K being recognized in the income statement.

Variable remuneration pertains to the bonus for the 2020/21 and 2019/20 fiscal years respectively, partly paid quarterly during each fiscal year and partly paid in the year after.

NOTE 7 Salaries, other remuneration and social security costs, cont.

Share based payment

As per April 30, 2021, Elekta has three outstanding share programs. The share program performance share plan 2017/20, which was outstanding as per April 30, 2020, has expired during the year.

The total number of shares that may be allotted under the share programs is 1,187,790 (1,097,824) B-shares. The share programs are secured by delivery of shares already held or repurchased by Elekta and, consequently, no new shares will be issued under the share programs. Share programs awarded to employees have a potential dilution effect. However, certain performance targets must be met for dilution to occur and this was not the case at the closing date.

The share-related incentive programs are reported in accordance with IFRS 2 Share-based payments. The recognized costs related to the share programs amounted to SEK 12 M (–4) and social security amounted to SEK 4 M (–1). See **page 100** for more information.

Share programs

The AGM has for a number of years resolved to adopt share programs called performance share plans. Performance share plan 2017, resolved by the AGM in 2017, expired during the year. For information on the program see the annual report 2019/20 **page 90**. Outstanding programs as per April 30 2021 were performance share plan 2018, 2019 and 2020 respectively. The performance share plans cover approximately 180 (2018), 28 (2019) and 25 (2020) key employees of the Group respectively. The performance share plans entitle the participants to obtain, free of charge, B-shares in Elekta upon fulfillment of certain performance requirements.

The main terms of the performance share programs are:

- A performance share award shall entitle a participant to receive, subject to the terms and conditions set forth in the performance share plans 2018, 2019 and 2020 and applicable award agreements, a number of B-shares based upon the attainment of performance targets over a three-year performance period
- Each performance share award shall be subject to forfeiture in the event of termination of employment due to a reason other than death, disability or retirement or failure to attain performance targets over the applicable performance period
- Performance share awards shall be settled through the delivery of shares unless otherwise decided by the board
- The number of shares to be allotted will depend on the degree of fulfillment of financial targets

The financial targets for performance share plan 2018 are defined as average annual percentage growth rate in earnings per share (EPS) during the fiscal year 2018/19, versus EPS for the fiscal years 2017/18. Under performance share plan 2018 the maximum performance level requires that 2018/19 EPS is at least 32 per cent higher than 2017/18 EPS. If the maximum performance level is reached or exceeded, the allocation will amount to (and will not exceed) the maximum number of performance shares. If performance is below the maximum level but above the minimum level, a proportionate allocation of shares will be made. No allocation will be made if performance is below the minimum level. The allotment of shares between minimum and maximum level is linear.

The financial targets for performance share plans 2019 and 2020 are defined as Total Shareholder Return (TSR) relative to the OMXS30 Index over a three-year period. The minimum performance requirement is that Elekta TSR outperform the OMXS30 Index with at least +0,1 percent. The maximum performance level requires that Elekta TSR outperform the OMXS30 Index at or above +15 percent. If the minimum performance level is reached, the allocation will amount up to (and will not exceed) 30 percent of annual base salary at the beginning of the fiscal year 2019/2020 for performance share plan 2019 and at the beginning of fiscal year 2020/21 for performance plan 2020. The actual minimum value for each participant will be subject to an individual performance evaluation for the past fiscal year. If the maximum performance level is reached or exceeded, the allocation will amount to (and will not exceed) the maximum number of performance shares. If performance is below the maximum level but above the minimum level, a proportionate allocation of shares will be made. No allocation will be made if performance is below the minimum level.

The terms of the performance share programs, 2018, 2019 and 2020 further state that:

- The performance targets may be adjusted should an event occur that affects the operations of the Company or the number of outstanding Elekta shares or otherwise affecting the performance targets and deemed relevant by the board.
- The performance targets will be finally evaluated at the end of the applicable performance period and each participant will receive the number of shares he/she is entitled to according to the participant's award agreement depending on the attainment of the applicable performance targets over the performance period
- The value that a participant can receive in settlement of the performance share award is maximized at 400 percent of the value of the shares at the date of grant of the performance share award
- Potential allotments of shares will take place September 14, 2021, September 16, 2022 and September 16, 2023, respectively

Participants shall at allotment of shares receive compensation for any cash dividends paid during the respective three-year performance period.

Before the number of shares to be allotted is finally determined, the board shall examine whether the allotment is reasonable, taking into consideration the Company's financial results and position, conditions on the stock market and other circumstances, and if not, as determined by the board, reduce the number of shares to be allotted to the lower number of shares deemed appropriate by the board. Delivery of shares and dividend compensation in settlement of the performance share award shall be made as soon as practicable following the lapse of the performance period.

The conditions of the share programs state that the right to performance share awards may be settled in other ways than through the delivery of shares. As per April 30, 2021, there were no material obligations to settle in any other way than through shares.

NOTE 7 Salaries, other remuneration and social security costs, cont.

Share program

	2017/20[1]	2018/21[1]	2019/22[2]	2020/23[2]
Originally designated number of shares	272,379	530,799	410,307	510,622
Share price used for calculation of theoretical value SEK	82	120	64	65
Theoretical value at time of issue, SEK	22,335,078	63,695,880	26,259,648	33,190,430
Allotment of shares	2020-09-14	2021-09-14	2022-09-16	2023-09-16
Number of shares as of April 30, 2020	246,958	460,164	390,702	–
Granted during the year	–	–	–	510,622
Cancelled/Expired during the year	–	–62,336	–75,587	–35,775
Released during the year	–246,958	–	–	–
Number of shares as of April 30, 2021	**–**	**397,828**	**315,115**	**474,847**

[1] Average closing share price of the Elekta class B share on the exchange NASDAQ Stockholm during a period of ten trading days before the day the participants are offered to participate in the program..
[2] For the market-based perfomance conditions, a Monte Carlo approach has been used to determine the fair value of granted performance shares.

NOTE 8
Depreciation/amortization/write-down

	Group	
SEK M	**2020/21**	2019/20
Cost of products sold	95	84
Selling expenses	153	154
Administrative expenses	234	250
R&D expenses	721	786
Total	**1,204**	**1,275**

Write-down of tangible assets amounted to SEK 0 M (3) and intangible assets to SEK 0 M (8).

NOTE 9
Remunerations to auditors

	Group		Parent Company	
SEK M	**2020/21**	2019/20	**2020/21**	2019/20
Group auditor (EY)				
Audit engagements	10	9	3	4
Audit-related services	1	0	0	–
Tax consultancy	1	1	0	0
Other services	0	–	–	–
Total Group auditor	**11**	**10**	**4**	**4**
Other auditors				
Audit engagements	1	1	–	–
Audit-related services	0	1	–	0
Tax consultancy	10	5	4	1
Other services	0	1	–	0
Total other auditors	**12**	**8**	**4**	**2**
Total	**24**	**19**	**8**	**5**

Audit engagements refers to remuneration to auditors for work related to the statutory audit, including audit of the annual report and the accounting records, the administration of the board of directors and the managing director as well as audit consultancy work directly linked to the audit assignment. Audit-related services comprises quality assurance services, including consultancy work driven by observations made in the audit engagement. Other services refers to other services/consultancy work which are not covered by any of the other categories above, e g consultancy work related to internal control and acquisitions.

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NOTE 10
Expenses by nature

In the income statement costs are broken down by function. Operating expenses amounts to SEK 11,857 M (12,945). Below, operating expenses are broken down by nature:

	Group	
SEK M	**2020/21**	2019/20
Products, materials and consumables	5,454	5,505
Personnel costs	4,268	4,344
Depreciation and amortization (Notes 8, 17, 18 and 19)	1,204	1,275
Other expenses	932	1,820
Total	**11,857**	**12,945**

NOTE 11
Income from participations in Group companies

	Parent Company	
SEK M	**2020/21**	2019/20
Dividends from subsidiaries	354	496
Write down in shares in subsidiaries[1]	–	–199
Other	–27	–
Total	**327**	**297**

[1] Write down is attributable to the divestment of Medical Intelligence.

NOTE 12
Net financial items

	Group	
SEK M	**2020/21**	2019/20
Income from participations in associates	–7	–4
Write-down loan in associates	–	0
Income from participations in associates	**–7**	**–4**
Interest income, external	29	63
Other financial income	0	1
Financial income	**30**	**63**
Interest expenses, other external loans	–192	–163
Interest expenses, lease liabilities	–41	–51
Other financial expenses [1]	–61	–52
Financial expenses	**–295**	**–266**
Exchange rate differences on financial instruments	–5	4
Net financial items	**–277**	**–203**

[1] Other financial expenses mainly consist of bank charges.

NOTE 13
Interest income, interest expense and similar items

SEK M	Parent Company 2020/21	2019/20
Interest income from subsidiaries	135	174
Interest income, external	18	45
Interest income and similar items	**154**	**220**
Interest expenses to subsidiaries	–6	–17
Interest expenses, other external loans	–185	–158
Other financial expenses	–26	–20
Interest expenses and similar items	**–217**	**–195**

NOTE 14
Appropriations and untaxed reserves

	Parent Company			
	Appropriations		Untaxed reserves	
SEK M	**2020/21**	2019/20	**2020/21**	2019/20
Tax allocation reserve	–	14	–	–
Total	**–**	**14**	**–**	**–**

NOTE 15
Taxes

Accounting principles
The tax expense in the income statement includes all tax that is to be paid or received for the current year, adjustments relating to previous years' current tax, and changes in deferred tax. Deferred tax is calculated and reported in accordance with the balance sheet method. In accordance with this method, deferred tax is calculated on the basis of the temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred tax assets relating to loss carry-forwards and other future tax credits are recognized to the extent it is probable that deductions can be made against future profits. Valuation is based on nominal amounts based on the tax rules prevailing in each country and the anticipated tax rate for the following year in each country. Deferred taxes relating to temporary differences attributable to investments in subsidiaries are not recognized in the consolidated financial statements since Elekta AB, in all cases, can control the time of reversal of the temporary differences and it is not considered probable that such a reversal will occur in the foreseeable future. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforcable right to offset tax assets against tax liabilities and when the deferred tax amounts refer to the same tax authority. For items recognized in profit or loss, the related tax effects are also recognized in profit or loss. For items recognized in other comprehensive income, related tax effects are also recognized in other comprehensive income.

Estimates and assessments
Deferred tax assets and deferred tax liabilities are balance sheet items which are subject to estimates and assessments. Deferred tax is calculated on temporary differences between the carrying amounts and the tax values of assets and liabilities. Estimates and assessments affect the recognized deferred tax amounts in the determination of the carrying amounts of the different assets and liabilities, and also through forecasts regarding future taxable profits in those cases where a future utilization of deferred tax assets depends on future taxable profits. Deferred taxes amounted to a net liability of SEK 79 M (41), whereof assets SEK 436 M (504) and liabilities SEK 515 M (545).

Income taxes

	Group		Parent Company	
SEK M	**2020/21**	2019/20	**2020/21**	2019/20
Current taxes	–401	–420	–	–2
Deferred taxes	24	50	–14	38
Total	**–377**	**–370**	**–14**	**36**

	Group			
	2020/21		2019/20	
SEK M	**SEK M**	**%**	SEK M	%
Profit before tax	1,630	–	1,454	–
Swedish corporate income tax rate	–349	–21.4	–311	–21.4
Difference between corporate tax rate in Sweden and other countries	–46	–2.8	–68	–4.7
Taxes related to prior years	3	0.2	6	0.4
Non-taxable income	38	2.3	47	3.2
Non-deductible expenses	–31	–1.9	–32	–2.2
Effect of tax rate changes	3	0.2	–5	–0.4
Tax losses carried forward without corresponding increase in deferred taxes	–8	–0.5	–	–
Utilization of previously unrecognized tax losses	15	0.9	–	–
Other	–2	–0.1	–6	–0.4
Effective tax rate	**–377**	**–23.1**	**–370**	**–25.4**

Current tax, net (liability –/receivable +)

	Group		Parent Company	
SEK M	**2020/21**	2019/20	**2020/21**	2019/20
Opening balance, May 1	–108	–8	17	17
Reclassifications	27	63	–	–
Adjustment for prior years	–11	27	–	–2
Current tax for the year	–389	–447	–	–
Paid taxes	465	261	0	2
Divestments	33	–	–	–
Translation differences	11	–5	–	–
Closing balance, April 30	**29**	**–108**	**17**	**17**

NOTE 15 Taxes, cont.

Deferred tax assets and deferred tax liabilities

Deferred tax assets/liabilities in the balance sheet are attributable to the following:

Group	Assets (+)		Liabilities (–)		Net	
SEK M	**April 30, 2021**	April 30, 2020	**April 30, 2021**	April 30, 2020	**April 30, 2021**	April 30, 2020
Loss carry-forwards	146	198	–	–	146	198
Untaxed reserves	–	0	–27	0	–27	0
Intangible assets	24	1	–596	–680	–572	–679
Tangible fixed assets	31	14	–48	–52	–17	–38
Right of use assets	17	15	–	–	17	15
Financial assets/liabilities	1	32	–44	–4	–43	28
Provisions	96	131	–12	–3	84	128
Accrued expenses	60	51	–	–2	60	49
Other assets	297	284	–90	–83	207	201
Other liabilities	73	57	–6	0	67	57
Deferred tax assets/tax liabilities	**744**	**783**	**–823**	**–824**	**–79**	**–41**
Offsetting	–308	–279	308	279	–	–
Net deferred tax assets/tax liabilities	**436**	**504**	**–515**	**–545**	**–79**	**–41**

Deferred tax assets (+)/liabilities (–), net

SEK M	Group, net	Parent Company, net
Opening balance May 1, 2019	–184	3
Business combinations	0	–
Reclassifications	32	–
Adjustment for prior years	–26	–
Change in tax legislations	0	–
Deferred taxes for the year	87	38
Deferred taxes charged in other comprehensive income	17	–
Translation differences	33	–
Closing balance April 30, 2020	**–41**	**41**
Business combinations	0	–
Divestments	3	–
Reclassifications	–3	–
Adjustment for prior years	14	12
Change in tax legislations	3	1
Deferred taxes for the year	7	–26
Deferred taxes charged in other comprehensive income	–90	–
Translation differences	30	–
Closing balance April 30, 2021	**–79**	**27**

The Group has tax loss carry forwards of approximately SEK 308 M (369) for which deferred tax assets have not been recognized. These tax loss carry forwards have long or indefinite periods of utilization and are subject to regular assessment of whether it is probable that deductions can be made against future profits.

Tax relating to components of other comprehensive income

	Group		Parent Company	
SEK M	**2020/21**	2019/20	**2020/21**	2019/20
Revaluation of defined benefit pension plans	0	2	–	–
Revaluation of cash-flow hedges	–48	–7	–	–
Net gain/loss on equity instruments designated at fair value	–43	22	–	–
Total	**–90**	**18**	**–**	**–**

NOTE 16
Earnings per share

Before dilution
The calculation of earnings per share before dilution is based on the profit for the year attributable to Parent Company shareholders divided by the weighted average numbers of shares outstanding during the year excluding treasury shares.

	2020/21	2019/20
Profit attributable to Parent Company shareholders (SEK M)	1,254	1,084
Weighted average number of shares (thousands)		
Total number of ordinary shares	383,568	383,568
Effect of holding of treasury shares	–1,485	–1,485
Weighted average number before dilution (thousands)	**382,083**	**382,083**
Earnings per share before dilution (SEK)	3.28	2.84

After dilution
Diluted earnings per share is calculated by adjusting the weighted average numbers of shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group's long term incentive programs have a dilutive potential.

	2020/21	2019/20
Profit attributable to Parent Company shareholders (SEK M)	1,254	1,084
Weighted average number of shares (thousands)		
Total number of ordinary shares	383,568	383,568
Effect of holding of treasury shares	–1,485	–1,485
Adjusted for long-term incentive programs	–	–21
Weighted average number before dilution (thousands)	**382,083**	**382,062**
Earnings per share before dilution (SEK)	3.28	2.84

NOTE 17
Intangible assets

Accounting principles
Intangible assets contain goodwill, capitalized development costs, customer contracts, customer relationships and other intangible assets. Other intangible assets mainly consist of acquired technology. Amortization of intangible assets is reported in the income statement and allocated to functions as applicable. There are no intangible assets related to manufacturing processes or the like, therefore no amortization is allocated to cost of goods sold.

Goodwill
Goodwill comprises the positive amount by which the sum of (i) the cost of shares in subsidiaries, (ii) the value of non-controlling interest and (iii) the fair value of previously held equity interest exceeds the fair value of the Group's share of acquired identifiable net assets at acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis, or more frequently if indicated. See also section Impairment.

Research and development
Research costs are expensed as they are incurred. In those instances in which it is difficult to distinguish between the research phase and the development phase in a project, the entire project is considered as research and is expensed as incurred. Identifiable costs for the development of new products are capitalized to the extent that these are considered to provide future economic benefits. In other instances, development expenditures are expensed as they are incurred. Costs for development once reported in the income statement are never capitalized in future periods. Capitalized expenditures are amortized on a straight-line basis from the time when the asset is available for use, which normally occurs when it is produced commercially, and during the estimated useful life of the asset. The amortization period is 3–5 years.

Customer relations and other intangible assets
Intangible assets also include technology, brands and customer relations. In conjunction with the acquisition of such assets, the acquisition values are reported as assets, which are amortized on a straight line basis over the estimated useful life. Surplus value in acquired order backlog is also reported as other intangible assets.

Amortization periods:

Technology	5–11 years
Brands	6–10 years
Customer relations	10–20 years
Order backlog	0.5–1 year

Impairment
The carrying amount of a depreciated asset is tested for impairment whenever there are indications that the carrying amount might not be recoverable. If there are indications of impairment, the asset's recoverable amount is calculated. The recoverable amount consists of the higher of the value in use of the asset in operations and the value that would be received if the asset was sold to a third party, the net realizable value. Value in use consists of all incoming and outgoing payments attributable to the asset during the period it is expected to be used in operations, plus the net realizable value at the end of the useful life. If the calculated recoverable amount is less than the carrying amount, impairment is made to the asset's recoverable amount. An impairment loss recognized in previous periods is reversed if the reasons for the impairment no longer exist. However, a reversal will not be higher than the carrying amount would have been if an impairment loss had not been recognized in previous periods.

Goodwill is subject to annual impairment testing even if there are no indications of impairment. The carrying amount of goodwill is allocated to cash generating units. When testing for impairment of goodwill, the assets are grouped in cash-generating units and assessments are made on the basis of these units' future cash flows. Impairment losses on goodwill are not reversed.

All impairment losses, and any reversals of the same, are recognized in the income statement.

NOTE 17 Intangible assets, cont.

Estimates and assessment

For the Group, the most significant estimates and assumptions are those relating to impairment testing of goodwill. This means that the effect on the financial reports may be considerable if the estimates and assessments made would prove to deviate significantly from the actual outcome. In connection with impairment testing of goodwill the carrying amount is compared with the recoverable amount. The recoverable amount is determined by the higher of an asset's net realizable value and its value in use. Normally, it is not possible to determine the net realizable value. Therefore, the value in use is normally the value being compared with the carrying amount. Thus, each cash generating unit's value in use is calculated in assessing any impairment of goodwill. Calculations are performed through discounting future estimated cash flows. In order to perform the calculations a number of assumptions concerning future circumstances and estimates of parameters are made, for example growth and discount rate. Any adjustments of the assumptions made could have an effect on the carrying amount of the goodwill. Assuming a lower growth rate would lead to a lower recoverable amount. A higher discount rate would also lead to a lower recoverable amount. Goodwill amounted to SEK 5,973 M (6,311).

Other intangible assets mainly relates to technology acquired through business combinations. Capitalized development costs comprise capitalized expenditure for research and development as well as other capitalized development costs such as software. Total capitalized development costs amounted to SEK 677 M (563) for the year whereof capitalization of development costs within R&D represented SEK 676 M (555).

Intangible assets

	Group						Parent Company	
SEK M	Goodwill	Capitalized development costs	Customer relationships	Tecnology	Patents, Licenses	Total Group	Other intangible assets	Total Parent Company
Accumulated acquisition value May 1, 2020	6,311	5,762	1,672	751	367	14,863	91	91
Reclassifications	–	4	–	–	–4	–	–	–
Business combinations	228	–	20	30	–	278	–	–
Divested companies	–	–46	–	–	–	–46	–	–
Purchases/capitalization	–	677	–	–	2	678	–	–
Sold/scrapped	–	–	–	–57	–4	–61	–	–
Translation differences	–566	–553	–118	–88	–24	–1,348	–	–
Accumulated acquisition value April 30, 2021	**5,973**	**5,843**	**1,575**	**636**	**338**	**14,363**	**91**	**91**
Accumulated amortization & impairment May 1, 2020	–	–3,687	–836	–575	–297	–5,394	–38	–38
Divested companies	–	46	–	–	–	46	–	–
Amortization for the year	–	–685	–90	–18	–10	–803	–7	–7
Sold/scrapped	–	–	–	57	4	61	–	–
Translation differences	–	340	69	74	22	505	–	–
Accumulated amortization & impairment April 30, 2021	**–**	**–3,987**	**–857**	**–461**	**–280**	**–5,585**	**–45**	**–45**
Carrying amount April 30, 2021	**5,973**	**1,856**	**718**	**175**	**57**	**8,779**	**46**	**46**
Accumulated acquisition value May 1, 2019	5,914	5,103	1,677	700	362	13,757	91	91
Business combinations	334	–	–	35	–	369	–	–
Purchases/capitalization	–	563	–	–	3	566	–	–
Translation differences	63	96	–5	16	2	172	–	–
Accumulated acquisition value April 30, 2020	**6,311**	**5,762**	**1,672**	**751**	**367**	**14,863**	**91**	**91**
Accumulated amortization & impairment May 1, 2019	–	–2,886	–741	–546	–283	–4,456	–31	–31
Amortization for the year	–	–738	–95	–14	–10	–857	–7	–7
Impairment for the year	–	–8	–	–	–	–8	–	–
Translation differences	–	–56	1	–15	–3	–74	–	–
Accumulated amortization & impairment April 30, 2020	–	**–3,687**	**–836**	**–575**	**–297**	**–5,394**	**–38**	**–38**
Carrying amount April 30, 2020	**6,311**	**2,074**	**837**	**176**	**71**	**9,469**	**53**	**53**

Impairment testing

Goodwill is tested for impairment every year in order to assure that the carrying amount of each of the Group's cash-generating units is not higher than its recoverable amount. The Group's cash-generating units equal the geographic regions, which also constitute the Group's operating segments. The carrying amount equals capital employed and the recoverable amount for each cash-generating unit is determined based on a calculation of value in use for each unit. The allocation of goodwill to cash-generating units (operating segments) is shown in the following table.

NOTE 17 Intangible assets, cont.

Goodwill by segment

SEK M	April 30, 2021	April 30, 2020
North and South America	1,687	2,430
Europe, Middle East and Africa	2,231	2,066
Asia Pacific	2,055	1,815
Total	**5,973**	**6,311**

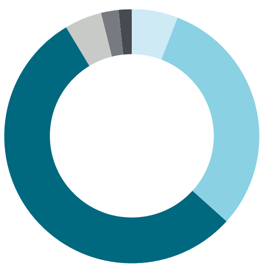
The value in use for each unit is derived from discounted cash flows, based on estimated future cash flows. The estimates are based on the financial budget for the next fiscal year as determined by the Executive Management, and expected future development up to five years. Assumptions regarding sales volume, sales prices, operating expenses and product mix form the basis for estimated future growth and margin development. Volume assumptions are based on historical outcome, the Executive Management's expectations on market development, and expected global market growth. Price assumptions are based on current market trends and inflation forecasts. Margin development is based on current margin levels and product mix adjusted for expected price changes and possible changes in the product mix. For periods after five years, the extrapolation of expected cash flows has been assumed to be a prudent 2 percent (2), which is considerably lower than the anticipated industry growth. The cash flows have been discounted using a pre-tax interest rate of 8 percent (8). The interest rate corresponds to the Group's current weighted cost of capital (WACC) and is based on current market assessments.

Impairment testing is performed in April/May every year, after the budget and business plans have been determined by the Executive Management. The 2021 (2020) test showed that there is no impairment.

Sensitivity analysis have been carried out with regard to the discount rate (risk) and long-term growth with a general reduction in the growth rate after five years of 2 percentage points (2) (implying an assumption of zero growth) and a general increase in the weighted capital cost of 2 percentage points (2). The sensitivity analyses did not demonstrate any impairment.

In addition to the annual impairment test, goodwill is tested whenever there are indications of impairment.

Purchases/capitalization per country



- Sweden, SEK 41 M
- United Kingdom, SEK 209 M
- USA, SEK 371 M
- Netherlands, SEK 32 M
- Canada, SEK 15 M
- Other countries, SEK 11 M

NOTE 18
Leases

Accounting principles

Elekta's lease contracts mainly consist of contracts for premises, vehicles and equipment. For premises and equipment, the Group accounts for the lease and non-lease components of a contract separately. Leases are recognized as a liability and a corresponding right-of-use asset at the date at which the leased asset is available for use by the Group. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of that option

The lease payments are discounted using the Group's incremental borrowing rate, since the interest rate implicit in the lease cannot be readily determined in most cases. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate the Group uses a risk-free interest rate and adjusts for credit risk as well as specific adjustments for different durations and currencies.

Lease payments are allocated between amortization of the lease liability and interest expenses. The interest expense is charged to the income statement over the lease term to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- an estimate of expected restoration costs

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group's lease contracts for premises typically range between fixed periods of 1 to 20 years and the vehicle leases usually have a lease term of 3 to 5 years. Elekta has a number of contracts where the contractual terms include extension and termination options that are included when it is determined as reasonably certain that they will be exercised. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs. When adjustments to lease payments or reassessments of the lease term are conducted, the lease liability is remeasured and adjusted against the right-of-use asset. The Group remeasures

NOTE 18 Leases, cont.

the lease liability using a revised discount rate if the lease term is reassessed.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect.

Payments associated with short-term leases and low-value assets are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of less than 12 months. The Group does not apply IFRS 16 to intangible assets. Provided that Elekta's operations continue to the current extent, future lease commitments are deemed to be in par with current commitments.

As of April 30, 2021 the balance sheet shows the following amounts related to leases:

Right-of-use assets

SEK M	Premises	Vehicles	Total
Opening accumulated acquisition value May 1, 2020	1,260	134	1,394
Additions[1]	69	65	134
Terminations	–11	–39	–49
Reclassifications	–	–	–
Translation differences	–117	–13	–130
Accumulated acquisition value April 30, 2021	**1,201**	**148**	**1,349**
Opening balance accumulated depreciation May 1, 2020	–190	–49	–239
Depreciation for the year	–175	–48	–223
Terminations	6	32	39
Translation differences	22	5	27
Accumulated depreciation April 30, 2021	**–337**	**–59**	**–396**
Carrying amount April 30, 2021	**864**	**89**	**953**
Opening accumulated acquisition value May 1, 2019	1,142	100	1,242
Reclassification finance leases under IAS 17, previously presented as Tangible fixed assets	–	11	11
Additions[1]	116	24	140
Terminations	–	0	0
Reclassifications	–9	–	–9
Translation differences	11	–1	10
Accumulated acquisition value April 30, 2020	**1,260**	**134**	**1,394**
Opening balance accumulated depreciation May 1, 2019	–	–	–
Reclassification finance leases under IAS 17, previously presented as Tangible fixed assets	–	–6	–6
Depreciation for the year	–189	–43	–232
Terminations	–	0	0
Translation differences	–1	0	–1
Accumulated depreciation April 30, 2020	**–190**	**–49**	**–239**
Carrying amount April 30, 2020	**1,070**	**86**	**1,156**

[1] Additions includes new lease contracts, index-adjustments and remeasurements.

For maturity analysis of lease liabilities, see **Note 2**.

Amounts recognized in the income statement

SEK M	**2020/21**	2019/20
Depreciation for the year	223	232
Interest expense (included in finance cost)	41	51
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	3	3
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	5	5
Total	**272**	**291**

No material variable lease payments not included in the lease liability has been identified. Low-value assets comprise small items such as printers and coffee machines.

Total cash outflow for leases during fiscal year 2020/21 was SEK 256 M (256).

Leasing fees paid by the Parent Company during the year amounted to SEK 194 K. Future leasing fees due for payment within one year amount to SEK 196 K, after 1 year but within 5 years to SEK 231 K.

The operating lease contracts are mainly contracts for premises where the business is conducted.

NOTE 19
Tangible fixed assets

Accounting principles

Tangible assets acquired by Group companies are reported at cost, less accumulated depreciation and any write-downs. Assets in acquired companies are reported at fair value on the acquisition date after deduction of subsequent accumulated depreciation. Buildings are depreciated on a straight-line basis over 50 years. Machinery and equipment are depreciated on a straight-line basis during its economic life of between 3 and 5 years. Installations and improvements on third party property are depreciated over the period of the lease agreement.

The residual value of assets and their useful economic lives are reviewed annually and adjusted as required, see **Note 17** for impairment principles. See **Note 18** for right of use assets.

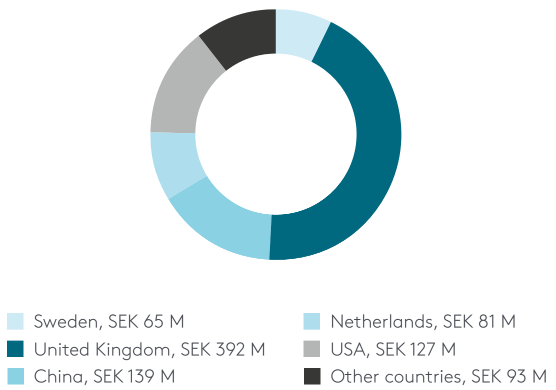
NOTE 19 Tangible fixed assets, cont.

Tangible fixed assets

SEK M	Machinery etc for production	Equipment, tools and installations	Operational leasing	Finance lease equipment	Buildings	Total
Accumulated acquisition value May 1, 2020	370	1,818	–	–	235	2,423
Business combinations	–	0	–	–	–	0
Divested companies	–10	–18	–	–	–	–28
Reclassifications	29	–29	–	–	0	0
Purchases	19	113	27	–	8	166
Sold/scrapped	–2	–24	–	–	–	–26
Translation differences	–10	–133	–2	–	–15	–160
Accumulated acquisition value April 30, 2021	**396**	**1,727**	**25**	**–**	**228**	**2,376**
Accumulated depreciation and impairment May 1, 2020	–246	–1,118	–	–	–91	–1,455
Divested companies	8	16	–	–	–	24
Reclassifications	–1	1	–	–	–	–
Depreciation for the year	–32	–132	–	–	–14	–178
Sold/scrapped	1	24	–	–	–	25
Translation differences	11	87	–	–	6	104
Accumulated depreciation and impairment April 30, 2021	**–259**	**–1,122**	**–**	**–**	**–98**	**–1,480**
Carrying amount April 30, 2021	**137**	**605**	**25**	**–**	**130**	**897**
Accumulated acquisition value May 1, 2019	323	1,687	–	11	233	2,254
Reclassifications	0	9	–	–	0	9
Reclassification to right of use assets, IFRS 16	–	–	–	–11	–	–11
Business combinations	–	0	–	–	–	0
Purchases	50	143	–	–	3	196
Divestments/disposals	–2	–28	–	–	–	–30
Translation differences	–1	8	–	–	–1	5
Accumulated acquisition value April 30, 2020	**370**	**1,818**	**–**	**–**	**235**	**2,423**
Accumulated depreciation and impairment May 1, 2019	–216	–998	–	–6	–78	–1,297
Reclassifications	–4	–5	–	–	–	–9
Reclassification to right of use assets, IFRS 16	–	–	–	6	–	6
Divestments/disposals	1	27	–	–	–	29
Depreciation for the year	–27	–132	–	–	–13	–173
Impairment for the year	–1	–2	–	–	–	–3
Translation differences	0	–8	–	–	1	–7
Accumulated depreciation and impairment April 30, 2020	**–246**	**–1,118**	**–**	**–**	**–91**	**–1,455**
Carrying amount April 30, 2020	**124**	**700**	**–**	**–**	**144**	**968**

Tangible fixed assets by country

SEK M	2020/21	2019/20
Sweden	65	74
United Kingdom	392	432
China	139	147
Netherlands	81	114
USA	127	124
Other countries	93	77
Total	**897**	**968**



NOTE 20
Shares in subsidiaries

SEK M	Parent Company 2020/21	2019/20
Opening balance May 1	2,251	2,439
Investments	284	–
Shareholder contributions	55	38
Write-down	–	–226
Closing balance April 30	**2,590**	**2,251**

Company	Corp. id. no.	Domicile	No. of shares	Interest, %	Carrying amount, SEK M
Elekta Instrument AB	556492-0949	Stockholm, Sweden	1,000,000	100.0	50
Leksell Institute AB	556942-6314	Stockholm, Sweden	50,000	100.0	0
Elekta Solutions AB	559157-5286	Stockholm, Sweden	50,000	100.0	200
Elekta KK	65 820	Tokyo, Japan	2,000	100.0	36
Elekta Holding Limited	2699176	Crawley, England	22,810,695	100.0	494
Elekta Holdings US Inc.	58-1876545	Norcross, USA	6,020	100.0	432
Elekta Ltd.	R889657862	Montreal, Canada	1	100.0	229
Elekta Asia Ltd	502 493	Hong Kong, S.A.R.	81,022,160	100.0	13
Elekta Instrument (Shanghai) Ltd	310115764250077	Shanghai, China	1	100.0	50
Elekta BMEI (Beijing) Medical Equipment Co., Ltd.	91110114400615135X	Beijing, China	0	80.0	230
Elekta China Investment Co., Ltd	91310115MA1K47TB2R	Shanghai, China	0	100.0	91
Elekta Pty Limited	ACN 109 006 966	Sydney, Australia	1	100.0	1
Elekta Medical System India Private Limited	U33112DL2005PTC139794	New Delhi, India	10,000	99.0	31
Elekta SA	B 414 404 913	Paris, France	2,493	100.0	4
Elekta Medical SA	A-818 867 31	Madrid, Spain	10,000	100.0	3
Elekta GmbH	HRB 63500	Hamburg, Germany	0	100.0	0
Elekta GmbH	FN 166018w	Innsbruck, Austria	1	100.0	3
Elekta Hellas EPE	998 569 196	Atens, Greece	600	100.0	0
Elekta S.A./N.V.	HRB 613 484	Zaventem, Belgium	250	100.0	1
Elekta BV	17 097 384	Best, The Netherlands	40	100.0	0
Elekta S.p.A.	02723670960	Agrate Brianza (MI), Italy	500,000	100.0	66
Elekta Medical Systems Comercio e Servicos para Radioterapia Ltda	CNPJ 09.528.196/0001-66	Sao Paolo, Brazil	0	100.0	73
Elekta (Pty) Ltd	2000/018814/07	Pretoria, South Africa	1	100.0	0
Elekta Pte Ltd	20090927AZ	Singapore, Singapore	10,000	100.0	0
Elekta Limited, South Korea	1311111-0259	Seongnam-si, South Korea	473,879	100.0	16
Elekta Services S.R.O	292 80 095	Brno, Chech Republic	0	100.0	0
Elekta Medikal Sistemler Ticaret A.S.	196757	Istanbul, Turkey	87,900,000	100.0	87
Elekta Medical SA de CV	EME140919G49	Mexiko City, Mexico	50	100.0	57
Elekta sp.Z.O.O	KRS 0000538192	Warszaw, Poland	2,000	100.0	104
Elekta Company Limited	106810452	Hanoi, Vietnam	1	100.0	2
Elekta Business Services sp.Z.O.O	KRS 000567549	Warszaw, Poland	1	100.0	1
Elekta SARL Algeria	16236978051	Dely Ibrahim, Algeria	0	100.0	0
Elekta LLC	1167746799637	Moscow, Russian federation	0	100.0	11
RRTS Unipessoal LDA	514185155	Lisbon, Portugal	0	100.0	13
Elekta General Trading LLC	158410	Cairo, Egypt	310,000	50.0	8
Kaiku Health Oy	2505458-2	Helsinki, Finland	716,944	100.0	284
Total					**2,590**

NOTE 21
Shares in associates

Accounting principles

Associates are companies which are not subsidiaries but in which the Group has a significant, but not controlling, interest. This normally means companies in which the holding represents more than 20 percent but less than 50 percent of the voting rights. Associates are reported by use of the equity method. Holdings in associates are initially recognized at cost in the consolidated balance sheet. The carrying amount is adjusted for the share of associates' earnings after the acquisition date. Dividends from associates are reported as a reduction of the carrying amount. Income from participations in associates is a separate line in the income statement.

NOTE 21 Shares in associates, cont.

Shares in associates

SEK M	Group April 30, 2021	Group April 30, 2020	Parent Company April 30, 2021	Parent Company April 30, 2020
Opening balance May 1	34	57	6	6
Investments[1)]	7	0	7	0
Participations in income of associates (Note 12)	–7	–4	–	–
Dividends	–1	–10	–	–
Reclassification[2)]	–	–11	–	–
Translation differences	–6	2	–	–
Closing balance April 30	**27**	**34**	**13**	**6**

1) Of which SEK 7 M relates to loan conversion to associated company, no cash flow impact.

2) Previous year, of which SEK –13 M relates to the investment in PalabraApps LLC that has been reclassified to shares in subsidiaries since Elekta, on February 14, 2020 acquired the remaining 66.7% shares.

NOTE 22
Other financial assets

SEK M	Group April 30, 2021	Group April 30, 2020	Parent Company April 30, 2021	Parent Company April 30, 2020
Participations in other companies	60	297	58	293
Derivative financial instruments	24	9	–	–
Loan receivables	12	14	–	–
Contractual receivables	373	355	–	–
Other non-current receivables	38	40	23	27
Total	**506**	**714**	**81**	**320**

The table below presents detailed information regarding the Group's participations in other companies.

Participations in other companies

SEK M	Group April 30, 2021	Group April 30, 2020	Parent Company April 30, 2021	Parent Company April 30, 2020
Opening balance May 1	297	60	293	58
Investments	–	343	–	343
Revaluation through other comprehensive income	206	–104	–	–
Revaluation	–	–	107	–107
Divestments	–443	–	–343	–
Reclassifications	–	–2	–	–
Closing balance April 30	**60**	**297**	**58**	**293**

NOTE 23
Inventories

Accounting principles
Inventories are valued in accordance with the 'first in, first out' principle at the lower of cost and net realizable value. Internal profits arising from deliveries between Group companies are eliminated upon consolidation.

Inventories

SEK M	Group April 30, 2021	Group April 30, 2020
Components	231	391
Work in progress	97	47
Finished goods	1,955	2,310
Total	**2,283**	**2,748**

Write-down of inventories during the year amounted to SEK 64 M (86). In the income statement this is reported as cost of product sold.

NOTE 24
Accounts receivable and contract assets

Estimates and assessment
Accounts receivable is one of the most significant items in the balance sheet and is carried at nominal value net after provisions for bad debts. Accounts receivable amounted to SEK 3,281 M (3,379) including expected credit losses of SEK 146 M (198). See **Note 2** for further information regarding the credit risk in accounts receivable. See **Note 3** for accounting principles. From 1 May 2018 Elekta applies the simplified approach for measuring expected credit losses for accounts receivables and contract assets, in accordance with IFRS 9. For all account receivables overdue more than 90 days and with a value of more than SEK 1 M an individual evaluation is made and when necessary a specific provision is applied. For all non-due and overdue receivables not covered by a specific provision a general provision is calculated based on region and aging. The general provision is calculated as a percentage of the receivable and the percentage used is based on historical loss experience, current conditions and forward-looking economic conditions for each region. As of April 30, 2021, the general provision is SEK 68 M and the specific provision amounted to SEK 78 M. Final write off of a receivable is done when no further actions are taken to collect on the receivable and probability of collection is deemed to be unlikely, e.g. bankruptcy.

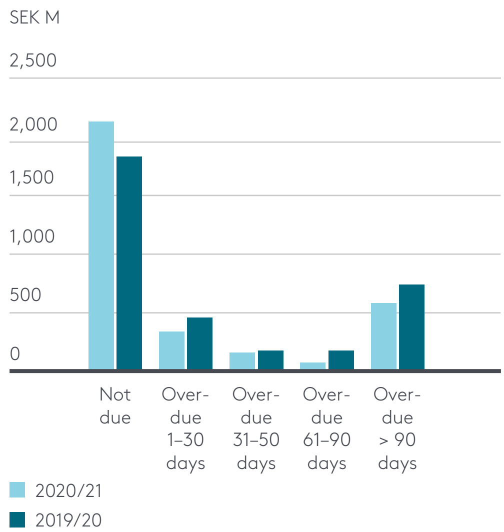
The contract asset relates to unbilled work in progress and are considered to have the same risk characteristics as nondue accounts receivables. An individual evaluation is made for contract assets over 180 days and with a value of more than SEK 5 M.

Contract assets amounted to SEK 1,772 M (1,526) including expected credit losses of SEK 1 M (1).

NOTE 24 Accounts receivable and contract assets, cont.

Credit risk analysis of accounts receivable

	Group					
	April 30, 2021			April 30, 2020		
SEK M	Gross	Provi-sion	Total	Gross	Provi-sion	Total
Not due	2,133	–4	2,128	1,835	–4	1,831
Overdue 1–30 days	337	0	337	458	–1	457
Overdue 31–60 days	161	–1	160	176	–1	175
Overdue 61–90 days	75	–2	73	181	–4	177
Overdue > 90 days	720	–138	582	928	–188	740
Total accounts receivables, net	**3,426**	**–146**	**3,281**	**3,578**	**–198**	**3,379**



Provision for bad debt accounts receivable

	Group	
SEK M	**2020/21**	2019/20
Opening balance May 1	–198	–229
Provisions	–78	–127
Reversals	83	32
Realized loss	39	124
Translation differences	9	1
Closing balance April 30	**–146**	**–198**

Provision for bad debt contract assets

	Group	
SEK M	**2020/21**	2019/20
Opening balance May 1	–1	–11
Provisions	–1	0
Reversals	1	10
Closing balance April 30	**–1**	**–1**

NOTE 25
Other current receivables

	Group	
SEK M	**April 30, 2021**	April 30, 2020
Prepayments to suppliers	87	167
Other receivables[1)]	582	554
Prepaid expenses	447	487
Total	**1,116**	**1,208**

1) Mainly value added tax.

	Parent Company	
SEK M	**April 30, 2021**	April 30, 2020
Derivative financial instruments (Note 2)	7	49
Current tax assets	17	17
Other receivables	4	5
Prepaid expenses	11	10
Total	**39**	**81**

NOTE 26
Cash and cash equivalents and short-term investments

Cash and cash equivalents and short term investments only contains investments that redily can be converted to a known amount of cash and are subject to an insignificant risk of changes in value. All the investments presented as cash equivalents are only held for a short maturity of maximum three months.

	Group		Parent Company	
SEK M	**April 30, 2021**	April 30, 2020	**April 30, 2021**	April 30, 2020
Current investments classified as cash equivalents[1)]	792	1,304	792	1,304
Cash and bank	3,618	5,166	2,629	4,084
Total	**4,411**	**6,470**	**3,421**	**5,387**

1) Refers to short-term interest-bearing funds with a high credit rating

Available cash and cash equivalents and short-term investments amounted to SEK 4,403 M (6,462) which is cash and cash equivalents and short-term investments reduced by bank balances included in assets pledged. See **Note 33**.

NOTE 27
Equity

Number of shares in Elekta AB (publ)	A-shares	B-shares	Total	Share capital
Number of shares May 1, 2019	14,980,769	368,587,640	383,568,409	191,784,205
Number of shares April 30, 2020	**14,980,769**	**368,587,640**	**383,568,409**	**191,784,205**
of which treasury shares	–	1,485,289	1,485,289	
Number of shares May 1, 2020	14,980,769	368,587,640	383,568,409	191,784,205
Number of shares April 30, 2021	**14,980,769**	**368,587,640**	**383,568,409**	**191,784,205**
of which treasury shares	–	1,485,289	1,485,289	

Appropriation of profit

Amount to be paid to the shareholders	SEK 840,582,864
Amount to be carried forward by the Parent Company	SEK 898,090,430
Total non-restricted equity of the Parent Company	**SEK 1,738,673,294**

All shares have a par value of SEK 0.50 and provide the holders with equal rights to the Company's assets and earnings. All shares are entitled to dividends subsequently issued. One series A-share entitles the holder to 10 votes and one series B-share to one vote. In accordance with section 12 of the articles of association, series A-shares are subject to right of first refusal. All series A-shares are currently owned by Laurent Leksell via company. The dividend paid out during the financial year amounted to a total sum of SEK 688 M, corresponding to SEK 1.80 per share. At the AGM on August 25, 2021, a dividend of SEK 2.20 per share for the year 2020/21 – a total sum of approximately SEK 841 M will be proposed. The dividend is proposed to be paid in two installments, with one payment of SEK 1.10 per share in September and the remaining SEK 1.10 per share in March. The proposed record dates are August 27, 2021, for the first payment and February 28, 2022, for the second payment. The average number of shares before and after dilution during the year, rounded to the nearest thousand, was 382,083 thousand (382,062). The number of repurchased shares on April 30, 2021, totaled 1,485,289 B-shares (1,485,289). The share program awarded to employees have a potential dilution effect. Certain performance targets must be met for dilution to occur and this was not the case at the closing date.

For more information on the Elekta share, see **page 39**.

NOTE 28
Interest-bearing liabilities

SEK M	Group April 30, 2021	Group April 30, 2020	Parent Company April 30, 2021	Parent Company April 30, 2020
Bond loan	2,497	2,496	2,497	2,496
Liabilities to credit institutions	2,687	5,606	2,687	5,547
Liabilities to subsidiaries	–	–	3,858	4,283
Lease liabilities	1,054	1,256	–	–
Total	**6,239**	**9,358**	**9,042**	**12,327**
Maturity term structure, external loans				
<1 year	2,142	1,001	2,141	942
>1 year–<3 years	499	2,731	499	2,731
>3 years–<5 years	997	3,489	997	3,489
>5 years	1,547	881	1,547	881
Total	**5,184**	**8,102**	**5,184**	**8,043**

Specification by currency

Currency	Liability amount April 30, 2021	Liability amount April 30, 2020	SEK M April 30, 2021	SEK M April 30, 2020
Swedish kronor, SEK M	3,297	5,296	3,297	5,296
US dollar, USD M	50	100	419	984
British Pound, GBP M	126	143	1,469	1,763
Chinese Yuan, CNY M	–	42	–	59
Total			**5,184**	**8,102**

Fixed interest term including effects of derivatives

	April 30, 2021	April 30, 2020
< 1 year	4,346	6,238
> 1 year < 3 years	–	491
> 3 year < 5 years	–	491
> 5 years	838	881
Total	**5,184**	**8,102**

NOTE 29
Provisions

Accounting principles
Provisions
Provisions are reported when the Group has, or is considered to have, an obligation resulting from an event that has occurred and for which payments are likely to meet the obligation. A further condition is that it is possible to make a reliable estimate of the amount to be paid.

Pensions
Pensions are reported either as defined contribution plans or as defined benefit plans. Most of Elekta's pension commitments are met through ongoing payments to authorities or other independent organizations that administer the pension plans. For these defined contribution pension plans, a pension cost is reported on a continuous basis as the benefits are earned, which normally coincides with the date on which the fees are paid.

Elekta has defined benefit pension plans for certain employees in a few countries. Independent actuaries calculate the magnitude of the obligations in each plan and revalue the obligations of the pension plans each year. The pension costs are estimated using the so-called projected unit credit method in a way that distributes the costs over the employee's working life. These obligations are valued at the present value of the expected future payments. Actuarial gains and losses are reported in other comprehensive income in the period during which they arise.

Warranty provisions
Estimated costs for product guarantees are charged against operating costs in conjunction with the income recognition of the products. The estimated costs are established using historic statistics, with known changes taken into account regarding product quality, repair costs etcetera.

Estimates and assessment
Provisions include uncertainties and entails various judgments. Provisions for guarantees are based on historic statistics, while others, such as provisions for legal disputes and restructuring are based on management's best estimate of the expected outcome. A provision is only reported when an event has occurred for which economic responsibility is probable and when it is possible to make a reliable estimate of the amount to be paid. Total provisions amounted to SEK 398 M (414).

Provisions

	Group		Parent Company	
SEK M	**April 30, 2021**	April 30, 2020	**April 30, 2021**	April 30, 2020
Restructuring reserve	7	2	4	–
Warranty provisions	108	101	–	–
Other provisions	60	76	0	1
Short-term provisions	**174**	**179**	**4**	**1**
Provision for pensions	146	175	–	–
Other provisions	78	60	36	10
Long-term provisions	**224**	**235**	**36**	**10**

Pension plans
Elekta has defined benefit pension plans for certain employees in a few countries; mainly Japan, Netherlands, Italy and Germany. Most common is however defined contribution plans. Total pension costs for the Group amounted to SEK 215 M (240) of which SEK 19 M (19) relate to defined benefit pension plans (see **Note 7**).

Pension costs, defined benefit pension plans

	Group	
SEK M	**April 30, 2021**	April 30, 2020
Current service cost	–19	–19
Interest on obligation	–3	–4
Interest income	2	2
Past service costs and gains/losses on settlements	–1	0
Actuarial loss/gain	–3	–8
Total cost of defined benefit pension plans before tax	**–25**	**–29**
whereof reported in:		
the income statement	–22	–21
other comprehensive income	–3	–8

Defined benefit pension plans

	Group	
SEK M	**April 30, 2021**	April 30, 2020
Defined benefit obligation, funded plans	186	177
Fair value of plan assets	–155	–142
Provision for pensions, funded plans	**31**	**35**
Defined benefit obligation, unfunded plans	115	140
Provision for pensions, unfunded plans	**115**	**140**
Pension provision for defined benefit plans, net	**146**	**175**

NOTE 29 Provisions, cont.

Movement in provision for pensions

	April 30, 2021			April 30, 2020		
SEK M	**Present value of obligation**	**Fair value of plan assets**	**Net**	Present value of obligation	Fair value of plan assets	Net
Opening balance	**317**	**–142**	**175**	**274**	**–125**	**149**
Current service cost	18	2	19	18	1	19
Past service costs and gains/losses on settlements	1	–	1	0	–	–
Interest expenses/income	3	–2	1	4	–2	2
	338	**–142**	**197**	**296**	**–126**	**170**
Actuarial gains/losses attributable to:						
Return on plan assets	–	–4	–4	–	–10	–10
Changes in financial assumptions	7	–	7	16	–	16
Changes in demographic assumptions	–4	–	–4	0	–	0
Experience assumptions	5	–	5	2	–	2
Transfers	–13	–	–13	–	–	–
Contributions by employers	–	–18	–18	–	–5	–5
Contributions by employees	1	–1	–	1	–1	0
Benefit payments	–10	2	–9	–5	1	–4
Exchange rate differences	–22	7	–15	7	–1	6
Closing balance	**301**	**–155**	**146**	**317**	**–142**	**175**

Plan assets in %

	Group	
SEK M	**April 30, 2021**	April 30, 2020
Assets held by insurance company	96%	98%
Other	4%	2%
	100%	**100%**

Discount rate

The discount rate reflects the estimated timing of benefit payments and is used for measuring the present value of the obligation. A fluctuation in the discount rate will have material effect on the pension obligation but will also impact the interest income and expense reported in the finance net. To determine the discount rate, AA-rated corporate bonds indexes matching the duration of the pension obligations are applied in most countries.

Key assumptions used in the valuation of the pension liability (weighted average)

	Group	
	April 30, 2021	April 30, 2020
Discount rate used (%)	1.0	1.6
Future salary increase, % (weighted average)	1.9	2.6

Sensitivity analysis of the most important assumptions affecting the recognized pension liability

Group	**April 30, 2021**
Discount rate +0.5%	–8.8%
Discount rate –0.5%	10.1%
Salary increase rate +0.5%	1.5%
Salary increase rate –0.5%	–1.5%

Inflation

The used weighted average future inflation amounts to 0.9% for calculation of the Group pension liability. Most of the obligations are linked to inflation and an increase in inflation leads to higher debt. With an increase of 0.5%, holding all other assumptions constant, the pension liability would increase with 2.1% and a decrease of 0.5% the pension liability would decrease with 2.0%.

NOTE 29 Provisions, cont.

Movement in provisions

SEK M	Group: Restructuring reserve	Group: Warranty provisions	Group: Other provisions	Parent Company: Restructuring reserve	Parent Company: Other provisions
Opening balance May 1, 2019	3	102	122	0	12
Provisions	3	156	38	–	1
Reversals	–3	–86	–2	–	–
Provisions utilized during the year	–1	–71	–24	–	–3
Translation differences	0	0	1	–	–
Closing balance April 30, 2020	**2**	**101**	**135**	**0**	**10**
Opening balance May 1, 2020	2	101	135	0	10
Provisions	31	157	37	26	26
Reversals	0	–77	–30	–	–1
Provisions utilized during the year	–26	–67	0	–23	–
Other	–	4	–	–	–
Translation differences	0	–10	–4	–	–
Closing balance April 30, 2021	**7**	**108**	**138**	**4**	**36**

NOTE 30
Customer contract related balances and order backlog

SEK M	Group: April 30, 2021	Group: April 30, 2020
Contract assets		
Income not invoiced	1,773	1,527
Doubtful income not invoiced	–1	–1
Total	**1,772**	**1,526**
Contract liabilities		
Advances from customer	3,759	4,103
Prepaid service income	1,995	2,135
Other prepaid income	88	91
Total	**5,842**	**6,329**

Revenue recognized in the period

SEK M	Group: 2020/21	Group: 2019/20
Revenue recognized in the year relating to the opening balance of the contract liability balance	4,277	4,412

Order backlog was SEK 33,293 M (34,689). Order backlog is converted at closing exchange rates which resulted in a negative translation difference of SEK 3,524 M. According to current delivery plans, current order backlog is expected to be recognized as follows: approximately 35 percent in 2021/22, 30 percent in 2022/23 and 35 percent thereafter.

NOTE 31
Accrued expenses

SEK M	Group: April 30, 2021	Group: April 30, 2020
Reserve for additional project costs	548	540
Accrued commission costs	121	92
Accrued vacation pay	194	198
Accrued social costs	86	62
Accrued interest expenses	18	35
Accrued bonus costs	298	267
Accrued expenses GRNI[1]	104	149
Other items	468	359
Total	**1,837**	**1,703**

[1] Includes liabilities for goods received where the related invoice has not yet been received.

NOTE 32
Other current liabilities

SEK M	Group: April 30, 2021	Group: April 30, 2020
Value added tax	439	343
Personnel taxes	25	32
Other personnel related liabilities	7	9
Contingent consideration	55	51
Other items	32	65
Total	**559**	**501**

SEK M	Parent Company: April 30, 2021	Parent Company: April 30, 2020
Accounts payable	8	7
Accrued expenses (see below)	49	54
Derivative financial instruments	15	28
Other liabilities	64	5
Total	**137**	**95**
Accrued expenses		
Accrued vacation pay liability	8	6
Accrued social costs	3	1
Accrued interest expenses	18	34
Other items	20	14
Total	**49**	**54**

NOTE 33
Assets pledged

SEK M	Group April 30, 2021	April 30, 2020
Bank balances	8	8
Total	**8**	**8**

Collateral pledged for contingent liabilities.

NOTE 34
Contingent liabilities

SEK M	Group April 30, 2021	Group April 30, 2020	Parent Company April 30, 2021	Parent Company April 30, 2020
Guarantees	58	58	1,543	1,268
Total	**58**	**58**	**1,543**	**1,268**

For the group the guarantees consist of mainly bid bonds. For the Parent Company the guarantees consist of mainly performance guarantees and advance payments guarantees.

NOTE 35
Cash flow statement

SEK M	Group 2020/21	Group 2019/20	Parent Company 2020/21	Parent Company 2019/20
Interest net				
Interest income	–30	–63	–154	–219
Interest expenses	233	213	191	175
Total	**204**	**150**	**37**	**–44**
Other non-cash items				
Participations in profit/loss of associated companies, after tax	7	2	–	–
Revaluation of prior interest in acquisition	–	–66	–	–
Write-down of shares in subsidiaries	–	–	–	199
Revaluation of participations in other companies	2	–	–206	107
Result from divestments/disposals of fixed assets	–	1	–	–
Cost of incentive programs	12	–3	3	–1
Appropriations	–	–	10	–14
Unrealized exchange rate effects	291	109	29	–22
Other items	–5	11	39	17
Total	**307**	**54**	**–125**	**286**
Business combinations				
Purchase price	–274	–290	–235	–
Contingent considerations	–47	–2	–	–
Unpaid part of purchase price	49	114	–	–
Total	**–272**	**–178**	**–235**	**–**
Other investing activities				
Shareholders' contributions paid	–	–	–55	–7
Investments in other shares	–	–343	–	–343
Divestments of other shares	443	–	443	–
Investments in short term investments	–	–73	–	–2
Divestments of short term investments	60	47	–	47
Total	**504**	**–369**	**388**	**–305**

More information on business combinations is presented in **Note 37**.

Changes in net liabilities related to financing activities 2020/21

SEK M	Opening balance	Cash flow	Non-cash changes Other	Non-cash changes Foreign exchange movements	Closing balance
Bond loans	2,496	–	1	–	2,497
Leases liabilities	1,256	–256	54	–	1,054
Liabilities to credit institutes	5,606	–2,703	–5	–211	2,687
Total	**9,358**	**–2,959**	**50**	**–211**	**6,239**

NOTE 35 Cash flow statement, cont.

Changes in net liabilities related to financing activities 2019/20

			Non-cash changes			
SEK M	Opening balance	Cash flow	Restatement IFRS 16	Other	Foreign exchange movements	Closing balance
Bond loans	1,998	500	–	–2	–	2,496
Leases liabilities	6	–256	1,319	184	3	1,256
Liabilities to credit institutes	2,555	3,016	–	–2	37	5,606
Total	**4,558**	**3,260**	**1,319**	**180**	**40**	**9,358**

NOTE 36
Related party transactions

Transactions between Elekta AB and its subsidiaries are shown in **Notes 11, 13** and **28**. These transactions are eliminated upon consolidation. Sales to associated companies amounted to SEK 35 M (57), receivables from associated companies amounted to SEK 30 M (42) and costs related to associated companies amounted to SEK 0 M (0).

None of the board members or any of the senior executives has, or has had, any direct or indirect involvement in any business transactions between themselves and Elekta. In addition to this, no other transactions with related parties have occurred. Remunerations and benefits to key personnel in management positions are presented in **Note 7**.

NOTE 37
Business combinations

2020/21

On May 15, 2020 Elekta acquired 100% of shares in Kaiku Health Oy to further develop its focus on cancer care providers and their patients through its acquisition of Kaiku Health. The preliminary acquisition price consisted of a fixed amount of approximately SEK 230 M and a maximum variable amount of approximately SEK 50 M, which is depending on the achievement of goals set-up for the transferred business. Since the acquisition date, the acquisition of Kaiku Health Oy has had an impact of SEK 19 M on consolidated net sales and SEK -40 M on net income. The difference in impact on the Group's consolidated net sales and net income, compared to if the acquisition had been consolidated from May 1, 2020, is insignificant. The goodwill recorded of SEK 228 M from the acquisition is attributable to the value of the skills within the company in terms of its capability to develop new digital health interventions for cancer patients.

The Finnish company is best known for its app that monitors patient-reported outcomes, providing intelligent symptom tracking and management for healthcare providers in routine oncology care and studies. The Kaiku Health app screens for patients' symptoms, notifies the care team on their development and provides value-based personalized support for patients. It is easily implemented into existing hospital information systems and can be integrated with Elekta's MOSAIQ® Oncology Information System (OIS). This makes Kaiku Health a valuable tool for healthcare teams to collate patient-recorded feedback and act immediately if anything unusual is reported.

Summary balance sheet as of acquisition date May 15, 2020

SEK M	
Property, plant and equipment	0
Trade receivables and other current assets	1
Cash and cash equivalents	5
Trade payables and other liabilities	–6
Total identifiable net assets	**1**
Technology	30
Customer relationships	20
Goodwill	228
Deferred tax assets	10
Deferred tax liability	–10
Contingent Considerations	–49
Total net assets	**230**
Less acquired cash	–5
Net cash flow – investments	**225**

2019/20

On February 14, 2020 Elekta acquired the remaining shares (67%) of PalabraApps, LLC after the strategic investment in April 2018. The preliminary acquisition price consisted of a fixed amount of approximately SEK 108 M and a maximum variable amount of approximately SEK 50 M, which is depending on the achievement of goals set-up for the transferred business. According to the purchase price allocation, goodwill and intangible assets amounted to approximately SEK 237 M based on the full variable acquisition price. The acquired goodwill is tax deductible. Elekta consolidates the PalabraApps, LLC business from February 14, 2020. The acquisition is expected to add 0 percent to Elekta's net sales on an annual basis and is expected to be accretive to Elekta's earnings per share (EPS).

According to IFRS guidelines Elekta should value its interest in Palabra prior to obtaining the control to fair value and record the revaluation through the income statement as other operating income. The operating earnings was impacted positively by 66 MSEK due to the non-cash revaluation.

On August 29, 2019 Elekta announced the acquisition of 100 percent of the shares in ProKnow Systems, LLC, in order to expand its offering of cloud-based solutions for advanced radiation therapy. ProKnow's product portfolio enable clinics to standardize their treatment planning analytics by supporting oncology teams with analysis of collective, big data from patient groups. This solution can also streamline work-flow challenges and improve contouring accuracy and treatment plan quality. The preliminary acquisition price consisted of a fixed amount of approximately SEK 78 M and a maximum variable amount of approximately SEK 54 M, which is depending on

NOTE 37 Business combinations, cont.

the achievement of goals set-up for the transferred business. According to the purchase price allocation, goodwill and intangible assets amounted to approximately SEK 114 M based on the full variable acquisition price. The acquired goodwill is tax deductible. Elekta consolidates the ProKnows business from August 23, 2019. The acquisition is expected to add 0 percent to Elekta's net sales on an annual basis and is expected to be accretive to Elekta earnings per share (EPS). Transaction costs amounted to approximately SEK 1 M and were reported as other operating expenses in the consolidated income statement.

NOTE 38
Average number of employees

	Men		Women		Total	
	2020/21	2019/20	**2020/21**	2019/20	**2020/21**	2019/20
Parent Company	26	19	19	22	45	41
Subsidiaries:						
Sweden	152	155	89	87	241	242
USA	597	580	278	282	875	862
United Kingdom	553	532	184	184	736	717
China	484	517	220	224	704	741
The Netherlands	164	172	51	44	214	216
Poland	130	77	58	105	188	182
Germany	86	118	17	33	102	151
Japan	105	105	23	21	127	126
India	120	109	0	6	120	115
Canada	74	64	25	26	99	90
Italy	60	57	17	16	77	73
France	57	55	15	15	72	70
Australia	54	51	19	18	73	69
Brazil	47	38	14	11	62	49
Spain	41	42	7	7	48	49
Hong Kong	35	33	16	15	51	48
Turkey	42	42	17	15	59	57
Finland	48	–	16	–	64	–
Mexico	30	30	8	7	38	37
South Korea	23	21	3	4	26	25
Singapore	18	17	9	9	28	26
Austria	15	14	3	6	18	19
Russia	16	16	6	5	22	21
South Africa	14	12	4	4	18	16
Belgium	10	10	2	1	12	11
Greece	10	9	2	3	12	12
Czech Republic	6	6	4	3	10	9
Portugal	10	10	2	2	12	12
New Zealand (branch)	7	6	2	2	9	8
Algeria	8	8	1	2	9	9
Vietnam	12	8	1	1	12	9
Switzerland (branch)	5	3	2	2	7	5
Egypt	2	–	0	–	2	–
Serbia	3	–	0	–	3	–
Total average number of employees	**3,062**	**2,935**	**1,132**	**1,181**	**4,194**	**4,117**

Specification men/women among Board of Directors and executive management

During the fiscal year, the Board of Directors of Elekta AB consisted of four men and three women which is 57 percent (63) men. The executive management consisted of of twelve men and two women which is 86 percent (81) men.

NOTE 39
Significant events after the reporting period

No significant events have occured subsequent to the balance sheet date that would have a material impact on the Elekta Group's financial statements.

The Board of Directors and the President and CEO certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Parent Company and the Group, and that the management report gives a fair review of the development and performance of the business, position and profit or loss of the Parent Company and the Group, and describes the principal risks and uncertainties that the Parent Company and the companies in the Group face.

The annual report also contains the sustainability report in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, see **page 70**, and the Sustainability Report in accordance with the Global reporting Initiative, GRI, see the GRI Index on **page 67**.

Stockholm July 7, 2021

Laurent Leksell
Chairman of the board

Caroline Leksell Cooke
Member of the board

Johan Malmquist
Member of the board

Wolfgang Reim
Member of the board

Jan Secher
Member of the board

Birgitta Stymne Göransson
Member of the board

Cecilia Wikström
Member of the board

Gustaf Salford
President and CEO

Our audit report was submitted on July 8, 2021
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Elekta AB (publ), corporate identity number 556170-4015

This is a translation from the Swedish original.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Elekta AB (publ) for the financial year 2020-05-01 – 2021-04-30. The annual accounts and consolidated accounts of the company are included on **pages 92–147** in this document.

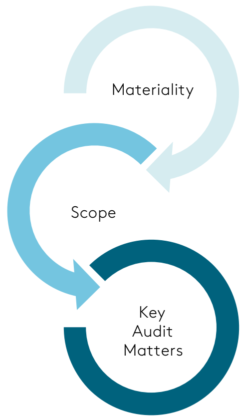
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of April 30, 2021 and its financial performance and cash flow for the year then ended in accordance with the 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, 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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.

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.

REVENUE RECOGNITION

Description of the area

Elekta's revenue comes from the sale of machinery, software and services. Many of Elekta's products and services are sold independently, while others are part of so-called compound contracts, where equipment, software and services are covered by a single customer agreement. Revenue for each component is recognized in the contract (performance obligation) when the control is transferred to the customer.

Revenue recognition depends on management's assessments of the contract terms that govern when the control for each component passes to the buyer. Machines are installed in accordance with the installation date agreed with the customer and it is usually at this time that the revenue for the machine is reported. After technical approval has been received from the customer, the remaining part of the revenue is reported attributable to software and installation.

The transaction price, taking discounts into account, is allocated among the various performance commitments in the contract based on estimated stand-alone sales prices for the goods and services in the contract identified as performance commitments.

Due to the inherent complexity of revenue recognition and the nature of estimates and assessments from management, we have assessed revenue from the sale of systems as a particularly important area of the audit.

For accounting policies and disclosures, please refer to **Note 6**.

How this area was taken into account in the audit

In our audit, we have mapped and evaluated Elekta's processes and controls on revenue recognition to gain an understanding of how they work and where any errors could occur.

Our mapping has focused on the approval of new customer agreements, the model for allocating revenue to various components of the agreements and the company's controls to ensure that the revenue is accounted for in the right period. After our mapping, we have tested the controls and carried out, among other things, the following review measures:

- Performed trend and correlation tests using computerized analytical methods in order to identify fluctuations and to check that payment has been received for reported revenue.
- Randomly tested that revenue is accounted for in the correct period and at the right amount
- Reviewed a selection of new contracts and sales against the terms of the contract and Elekta's guidelines for assessing revenue recognition.

We have also examined the accounting policies and notes provided in the annual report.

GOODWILL

Description of the area

Goodwill amounts to SEK 5,973 M as of April 30, 2021 and represents a significant proportion of Elekta's total assets. Goodwill amounts are allocated to the Group's cash-generating units (CGUs).

Impairment testing of goodwill and trademarks with an indefinite useful life is carried out annually, or more frequently if there are indications of a decline in value.

When the book value exceeds the estimated recoverable amount, the asset is impaired to the recoverable amount. The recoverable amount is the highest of a CGU's net realizable value and value in use, which corresponds to the discounted present value of future cash flows. Future cash flows are based on the forecast approved by management for the next five-year period. As described in **Note 17**, the calculations of utilization values assume that important assumptions are made regarding, among other things, growth rates, gross margin and discount rates.

Note 17 further describes the assumptions necessary for the calculation of value in use and contains a sensitivity analysis in the event of a change in assumptions. Due to the assessments and assumptions required to calculate the value in use, we have assessed that goodwill valuation is a particularly important area in our audit.

How this area was taken into account in the audit

Our review has included, among other things, the following review measures;

- Evaluation of the company's process for establishing and conducting impairment tests.
- Review of the Company's identification of cash-generating units (CGU)
- Evaluation using own valuation experts regarding used valuation methods and calculation models.
- Assessment of the plausibility of assumptions made.
- Analysis of the company's sensitivity analyses
- Analysis of the reliability of previous forecasts by comparing previous year's forecasts against actual outcomes.
- Examination of additional information provided in the Annual Report.

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 1–91**. The remuneration report for financial year 2020/2021 also constitutes 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 intend 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 scepticism 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

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 Elekta AB (publ) for the year 2020-05-01 – 2021-04-30 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 scepticism 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 statement on the Board's proposal for appropriation of the company's profit or loss, we have reviewed the Board's reasoned opinion and a selection of the supporting documents for this in order to assess whether the proposal is compatible with the Swedish Companies Act.

Ernst & Young AB was appointed auditor of Elekta AB by the general meeting of the shareholders on August 26, 2020.

Stockholm July 8, 2021

Ernst & Young AB

Signature on original auditors' report in Swedish[1)]

Rickard Andersson
Authorized Public Accountant

[1)] This is a translation of the original auditors' report in Swedish. In the event of any differences between the translation and the original statement in Swedish, the Swedish version shall prevail.

Glossary

Adaptive radiation therapy
A treatment technique that aims to customize each patient's treatment plan to patient specific variation by evaluating and characterizing the systematic and random variations through image feedback and including them in adaptive planning.

Benign
The term benign is used when describing tumors or growths that do not threaten the health of an individual. Benign is the opposite of malignant.

Brachytherapy
Is also known as internal radiation therapy, involves placing a radiation source in or near the treatment area. This allows very high tumor doses to be achieved, while limiting the impact on surrounding organs. The method is typically used to treat gynecological cancer and prostate cancer, but also breast cancer and certain types of skin cancer.

Cancer
Uncontrolled, abnormal growth of cells.

Chemotherapy
Treatment of cancer diseases with the aid of chemicals that eliminate diseased cells.

Cone beam CT (CBCT)
A CBCT system mounted to a linac or Gamma Knife creates images used for verifying or determining the location of the patient in relation to the treatment beam(s).

Computed tomography (CT)
A radiological method of imaging anatomical structures by means of layering, using computer technology.

Deep brain stimulation (DBS)
A brain 'pacemaker' is implanted to stimulate brain activity and block signals that cause unwanted symptoms present in functional neurological disorders, for example tremor.

Diffusion weighted imaging (DWI)
A method to evaluate the molecular function and micro-architecture of the human body.

Electronic brachytherapy
Type of brachytherapy that uses an X-ray tube to induce radiation. It can deliver radiation to the tumor with a high degree of precision whilst minimizing damage to healthy surrounding tissue. Due to the source of radiation used, electronic brachytherapy can be performed in a room with minimal shielding.

External-beam radiation therapy
The most common type of radiation therapy, in which the radiation source is produced by a linear accelerator and delivered by the radiation beam from the linear accelerator head rotated around the patient. By delivering the radiation from various angles, the radiation dose is distributed more evenly in the tumor without excess damage to surrounding healthy tissue.

Fraction
Part of the total radiation dose, delivered at a daily treatment.

Food and Drug Administration (FDA)
Is an agency of the US Department of Health and Human Services. The FDA is responsible for protecting and promoting public health through the regulation and supervision of for example medical devices.

Gamma Knife® radiosurgery
Stereotactic radiosurgery with Leksell Gamma Knife®.

Glioblastoma
The most common and most aggressive malignant primary brain tumor. They are usually highly malignant as a large number of tumor cells are reproducing at any given time and are supported by a large network of blood vessels. Glioblastoma often infiltrate with normal healthy brain tissue.

High dose radiation (HDR)
An amount of radiation that is greater than that given in typical radiation therapy. High-dose radiation is precisely directed at the tumor to avoid damaging healthy tissue, and may kill more cancer cells in fewer treatments.

Hypofractionation
A treatment schedule in which the total dose of radiation is divided into large doses and treatments are given once a day or less often.

Image guided radiation therapy (IGRT)
IGRT enables high precision targeting and accuracy using high-resolution multi-dimensional X-ray images of the patient's tissue.

Image guided radiation therapy (IGRT) with magnetic resonance imaging (MRI)
This provides high-quality images of tissue and tumors while treatment is in progress, and also enables adaptation of the radiation dose in real-time. The method is under development in the MR-linac consortium.

Intensity-modulated radiation therapy (IMRT)
IMRT is an advanced type of treatment that uses multiple very small beams of varying intensity rather than a single, large, uniform beam. The radiation can therefore be tailored to the size and shape of the tumor, allowing higher tumor doses while minimizing the impact on healthy tissue.

Incidence
Incidence is the number of new cancer cases arising in a given period in a specified population.

Invasive
A treatment technique that penetrates the skin, skull, etcetera. The opposite of non-invasive (bloodless).

Linear accelerator (Linac)
Equipment for generating and directing ionizing radiation for treatment of cancer.

Magnetoencephalograph (MEG)
Equipment for real time mapping of the function in different parts of the brain, by measuring the magnetic field generated by brain cells activity.

Magnetic resonance imaging (MRI)
Technology used to visualize and differentiate organs and anatomical structures inside the body. It uses non-ionizing radiation and is thus harmless to the patient.

Malignant
Refers to cancerous cells that usually have the ability to aggressively spread, invade and destroy tissue. Opposite to benign.

Meningioma
A type of tumor that develops from the meninges, the membrane that surrounds the brain and spinal cord. Meningiomas are the most common type of primary brain tumors and are often benign.

Metastases
Secondary malignant tumors originating from primary cancer tumors in other parts of the body.

Multileaf collimator
An accessory to the linear accelerator, working like an aperture. With a large number of individually adjustable metal leaves, the treatment beam can be shaped to the size and shape of the target volume.

MR-Linac
See image guided radiation therapy (IGRT) with magnetic resonance imaging (MRI).

Neurology
The study of the nervous system and its disorders.

Neurosurgery
Surgery of the brain or other parts of the central nervous system.

Oligometastases
A limited number of metastases.

Oncology
The study of tumor diseases.

Oncology information system (OIS)
All patient information is collected and accessible in an oncology information system, from diagnosis through treatment and follow-up, so that clinics can deliver the best possible care for every patient. MOSAIQ® is Elekta's world leading oncology information system.

Parkinson's disease
Paralysis, with trembling and shaking as well as muscular – rigidity, with a change in movements and posture by the patient.

Prevalence
The prevalence of a particular cancer can be defined as the number of persons in a defined population who have been diagnosed with that type of cancer, and who are still alive at the end of a given year, the survivors. Prevalence of cancers based on cases diagnosed within one, three and five are presented as they are likely to be of relevance to the different stages of cancer therapy, namely, initial treatment (one year), clinical follow-up (three years) and cure (five years). Patients who are still alive five years after diagnosis are usually considered cured since the death rates of such patients are similar to those in the general population.

Radiation therapy
Fractionated ionizing radiation treatment of cancer.

Radiosurgery
Non-invasive surgery in which a high, single dose of precise ionizing radiation replaces surgical instruments.

Stereotactic body radiation therapy (SBRT)
SBRT enables accurate delivery of radiation to a tumor and minimizes the radiation dose to surrounding tissue. This enables that small and medium-sized tumors can be treated with higher doses and fewer sessions, known as hypofractionation.

Stereotactic radiosurgery (SRS)
This is typically used to treat tumors and other disorders in the brain. The method involves the delivery of a single high dose, to small and critically located targets in the brain. The method offers very high precision, with a minimum impact on surrounding brain tissue.

Stereotactic radiation therapy (SRT)
Radiation therapy of cancer, where high precision and accuracy is achieved by delivering the radiation based on an external fixed-coordinate system.

Stereotaxy
A technique in which a fixed-coordinate system can determine the location of a point by specifying the coordinates in terms of height, depth and laterally.

Tesla (T)
MRI requires a magnetic field that is both strong and uniform. The field strength of the magnet is measured in teslas (T). The majority of systems operate at 1.5T, even though there are commercial systems available between 0.2–7T.

Treatment planning system
Treatment planning systems provide tools for multimodality image registration, organ and tumor contouring, treatment simulation and plan optimization. Monaco® is Elekta's comprehensive treatment planning system that supports all major treatment techniques.

Tumor
An abnormal mass of tissue that results when cells divide more than they should or do not die when they should. Tumors may be benign (not cancer), or malignant (cancer). Also called neoplasm.

Volumetric modulated arc therapy (VMAT)
VMAT is a more advanced variant of intensity modulated radiation therapy (IMRT). VMAT enables the physician to control the radiation beam, dosage amount and speed of rotation around the patient, which enables faster and more accurate treatment.

Definitions

Average number of employees
Total annual number of paid working hours divided by number of standard working hours per year.

CAGR, compound annual growth rate
The mean annual growth rate over a specified period of time longer than a year.

Capital employed
Total assets less interest-free liabilities.

Capital turnover ratio
Net sales divided by average total assets.[1)]

Cash flow per share
Cash flow after investments in relation to the weighted average number of shares.

Contribution margin per region
Net sales less cost of products sold and expenses directly attributable to the respective region.

Days sales outstanding, DSO
The total of accounts receivables and accrued income less advances from customers and prepaid income in relation to twelve months rolling net sales divided by 365.

Earnings per share
Net profit for the year attributable to Parent Company shareholders in relation to the weighted average number of shares (excluding treasury shares).

EBITA
Operating result items plus amortization.

EBITDA
Operating result items plus depreciation and amortization.

Equity/Assets ratio
Total equity in relation to total assets.

Gross orders
Order intake during a period.

Interest cover ratio
EBITDA in relation to interest expenses (excl. interest expenses lease liabilities).

Items affecting comparability
Events or transactions with significant financial effect, which are relevant for understanding the financial performance when comparing income for the current period with previous period, including restructuring programs, expenses relating to major legal disputes, impairments and gains and losses for acquisitions or disposals of subsidiaries.

Net debt
Interest-bearing liabilities (excl. lease liabilities) less cash and cash equivalents.

Net Debt/EBITDA ratio
Net debt in relation to EBITDA.

Net orders
Order intake during a period adjusted for cancellations, removals of orders and currency effects.

Operational cash conversion
Cash flow from operating activities divided by EBITDA.

Operating margin
Operating result in relation to net sales.

Profit margin
Profit before tax in relation to net sales.

Return on capital employed
Profit before tax plus financial expenses in relation to average capital employed.[1)]

Return on shareholders' equity
Net profit for the year attributable to Parent Company shareholders in relation to average shareholders' equity excluding non-controlling interests.[1)]

Shareholders' equity per share
Shareholders' equity excluding non-controlling interests in relation to the number of shares at year-end (excluding treasury shares).

Value added per employee
Operating profit plus salaries, other remuneration and social security costs and cost of incentive programs divided by average number of employees.

Working capital
Short-term interest-free assets less short-term interest-free liabilities, excluding current tax and derivatives.

[1)] Average based on the last five quarters.

Alternative performance measures

Reconciliation of non-IFRS measures

Alternative Performance Measures (APMs) are measures and key figures that Elekta's management and other stakeholders use when managing and analyzing Elekta's business performance. These measures are not substitutes, but rather supplements to financial reporting measures prepared in accordance with IFRS. Key figures and other APM:s used by Elekta are defined on **page 154**. See below for comments on how APM:s are used by Elekta and, when applicable, reconciliations to the IFRS financial statements.

Gross order intake

Gross order intake represents the new orders that have been booked during the period and this is in line with industry peers.

Net order intake

Up until 2015/16 Elekta reported net order intake. The difference between gross and net order intake are backlog adjustments and currency effects.

Order backlog

Order backlog represents all orders that have been booked but not yet revenue recognized. Elekta follows the maturity profile of the order backlog when forecasting revenue.

Order and sales growth based on constant exchange rates

Elekta's order intake and sales are, to a large extent, reported in subsidiaries with other functional currencies than SEK, which is the group reporting currency. In order to present order and sales growth on a more comparable basis and to show the impact of currency fluctuations, order and sales growth based on constant exchange rates are presented. The schedules below present growth based on constant exchange rates reconciled to the total growth reported in accordance with IFRS.

Gross order intake

	North and South America		Europe, Middle East and Africa		Asia Pacific		Total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
2020/21 vs 2019/20								
Change based on constant exchange rates	23	1,136	–4	–316	5	259	6	1,079
Currency effects	–12	–581	–5	–360	–8	–462	–8	–1,403
Reported change	**11**	**555**	**–10**	**–676**	**–4**	**–203**	**–2**	**–324**
2019/20 vs 2018/19								
Change based on constant exchange rates	–6	–321	1	81	8	385	1	146
Currency effects	6	295	3	209	6	289	5	793
Reported change	**–1**	**–26**	**4**	**290**	**13**	**674**	**6**	**938**

Net sales

	North and South America		Europe, Middle East and Africa		Asia Pacific		Total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
2020/21 vs 2019/20								
Change based on constant exchange rates	–4	–187	–2	–118	11	516	1	211
Currency effects	–9	–407	–5	–289	–8	–354	–7	–1,049
Reported change	**–13**	**–594**	**–7**	**–406**	**4**	**162**	**–6**	**–838**
2019/20 vs 2018/19								
Change based on constant exchange rates	–6	–285	9	468	6	248	3	431
Currency effects	6	267	2	123	6	226	5	616
Reported change	**0**	**–18**	**12**	**591**	**12**	**474**	**8**	**1,047**

Gross profit and gross margin

Gross profit is the difference between net sales and cost of products sold and is presented on a separate line in the income statement. Gross profit as a percentage of net sales represents gross margin. The Gross margin is used by management to review effects on the income statement from factors such as product mix and price development.

EBITDA

EBITDA is used for the calculation of the interest cover ratio and operational cash conversion.

EBITDA

SEK M	2016/17	2017/18	2018/19	2019/20	**2020/21**
Operating result/EBIT	598	1,845	1,696	1,657	1,906
Amortization intangible assets:					
Capitalized development costs	380	408	664	746	685
Assets relating business combinations	119	116	117	119	118
Depreciation fixed assets	156	151	162	410	401
EBITDA	**1,253**	**2,520**	**2,639**	**2,931**	**3,110**

Items affecting comparability

The classification of revenue or expenses as items affecting comparability is based on management's assessment of the characteristics and also the materiality of the item.

Operating income (EBIT) and operating margin

Operating income or EBIT (earnings before interest and taxes) is part of Elekta's long term financial ambitions. The measure is presented in the income statement as Elekta consider it to provide users of the financial statements with a better understanding of the Group's operating performance from a financial perspective. The operating margin shows the operating income as a percentage of net sales.

Capital employed

Capital employed represents the value of the balance sheet net assets that is the key driver of cash flow and capital required to run the business. It is also used in the calculation of return on capital employed.

Capital employed

SEK M	April 30, 2017	April 30, 2018	April 30, 2019	April 30, 2020	**April 30, 2021**
Total assets	20,950	23,760	24,064	28,411	24,844
Deferred tax liabilities	–778	–511	–587	–545	–515
Long term provisions	–142	–158	–188	–235	–224
Other long-term liabilities	–33	–63	–55	–73	–71
Accounts payable	–1,000	–1,132	–1,427	–1,025	–1,016
Advances from customers	–2,531	–5,316	–4,883	–4,103	–3,759
Prepaid income	–1,874	–1,990	–2,170	–2,226	–2,082
Accrued expenses	–1,875	–1,662	–1,661	–1,703	–1,837
Current tax liabilities	–111	–107	–166	–246	–137
Short-term provisions	–231	–186	–188	–179	–174
Derivative financial instruments	–48	–46	–94	–105	–35
Other current liabilities	–281	–257	–308	–501	–559
Capital employed	**12,046**	**12,331**	**12,337**	**17,472**	**14,435**

Return on capital employed

Return on capital employed is a measure of the profitability after taking into account the amount of total capital used unrelated to type of financing. A higher return on capital employed indicates a more efficient use of capital.

Return on capital employed

SEK M	2016/17	2017/18	2018/19	2019/20	**2020/21**
Profit before tax	340	1,681	1,580	1,454	1,630
Financial expenses	271	225	186	266	295
Profit before tax plus financial expenses	**611**	**1,905**	**1,766**	**1,720**	**1,924**
Average capital employed (last five quarters)	11,668	11,194	12,010	14,247	15,735
Return on capital employed, %	5	17	15	12	12

Return on shareholders' equity
Return on shareholders' equity measures the return generated on shareholders' capital invested in the company.

Return on shareholders' equity

SEK M	2016/17	2017/18	2018/19	2019/20	**2020/21**
Profit for the year	125	1,348	1,198	1,084	1,253
Average shareholders' equity excluding non-controlling interests (last five quarters)	6,541	6,015	7,167	7,967	8,069
Return on shareholders' equity, %	2	22	17	14	16

Interest cover ratio
The interest coverage ratio shows how much result that is available to pay interest on outstanding debt.

Interest cover ratio

SEK M	2016/17	2017/18	2018/19	2019/20	**2020/21**
EBITDA	1,253	2,520	2,639	2,931	3,110
Interest expenses	209	163	156	163	192
Interest cover ratio, multiple	6.0	15.5	16.9	18.0	16.2

Operational cash conversion
Cash flow is a focus area for management. The operational cash conversion shows the relation between cash flow from operating activities and EBITDA.

Operational cash conversion

SEK M	2016/17	2017/18	2018/19	2019/20	**2020/21**
Cash flow from operating activities	1,819	2,404	1,621	1,014	2,551
EBITDA	1,253	2,520	2,639	2,931	3,110
Operational cash conversion, %	145	95	61	35	82

Working capital
In order to optimize cash generation, management focuses on working capital and reducing lead times between orders booked and cash received. A reconciliation of working capital to items in the balance sheet is presented on **page 107**.

Days sales outstanding (DSO)
DSO is used by management to follow the development of overall payment terms to customers, which have significant impact on working capital and cash flow.

Days sales outstanding (DSO)

SEK M	2016/17	2017/18	2018/19	2019/20	**2020/21**
Accounts receivable	3,726	3,402	3,455	3,379	3,281
Accrued income	1,640	1,160	1,401	1,526	1,772
Advances from customers	–2,531	–5,316	–4,883	–4,103	–3,759
Prepaid income	–1,874	–1,990	–2,170	–2,226	–2,082
Net receivable from customers	**961**	**–2,744**	**–2,198**	**–1,424**	**–789**
Net sales	10,704	11,573	13,555	14,601	13,763
Number of days	365	365	365	365	365
Net sales per day	29	32	37	40	38
Days sales outstanding (DSO)	33	–87	–59	–36	–21

Net debt and net debt/EBITDA ratio
Net debt is important to understand the financial stability of the company. Net debt and net debt/EBITDA ratio is used by management to track the debt evolvement and to analyze the leverage and refinancing need of the Group.

Net debt

SEK M	2016/17	2017/18	2018/19	2019/20	**2020/21**
Long-term interest-bearing liabilities	5,272	4,369	3,558	7,101	3,043
Short-term interest-bearing liabilities	0	975	1,000	1,001	2,141
Cash and cash equivalents and short-term investments	–3,383	–4,541	–4,119	–6,470	–4,411
Net debt	**1,889**	**803**	**439**	**1,632**	**774**

Net debt/EBITDA ratio

SEK M	2016/17	2017/18	2018/19	2019/20	**2020/21**
Net debt	1,889	803	439	1,632	774
EBITDA	1,253	2,520	2,639	2,931	3,110
Net debt/EBITDA ratio, multiple	1.51	0.32	0.17	0.56	0.25

Equity/assets ratio
The equity/assets ratio gives an indication of the financial flexibility and independence to operate and manage variations in working capital needs as well as to capitalize on business opportunities.

Equity/assets ratio

SEK M	2016/17	2017/18	2018/19	2019/20	**2020/21**
Shareholders' equity	6,774	6,987	7,779	8,113	8,197
Total assets	20,950	23,760	24,064	28,411	24,844
Equity/assets ratio, %	32	29	32	29	33

Five year review and key figures

Income statement

SEK M	2016/17[1]	2017/18	2018/19	2019/20	**2020/21**
Net sales	10,704	11,573	13,555	14,601	13,763
Operating expenses excl. amortization and depreciation	–9,451[2]	–9,053	–10,916	–11,670	–10,653
Depreciation	–156	–151	–162	–410	–401
EBITA	**1,097**	**2,369**	**2,477**	**2,521**	**2,709**
Amortization	–499	–524	–781	–865	–803
EBIT/Operating result	**598**	**1,845**	**1,696**	**1,657**	**1,906**
Financial net	–258	–164	–116	–203	–277
Profit before tax	**340**	**1,681**	**1,580**	**1,454**	**1,630**
Taxes	–214	–333	–382	–370	–377
Profit for the year	**126**	**1,348**	**1,198**	**1,084**	**1,253**
Attributable to:					
Parent Company shareholders	125	1,348	1,198	1,084	1,254
Non-controlling interests	1	0	0	0	–1

[1] Calculation based on IAS18. [2] Including items affecting comparability amounting to SEK –518 M.

Cash flow

SEK M	2016/17[1]	2017/18	2018/19	2019/20	**2020/21**
Operating cash flow	767	2,357	2,256	2,526	2,660
Changes in working capital	1,051	47	–636	–1,512	–109
Cash flow from operating activities	**1,819**	**2,404**	**1,621**	**1,014**	**2,551**
Continuous investments	–774	–816	–658	–761	–845
Cash flow after continuous investments	**1,045**	**1,589**	**962**	**252**	**1,706**
Short-term investments	–	–83	38	–26	60
Acquisition of operations	–18	–58	–54	–511	172
Cash flow from investing activities	–792	–957	–674	–1,298	–614
Cash flow after investments	**1,027**	**1,447**	**946**	**–284**	**1,938**
Cash flow from financing activities	–55	–367	–1,473	2,624	–3,605
Cash flow for the year	**972**	**1,080**	**–527**	**2,339**	**–1,667**

[1] Calculation based on IAS18.

Balance sheet

SEK M	April 30, 2017[1]	April 30, 2018	April 30, 2019	April 30, 2020	**April 30, 2021**
Intangible assets	8,704	9,175	9,301	9,469	8,779
Right-of-use assets	–	–	–	1,156	953
Tangible fixed assets	795	895	957	968	897
Financial assets	308	261	508	748	533
Deferred tax assets	375	350	402	504	436
Inventories	936	2,560	2,634	2,748	2,283
Receivables	6,450	5,978	6,144	6,348	6,554
Short-term investments	–	83	45	62	–
Cash and cash equivalents	3,383	4,458	4,073	6,407	4,411
Total assets	**20,950**	**23,760**	**24,064**	**28,411**	**24,844**
Shareholders' equity	6,774	6,987	7,779	8,113	8,197
Interest-bearing liabilities	5,272	5,344	4,558	8,102	5,185
Lease liabilities	–	–	–	1,256	1,054
Non interest-bearing liabilities	8,905	11,429	11,727	10,940	10,408
Total shareholders' equity and liabilities	**20,950**	**23,760**	**24,064**	**28,411**	**24,844**

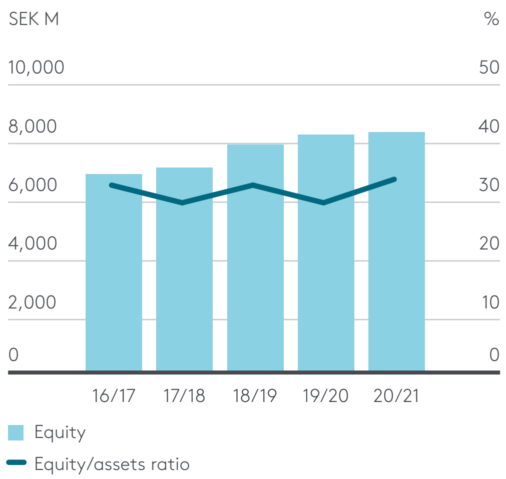
[1] Calculation based on IAS18.

Key figures

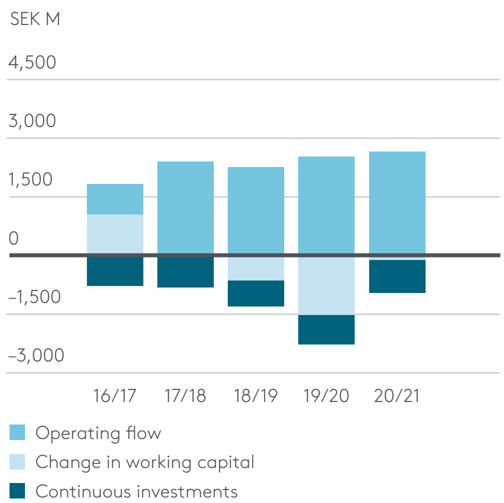
	2016/17[1]	2017/18	2018/19	2019/20	**2020/21**
Gross order intake, SEK M	14,064	14,493	16,796	17,735	17,411
Net order intake, SEK M	n/a	n/a	n/a	n/a	n/a
Order backlog, SEK M	22,459	27,974	32,003	34,689	33,293
Operating margin, %	6	16	13	11	14
Profit margin, %	3	15	12	10	12
Shareholders' equity, SEK M	6,774	6,987	7,779	8,113	8,197
Capital employed, SEK M	12,046	12,331	12,337	17,472	14,435
Net debt, SEK M	1,889	803	439	1,632	774
Equity/Assets ratio, %	32	29	32	29	33
Net debt/EBITDA ratio, multiple	1.51	0.32	0.17	0.56	0.25
Interest cover ratio, multiple	6.0	15.5	16.9	18.0	16.2
Return on shareholders' equity, %	2	22	17	14	16
Return on capital employed, %	5	17	15	12	12
Investments in tangible and intangible assets, SEK M	681	861	660	761	845
Depreciation and amortization, SEK M	–655	–675	–943	–1,275	–1,204
Operational cash conversion, %	145	95	61	35	82
Average number of employees	3,581	3,702	3,798	4,117	4,194

[1] Calculation based on IAS18.

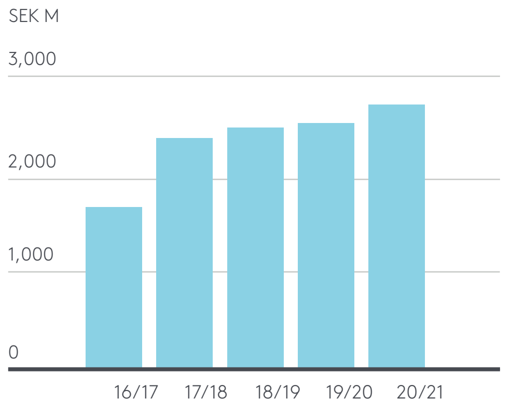
Equity and Equity/Assets ratio



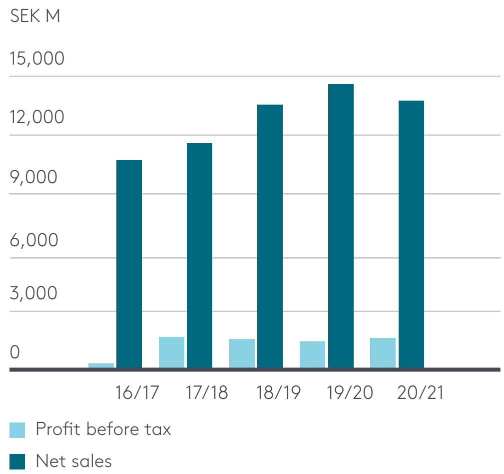
Cash flow after continuous investments



EBITA



Net sales and Profit before tax



Annual General Meeting (AGM) 2021

The AGM of Elekta AB (publ) will be held on Wednesday 25 August 2021. Due to the pandemic the AGM will be carried out through advance voting so called postal voting pursuant to temporary legislation. No meeting with the possibility to attend in person or to be represented by a proxy will take place, i.e. the AGM will be held without physical presence.

Shareholders who wish to exercise their voting rights at the AGM shall be registered in the register of shareholders on Tuesday 17 August 2021, and notify by casting its postal vote no later than Tuesday 24 August. This through a special form or electronically through BankID verification, both approaches handled via **www.elekta.com**. For other instructions see under the heading Postal voting in the Notice of the Annual General Meeting that will be published no later than four weeks prior to the AGM.

Since it will not be possible to attend the AGM in person or by proxy, there will be no opportunity to ask questions at the AGM. Questions can instead be sent in advance by post to:

Elekta AB (publ)
Attn Head of Investor Relations
P.O. Box 7593
103 93 Stockholm, Sweden

or via e-mail to cecilia.ketels@elekta.com or by telephone +46 76 611 76 25, no later than on 15 August 2021. Shareholders who want the President and CEO to be able to address the questions in his presentation, which will be available on **www.elekta.com** in advance of the AGM, need to send the questions to Elekta on August 9 2021, at the latest.

AGM 2021

Last day for sending in potential questions to the Board or the President and CEO	Aug 15, 2021
Record date to participate	Aug 17, 2021
Last day for voting	Aug 24, 2021
Final day of trading in Elekta shares including the right to the dividend	Aug 25, 2021
AGM	Aug 25, 2021
Record date for first payment of dividends	Aug 27, 2021
First payment date for dividends	Sep 1, 2021
Record date for second payment of dividends	Feb 28, 2022
Second payment date for dividends	Mar 3, 2022

Financial calendar

Interim report, Q1, May–Jul 2021/22	Aug 25, 2021
Annual General Meeting	Aug 25, 2021
Interim report, Q2, May–Oct 2021/22	Nov 25, 2021
Interim report, Q3, May–Jan 2021/22	Feb 24, 2022
Year-end report, Q4, 2021/22	May 25, 2022

Regulatory status of products
This document presents Elekta's product portfolio. Certain products or functionality described may be works in progress and/or pending regulatory approval for certain markets.

Forward looking statements
This report may include forward-looking statements including, but not limited to, statements relating to operational and financial performance, market conditions, and other similar matters. These forward-looking statements are based on current expectations about future events. Although the expectations described in these statements are assumed to be reasonable, there is no guarantee that such forward-looking statements will materialize or are accurate. Because these statements involve assumptions and estimates that are subject to risks and uncertainties, results could differ materially from those set out in the statement. Certain of these risks and uncertainties are described further in the section Risks on **page 34**. Elekta undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or stock exchange regulation.

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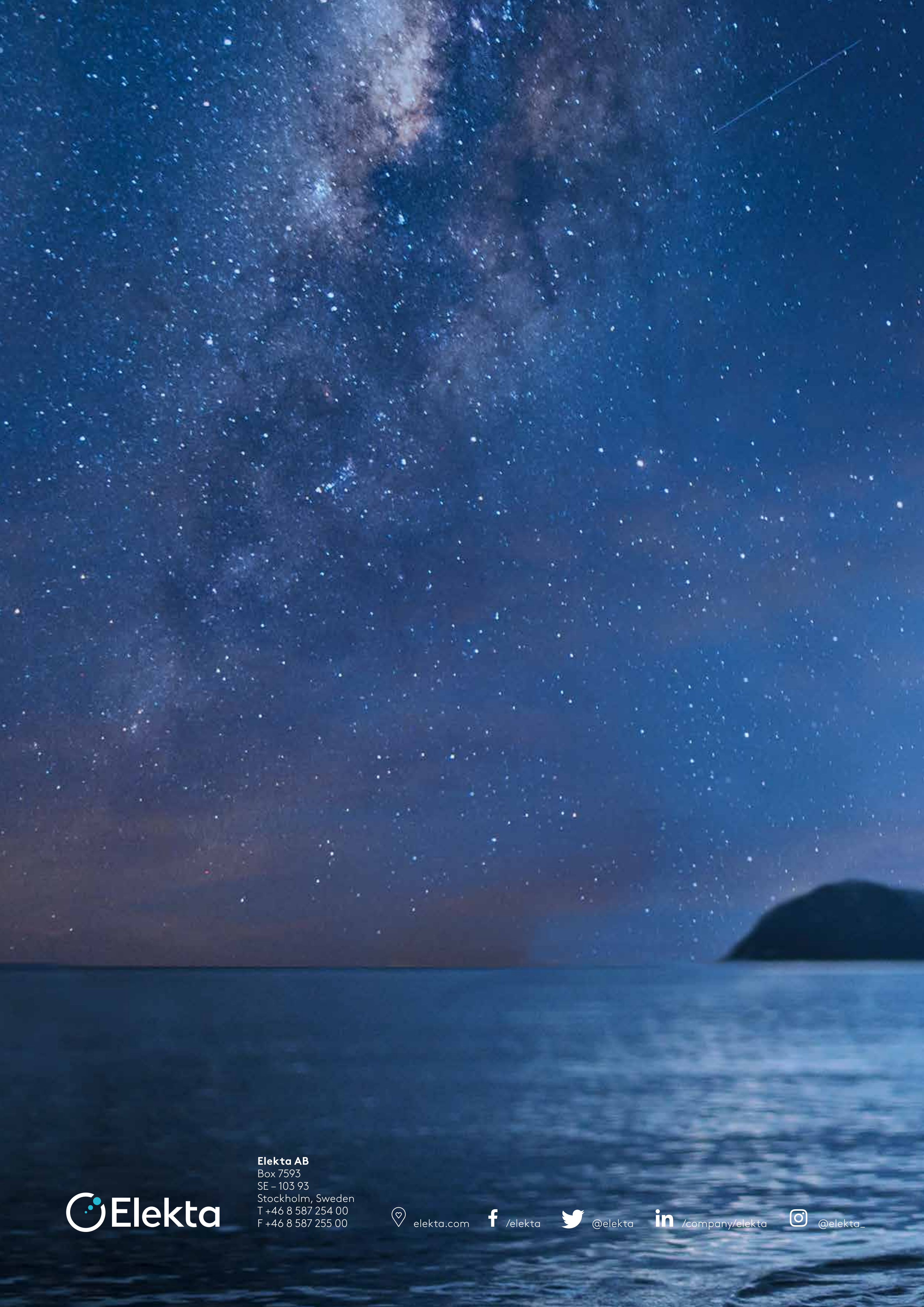

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