Back to growth with a strong finish of the quarter

Year-end and Q4 report 2021/22
Gustaf Salford, President and CEO
Tobias Hägglöv, CFO
May 25, 2022
Agenda

• Towards improved access to the best cancer care
• Q4 and full-year financials
• Outlook
• Q&A
Important information

This presentation includes 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. Since 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 Annual Report in section “Risks and uncertainties”. 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 regulations.

This presentation is intended for investors and analysts only. Some products are still in research and/or not cleared/approved in all markets. Cancer statistics are given to show the potential market in the respective area and does not mean that Elekta currently has products to treat these indications.
Towards improved access to the best cancer care
Delivering our strategy – ACCESS 2025

A world where everyone has access to the best cancer care

Accelerate innovation with customer utilization in mind

Drive partner integration across the cancer care eco-system

Be the customer lifetime companion

Drive adoption across the globe

Resilience & Process Excellence across the value chain

Delivered in a sustainable way
Growing orders and revenue in the quarter and for the full year under challenging circumstances

Order and revenue growth, RTM

Order and revenue development based on constant currency.
* The dip in Q1 2021/22 order growth is explained by Elekta’s largest deal ever in the comparing period. If excluding the largest deal ever the growth rate was 8% in FY 2021/22.

Focus areas

- Continue to mitigate covid and supply chain disturbances
- Address inflation by pricing and cost reduction activities
- Drive growth and margin expansion

Covid – Supply chain disturbances – Component shortages – Lockdowns – War in Ukraine
Orders by regions: EMEA key growth driver both in Q4 and full year

**Americas**
-6% FY: -2%
Tough US comps and challenging economic impact in South America

**EMEA**
16% FY: 12%
Strong growth in the Middle East & Africa, Spanish tender driving Europe

**APAC**
-5% FY: 1%
Contracting Chinese market and weak Indian and East Asian markets

US, Albuquerque
University of New Mexico
Unity, Linacs, Brachy, OIS

UK
Sheffield
Elekta Esprit

Spain
Son Espases
Linacs

Egypt
MOH
Linacs, Unity

Pakistan
SIUT
Unity

Australia
Cancer Care Partners
Linacs, SaaS

Based on constant currency.
Comprehensive portfolio and accelerated innovations, gross R&D as % of sales to stabilize and reduce over time

Accelerated innovation to drive long term growth

Gross R&D expenses as % of sales

Focus Areas:
- Family of Linacs
- Unity platform
- Software Solutions across portfolio

Recent launches
- MOSAIQ 3
- Elekta Harmony
- Elekta Studio
- Elekta Esprit

Comprehensive portfolio with recent launches
Launch of Elekta Esprit at ESTRO

**Dedication in design**
Designed solely for accurate and precise intracranial stereotactic radiosurgery (SRS)

**Patients at the center**
Personalized treatment for improved quality of life

**Proven beyond compare**
Real-world evidence that is transforming treatment protocols and redefining standard of care

<1 minute per treatment plan with Lightning

Superior visualization of brain anatomy with Leksell Vantage

73% of clinical peer-reviewed evidence
Momentum around Unity continues

>70 clinical abstracts at ESTRO

Example abstracts

- **>40 different tumor sites**
  no severe toxicity recorded in MOMENTUM\(^1\) with nearly 1,800 treated patients included

- **Pancreas cancer**
  ultra-high doses safe with Unity-based treatments (Odense\(^2\))

- **Prostate cancer**
  0% acute toxicity with MR-guided vs 8% with conventional prostate SBRT (Toronto\(^3\))

Ongoing clinical trials

**16 ongoing clinical trials**

Comprehensive Motion Management (CMM) with automatic gating

**1\(^{st}\) non-invasive true 3D target tracking**

First install ongoing

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1. Patterns of Care and Safety in 1800 patients treated on a high-field MR-Linac platform registry
2. Adaptive MR guided stereotactic body radiotherapy for locally advanced pancreatic cancer
3. Dosimetry & toxicity comparison between CBCT-Guided and MR-Guided Prostate Ultra-hypofractionated RT
Continued roll-out of Unity across the globe

>120 orders

Americas

25 installs

EMEA

16 installs

>60 installs$^1$

APAC

20 installs

$^1$Installed or under installations.
Q4 and full-year financials
Strong finish of Q4 and improved margins vs last quarter

Net sales increased by 5% y-o-y
- Strong growth in Americas 11% and APAC 8%
- EMEA flat despite challenging market conditions
- Solution 6%, Service 4%

Gross margin declined to 37.0% (38.5) y-o-y but increased sequentially from Q3

EBIT margin of 13.4% (14.9)

Improved EPS due to higher EBIT and lower financial items

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q4 21/22</th>
<th>Q4 20/21</th>
<th>Q3 21/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>4,239</td>
<td>3,667</td>
<td>3,602</td>
</tr>
<tr>
<td>Solutions</td>
<td>2,658</td>
<td>2,254</td>
<td>2,109</td>
</tr>
<tr>
<td>Service</td>
<td>1,581</td>
<td>1,413</td>
<td>1,494</td>
</tr>
<tr>
<td>COGS</td>
<td>-2,669</td>
<td>-2,256</td>
<td>-2,279</td>
</tr>
<tr>
<td>Gross margin (%)</td>
<td>37.0%</td>
<td>38.5%</td>
<td>36.7%</td>
</tr>
<tr>
<td>Expenses</td>
<td>-1,020</td>
<td>-950</td>
<td>-984</td>
</tr>
<tr>
<td>Exchange rate diff and other</td>
<td>20</td>
<td>-85</td>
<td>1</td>
</tr>
<tr>
<td>EBIT</td>
<td>570</td>
<td>545</td>
<td>340</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>13.4%</td>
<td>14.9%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Financial items, net</td>
<td>-36</td>
<td>-108</td>
<td>-40</td>
</tr>
<tr>
<td>Income tax</td>
<td>-113</td>
<td>-97</td>
<td>-72</td>
</tr>
<tr>
<td>Net income</td>
<td>421</td>
<td>341</td>
<td>228</td>
</tr>
<tr>
<td>EPS, SEK</td>
<td>1.09</td>
<td>0.89</td>
<td>0.60</td>
</tr>
</tbody>
</table>
Gross margin negatively impacted by inflation and mix

Gross margin development

- Q4 LY: 38.5%
- Q4 FY: 37.0%

Impact vs. LY

- Net sales growth: +200 bps
- FX impact: +60 bps
- Higher component prices and inflation: -300 bps
- Product mix and Solution-Service mix: -110 bps

Net sales growth based on constant exchange rates.
More customer-related activities while administration costs declined

Higher selling costs
- Increased customer-related activities
- Provision of SEK 18 M related to war in Ukraine

Lower administrative expenses
- Declined y-o-y and sequentially

Continued investments in the innovation pipeline
- More projects in capitalization phases and lower amortizations

Quarterly expenses

<table>
<thead>
<tr>
<th>Expenses (SEK M)</th>
<th>Q4 21/22</th>
<th>Q4 20/21</th>
<th>Growth(^1) Y/Y</th>
<th>Q3 21/22</th>
<th>Growth(^1) Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>-380</td>
<td>-314</td>
<td>15%</td>
<td>-342</td>
<td>11%</td>
</tr>
<tr>
<td>Administrative</td>
<td>-309</td>
<td>-292</td>
<td>-1%</td>
<td>-303</td>
<td>-1%</td>
</tr>
<tr>
<td>R&amp;D (Net)</td>
<td>-331</td>
<td>-344</td>
<td>-11%</td>
<td>-339</td>
<td>-4%</td>
</tr>
<tr>
<td>Total</td>
<td>-1,020</td>
<td>-950</td>
<td>1%</td>
<td>-984</td>
<td>2%</td>
</tr>
</tbody>
</table>

\(^1\) Based on constant exchange rates.
Accelerated focus on R&D – developing according to plan

- Increasing R&D for future growth. Gross R&D corresponded to 14% of net sales FY 21/22

- Lower net R&D as Unity amortizations have decreased, and several R&D projects have reached capitalization phases
Yearly revenue growth in a high-cost environment

Net sales increased by 4%
- Americas 7%, EMEA 2%, APAC 4%
- Solutions 4%, Service 5%

Gross margin of 37.4% (-3.4 ppts)
- Inflation and higher costs for supply chain, logistics and service partly offset by higher sales
- Slightly negative FX

EBIT margin of 11.3% (-2.6 ppts)
- Lower gross margin
- Expenses increased by 3% in constant exchange rates

Net profit impacted by lower financial costs
- Lower level of gross debt
- Tax rate 21%, down from 22%

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>FY 21/22</th>
<th>FY 20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>14,548</td>
<td>13,763</td>
</tr>
<tr>
<td>Solutions</td>
<td>8,652</td>
<td>8,175</td>
</tr>
<tr>
<td>Service</td>
<td>5,896</td>
<td>5,588</td>
</tr>
<tr>
<td>COGS</td>
<td>-9,111</td>
<td>-8,153</td>
</tr>
<tr>
<td>Gross margin (%)</td>
<td>37.4%</td>
<td>40.8%</td>
</tr>
<tr>
<td>Expenses</td>
<td>-3,900</td>
<td>-3,715</td>
</tr>
<tr>
<td>Exchange rate diff and other</td>
<td>107</td>
<td>12</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,643</td>
<td>1,906</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>11.3%</td>
<td>13.9%</td>
</tr>
<tr>
<td>Financial items, net</td>
<td>-142</td>
<td>-277</td>
</tr>
<tr>
<td>Income tax</td>
<td>-345</td>
<td>-377</td>
</tr>
<tr>
<td>Net income</td>
<td>1,157</td>
<td>1,253</td>
</tr>
<tr>
<td>EPS, SEK</td>
<td>3.02</td>
<td>3.28</td>
</tr>
</tbody>
</table>
Net working capital (NWC) ratio in line with seasonal pattern

NWC changes (SEK M)

<table>
<thead>
<tr>
<th>Assets</th>
<th>21/22</th>
<th>Inventory</th>
<th>Accounts receivable</th>
<th>Accrued income</th>
<th>Other</th>
<th>CB 21/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>OB</td>
<td>8,451</td>
<td>250</td>
<td>367</td>
<td>24</td>
<td>343</td>
<td>9,435</td>
</tr>
<tr>
<td>Liabilities</td>
<td>9,428</td>
<td>Accounts payable</td>
<td>Prepaid income</td>
<td>Customer Advances</td>
<td>Other</td>
<td>CB 21/22</td>
</tr>
<tr>
<td>OB</td>
<td>9,428</td>
<td>336</td>
<td>259</td>
<td>402</td>
<td>92</td>
<td>10,333</td>
</tr>
</tbody>
</table>

NWC as % of net sales

<table>
<thead>
<tr>
<th>Q4 20/21</th>
<th>Q1 20/21</th>
<th>Q2 20/21</th>
<th>Q3 20/21</th>
<th>Q4 21/22</th>
<th>Q1 21/22</th>
<th>Q2 21/22</th>
<th>Q3 21/22</th>
<th>Q4 21/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>-6%</td>
<td>-4%</td>
<td>-3%</td>
<td>-3%</td>
<td>-7%</td>
<td>-4%</td>
<td>-2%</td>
<td>-3%</td>
<td>-6%</td>
</tr>
</tbody>
</table>

All individual working capital items impacted by currency movements, limited net effect
Cash conversion continued on good level

### Cash flow 21/22 (SEK M)

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>Taxes, interest net and other</th>
<th>Change in NWC</th>
<th>Cash flow from operating activities</th>
<th>Continuous investments</th>
<th>Cash flow after continuous investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,682</td>
<td></td>
<td></td>
<td>1,858</td>
<td>-1,408</td>
<td>450</td>
</tr>
<tr>
<td></td>
<td>-813</td>
<td>-12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Operational cash conversion, RTM

- Operational cash conversion\(^2\), %
- Cash flow from operating activities, SEK M

\(^1\) Of which SEK 1,157 M related to investments in innovations.

\(^2\) Cash conversion = Cash flow from operating activities/EBITDA
Proposed dividend for FY 21/22

Dividend, SEK per share

Pay-out ratio

Increased direct return enabled by a strong balance sheet
Outlook – Q1 FY 22/23 and midterm
Outlook Q1 FY 22/23

• Uncertain macro environment with continued supply chain challenges impacting installations, costs and margins

• Long-term market trends to support growth and investment in high-end radiotherapy equipment and margin expansion
Midterm outlook until 24/25

Growth

>7% net sales CAGR

Margin

EBIT % expansion over period

Capital allocation

>50% of annual net profit in dividend
Summary Q4

- Strong finish of Q4 and improved margins vs Q3, although lower margin vs last year
- Growing orders and revenue in the quarter. >120 Unity orders and >60 Unity installations
- Delivering on ACCESS 2025 by new partnerships and well on track with targeted installed base in underserved markets
- Comprehensive portfolio including Elekta Esprit, and accelerated innovations
We don’t just build technology
We build hope