Strong demand, and supply chain challenges

Q3 report 2021/22
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Tobias Hägglöv, CFO
February 24, 2022
Agenda

- Towards improved access to the best cancer care, Q3
- Q3 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, Q3
Our strategy – ACCESS 2025

- 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

A world where everyone has access to the best cancer care

Delivered in a sustainable way

Resilience & Process Excellence across the value chain
The recovery continues towards pre-pandemic growth levels

Order and revenue growth, RTM

- Fifth quarter with underlying order growth, resulting in strongest order backlog ever
- 38 bn SEK
- Revenue impacted by lower installation volumes compared to plan

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.
Strong order growth in Europe and emerging markets

**Americas**

-3%  
9M: 0%  
Latin America returned to growth. Tough US comps

**EMEA**

23%  
9M: 10%  
Europe strong growth. Middle East & Africa returned to growth

**APAC**

-3%  
9M: 4%  
Strong growth in India and East Asia. Soft in China

Based on constant currency.
Good order growth in Solutions but continued pressure on margins

Order development

- 8% Q3 21/22

- 5% 9M 21/22

Revenue development

- 3% Q3 21/22

- 4% 9M 21/22

Margin development

Gross margin

36.7%

EBIT margin

10.4%
Gross margins negatively impacted by logistics costs and higher component prices

- Higher logistics costs and longer supply chain lead times
- Higher component prices due to shortages
- Solution/Service mix with positive impact

Gross Margin development

- Q3 LY: 38.7%
- Q3 FY: 36.7%

Cost impact vs. LY

- -250 bps
- -50 bps
+ 100 bps
We are accelerating our resilience and excellence activities

FY 20/21

Adjusting to the new normal

✓ Redefine ways of working to allow for less travel needs going forward
✓ Virtualize sales, marketing and education & training activities
✓ Structurally continue to improve our ability to service remotely
✓ Outcome: travel and marketing costs ~50% savings

FY 21/22

Acceleration of resilience and excellence activities

▪ Drive faster order backlog conversion to revenue
▪ New launches and Price Excellence
▪ Digitalization and automation of processes
▪ Continued shared service deployment (Poland)
▪ Supply chain optimization (UK, China)
▪ Localization of key processes (e.g. installation teams)
Establish clinical evidence
Publications to drive reimbursement

Establish differential schemes
Utilize current schemes

Increasing levels of clinical evidence
Superiority
Clinical safety and effectiveness
26 peer-reviewed articles

New concept exploration, treatment planning analysis and expert opinion
>400 peer-reviewed articles
>590 abstracts

Growing number of Unity publications reporting clinical patient treatment

Reimbursement

Accelerate innovation

2017/19 2020 2021/22
3 6 17
Q3 financials
Strong service growth but total revenue decline

Rolling 12 month (RTM) development

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Solutions sales</th>
<th>Service sales</th>
<th>EBIT margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>4,000</td>
<td>5,000</td>
<td>8.0%</td>
</tr>
<tr>
<td>Q3</td>
<td>4,500</td>
<td>5,500</td>
<td>8.5%</td>
</tr>
<tr>
<td>Q4</td>
<td>5,000</td>
<td>6,000</td>
<td>9.0%</td>
</tr>
<tr>
<td>Q1</td>
<td>5,500</td>
<td>6,500</td>
<td>9.5%</td>
</tr>
<tr>
<td>Q2</td>
<td>6,000</td>
<td>7,000</td>
<td>10.0%</td>
</tr>
<tr>
<td>Q3</td>
<td>6,500</td>
<td>7,500</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

Total net sales (SEK M)
- 9M: 16,000
- Q3: 15,000

EBIT margin
- 9M: 10.8%
- Q3: 10.4%

Net sales growth based on constant currency:
1 Excluding contribution to Elekta Foundation of SEK 35 M decided by AGM 2021
**Continued pressure on margins**

<table>
<thead>
<tr>
<th>(SEK M)</th>
<th>Q3 21/22</th>
<th>Q3 20/21</th>
<th>Q2 21/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>3,602</td>
<td>3,581</td>
<td>3,697</td>
</tr>
<tr>
<td>Solutions</td>
<td>2,109</td>
<td>2,234</td>
<td>2,254</td>
</tr>
<tr>
<td>Service</td>
<td>1,494</td>
<td>1,347</td>
<td>1,443</td>
</tr>
<tr>
<td>COGS</td>
<td>-2,279</td>
<td>-2,194</td>
<td>-2,270</td>
</tr>
<tr>
<td><strong>Gross margin (%)</strong></td>
<td>36.7%</td>
<td>38.7%</td>
<td>38.6%</td>
</tr>
<tr>
<td>Expenses</td>
<td>-984</td>
<td>-913</td>
<td>-913</td>
</tr>
<tr>
<td>Exchange diff and other$^2$</td>
<td>36</td>
<td>-7</td>
<td>19</td>
</tr>
<tr>
<td><strong>EBIT$^2$</strong></td>
<td>375</td>
<td>468</td>
<td>533</td>
</tr>
<tr>
<td><strong>EBIT margin (%)</strong></td>
<td>10.4%</td>
<td>13.1%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Net financial items</td>
<td>-40</td>
<td>-48</td>
<td>-30</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-72</td>
<td>-99</td>
<td>-121</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>228</td>
<td>321</td>
<td>382</td>
</tr>
<tr>
<td><strong>EPS, SEK</strong></td>
<td>0.60</td>
<td>0.84</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**Net sales declined by 3% in constant currencies**
- Americas: -2%
- EMEA: -4%
- APAC: -2%

**Gross margin amounted to 36.7% (38.7)**
- Higher supply chain, logistics and service costs ~300 bps
- Improved Solution/Service mix ~100 bps

**Expenses increased by 3 percent in constant currency**

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2 Q3 21/22 excluding contribution to the Elekta Foundation of SEK 35 M decided by AGM 2021
Increased expenses as selling activities normalize and digitalization focus continues

### Quarterly expenses

<table>
<thead>
<tr>
<th>Expenses (SEK M)</th>
<th>Q3 2021/22</th>
<th>Q3 2020/21</th>
<th>Growth¹ Y/Y</th>
<th>Q2 2021/22</th>
<th>Growth¹ Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>-342</td>
<td>-279</td>
<td>19%</td>
<td>-317</td>
<td>2%</td>
</tr>
<tr>
<td>Administrative</td>
<td>-303</td>
<td>-255</td>
<td>14%</td>
<td>-287</td>
<td>0%</td>
</tr>
<tr>
<td>R&amp;D (Net)</td>
<td>-339</td>
<td>-379</td>
<td>-16%</td>
<td>-310</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-984</strong></td>
<td><strong>-913</strong></td>
<td><strong>3%</strong></td>
<td><strong>-913</strong></td>
<td><strong>1%</strong></td>
</tr>
</tbody>
</table>

**Selling expenses**
- Increased customer facing activities

**Administrative expenses**
- Investments in digitalization

**R&D expenses lower than last year**

¹ Based on constant currency.
Accelerated R&D investments forming future growth

**Rolling 12 months (RTM)**

- Higher gross R&D due to accelerated investments
- Gross R&D corresponded to 13% of net sales RTM

**R&D expenses as % of sales (RTM)**

- Lower net R&D as
  - Unity amortization has decreased
  - several R&D projects reached capitalization phase
NWC in line with seasonal pattern

Net working capital changes (SEK M)

Net working capital as % of net sales

-2% -6% -4% -3% -3% -7% -4% -2% -3%
Cash conversion continued on good levels

9M Cash flow (SEK M)

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>Other&lt;sup&gt;1)&lt;/sup&gt;</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>1,849</td>
<td>-503</td>
<td></td>
<td>818</td>
<td>-991</td>
<td>-173</td>
</tr>
</tbody>
</table>

Operational cash conversion, RTM

1) Other = Income tax paid, interest net, interest received and paid, other non-cash items
2) Cash conversion = Cash flow from operating activities/EBITDA
Outlook – Q4 and midterm
Outlook in Q4

- Higher installation volumes than last year, but component shortages continue to be challenging
- Continued high logistics and supply chain costs impacting 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

Elekta’s outlook is based on an average 6-8% market growth during the mid-term period.
Summary Q3

• Supply chain challenges continued to impact revenue and margins

• Strong order growth mainly driven by Europe and recovery in emerging markets. Highest order backlog ever

• Additional local presence in the Philippines when delivering on ACCESS 2025

• Strong platform for profitable growth going forward
We don’t just build technology

We build hope