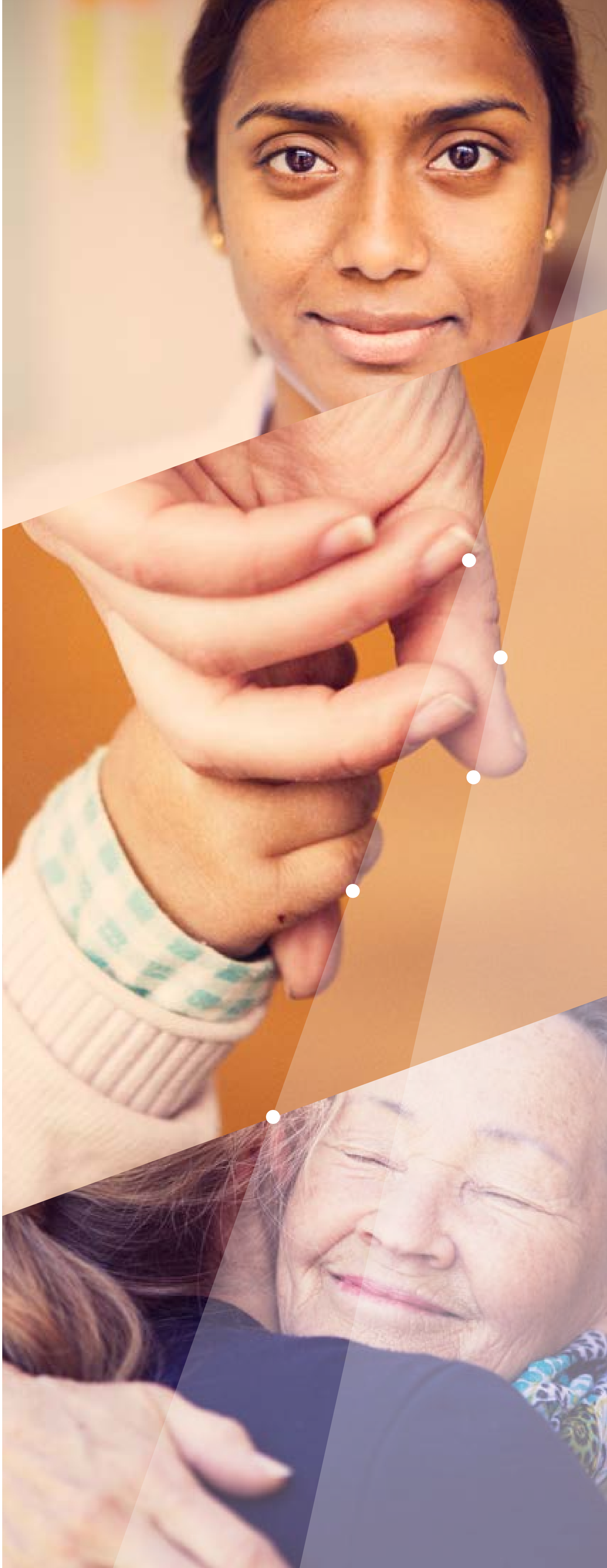
ELEKTA

Annual Report 2015/16

REGULATORY STATUS OF PRODUCTS
This document presents Elekta's product portfolio. Certain products or functionality described may be works in progress or pending regulatory approval for certain markets.

FORWARD LOOKING STATEMENTS
This Report 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. 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 pages 36–37. 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.



Elekta cares for life

Elekta is a human care company pioneering significant innovations and clinical solutions for treating cancer and brain disorders.

The company develops state-of-the-art tools and treatment planning systems for radiation therapy including brachytherapy and radiosurgery, as well as workflow enhancing software systems across the spectrum of cancer care.

Stretching the boundaries of science and technology, providing intelligent and resource-efficient solutions that offer confidence to both health care providers and patients, Elekta aims to improve, prolong and save patient lives.

Leading the future of radiation therapy

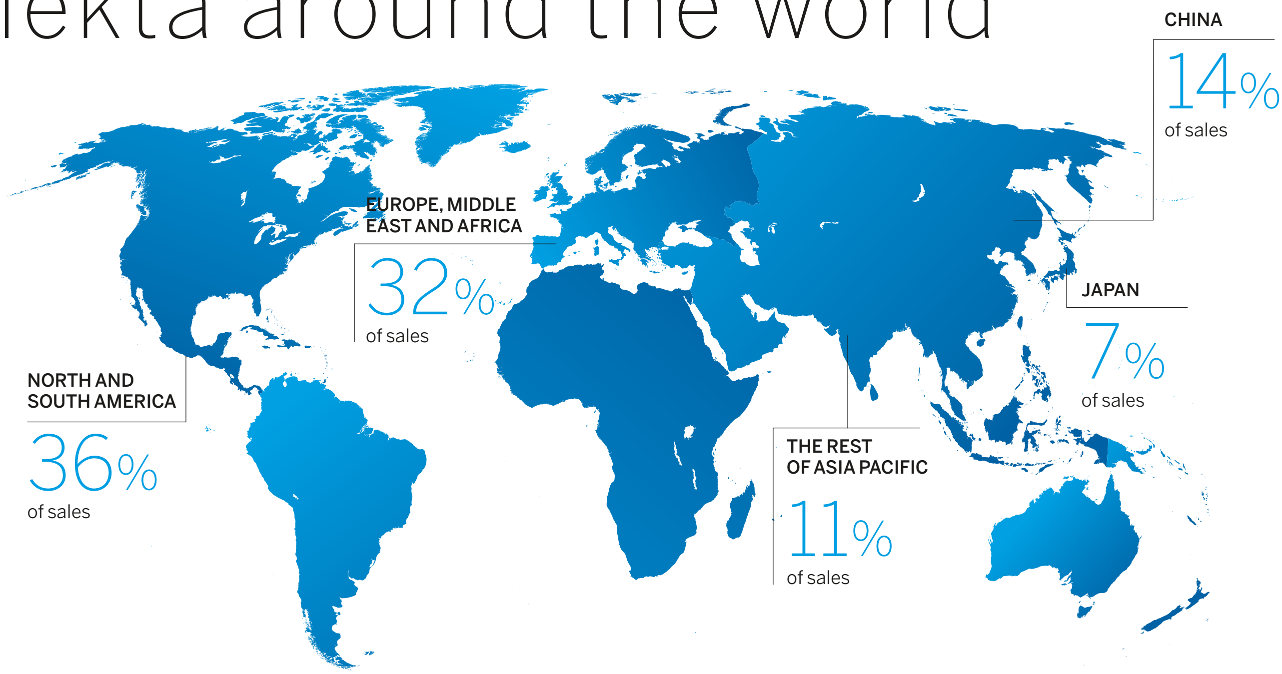
Overview of Elekta
Elekta is active in over **120 markets** with **3,600 employees**, and an installed base of approximately **3,650 treatment systems**

Leader in innovation since 1949
– Stereotaxy, IGRT, VMAT
– Leading linac program
– No.1 in software (OIS)
– MR-linac research program

Executing transformation program
– EBITA-margin target: **20%** (2017/18)
– Cost saving program of **SEK 700 M**
– Net working capital **<5%** of net sales

NET SALES	OPERATING RESULT	CASH FLOW FROM OPERATING ACTIVITIES
SEK million	SEK million	SEK million
11,221	423	1,170

Elekta around the world

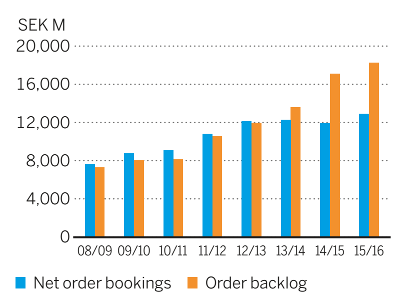


KEY FIGURES

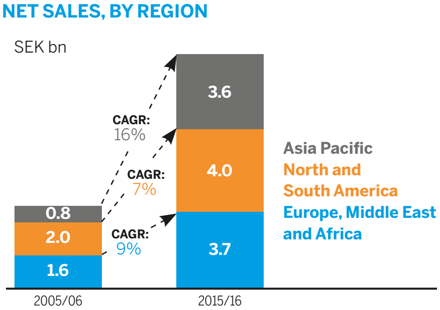
	2015/16	2014/15	Change, %
Gross order bookings, SEK M	13,821	12,825	8%
Net order bookings, SEK M	12,880	11,907	8%
Net sales, SEK M	11,221	10,839	4%
Gross margin	41%	40%	3%
EBITA[1], SEK M	1,639	1,472	11%
EBITA[1]-margin, %	15%	14%	7%
Operating result, SEK M	423	937	–55%
Operating margin, %	4%	9%	–56%
Profit for the year, SEK M	145	558	–74%
Earnings per share before dilution, SEK	0.36	1.45	–75%
Earnings per share after dilution, SEK	0.36	1.45	–75%
Equity/Asset ratio, %	33%	31%	6%
Net debt/Equity ratio, multiple	0.42	0.42	–
Capital employed, SEK M	11,360	12,678	–10%
Dividend, SEK	0.50[2]	0.50	–

[1] Adjusted for non-recurring items and bad debt losses. Non-recurring items was SEK –598 M (–3). Bad debt losses was SEK –149 M (–166).
[2] Proposed dividend.

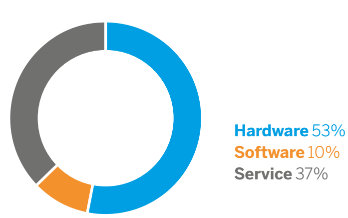
ORDER BOOKINGS AND ORDER BACKLOG



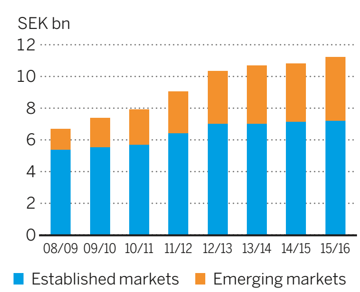
NET SALES, BY REGION



NET SALES, BY PRODUCT TYPE



NET SALES, BY MARKET



ELEKTA'S SERVICES FOR EFFICIENT TREATMENT SOLUTIONS

Elekta's commitment to innovation is constantly opening new frontiers and creating improvments in cancer care. The work is carried out in close collaboration with leading clinics and researchers, always with the patients in focus and often at a reduced cost for health systems as a result.

Elekta develops solutions within neuroscience that are extremely accurate for diagnosis and treatment of neurological disorders. Elekta is the pioneer of stereotactic radiosurgery. The company's solutions within radiosurgery, stereotactic neurosurgery and magnetoencephalography are world leading and the company has the world's largest installed base of stereotactic radiation treatment systems intended for neurological treatments.

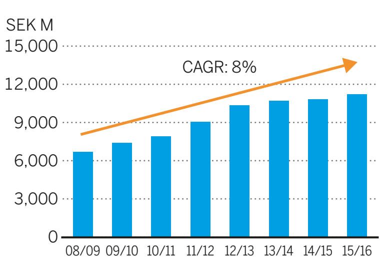
Elekta creates innovative oncology solutions for radiation therapy, such as linear accelerators, integrated imaging systems and clinical solutions for patient positioning and immobilization. Elekta is a leading supplier of image guided radiation therapy (IGRT) and the pioneer in volumetric modulated arc therapy (VMAT).

Elekta is the world leader within brachytherapy, cancer treatment based on internal radiation. Brachytherapy works by placing a radiation source either inside the body or on the surface, in or near the tumor. This enables precise targeting of the tumor, while minimizing the risk of damage to surrounding healthy tissue.

Elekta's software solutions creates an efficient clinical environment in which all activities related to patient care – from diagnosis and treatment to follow-up – are as streamlined as possible, giving clinicians more time to focus on patients. Elekta's open systems and vendor-neutral connectivity ensure cross-platform flexibility to integrate the most advanced and useful tools.

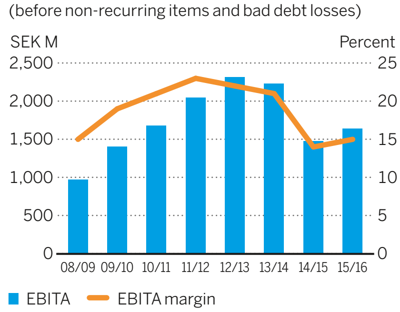
Furthermore, Elekta offers service solutions that provides Elekta's customers the greatest possible use of their cancer treatment solutions. The service offering enables customer to shorten patient waiting times, change care routines, simplify work flows and increase efficiency at the entire clinic. Training and education is an important part of Elekta's service offering.

NET SALES

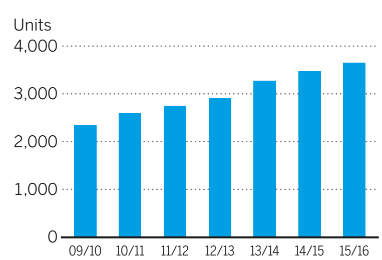


EBITA AND EBITA-MARGIN

(before non-recurring items and bad debt losses)

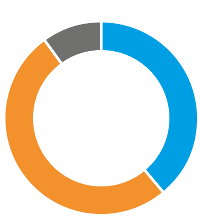


INSTALLED BASE OF TREATMENT SYSTEMS



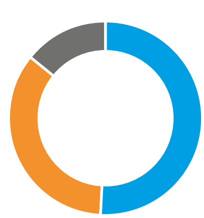
ELEKTA'S MARKET SHARES 2015/16 (LINEAR ACCELERATORS)

TOTAL ORDERS



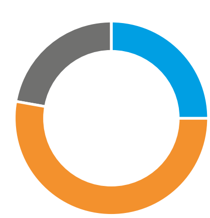
Elekta 39%
Varian 51%
Other 10%

ORDERS TO NEW CLINICS AND EXPANSION IN EXISTING CLINICS



Elekta 51%
Varian 35%
Other 14%

TOTAL INSTALLED BASE



Elekta 25%
Varian 53%
Other 22%

A year of transformation

THIS YEAR WAS CLEARLY DOMINATED by improving profitability and driving operational excellence through our transformation program. So far, the transformation has resulted in cost savings of SEK 200 million, improved EBITA-margin*, as well as significant reductions in working capital. In addition, we continue to drive our innovation programs and with our leading product portfolio, I am convinced that we are building a solid platform for future profitable growth and for the benefit of our customers and their patients.

Excellence through transformation

During the year we delivered financial improvements in line with our plan, managing through a challenging market situation.

We launched our transformation program to secure improved financial performance as well as operational excellence. This will enable us to continuously improve our ability to innovate and provide the best solutions for our customers and their patients, while we also build shareholder value. Our financial performance has moved in the right direction and the EBITA-margin* increased by 100 basis points to 14.6 percent, driven by the realized cost reductions, but also by good growth in the service business. With continued cost savings and growth in service, I am convinced that we are on track to reach our target of an EBITA-margin of 20 percent for the fiscal year 2017/18. The transformation program includes several initiatives to drive excellence, of which process improvements, working capital efficiency, and cost reductions are central while we always have the patients in mind.

Managing cancer through innovation

The next major step in the development of radiation therapy is the MR-linac. We integrate MR imaging and radiation therapy into one system that will be launched during the 2017 calendar year. The system will provide clinicians with high-quality images of soft tissue and tumors during treatment. The difference is so great compared with existing solutions that I feel bold enough to claim that the MR-linac has the potential to revolutionize treatment for many of the tumors currently considered difficult to treat. We have so far installed non-clinical systems at four consortium research sites and the three remaining members will receive their systems in 2016.

During the year, we expanded our product portfolio further with new offerings for stereotactic radiosurgery and radiation therapy as well as enhanced software for treatment planning and information management. We launched Leksell Gamma Knife® Icon™ and have received great feedback from customers who use the system clinically.

In software, a new version of the Monaco® treatment planning system was launched, with up to four times faster calculation speed and industry-leading precision.

We had a good year in brachytherapy. Growth in order bookings was strong and we launched new solutions such as Venezia™, a universal applicator for treating advanced gynecological cancer. We ended the year with a very promising and strong product portfolio.

Growth in order bookings

Market conditions during the year have been unpredictable and challenging. Established markets such as Western Europe and North America have been relatively stable and are driven by replacement investments of new systems to the existing installed base.

Emerging markets have been more volatile – a few markets have shown strong performance, while others, such as Russia and Brazil have been affected by weak macro economics.

About one third of our business is derived from emerging markets and many of these markets offer significant long-term growth opportunities, an effect of deficiencies in cancer care. Overall, our order bookings grew by one percent for the year. We reached a milestone of approximately 300 orders of Versa HD™ linear accelerator, and our market share for inear accelerator orders was 39 percent during the fiscal year.

This is significantly higher than our 25 percent share of the total installed base of radiation therapy systems worldwide.

Our installed base of treatment systems grew by five percent to 3,650 systems and is a key resource when expanding our service and aftermarket business. The installed base allows for stable recurring revenues at limited

* Before non-recurring items and bad debt losses.

The service business also expands margins and therefore is an element which strengthens our profitability"

capital investment and generates significant revenue potential in terms of field service, software licenses and upgrades during product life cycles. Customers that have invested in advanced linear accelerators use our newly expanded service offering more than other customers, as it enables them to exploit their systems to the fullest. In addition, the service business also expands margins and therefore is an element which strengthens our profitability. We continued to develop our MOSAIQ® oncology information system (OIS) with analytic functionality. We are the market leader with a strong position especially in the US market.

The change process will continue

Driving operational excellence is crucial to ensure that we compete efficiently and deliver improved financial results. Elekta is characterized by an entrepreneurial spirit and dedicated employees, and I want to thank all of our employees for their efforts and support during this intensive year characterized by transformation. Effective June 10, 2016 the Board of Directors appointed me as the new President and CEO, and I also want take the opportunity to thank Tomas Puusepp for his great contribution as an Elekta employee since 1988 and as CEO for 10 years. Tomas Puusepp will continue to contibute as member of the Board of Directors.

I am convinced that our leading product and innovation portfolio, our close customer relationships and the transformation program will give us a solid base and pave the way for future profitable growth and operational excellence.

Richard Hausmann
President and CEO

I feel bold enough to claim that MR-linac has the potential to revolutionize treatment"

MISSION

We care for life

Elekta's mission is to enhance patient and customer value by providing solutions that improve, prolong and save lives. We are at the forefront of science and technology, delivering clinical advances and improved patient outcome.

VISION

Pioneer and partner in cancer care

Elekta's vision is to pioneer cutting-edge cancer care and become the number one partner for the entire spectrum of care in oncology and neurosurgery.

VALUES

Long-term relationships, trust and responsibility, resourcefulness, responsiveness and creativity

STRATEGIC ACQUISITIONS AND INNOVATIONS

1972 Elekta founded

1985 First digitally-controlled linac

1997 Philips Radiation Therapy Division

2003 Neuromag

Image guided radiation therapy – Elekta Synergy®

2005 IMPAC Medical Systems Medical Intelligence

Integrated oncology software solutions

2006 Beijing Medical Equipment Institute (80%)

Leksell Gamma Knife® Perfexion™

2007 3D Line

● = Strategic acquisition
● = Innovation

Increasing need for cancer care

THE LONG-TERM TREND WITH RESPECT TO THE USE OF RADIATION THERAPY is largely being driven by fundamental changes occurring in society. While the increasing number of cancer cases mainly are related to an aging population, demand is also being impacted by such factors as a shortage of capacity, cost efficiency, new treatment possibilities and macroeconomic development.

Increase in the number of new cancer cases

The global incidence of cancer is increasing by approximately three to four percent annually. The single most important explanation for this is that the population is aging. About 60 percent of cancer cases are detected in people aged 60 or older.

In 2012, more than 14 million new cancer cases were diagnosed, a figure that is expected to have grown by 70 percent until 2035.

Higher frequency of recurrent cancer

Improved treatment methods and early detection are enabling more patients to survive their cancer and the disease is increasingly becoming a chronic disease. This, in turn, is resulting in an increase in metastasis, meaning that the cancer may return on one or more occasion.

The proportion of patients requiring retreatment with radiation therapy after their initial radiation therapy is expected to increase to 35 percent from a current level of 25 percent[1]. Development in emerging markets in recent years has been weaker than historically, mainly due to weaker macroeconomic situation. However, these markets have the largest long-term growth potential.

Capacity shortage

There are currently 33 million cancer patients (diagnosed within the past five years) in the world, and the health care industry does not have the capacity to treat them all.

Assuming all cancer patients in the world are to receive adequate radiation therapy, there is a global capacity shortage of at least 10,000 linear accelerators[1]. This corresponds to nearly double the current installed base. The largest capacity shortage exists in less developed emerging markets. Emerging markets currently account for approximately 35 percent of Elekta's sales and offer considerable long-term growth potential.

Radiation therapy gaining significance in cancer care

Research shows that radiation therapy should be used to treat about 50 percent of all cancer cases. At present, approximately 25 percent of cancer patients receive radiation therapy. This difference becomes more significant when considering the costs of treating cancer, as radiation therapy accounts for only seven percent of the global costs for cancer care. Radiation therapy is one of the most cost-effective treatment options and its use is expected to increase as a result of stricter demands on cost savings in the health care sector in many countries.

Broader application of radiation therapy

As a result of continuous innovations, radiation therapy can be used to treat an increasing number of diseases. In close collaboration with leading hospitals across the globe, Elekta continuously develops new solutions to enable a higher portion of cancer cases to be treated with radiation therapy.

33

There are 33 million cancer patients worldwide (diagnosed within the past five years)

Source: Globcan 2012.
[1] Elekta estimat.

2008
CMS
VMAT – Volumetric Modulated Arc Therapy

2010
Resonant Medical

2011
Nucletron

2012
Radon
Agility™

2013
Esteya® – Electronic brachytherapy for skin cancer
Versa HD™

2014
Distributor in Turkey (Mesi Medikal)
Information-guided cancer care™

2015
Distributor in Poland (RTA) and in Mexico (AEESA)
Leksell Gamma Knife® Icon™

Value creation

ELEKTA'S STRATEGY AND LONG-TERM FINANCIAL AMBITIONS are based on the growing fundamental demand for cancer care. The number of cancer cases is increasing every year and stems from megatrends such as changing demographic patterns, longer life expectancy and changing lifestyles. This is driving demand for cost-effective, high-quality cancer care. Elekta's customer and patient-centered product development focuses on image-guided radiation therapy, services and software characterized by efficiency, high quality and precision.

World-leading innovation creates future opportunities

Elekta's more than 40-year history is permeated by leading innovation. The company's core operations focus on developing advanced products and services for more efficient cancer treatment in order to save, improve and prolong patient lives. This provides a foundation for long-term, profitable growth and has made Elekta a leader in modern radiation therapy.

Elekta is investing heavily in research and development, while also prioritizing the development projects that generate the greatest value for its customers, their patients and the company's shareholders. One of the company's most interesting and high-priority projects, with the potential to change the future of cancer care, is the MR-linac, which combines radiation therapy with simultaneous magnetic resonance imaging. The system is being developed in cooperation with a consortium comprising seven world-leading cancer clinics. The commercial launch is planned for 2017.

Transformation creates conditions for profitable growth

The transformation program, launched in June 2015, serves as a platform to achieve operational excellence and strengthen the company's competitiveness while generating profitable growth. The program focuses on improving profitability, cash flow and working capital and entails a transition for the company as a whole. An important aspect of the program involves creating a more efficient and streamlined functional organization in order to better respond to customers' needs for integrated solutions. The program has a clear focus on areas with significant growth potential, such as service, software and image-guided radiation therapy. The company aims to achieve an EBITA margin of 20 percent (excluding currency effects) for the 2017/18 fiscal year by reducing its cost base, increasing the percentage of service sales and establishing more efficient processes. Elekta's overall long-term financial ambitions are being reviewed, taking into account current challenging macroeconomic and market conditions, as well as the competitive environment.

Elekta has also started implementing a production process based on customer-specific orders. While this will generate higher cash flow and lower tied-up working capital, the transition phase is also expected to generate a non-recurring negative effect of approximately SEK 500 million on revenues during the first half of the fiscal year 2016/17. Elekta already achieved its target of a net working capital to sales ratio of less than five percent in the fiscal year 2015/16.

Installed base offers significant potential

Elekta's installed base of approximately 3,650 treatment systems offers significant potential for an increase in stable, recurring revenues in the form of service and upgrades of software and hardware. Elekta's growing service operations are contributing to higher profitability, while capital investments are limited. Emerging markets, most of which have experienced a weak financial trend in recent years, account for approximately one-third of Elekta's sales. These markets share a need and aim to expand their cancer care, which means they will account for a significant portion of the future growth of radiation therapy.

FINANCIAL AMBITIONS

Elekta's previously communicated financial ambitions are:

- Organic sales growth exceeding 10 percent in local currency
- Operating result improvement rate to exceed sales growth in SEK
- Return on capital employed to exceed 20 percent
- Net debt/equity ratio less than 0.50

TRANSFORMATION PROGRAM TARGETS

The targets with Elekta's transformation program are:

- EBITA-margin of 20 percent for the fiscal year 2017/18
- Cost reduction of SEK 700 million
- Net working capital below 5 percent of net sales

Elekta's MR-linac*

Elekta's largest R&D project to date, the development of the MR-linac, image-guided radiation therapy based on state-of-the-art linear accelerator technology integrated with 1.5T magnetic resonance imaging (MRI). The objective is to significantly improve radiation therapy by offering physicians high-quality images of tumors and surrounding soft tissues, while treatment is being delivered. The system is scheduled to be launched in 2017.

* Elekta's MR-linac is a work in progress and not available for sale or distribution. All images are conceptual representations only.

The world's cancer burden is rapidly increasing

IN 2012, THERE WERE MORE THAN 14 MILLION NEW CANCER CASES IN THE WORLD, a figure that is expected to have grown by 70 percent until 2035. More and more patients are surviving their cancer, which increasingly makes cancer a chronic disease with a growing number of patients all over the world in need of long-term care. At the same time, the costs of cancer care and demands on cost efficiency in health care systems are rising.

Cancer is a group of more than 200 different diseases that can affect any part of the body. The risk of developing cancer is influenced by several factors, including smoking, alcohol, physical activity, dietary habits, ultraviolet radiation exposure, radio-activity and viral infections, but also by hereditary or other unknown factors. The risk increases with age and about 60 percent of all new cancer cases worldwide are recorded in the over-60 age group. Geographic differences in the spread of cancer can largely be linked to the varying prevalence of the different risk factors.

Survival rates are increasing in many countries due to earlier detection and more effective treatment. In the industrialized world, breast cancer and prostate cancer are the cancer types with the highest proportion of patients who survive more than five years. Survival rates are lowest in low-income countries, where access to programs for early detection and diagnostics, or optimal treatment and care, often is poor.

Treatment methods

The most common forms of treatment are radiation therapy, surgery and chemotherapy. These are used individually, or in combination, in virtually all cancer treatment.

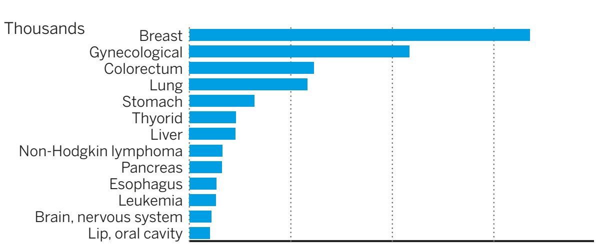
The treatment methods are complementary and target different types of cancer. Radiation therapy is one of the most cost-effective treatment options and the use of radiation therapy is expected to increase. Studies show that radiation therapy should be used in more than 50 percent of all cancer cases.

Lung cancer

Lung cancer is the most common type of cancer in the world and the leading cause of cancer death among men, and the second-largest cause among women. In 2012, the most recent year from which global statistics are available, 1.8 million people were diagnosed with lung cancer and 1.6 million died from lung cancer.

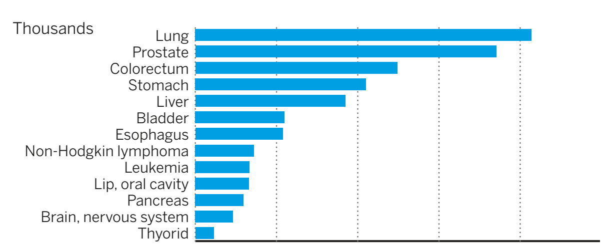
To manage and adjust for tumor movements is a challenge when using radiation therapy for treatment in lungs. Movements complicate imaging and treatment planning and usually require substantial margins to compensate for lung-tumor movement. The solution is to deliver powerful doses with high precision using a short beam-on time, enabling a more direct delivery to the tumor while protecting healthy tissue. Elekta's unique Versa HD™ linear accelerator uses the Agility™ multileaf collimator to combine powerful radiation doses with exact beam delivery. The short treatment session means patient movement is less likely during treatment, which reduces the risk of damage to healthy tissue.

MOST COMMON CANCERS, WOMEN (INCIDENCE 2012)



Source: WHO GLOBOCAN 2012

MOST COMMON CANCERS, MEN (INCIDENCE 2012)



Source: WHO GLOBOCAN 2012

One solution – unlimited possibilities

Versa HD™ is Elekta's most advanced digital linear accelerator and, in combination with the Agility™ multileaf collimator, provides unsurpassed versatility. The system enables treatment sessions with a high dose of radiation delivered quickly and efficiently for a broad spectrum of complex tumors.

Versa HD™ can deliver radiation doses up to three times higher than Elekta's earlier linear accelerators. In addition, clinics can use Agility™ to fully benefit from high doses of radiation, and the radiation dose can be shaped even more precisely for higher doses during complex treatment sessions.

The system is supported by a series of customized treatment solutions for several parts of the body.

Brain and spine
Maximum precision beam shaping and optimal ability to deliver high doses during stereotactic radiosurgery for targets in the brain and spine, while avoiding nearby healthy tissue.

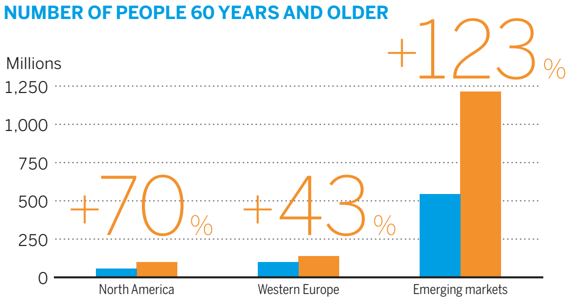
Head-and-neck
High-resolution beam shaping and safe patient positioning with convenience features for fixing the head, to achieve optimal beaming of selected tumors in the head-and-neck while protecting adjacent healthy tissue.

Breast
Innovative solutions for imaging and defining the contours of a lumpectomy cavity, and enabling precise patient positioning and management of respiratory motion.

Lungs
Radiation therapy solutions for lung tumors, in which delivery to precisely shaped target areas in the lungs is prioritized while exposure of surrounding healthy organs is minimized.

Prostate
Features for imaging and tracking that are designed to visualize and isolate the prostate and surrounding critical structures.

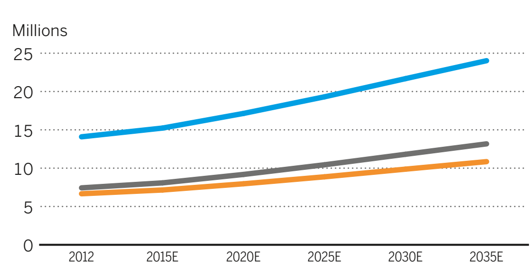
NUMBER OF PEOPLE 60 YEARS AND OLDER



2010 2035

Source: WHO

NEW CASES OF CANCER, WORLD



Total Men Women

Source: WHO GLOBOCAN 2012

Gynecological cancer

Gynecological cancer is a group of cancers that affect the female reproductive organs and genital. The most common form is cervical cancer with some 530,000 new cases in 2012, of which less developed countries accounted for about 85 percent. About 265,000 women died from cervical cancer in 2012. Virtually all cases of cervical cancer are caused by HPV infections. The second most common type of gynecological cancer is uterine cancer.

Both cervical cancer and uterine cancer are treated with surgery, radiation and cytostatic drugs, usually in combination. Brachytherapy is an established treatment option that has shown positive results when combined with external radiation therapy. Over time, many studies have shown that a combination of brachytherapy and external radiation therapy is effective when treating cervical cancer.

Skin cancer

Skin cancer can take several forms, of which the most dangerous is malignant melanoma. Another type is squamous cell carcinoma. Ultraviolet radiation from the sun is the most significant risk factor for both of these cancers. A less serious type of skin tumor is basal cell carcinoma, which tends to grow slowly and metastasis is rare. Basal cell carcinoma is not included in normal cancer statistics.

The number of skin cancer cases has risen sharply in recent decades. If all types were included, skin cancer would account for about one-third of all new cancer cases.

The traditional form of treatment for skin cancer has been surgery. Elekta's solution, Esteya®, makes it possible to treat some types of skin cancer non-invasively yet with high precision using electronic brachytherapy.

Brain tumors

Brain tumors are usually divided into two categories: primary brain tumors, in which the tumor starts from brain cells, and secondary brain tumors, or brain metastases, in which tumor cells have spread to the brain from primary tumors in other parts of the body. Primary brain tumors include many different kinds of tumors, while brain metastases usually originate from cancers of the lung, skin, breast, kidney and colon.

The most common form of treatment is whole brain radiation therapy. However, an increasing number of scientific studies show that stereotactic radiosurgery achieves a better results, alone or in combination with other treatment options, and with less risk of side-effects.

Due to its high precision and automation, the Leksell Gamma Knife® Icon™ is particularly suitable for the treatment of brain metastases, as well as for patients with multiple metastases.

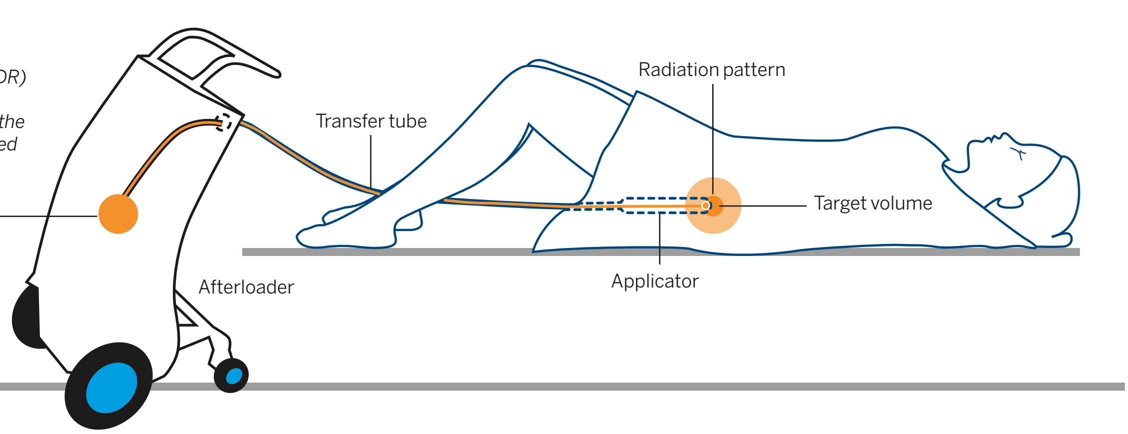
Precise and effective cancer treatment

Brachytherapy works by placing a source of radiation directly in, or next to the cancerous tumor inside the body. This allows the radiation to be precisely targeted to ensure the tumor receives the most effective dose to destroy the cancer cells. Radiation exposure to healthy tissues near the target area is reduced.

The radiation is delivered to the tumor through a small radiation source, held on the end of a wire, or as loose 'seeds', implanted directly into the tumor. The source is placed into the target area by the use of special applicators and an afterloading device. Special planning software is used to plan the required radiation pattern.

Brachytherapy represents an effective treatment option for cervical, prostate, breast, and skin cancer and can also be used to treat tumors in many other body sites. It is associated with a high local control and low risk of serious adverse side effects and can be used alone or in combination with other therapies such as surgery, external beam radiotherapy and chemotherapy.

In high dose radiation (HDR) brachytherapy the radioactive source is stored in the afterloader and transferred to the applicator for the radiation treatment.



Metastases
Metastases, daughter tumors, occur when cancer cells spread from the site of the original tumor, the primary tumor, to another organ in the body. Virtually all types of cancer can cause metastases. However, it is impossible to safely predict if a tumor will form metastases or not. Metastases usually occur in the brain and spine, lungs, skeleton, liver or lymph nodes. Since more patients are living longer after their original cancer treatment, the number of metastasis cases is expected to rise.

Breast cancer
Breast cancer is the most common form of cancer in women, and the second most common cancer worldwide. In 2012, there were 1.7 million new cases and 520,000 people died from the disease. Breast cancer is the leading cause of cancer death among women in less developed countries, and the second highest cause, after lung cancer, in developed countries.

The primary treatment options are surgery, radiation therapy and chemotherapy, often in combination. Surgery followed by radiation therapy is commonly used. Hormone therapy is used for hormone receptor-positive tumors.

Prostate cancer
Prostate cancer is the second most common type of cancer among men, with more than 1.1 million new cases in 2012. More than two-thirds of all cases occur in developed countries. This is probably linked to the widespread use of PSA screening, which enables early detection.

In most cases, prostate cancer develops slowly and most men who receive this diagnosis are over 65. By the age of 80, more than 50 percent of men have cancer cells in their prostate. The slow growth combined with effective methods of treatment and early detection means that mortality rates are considerably lower compared with other common cancer types.

Common therapies are radiation therapy, surgery and hormone therapy, or a combination of these.

Colorectal cancer
In 2012, 1.4 million new cases of colorectal cancer (colon cancer) were reported and 700,000 people died from the disease.

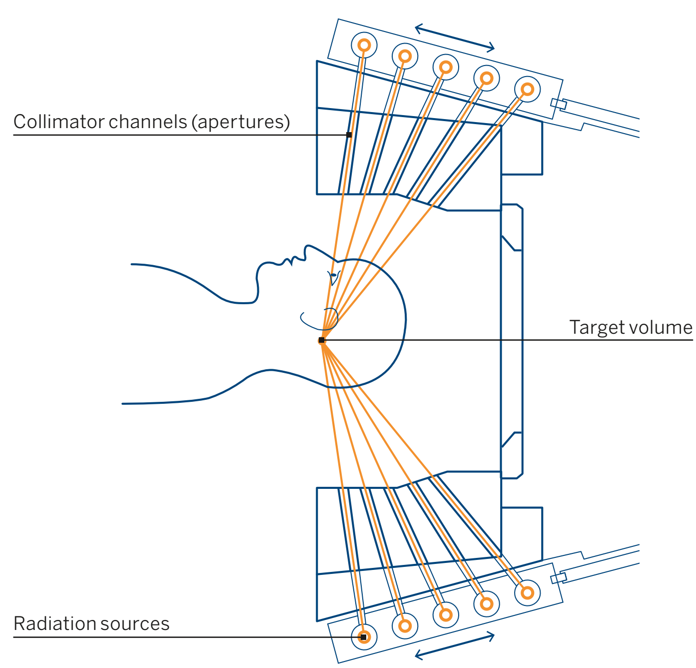
Surgery is the most common method of treatment for colon cancer. Survival rates after surgery are often dependent on whether the cancer has spread to other organs. The trend of falling mortality rates is a result of improved treatment methods and earlier detection. Radiation therapy is also a common treatment, and some patients may also require chemotherapy.

Stereotactic radiosurgery with Leksell Gamma Knife®

Leksell Gamma Knife® is a non-invasive stereotactic radiosurgery instrument that involves no scalpel or incision – it is not a knife at all. Instead, Gamma Knife uses 192 precisely focused beams of radiation to control malignant and non-malignant tumors, as well as vascular and functional disorders in the brain, without harming surrounding healthy tissue. With Gamma Knife, the source of radiation and target are in a fixed relationship, delivered in a single iso-center, ensuring a high degree of accuracy.

Patients are typically in and out of the hospital in a day's time – and back to their normal routines soon after treatment. Gamma Knife radiosurgery may be used in place of, or in addition to, traditional surgery or whole brain radiation, depending on a patient's diagnosis.

In 2015 Elekta released the latest generation, Leksell Gamma Knife® Icon™, with even greater precision. Integrated stereotactic imaging, immobilization with frame and frameless options, Online Adaptive DoseControl™, provide greater clinical flexibility and enhanced everyday efficiency. Icon allows users to perform both standard radiosurgery (single treatment session) or fractionated treatment (multiple sessions).



Broader use of radiation therapy

RADIATION THERAPY IS USED TO TREAT a large and growing number of cancers. A variety of treatment methods can be used, depending on the type, location and size of the tumor. All methods have the aim to precisely target and kill tumor cells, while sparing healthy cells in the surrounding tissue.

Image Guided Radiation Therapy (IGRT) enables high targeting precision and accuracy using high-resolution multi-dimensional X-ray images of the patient's tissue.

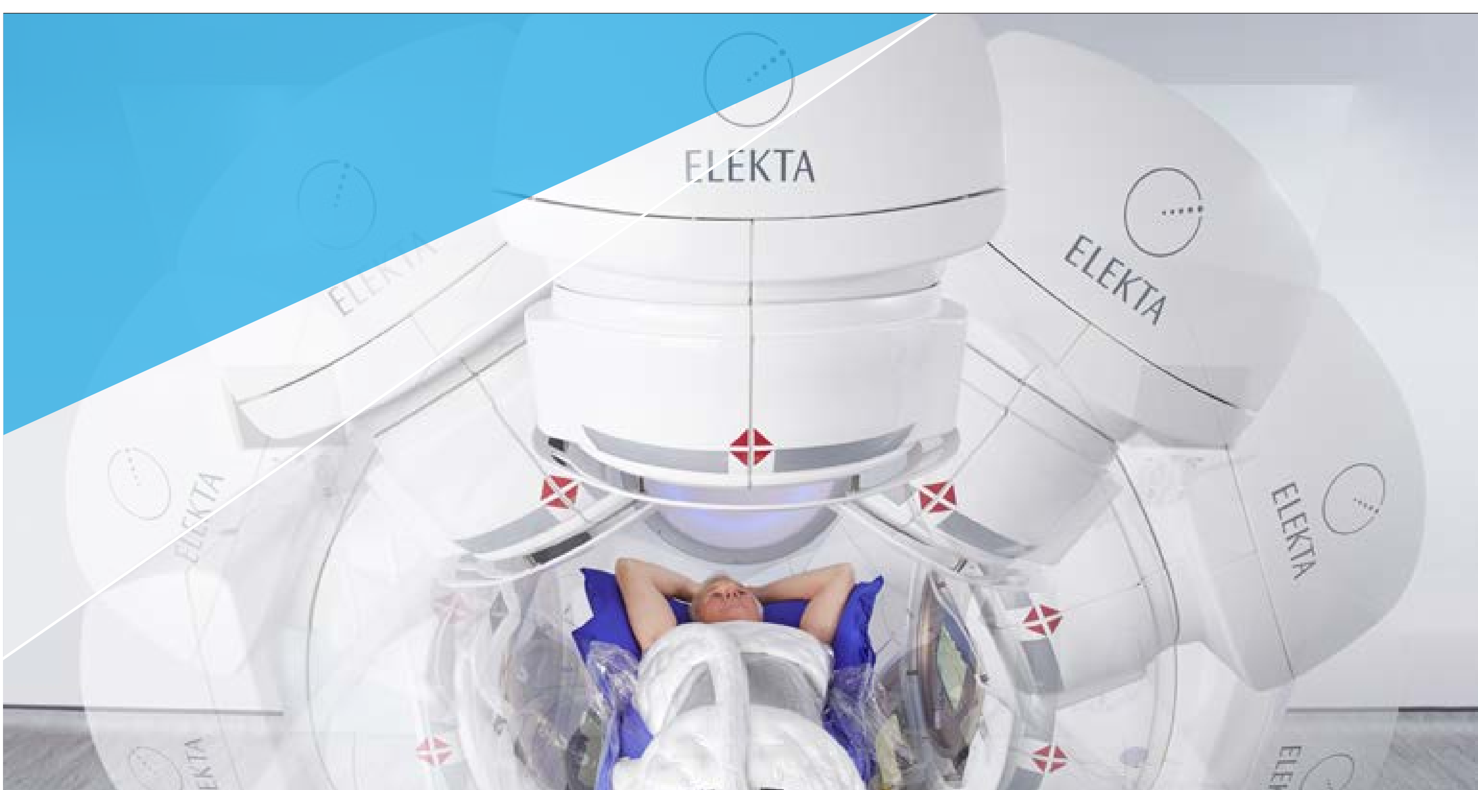
Image guided radiation therapy with Magnetic Resonance Imaging (MRI) provides high-quality images of tissue and tumors while treatment is in progress, and also enables adaptation of the radiation dose in real-time. The method is under development in the MR linac (research project name) consortium, which includes Elekta, Philips Healthcare and a number of leading institutions around the world.

Brachytherapy, 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 effect 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.

External-beam radiation therapy is 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.

Intensity-Modulated Radiation Therapy (IMRT) is an advanced type of treatment that uses multiple tiny beams of varying intensity rather than a single, large, uniform

Radiation therapy with a linear accelerator



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.

Stereotactic Body Radiation Therapy (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) 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.

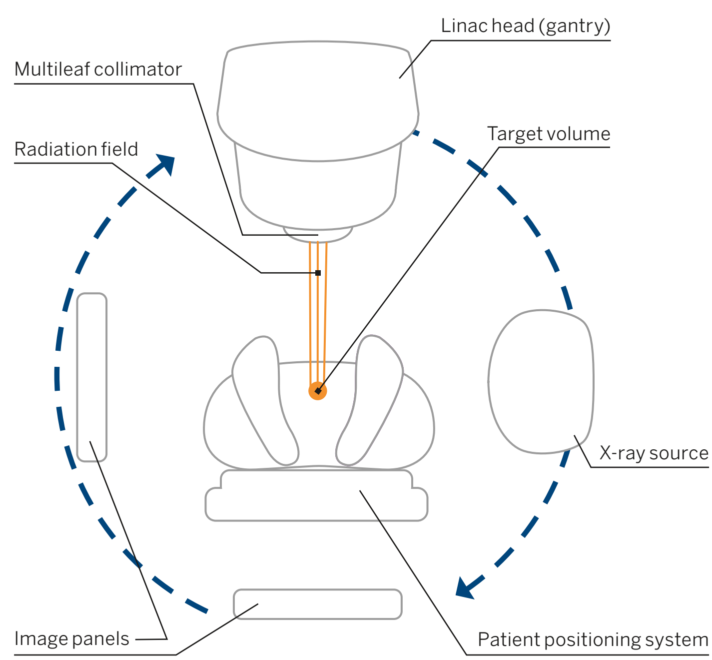
Volumetric Modulated Arc Therapy (VMAT) is a more advanced variant of Intensity Modulated Radiation Therapy (IMRT). VMAT enables the physician to control the radiation beam, dosage amount and speed of rotation around the patient, which enables faster and more accurate treatment.

Proton therapy is a type of external radiation therapy. During treatment, a particle accelerator is used to direct proton beams at the tumor. Proton therapy is used for research purposes and to a limited extent for patient care, partly due to its high investment and maintenance costs.

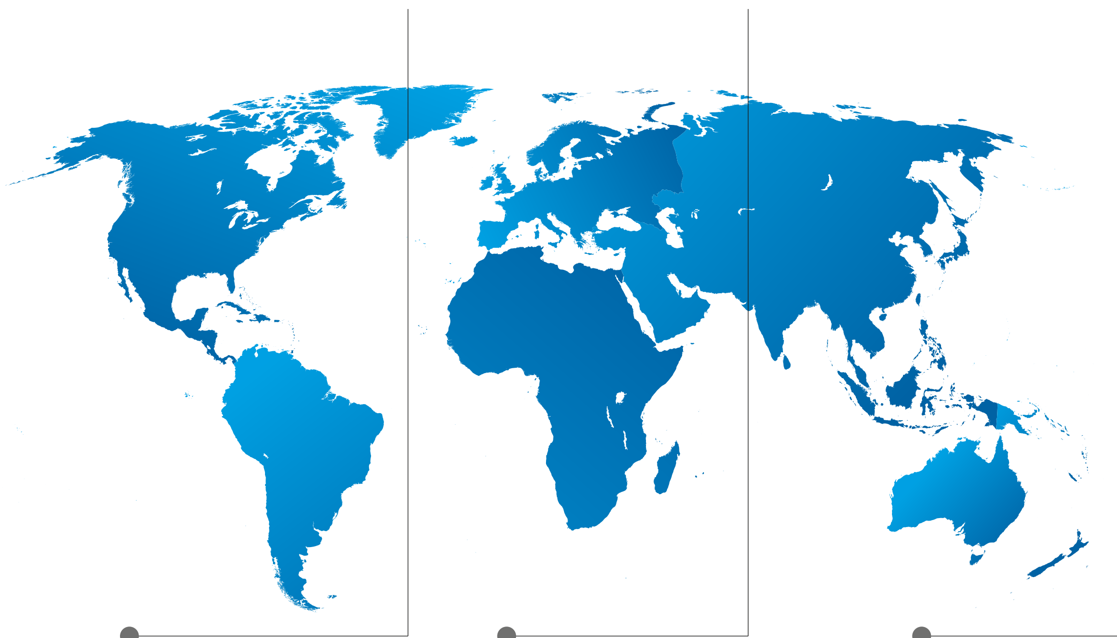
A linear accelerator produces a radiation beam of either high energy X-rays or electrons. The patient is positioned to ensure the beam is directed at the tumor and shaped to conform to the tumor's contours.

In the majority of cases, radiation therapy is provided as fractionated treatment, meaning that the patients receive a daily dose of radiation five days a week for up to seven weeks. At each daily treatment, the radiation beam from the linear accelerator head is rotated around the patient at different angles so that the entire tumor receives an optimal radiation dose.

In addition, image guided radiation therapy allows the patient to be imaged in the treatment position immediately prior to treatment. An integrated X-ray source and an additional image panel are used, which provide 2D images, moving real-time images and volumetric 3D images.



Sales in over 120 markets



North and South America

NET SALES **SEK 4,005 M**

Share of Group net sales

36%

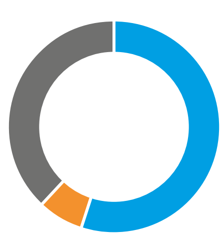
Of which:
Hardware 42%
Software 9%
Services 49%

Europe, Middle East and Africa

NET SALES **SEK 3,651 M**

Share of Group net sales

32%



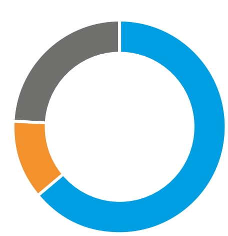
Of which:
Hardware 55%
Software 7%
Services 38%

Asia Pacific

NET SALES **SEK 3,565 M**

Share of Group net sales

32%



Of which:
Hardware 64%
Software 12%
Services 24%

Comprehensive solutions drives value

ELEKTA'S GROSS ORDER BOOKINGS INCREASED 12 PERCENT during the year and 2 percent based on constant exchange rates. In the US, Elekta received several large orders of comprehensive solutions to leading hospital groups and continued to expand the installed base.

Market and driving forces

North America is the world's largest market for neurosurgical and oncology systems as well as services. Elekta is the market leader in oncology information systems and brachytherapy, and the second largest player in the overall North American market.

The US has a significant capacity for delivering high quality cancer care and the percentage of cancer patients undergoing radiation therapy is higher than in most other markets. The market is quick to adopt new technologies, particularly in stereotactic radiosurgery and stereotactic radiation therapy.

The US also has the world's highest health care costs per capita. The US health care reform is providing an increasing share of the population with access to health coverage, and is also aimed at making health care more efficient. One effect is that hospitals and clinics are often merging into larger units, in part to better respond to demands for increased efficiency. This, in turn, requires more integrated and comprehensive solutions. With a wide range of products, software, training and service, Elekta is in an excellent position in order to meet these demands.

In Latin America, radiation therapy capacity per capita is low and the need to expand cancer care is significant.

Summary of 2015/16

Gross order bookings for Region North and South America increased 12 percent in the year and 2 percent based on unchanged exchange rates. Net sales increased 10 percent to SEK 4,005 M (3,651), and decreased 1 percent based on constant exchange rates.

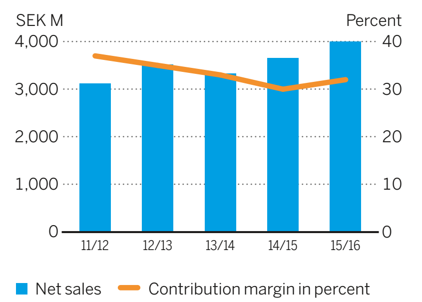
In the US, the rate of replacement investment in the installed base of radiation therapy devices is stable and market growth is mainly driven by service. Consolidation of the hospital industry continues, resulting in increasingly comprehensive solutions and large-scale projects. In the US, the share of linear accelerator orders during the year was greater than Elekta's share of the installed base. Elekta launched Leksell Gamma Knife® Icon™ and the first patients have been treated.

The South American markets were affected by weak economic growth and weaker currencies – particularly Brazil, where Elekta noted a decline in order bookings during the year. Elekta's performance in other Latin American markets, such as Argentina and elsewhere, was good.

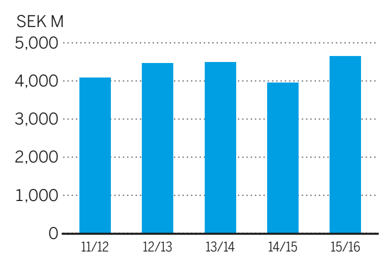
During the year, MD Anderson, a world-renowned cancer center and leader in the use of technology for cancer treatment, acquired Elekta's linear accelerators and also became one of the first medical centers in the US to acquire Elekta's Leksell Gamma Knife Icon for cranial radiosurgery. MD Anderson is also part of the consortium that is developing Elekta's MR-linac and completed installation of a non-clinical MR-linac at its cancer center in October 2015.

Priorities going forward include an intense focus on further refinement of service and aftermarket offering, including expanded software installation capacity, as well as focusing on new sales of Leksell Gamma Knife Icon.

NET SALES AND CONTRIBUTION MARGIN



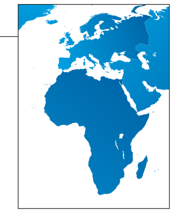
NET ORDER BOOKINGS



MARKET SHARE

of new orders of linear accelerators in the region

22%



Strong development in services

ELEKTA ENDED THE YEAR WITH A STRONG PERFORMANCE and gross order bookings increased 3 percent during the year and were flat based on constant exchange rates.

Markets and driving forces

Western Europe is, to a large extent, a public health care market and the majority of business is replacements of current installed systems. As people live longer, the number of cancer cases increases in the region and there is a need to expand radiation therapy capacity. The private sector is growing and is expected to continue to be a fast growing segment.

The resources for cancer treatment are less advanced in Eastern Europe, the Middle East and Africa, and many countries in these regions are conducting programs to expand and modernize cancer care.

Turkey is a growing market with investments to build capacity in cancer care largely taking place in the private sector.

In Africa, only a small percentage of the continent's population has access to radiation therapy or other advanced cancer care. Elekta is working in several countries to expand radiation therapy capacity, with encouraging developments in a number of Sub-Saharan markets. The Elekta Education and Training Center in Cape Town, South Africa, was inaugurated during the year.

Summary of 2015/16

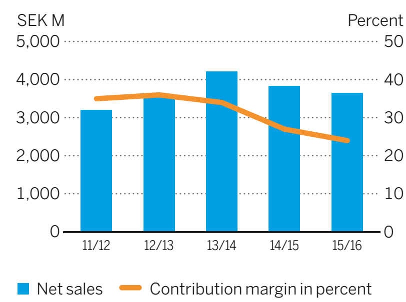
In 2015/16, gross order bookings for Region Europe, Middle East and Africa increased 3 percent year-on-year, and were flat based on unchanged exchange rates. Net sales amounted to SEK 3,651 million (3,829), representing a decrease of 5 percent and a decrease of 6 percent based on unchanged exchange rates.

During the year, Elekta developed strategic partnerships with two of the leading private health care providers in Europe. A major order with Amethyst Radiotherapy, a private network for cancer treatment in Western and Central Europe. Amethyst is one of the fastest growing medical network systems in Europe. Elekta also signed an eight-year strategic partnership with GenesisCare, a large and growing provider of radiation therapy across Europe and Australia. In addition, Elekta signed a number of strategic orders, such as NHS and Leeds in the UK and Medicana in Turkey.

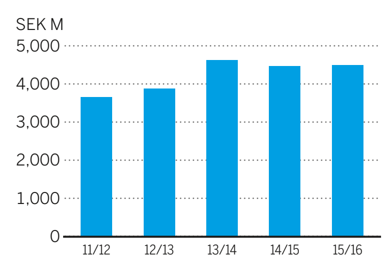
The Elekta Care service program was successfully implemented across Europe.

Going forward, Elekta will continue to focus on the success of Versa HD™, and the launch of Leksell Gamma Knife® Icon™, as well as drive service and aftermarket sales.

NET SALES AND CONTRIBUTION MARGIN



NET ORDER BOOKINGS



MARKET SHARE

of new orders of linear accelerators in the region

58%

Large need for improved cancer care

ELEKTA'S GROSS ORDER BOOKINGS INCREASED 10 PERCENT during the year and 1 percent based on constant exchange rates. The market is driven by economic development and increased life expectancy, resulting in a long-term need for cancer care.

Market and driving forces

While the region comprises almost 60 percent of the global population, it accounts for less than 30 percent of the world's linear accelerators. This means there is a large unmet need for radiation therapy to treat cancer.

There are significant differences between countries in the region. Australia, Hong Kong, Japan, Singapore, South Korea and Taiwan have well-established health care systems with high capacity for treating cancer patients. Across the rest of the region, there is often a shortage of radiation therapy systems and trained health care personnel. Elekta operates in all major countries throughout the region.

The main drivers of demand in the Asian markets are longer life expectancy and greater economic prosperity, which are leading to increased investments in health care. Several countries have national programs in place to expand and improve cancer care. China is Elekta's largest market in the region, and the second-largest from a global perspective. The Chinese authorities prioritize investments in health care, and the expansion of radiation therapy is expected to continue. Elekta has the largest installed base of devices and software systems, with a market share of over 40 percent. The growing installed base provides favorable opportunities for hardware, software and service upgrades.

In India, the vast majority of people lack adequate health care. While radiation therapy and other types of specialized health care are mainly offered in the private sector, public investment in radiation therapy is expected to increase in the long term.

In Japan, only 25–30 percent of cancer patients are treated with radiation therapy, compared with over 60 percent in the US, representing a long-term growth potential. With Leksell Gamma Knife®, Elekta is the clear market leader in stereotactic radiosurgery and the company's market share for linear accelerators is continuously growing. Elekta is also a market leader in Taiwan. Australia and New Zealand are mature markets and early adopters of new technology. Health care is both public and private in Australia, but mainly public in New Zealand.

Summary of 2015/16

During the fiscal year, gross order bookings in the region increased 10 percent and 1 percent based on unchanged exchange rates. Net sales amounted to SEK 3,565 million (3,359), representing an increase of 6 percent and a decrease of 2 percent on unchanged exchange rates.

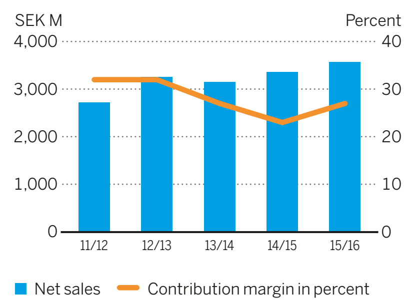
Performance was mixed geographically. Development in China and Japan was flat. In China, the ambition of the government is to expand affordable cancer care, but market growth leveled off during the year. Despite the negative market development in Japan, Elekta strengthened its market share there.

Elekta signed an eight-year strategic partnership with GenesisCare, the leading provider of radiation therapy across Australia, and Elekta also signed a long-term partnership with HCG, an Indian leader in cancer care.

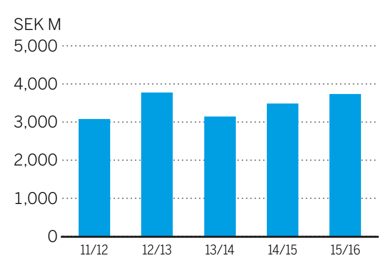
The comprehensive Elekta Care™ service concept will be launched in the region during 2016/17. Elekta will also continue to focus on broadening and strengthening its service offering, with the aim of further increasing service revenue.

Approval for the Leksell Gamma Knife® Icon™ was received in Japan after the end of the fiscal year.

NET SALES AND CONTRIBUTION MARGIN



NET ORDER BOOKINGS



MARKET SHARE

of new orders of linear accelerators in the region

42%

World leading solutions for cancer care

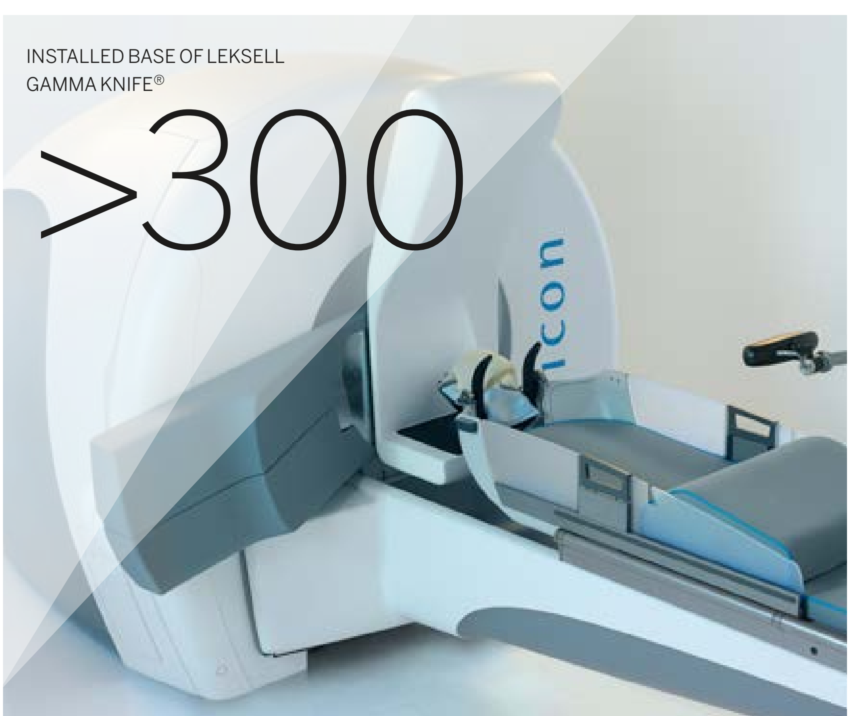
WITH A CONSISTENT FOCUS ON THE PATIENT, and in close collaboration with leading researchers and clinics, Elekta generates groundbreaking advances in the form of efficient, reliable and gentle cancer treatments, often at a reduced cost for health care systems.

Elekta develops and supplies innovative clinical solutions for the treatment of cancer and brain diseases. Elekta is a leader in state-of-the-art tools and sophisticated treatment planning systems for radiation therapy, including brachytherapy and radiosurgery, as well as workflow-enhancing software systems across the spectrum of cancer care. Elekta's mission is to improve, prolong and save the lives of patients.

The commitment to innovation is constantly opening new frontiers and creating improvements in cancer care. The most recent of these groundbreaking advances is Leksell Gamma Knife® Icon™, for the treatment of brain tumors and neurological diseases. The next major innovation is the MR-linac, Elekta's largest research and development initiative to date. It is scheduled to be launched in 2017 and expected to fundamentally transform radiation therapy.

Leksell Gamma Knife®

Elekta has been a leader in treating cancer and other serious brain diseases for decades. Continuous clinical advances and technical development have strengthened the position of Leksell Gamma Knife® as the self-evident choice of stereotactic radiosurgery systems among leading institutions.



The treatment options for metastatic brain tumors are surgery, whole-brain radiation and, increasingly, stereotactic radiosurgery using, for example, Leksell Gamma Knife, known as Gamma Knife surgery. Stereotactic radiosurgery has become a standard of practice for treatment of patients with multiple brain metastases, and Leksell Gamma Knife-based treatment provides this therapy in a cost-effective, safe and efficient manner.

The latest generation Gamma Knife, Leksell Gamma Knife Icon, was introduced in 2015 and includes unique technology for motion management, making it possible to conduct treatments with high precision without a stereotactic frame. Leksell Gamma Knife Icon offers visualization with stereotactic CT scans together with motion monitoring. With the new functionality, which improves the workflow and increases the efficiency of cancer clinics, potential is provided to increase the clinics' use of the market's most precise treatment method.

Currently, more than 20 percent of the treatments with Icon are delivered without the use of a frame. This confirms that the flexibility and targeting precision delivered

Elekta develops and supplies innovative clinical solutions for the treatment of cancer and brain diseases. Elekta's commitment to innovation is constantly opening new frontiers and creating improvements in cancer care.

with Icon, make it an excellent workflow solution not only for traditional neurosurgery but also for oncology clinics. For instance, clinics in Mannheim, Leeds and Bristol have adopted Icon into their radiation oncology departments. Leksell Gamma Knife Icon enables physicians to treat tumors and a range of neurological conditions, thus increasing the use of radiosurgery and further strengthening Elekta's leading position in brain radiosurgery.

Linear accelerators

Elekta offers a series of innovative clinical solutions for radiation therapy through its portfolio of linear accelerators, integrated imaging systems and clinical solutions for patient positioning and patient motion management.

As a leading manufacturer, Elekta offers a wide range of linear accelerators. The most advanced linear accelerator, Versa HD™, provides unsurpassed versatility by enabling high-definition radiation delivery for a broad spectrum of complex tumors, including radiation treatment of tumors in the brain.

The revolutionary Agility™ 160-leaf multileaf collimator is fully integrated into Versa HD. Using Agility, the radiation field is shaped optimally for managing all tumor sizes across as large a field as 40 x 40 cm. Agility also offers exceptionally low radiation transmission which reduces unwanted dose to healthy tissue. The Versa HDTM Dynamic Radiosurgery – Monaco® treatment planning provides a state-of-the-art solution for radiotherapy but also for linac based radiosurgery.

Significant progress was made in Elekta's largest R&D project to date, the development of our MR-linac: image-guided radiation therapy based on state-of-the-art linear accelerator technology integrated with 1.5T magnetic resonance imaging (MRI), which is provided by Philips Healthcare. The clinical development of the MR-linac is taking place in an international research consortium that was formed by Elekta in 2012, and has since been joined by a number of leading institutions across the globe. The objective is to significantly improve radiation therapy by offering physicians high-quality images of tumors and surrounding soft tissues, while treatment is being delivered. Elekta's MR-linac has so far been installed at four consortium research sites, and the three remaining members will receive their systems during calendar year 2016. The development of Elekta's MR-linac is proceeding as planned and the system is scheduled to be launched in 2017.

For a more detailed description of radiosurgery and radiation therapy, see pages 10–15.

> "As a leading manufacturer, Elekta offers a wide range of linear accelerators"

Software

The importance of software in cancer care is growing as the technical complexity of treatment equipment increases and more and more cancers become treatable. Meanwhile, health care systems are subject to harsh

> Elekta's solutions for radiotheraphy forms an integrated workflow needed to achieve the best outcomes for the patients"

budgetary constraints. Elekta offers software solutions that enhance the quality of care for patients and increase cost efficiency for care providers. Elekta's development of software solutions is based on the conviction that better information is the key to better cancer care.

Elekta is the world's leading developer of software solutions for patient information, treatment planning and soft tissue visualization in oncology. The solutions are collected under the Information-guided cancer care™ vision, which comprises: Care Management, Treatment Management and Knowledge Management.

Care Management supports all activities in a cancer clinic or network of clinics, thus helping the patient and the care team throughout the continuum of care with safe practices, communication and workflows. MOSAIQ®, the world's leading oncology information system, is a key solution of Care Management.

Treatment Management is used to design optimal treatment, with the aim of targeting powerful, high-precision doses at the tumor, while avoiding damage to healthy tissue. The latest version of Monaco® treatment planning system enables the sharing of treatment plans and simultaneous planning for multiple patients, leading to faster and more efficient treatment planning. Monaco is a comprehensive treatment planning system that supports all major treatment techniques.

Knowledge Management enables hospitals and clinics to derive benefits from the wealth of collective expertise that is available from previous cancer treatments. Elekta Healthcare Analytics is an application that collects, analyzes and presents large amounts of data in a user-friendly manner, providing guidance for decisions throughout the continuum of care.

In all software, user-friendliness is critical to the ability of hospitals and clinics to leverage its full potential, and is therefore central to all software development. This also includes simplicity when presenting relevant treatment information for patients.

Product launches during the year included Monaco® 5.11, the latest update of the company's industry-leading software for treatment planning, which offers significant performance-speed enhancements over prior versions. Users can now, with the highest standard in the industry, attain calculation speeds up to four times faster than previous versions of Monaco.

Elekta's hardware and software solutions for radiotherapy form an integrated workflow approach that is needed to achieve the best outcomes for the patients. Furthermore, Elekta's software solutions can optionally be implemented through cloud-based and on-premise cloud offerings, providing customers with a scalable solution for a secure, high-performing and fail-safe infrastructure, critical to high-volume, point of care systems.

Brachytherapy

Elekta is a world leader in solutions for cancer treatment based on internal radiation, known as brachytherapy. Brachytherapy works by placing a radiation source in, or near, the actual tumor, either inside the body or against the skin. This enables more precise targeting of the tumor, while sparing the surrounding normal tissue as much as possible.

The most advanced linear accelerator, Versa HD™, provides unsurpassed versatility by enabling high-definition radiation delivery for a broad spectrum of complex tumors, including radiation treatment of tumors in the brain.

Elekta offers brachytherapy products for radiation delivery, known as afterloaders and applicators, as well as treatment planning software. Flexitron® is a highly advanced afterloader platform, which is continuously evolving with new upgrades. Venezia™, an advanced gynecological applicator, was launched during the year and will enable clinicians to easily access the cervix, parametrium and vaginal extensions previously difficult to reach with brachytherapy techniques. Venezia offers flexibility due to its modular design. The combination of Flexitron treatment delivery and Oncentra Brachy® treatment planning with the Venezia applicator provides a truly integrated brachytherapy solution.

Since brachytherapy can be used to treat an increasing number of cancers, it represents major growth potential. One example is non-melanoma skin cancer, a cancer that is increasing rapidly and has previously been treated with radiation therapy to a very limited extent due to low number of referrals for radiotherapy. Esteya® is Elekta's solution for high-precision skin cancer treatment. The method is gentle and clinically effective and the treatment time is short, thus generating considerable benefits for both patients and clinics. Unlike traditional radiation therapy, the method is based on lower energy X-ray and requires a minimum of shielding, making the treatment suitable for a normal treatment room, after minor adjustments bringing the solution outside of a radiation bunker and closer to patients.

Services

Elekta Services provides comprehensive installation, service and support solutions to maximize clinical availability and utilization for all products in the Elekta portfolio. The Elekta Care™ service program is designed to provide peace of mind to Elekta customers across the globe. It also includes training and consulting services for developing and strengthening customer competitiveness and efficiency. In established markets, Elekta Services accounts for a substantial proportion of revenues. In growth regions, the need for services is increasing rapidly as the installed base expands.

Elekta Care™ support is fully operational in the US and Europe, and implementation is in progress in the Asia Pacific region. Experienced certified engineers and software support technicians deliver the knowledge and resources to solve any situation swiftly.

Elekta Care also includes IntellliMax® Remote Services, for diagnosing customer systems and, in many cases, resolving issues remotely. In addition, IntelliMax® is monitoring over 300 distinct alert definitions within Elekta's linear accelerators, identifying potential problems before they interrupt the customer's clinical treatment, and enabling predictive and proactive support. Updating software remotely is also possible.

A key component of Elekta's growth strategy in new markets is to provide collaborative education and training solutions, since the shortage of trained personnel in radiation oncology is a limiting factor in many countries. Training is conducted in close collaboration with leading university hospitals, and Elekta also operates proprietary training centers for radiation therapy – Learning and Innovation Centers (LINC) – in Beijing, China and Atlanta in the US.

Elekta is a world leader in solutions for cancer treatment based on internal radiation, known as brachytherapy. For more information about brachytheraphy, see page 12.

“Elekta Care™ is designed to provide customers with peace of mind”

Sustainability creates value

STRATEGICALLY WORKING WITH SUSTAINABILITY IS CRUCIAL to Elekta's ability to improve, prolong and save lives. To maximize the efficiency and value creation of our sustainability efforts, our initiatives and resources are concentrated to the areas where they make the most difference. In recent years, Elekta has been dedicated to further strengthening the Company's internal control and compliance processes, and working actively to combat corruption.

Elekta's mission is to improve, prolong and save lives, and all devices and software are developed with the aim of ensuring that patients receive the best treatment possible. Achieving this goal starts with corporate responsibility and sustainability. Elekta also aims to maintain a transparent and continuous dialog with all of the Company's stakeholders on issues related to corporate responsibility.

Safe and cost-effective cancer care

Elekta develops safe and effective solutions for improving cancer care. Product safety is a top priority and permeates 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. These are set out in the regulations of ISO 9001 (quality management systems) and ISO 13485 (design and manufacture of medical devices), and in specific standards for medical devices. Quality management systems are reviewed by both internal and third-party auditors, and certified by external regulatory bodies and authorities that conduct regular inspections.

Elekta contributes to gentler and more effective treatment options for patients, which may also reduce the need for hospitalization and thereby lower costs for health care.

Responsible for high standards of business conduct and combatting corruption

Elekta's Code of Conduct is the cornerstone of the Company's culture and the most important policy document for relationships with employees and business partners. The Code of Conduct links ethical values with the Company's mission to save lives by creating safe and effective cancer care. The Code of Conduct contains the basic principles that all of Elekta's employees and business partners are expected to follow.

The Code of Conduct adheres to international principles, such as the Universal Declaration of Human Rights, the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

Elekta's Group-wide Anti-Corruption Policy sets out the rules of conduct that apply to specific areas of risk. An anti-corruption web-based training program has been mandatory for all employees for several years.

An improved Code of Conduct and Anti-Corruption Policy were adopted during the year, and Elekta's anti-corruption training was intensified for particularly vulnerable employee categories, such as sales and marketing personnel. Each training session is customized to allow maximum adaptation to each high-risk area based on risk analyses. Our training programs also include decision psychology, in which we highlight situations that affect people's moral judgments and ethical decisions.

In addition, an automated process was introduced to ensure effective and risk-based due diligence on business partners, distributors and agents. To maximize business value, the commercial evaluation is also included in this process.

A new and global whistleblower tool was launched during the year to ensure that employees can report suspected violations safely and effectively, and anonymously if they wish.

Elekta's Compliance Function focuses on such issues as anti-corruption. The Compliance Function is autonomous and reports directly to the Audit Committee and the Board to ensure appropriate investigation of any situations that may arise.

Minimize environmental impact

Elekta strives to be an environmentally sustainable organization that continuously reduces the environmental impact of its activities and products. Elekta's environmental policy includes minimizing resource consumption during production, reducing emissions to air and water and avoiding the use of environmentally hazardous materials. Elekta's products also support customers in their efforts to meet environmental targets.

Elekta's greatest environmental impact arises from electricity use in production processes and from the heating of premises, as well as transportation and business travel.

Elekta strives to continuously reduce carbon-related greenhouse gas emissions, and publishes detailed information about the Company's climate impact and CO emissions within the framework of the Carbon Disclosure Project (CDP).

In the 2014 Climate Change Report, Elekta received a score of A93 points (85). The "A" designates that Elekta achieved the CDP's highest score for performance in the area, and 93 is the reporting score. The CDP's definition of a high score is 70, and the maximum score is 100. For more detailed information, visit www.cdproject.net.

Support development of cancer care in growth regions

Elekta is working to improve access to cancer care in countries and regions with lower income levels by, for example, adapting systems to suit clinics in less developed markets, and by offering financing solutions and training. Elekta aims to build capacity for radiation therapy in a number of African countries, and is investing in several training centers to meet the need for education. Elekta has also partnered with a number of organizations with the aim of strengthening cancer care in growth regions.

Sustainability across the entire value chain

1 Product development

EcoDesign is a key component of product development. It ensures that environmental aspects, such as energy consumption and choice of materials, are accounted for in the development process. EcoDesign is based on a life-cycle perspective and aims to restrict the use of harmful substances, and to minimize energy and resource utilization from production through to use. EcoDesign also includes encouraging and facilitating product upgrades and recycling. The need for hospitals and clinics to reduce their energy consumption, and thus their costs, means that energy-efficient products are an important part of Elekta's customer offering. Assessment of product risks and safety aspects is an integral and essential part of the product development process. The assessment covers all phases of the product's lifecycle, including installation, management and application.

2 Suppliers

Elekta has a global base of more than 600 active suppliers to the Group's manufacturing processes. Suppliers in Asia account for about 35 percent of the delivery value, and suppliers in Europe and North America for the remaining 65 percent. Elekta's supplier relationships are characterized by good business practices and high ethical standards. Elekta's Code of Conduct and anti-corruption policy are included in all standard contracts with suppliers. Elekta continuously monitors the Company's suppliers in terms of quality systems and delivery performance, but also in relation to occupational health and safety and environmental considerations. The performance of suppliers is monitored at least every second year. Should the supplier not satisfy requirements, Elekta initiates dialog to achieve improvements.

3 Manufacturing

Elekta has several production units in the US, China and Europe. The main activities of these units are assembly, testing and quality assurance, which means that their environmental impact is limited. All major production facilities are certified according to ISO 14001 (Environmental Management Systems). To achieve Elekta's target for reduced greenhouse gas emissions, SF6 gas must be recovered from production processes. SF6 is one of the most potent greenhouse gases, and a necessary component for generating radiation inside a linear accelerator. Elekta works to secure a healthy and safe working environment in plants and offices.

4 Transportation

Transport and business travel account for a significant portion of Elekta's environmental impact. A Group-wide logistics platform, Logistics Control Tower, is used to reduce the amount of transportation, control the freight distribution between various transport modes, reduce packaging sizes and streamline the delivery of spare parts. Elekta IntelliMax, which is included in the Remote Services package, makes it possible to diagnose and resolve system issues, as well as update software, remotely. This reduces the need for on-site service operations and means less travel for service technicians, which subsequently reduces emissions. The Group has a web conferencing system that is widely used and reduces the need for business travel.

5 Usage

Safety is the highest priority throughout the entire value chain, and in-depth training in the product's functionality and use is conducted in connection with delivery. The software includes safety messages and verifications to support the user. Special procedures have been established for corrective and preventive action, and for rectifying products in the market. Elekta's products help customer clinics meet their own environmental targets, as well as their requirements for cost-effective treatments. One such example is Elekta's linear accelerators, which use about 30 percent less energy than comparable devices in the market.

Strong values drives the business

ELEKTA'S CORPORATE CULTURE IS CHARACTERIZED BY COLLABORATION, responsibility, resourcefulness and creativity. The Group strives continuously to strengthen the organizational culture and to further develop expertise and leadership.

During the year, actions have been taken to strengthen our efficiency and to increase the integration between the Company's product development processes. Due to the nature of being an international company with employees spread across 29 countries, there is also a need for systematic efforts to further strengthen the organizational culture. Efforts are taking place to further develop a culture characterized by collaboration, responsibility, resourcefulness and creativity in all of the efforts within the transformation program. This specifically mean ensuring that we are a more robust company, spending money wisely and investing in our weak spots.

Employee survey drives improvements

Elekta works systematically to capture employees' view of the Company and to identify areas for improvement. Global employee surveys are a key tool in this process.

As part of the overall transformation program and in order to secure the organizational health, Elekta carried out a comprehensive employee survey during the year. The results of the survey serves as a guide for the way forward, focusing on our direction, accountability and motivation.

Action plans based on these surveys are established and includes a review of Elekta's global system for performance management, strengthened corporate culture, improved connection between the corporate strategy and individual roles and mandates as well as improvements in internal communication.

Personal development

Elekta strives to achieve a clear link between the Group's targets and the personal goals of each employee. The Company's performance management process comprises all employees and focuses on individual goals for performance and professional development. An annual evaluation is based on individuals' performance within their area of responsibility, as well as the degree to which the individual embraces Elekta's core values.

Employees are offered development of skills within their own areas of responsibility, and also for general compliance issues within medical technology.

Major diversity in the Group

The global spread of Elekta's operations makes diversity a natural feature within the Group. Elekta has zero tolerance of discrimination in all units and at all levels, whether based on age, gender, religion, sexual orientation, marital status, social or ethnic origin, political belief, disability or any other reason.

Elekta also strives to ensure that all employees with similar experience and qualifications shall receive equal pay for equal work.

Respect for employees' rights

Elekta complies with the applicable labor laws in all countries in which the Company operates and expects the same from its partners. Elekta respects each employee's right to join a trade union of their choice and to bargain collectively in accordance with local laws and applicable conventions.

Elekta also promotes the health, safety and welfare of its employees, and expects all of its own employees and partners to respect and contribute to this goal.

Employees around the world

At the end of the fiscal year, Elekta had 3,600 employees, spread across 29 countries. Some 270 people work in Sweden, where the head office is located. Most employees work in the US and Canada (980), followed by the UK (690) and China (500).

Around one in five employees works in our Innovation organization.

Elekta's values

Elekta is driven by a desire to improve, prolong and save lives. The Company's values are permeated by a passion for the Company's customers and products, and strengthens Elekta's opportunities to remain being a pioneer that is shaping the future of cancer care.

Long-term relationships
Elekta's collaborative relationships have yielded the breakthroughs that have and are transforming treatment and practice.

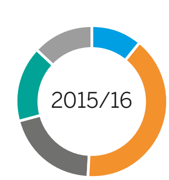
Trust and responsibility
Elekta is committed to deliver the very highest level of service and customer care to colleagues and to customers.

Resourcefulness
Making the most of our time, money and human resources is key to our competitiveness and the impact of our clinical advances.

Responsiveness
Speed and flexibility of response are integral to building our reputation for excellence.

Creativity
The creative spirit of Elekta is at the core of our research and development strategy.

EMPLOYEES PER FUNCTION



Production 11% Services 40% R&D 20%
Sales 16% Administration 13%

A Nordic large cap

Elekta B-shares have been listed on the NASDAQ Stockholm since 1994. Total number of registered shares on April 30, 2016 was 382,829,047 whereof treasury shares amounted to 1,541,368 series B-shares. Total trading in Elekta shares on NASDAQ Stockholm during the period May 1, 2015 – April 30, 2016 amounted to 633.8 million shares (487.6), corresponding to 166 percent (128) of the total number of shares. The average number of shares traded each day during the period amounted to 1,736,543 (1,339,675). Market capitalization on April 30, 2016 amounted to SEK 22,382 M (29,740), a decrease by 25 percent.

Distribution of shares April 30, 2016

			Percentage of	
Class of share	**No. of shares**	**No. of votes**	**capital**	**votes**
A-shares	14,250,000	142,500,000	3.7%	27.9%
B-shares	368,579,047	368,579,047	96.3%	72.1%
Total	**382,829,047**	**511,079,047**	**100.0%**	**100.0%**

See Note 24 for more information on Elekta's share capital.

Dividend and proposal to repurchase shares

Elekta's goal is to provide shareholders with a favorable return and value growth. The policy is to distribute at least 30 percent of profit for the year in the form of dividend, repurchase of shares or comparable measures. A dividend decision is based on Elekta's financial position, earnings trend, growth potential and investment needs. For 2015/16, the Board proposes, in accordance with the Company's dividend policy, a total dividend of SEK 0.50 (0.50) per share. Total dividend amounts to approximately SEK 191 M and 139 percent of net profit for the year. The Board also proposes the dividend to be paid out twice a year going forward. See page 38 for more information on dividend.

The Board intends to propose to the Annual General Meeting 2016 to renew the Board's authorization to repurchase shares in Elekta AB. The proposal limits the number of shares to be repurchased to a maximum of 10 percent of the number of shares outstanding in Elekta AB.

Share program

The Annual General Meetings in 2009–2015 have resolved to adopt share programs, called Performance Share Plans. Performance Share Plan 2012/15, resolved by the Annual General Meeting in 2012, was concluded during the year. Outstanding programs as per April 30, 2016 were Performance Share Plan 2013/16, 2014/17 and 2015/18 respectively. The resolutions entailed that the conditions and the guidelines stated in the respective plans shall form the basis for the receipt of shares by key employees of Elekta upon fulfillment of certain performance requirements during the periods 2013/14–2015/16, 2014/15–2016/17 and 2015/16–2017/18, respectively. The EPS target under Performance Share Plan 2013/16 has not been met and therefore no allotment of shares will take place. The scope of Performance Share Plans 2014/17 and 2015/18 are summarized in the tables below. See Note 5 for more information on the plans.

Share program 2014/2017

Originally designated number of shares	976,726
Theoretical value at time of allotment, SEK	92,788,970
Allotment of shares	2017-09-21
Number of shares as of April 30, 2016	858,449

Share program 2015/2018

Originally designated number of shares	289,284
Theoretical value at time of allotment, SEK	16,199,904
Allotment of shares	2018-09-16
Number of shares as of April 30, 2016	289,284

Under the Performance Share Plan 2014/17, the performance targets are measured and earned by one-third each financial year from 2014/15 until 2016/17. The results for the 2015/16 financial year, as disclosed in the table below, did not meet the minimum performance level to deliver any performance shares.

Outcome of share program 2014/17

	2015/16			Allocation of performance shares		
Financial target	**Minimum, %**	**Maximum, %**	**Actual, %**	**Outcome, %**	**Weight, %**	**Allocation, %**
EBITA growth 2015/16 vs. 2014/15	10	15	7	0	50	0
Business volume growth 2015/16 vs. 2014/15	3	5	–1	0	50	0
Total allocation of performance shares						**0**

Convertible bonds

In April 2012 Elekta conducted an issue of convertible bonds. The issue raised approximately SEK 1,894 M for the Company, before transaction costs. The conversion price is SEK 97.50 and bondholders have the right to require conversion into shares at any time until March 28, 2017. At full conversion, the number of shares of Series A will increase by a total of 730,768 and the number of shares of Series B will increase by a total of 18,699,932. As per April 30, 2016, a total of 22,367 B-shares have been subscribed through conversion of convertible bonds into shares, whereof 272 were converted in 2015/16 fiscal year.

OWNERSHIP STRUCTURE APRIL 30, 2016

Shareholding, No. of shares	No. of shareholders	Percentage of shareholders	No. of shares	Percentage of share capital	Average No. per shareholder
1–500	17,378	58.6%	3,042,075	0.8%	175
501–1,000	4,435	15.0%	3,690,229	1.0%	832
1,001–10,000	6,758	22.8%	20,937,656	5.5%	3,098
10,001–100,000	836	2.8%	22,275,634	5.8%	26,645
100,001–	249	0.8%	332,883,453	86.9%	1,336,881
Total	**29,656**	**100%**	**382,829,047**	**100.0%**	**12,909**

Source: Euroclear Sweden

MAJOR SHAREHOLDERS APRIL 30, 2016

		Percentage of	
Owner	No. of shares	capital	votes
Laurent Leksell and companies	23,556,624	6.2%	29.7%
Fourth Swedish National Pension Fund	23,964,702	6.3%	4.7%
Nordea Investment Funds	21,205,666	5.5%	4.2%
Swedbank Robur Funds	18,187,728	4.7%	3.6%
AMF Insurance & Funds	16,043,433	4.2%	3.1%
Alecta	14,939,000	3.9%	2.9%
Handelsbanken Funds	9,307,330	2.4%	1.8%
Skandia	7,676,374	2.0%	1.5%
State Street Bank & Trust Com. Boston	7,528,529	2.0%	1.5%
Second Swedish National Pension Fund	7,397,629	1.9%	1.4%
Other	233,022,032	60.9%	45.6%
Total	**382,829,047**	**100.0%**	**100.0%**

Source: Euroclear Sweden and Finansinspektionen

The table above lists the 10 largest known shareholders in Elekta AB as of April 30, 2016. Foreign ownership was approximately 40 (44) percent. Foreign holdings which are held by trustees may include other large shareholders with undisclosed holdings, even if no other foreign shareholder has declared holdings above 5 percent.

CHANGE IN SHARE CAPITAL UNTIL APRIL 30, 2016

Year	Transaction	Total number of shares	Total share capital
1994	New issue	7,397,180	36,985,900
1994	Exercise of warrants	7,897,180	39,485,900
1997	New issue	10,497,451	52,487,255
2000	New issue	27,853,617	139,268,085
2001	Conversion of debentures	31,661,867	158,309,335
2001	Exercise of warrants	31,678,867	158,394,335
2002	Exercise of warrants	32,181,742	160,908,710
2003	Exercise of warrants	32,647,067	163,235,335
2003	Conversion of debentures	32,781,267	163,906,335
2003	Exercise of warrants	32,953,967	164,769,835
2003	Redemption of shares	31,066,254	155,331,270
2004	Exercise of warrants	31,567,454	157,837,270
2005	Exercise of warrants	31,596,236	157,981,180
2005	Bonus issue	31,596,236	189,577,416
2005	Split 3:1	94,788,708	189,577,416
2005	Cancellation of repurchased shares	94,114,008	188,228,016
2005	Exercise of warrants	94,194,372	188,388,744
2006	Exercise of warrants	94,451,456	189,902,912
2006	Redemption of shares	93,649,756	187,299,512
2006	Exercise of warrants	93,741,598	187,483,196
2007	Exercise of warrants	93,880,090	187,760,180
2007	Conversion of debentures	93,900,016	187,800,032
2007	Exercise of warrants	92,272,445	187,806,632
2007	Cancellation of repurchased shares	93,903,316	184,544,890
2008	Exercise of warrants	93,075,863	186,151,726
2008	Cancellation of repurchased shares	92,124,563	184,249,126
2009	Exercise of warrants	92,237,944	184,475,888
2010	Exercise of warrants	94,188,044	188,376,088
2011	Exercise of warrants	94,769,763	189,539,526
2012	Exercise of warrants	95,701,670	191,403,340
2012	Split 4:1	382,806,680	191,403,340
2012	Conversion of convertible loan	382,807,329	191,403,665
2013	Conversion of convertible loan	382,828,114	191,414,057
2014	Conversion of convertible loan	382,828,765	191,414,383
2015	Conversion of convertible loan	382,829,045	191,414,523
2016	Conversion of convertible loan	382,829,047	191,414,524

FINANCIAL CALENDAR

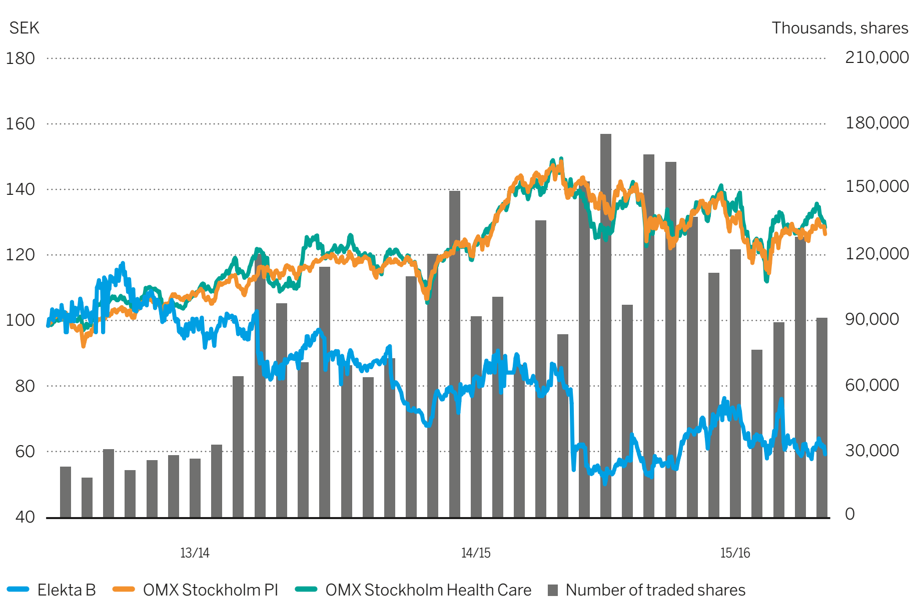
Three-month interim report May–July 2016/17	September 1, 2016
Annual General Meeting	September 1, 2016
Six-month interim report May–October 2016/17	December 1, 2016

DATA PER SHARE[1)]

	2011/12	2012/13	2013/14	2014/15	2015/16
Earnings per share					
before dilution, SEK	3.26	3.52	3.01	1.45	0.36
after dilution, SEK	3.23	3.52	3.00	1.45	0.36
Cash flow per share[2)]					
before dilution, SEK	–7.07	3.17	1.31	1.78	1.00
after dilution, SEK	–7.01	3.17	1.24	1.78	1.00
Shareholders' equity per share					
before dilution, SEK	13.19	14.55	16.39	17.41	16.79
after dilution, SEK	13.31	14.55	20.32	17.41	16.79
Dividend, SEK	1.25	2.00[3)]	2.00[3)]	0.50	0.50[4)]
Share price, Elekta Series B, April 30, SEK	85.25	99.65	91.00	78.00	58.70
Market capitalization, April 30, SEK M	32,309	38,127	34,697	29,740	22,382
Lowest share price, SEK	51.95	76.88	82.10	66.10	51.60
Highest share price, SEK	90.75	104.50	115.60	95.05	78.70
Average number of shares					
before dilution, 000's	376,431	380,672	381,277	381,287	381,288
after dilution[5)], 000's	380,125	380,672	400,686	381,287	381,288
Number of shares, April 30[6)]					
before dilution, 000's	378,991	381,270	381,287	381,287	381,288
after dilution, 000's	384,284	381,270	400,696	381,287	381,288

1) In September 2012 a 4:1 share split was conducted. The data per share and number of shares has been restated pro forma.
2) Excluding the acquisitions of Nucletron 2011/12: 1.78 before dilution and 1.76 after dilution.
3) Ordinary dividend SEK 1.50 and extraordinary dividend SEK 0.50.
4) Proposed dividend.
5) Number of shares used in the calculation of earnings per share in accordance with IAS 33.
6) Number of registered shares at closing excluding treasury shares (1,541,368 per April 30, 2016).

THE ELEKTA SHARE



Source: Six Trust and Fidessa

Five year review, key figures and definitions

INCOME STATEMENT

SEK M	2011/12	2012/13	2013/14	2014/15	2015/16
Net sales	9,048	10,339	10,694	10,839	11,221
Operating expenses excl. amortization, depreciation and non-recurring items	–6,916	–7,932	–8,393	–9,387	–9,566
EBITDA before non-recurring items	**2,132**	**2,407**	**2,301**	**1,452**	**1,655**
Depreciation	–90	–110	–118	–146	–165
EBITA before non-recurring items	**2,042**	**2,297**	**2,183**	**1,306**	**1,490**
Amortization	–205	–239	–295	–366	–469
Other non-recurring items	12	–46	–161	–3	–598
Operating result	**1,849**	**2,012**	**1,727**	**937**	**423**
Financial net	–141	–212	–225	–221	–234
Profit before tax	**1,708**	**1,800**	**1,502**	**716**	**189**
Taxes	–480	–449	–350	–158	–44
Profit for the year	**1,228**	**1,351**	**1,152**	**558**	**145**
Attributable to					
Parent Company shareholders	1,227	1,340	1,148	552	137
Non-controlling interests	1	11	4	6	8

CASH FLOW

SEK M	2011/12	2012/13	2013/14	2014/15	2015/16
Operating flow	1,576	1,894	1,692	1,299	709
Changes in working capital	–641	–24	–417	524	461
Cash flow from operating activities	*935*	*1,870*	*1,275*	*1,823*	*1,170*
Continuous investments	–432	–578	–781	–956	–774
Cash flow after continuous investments	**503**	**1,292**	**494**	**867**	**396**
Acquisition of operations	–3,166	–84	4	–188	–12
Cash flow from investing activities	*–3,598*	*–662*	*–777*	*–1,144*	*–786*
Cash flow after investments	**–2,663**	**1,208**	**498**	**679**	**384**
Cash flow from financing activities	*3,164*	*–380*	*–888*	*186*	*–1,303*
Cash flow for the year	**501**	**828**	**–390**	**865**	**–920**

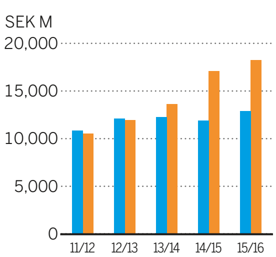
BALANCE SHEET

SEK M	April 30, 2012	April 30, 2013	April 30, 2014	April 30, 2015	April 30, 2016
Intangible assets	6,457	6,424	6,845	8,174	8,210
Tangible fixed assets	407	487	624	881	803
Financial assets	147	236	359	371	364
Deferred tax assets	233	92	143	224	281
Inventories	755	850	1,078	1,297	1,135
Receivables	5,341	5,651	6,596	6,972	6,375
Cash and cash equivalents	1,895	2,567	2,247	3,265	2,273
Total assets	**15,235**	**16,307**	**17,892**	**21,184**	**19,441**
Shareholders' equity	5,010	5,560	6,257	6,646	6,412
Interest-bearing liabilities	4,530	4,552	4,486	6,033	4,950
Interest-free liabilities	5,695	6,195	7,149	8,505	8,079
Total shareholders' equity and liabilities	**15,235**	**16,307**	**17,892**	**21,184**	**19,441**

KEY FIGURES

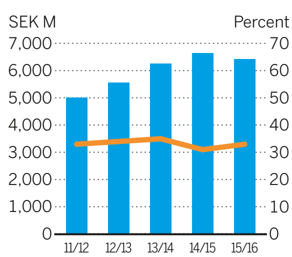
	2011/12	2012/13	2013/14	2014/15	2015/16
Gross order bookings, SEK M	n/a	n/a	n/a	12,825	13,821
Net order bookings, SEK M	10,815	12,117	12,253	11,907	12,880
Order backlog, SEK M	10,546	11,942	13,609	17,087	18,239
Operating margin before non-recurring items, %	20	20	18	9	9
Operating margin, %	20	19	16	9	4
Profit margin, %	19	17	14	7	2
Shareholders' equity, SEK M	5,010	5,560	6,257	6,646	6,412
Capital employed, SEK M	9,540	10,112	10,743	12,678	11,360
Net debt, SEK M	2,635	1,985	2,239	2,768	2,677
Equity/Assets ratio, %	33	34	35	31	33
Net debt/Equity ratio, multiple	0.53	0.36	0.36	0.42	0.42
Interest cover ratio, multiple	9.5	9.1	7.5	3.8	1.7
Return on shareholders' equity, %	29	27	21	9	2
Return on capital employed, %	28	21	17	9	4
Capital turnover ratio, multiple	0.8	0.7	0.7	0.6	0.6
Investments in tangible and intangible assets, SEK M	432	544	726	982	874
Depreciation and amortization, SEK M	–295	–349	–414	–512	–634
Cash conversion, %	33	76	32	81	51
Average number of employees	3,162	3,336	3,631	3,679	3,677

NET ORDER BOOKINGS AND ORDER BACKLOG



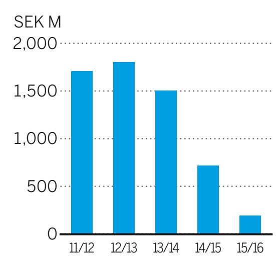
Net order bookings Order backlog

EQUITY AND EQUITY/ASSETS RATIO

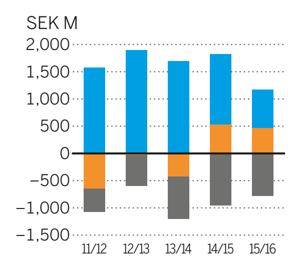


Equity Equity/Assets ratio

PROFIT BEFORE TAX



CASH FLOW AFTER CONTINUOUS INVESTMENTS



Continuous investments
Change in working capital
Operating flow

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 conversion
Cash flow after continuous investments divided by profit for the year adjusted by depreciation and amortization for the year.

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.

Interest cover ratio
Profit before tax plus financial expenses in relation to financial expenses.

Net debt
Interest-bearing liabilities less cash and cash equivalents.

Net Debt/Equity ratio
Net debt in relation to total equity.

Operational cash conversion
Cash flow from operating activities divided by EBITDA.

Operating margin
Operating result in relation to net sales.

Orders, gross
Order intake during a period.

Orders, net
Order intake during a period adjusted for cancellations, removals of orders and currency effects.

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.

RECONCILIATION NON-IFRS MEASURES TO REPORTED

In this annual report non-IFRS measures that Elekta and other parties use when measuring Elekta's performance are referred to. These measures provide meaningful information to management and investors when analyzing trends in the company's business. These non-IFRS measures should not be seen as substitutes, but rather as a supplements to financial reporting measures prepared in accordance with IFRS.

Non-IFRS measures have been identified, in each section of this annual report with tabular presentations on pages 32, 57, 59 and 73 reconciling them to IFRS.

Order and sales growth based on constant exchange rates

Elekta's order intake and sales is 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 change in total IFRS growth.

Gross order bookings

	North and South America		Europe, Middle East and Africa		Asia Pacific		Total	
2015/16 vs 2014/15	**%**	**SEK M**	**%**	**SEK M**	**%**	**SEK M**	**%**	**SEK M**
Change based on constant exchange rates	2	67	0	5	1	33	1	105
Currency effects	10	451	3	119	9	321	7	891
Reported change (SEK)	**12**	**518**	**3**	**124**	**10**	**354**	**8**	**996**

Net order bookings

	North and South America		Europe, Middle East and Africa		Asia Pacific		Total	
2015/16 vs 2014/15	**%**	**SEK M**	**%**	**SEK M**	**%**	**SEK M**	**%**	**SEK M**
Change based on constant exchange rates	7	269	–2	–85	–1	–35	1	149
Currency effects	11	423	3	114	8	287	7	824
Reported change (SEK)	**18**	**692**	**1**	**29**	**7**	**252**	**8**	**973**

Net sales

	North and South America		Europe, Middle East and Africa		Asia Pacific		Total	
2015/16 vs 2014/15	**%**	**SEK M**	**%**	**SEK M**	**%**	**SEK M**	**%**	**SEK M**
Change based on constant exchange rates	–1	–29	–6	–230	–2	–77	–3	–336
Currency effects	11	382	1	54	8	283	7	719
Reported change (SEK)	**10**	**353**	**–5**	**–176**	**6**	**206**	**4**	**383**

EBITA and EBITDA adjusted for non-recurring items and bad debt losses

EBITA and EBITDA adjusted for non-recurring items and bad debt losses are non-IFRS measures used by management to evaluate the business. The measures are considered to assist management and investors in comparing the performance across reporting periods on a consistent basis by excluding items that are non-operational or non-recurring in nature. The costs adjusted for relate to group-wide restructuring programs, costs related to acquisitions of subsidiaries and costs related to legal disputes as specified on page 57. Bad debt losses have been excluded as these relate to turbulence in the market that is not expected to occur on a regular basis. A reconciliation of EBITA and EBITDA adjusted for non-recurring items and bad debt losses to operating result as presented in the IFRS income statement can be found on page 57.

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 2015/16, covering the period May 1, 2015 – April 30, 2016. Amounts in parentheses indicate values for the previous fiscal year. Elekta AB (publ.) is referred to as "Elekta AB", "the Company" 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 Company 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.

Elekta's products comprise hardware as well as software and service with focus on clinical solutions. Elekta's operations are divided into three geographical regions:

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

MARKET OUTLOOK

The global market development for Elekta's solutions is driven by the need of cancer care.

The world's cancer burden is rapidly increasing. More than 14 million new cancer cases were added in 2012, a yearly number forecasted to have grown by 70 percent until 2035. More and 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. The evolving consolidation and integration in care delivery will further support comprehensive and complete solution-suppliers, such as Elekta.

A complete radiation therapy program includes various technologies in Elekta's product portfolio. Each solution is addressing various cancer types as well as cancer patients and are all important complementing solutions. New advancement in precision, accuracy and effectiveness will increase the need of radiation therapy. Information management solutions is 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 radiation therapy capacity, which is an important fact in understanding the potential and market outlook in many developing economies.

COMPETITION

The main competitor in the global market, with a comprehensive product range and overlap with Elekta, is Varian Medical Systems. Elekta is overall the world's second largest supplier of radiation therapy solutions. For the developing world, Elekta is the largest supplier. Elekta is the market leader in many segments, such as intracranial radiosurgery, HDR brachytherapy and information management solutions.

From a competitive perspective there are also various companies addressing specific segments within radiation therapy. Companies, such as Accuray with radiosurgery solutions, Bebig with brachytherapy products, and Philips and Raysearch with treatment planning solutions, are part of our 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.

LONG TERM FINANCIAL AMBITIONS

Elekta's aim is to achieve sustainable profitable growth. Elekta conducts its operations based on a long-term plan, regularly reviewed and evaluated by the Board of Directors, and with a perspective of at least three years. The following, previously communicated, financial ambitions have formed the base in the long-term planning:

- Organic sales growth exceeding 10 percent in local currency
- Operating result improvement rate to exceed the sales growth in SEK
- Return on capital employed to exceed 20 percent
- Net debt/equity ratio not to exceed 0.50

Elekta´s overall long-term financial ambitions are being reviewed, taking into account current challenging macroeconomic and market conditions, as well as the competitive environment.

THE FINANCIAL YEAR 2015/16

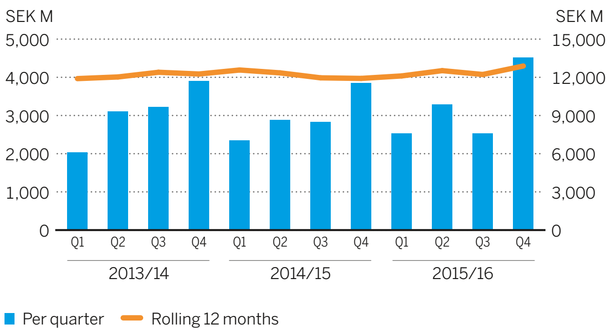
- Gross and net order bookings increased 8 percent and increased 1 percent based on constant exchange rates. Net order bookings was SEK 12,880 M (11,907).
- Net sales increased 4 percent to SEK 11,221 M (10,839), a decrease of 3 percent based on constant exchange rates.
- EBITA before non-recurring items and bad debt losses amounted to SEK 1,639 M (1,472).
- Non-recurring items was SEK –598 M (–3) and bad debt losses was SEK –149 M (–166).
- Operating result was SEK 423 M (937).
- Profit for the year amounted to SEK 145 M (558).
- Earnings per share amounted to SEK 0.36 (1.45) before and after dilution.
- Cash flow from operating activities amounted to SEK 1,170 M (1,823) representing an operational cash conversion of 111 percent (126).
- Cash flow after continuous investments amounted to SEK 396 M (867).
- The Board of Directors proposes a dividend of SEK 0.50 (0.50) per share for 2015/16 to be divided into two payments.

Order bookings and order backlog

From fiscal year 2016/17, Elekta will report gross order bookings instead of net order bookings. This is in line with industry peers. The difference between gross and net order bookings are backlog adjustments and currency effects.

Gross and net order bookings increased 8 percent and increased 1 percent based on constant exchange rates. Net order bookings was SEK 12,880 M (11,907). The order backlog was SEK 18,239 M on April 30, 2016, compared to SEK 17,087 M on April 30, 2015. Orders that are cancelled or not expected to materialize as planned are removed from the order backlog. The order backlog was negatively affected by adjustments of SEK 941 M (918), of which SEK 511 M was negative translation differences relating to the revaluation of the order backlog at closing rates. The order backlog as per 30 April 2016 is expected to be revenue recognized as follows: 37 percent in fiscal year 2016/17, 23 percent in 2017/18, and 40 percent thereafter.

NET ORDER BOOKINGS



Net order bookings

SEK M	2015/16	2014/15	Change, %
North and South America	4,644	3,952	18
Europe, Middle East and Africa	4,499	4,470	1
Asia Pacific	3,737	3,485	7
Group	**12,880**	**11,907**	**8**

Gross order bookings

SEK M	2015/16	2014/15	Change, %
North and South America	4,954	4,436	12
Europe, Middle East and Africa	4,824	4,700	3
Asia Pacific	4,043	3,689	10
Group	**13,821**	**12,825**	**8**

Market comments

North and South America

Gross order bookings in the region increased 12 percent to SEK 4,954 M (4,436), corresponding to 2 percent based on constant exchange rates. Net sales increased by 10 percent to SEK 4,005 M (3,651), corresponding to a decrease of 1 percent based on constant exchange rates. The contribution margin in the region amounted to 32 percent (30). The increase was mainly a result of improved product mix and favorable currency effects. South American markets were affected by weak economic development and depreciating currencies. In Brazil, which was seriously impacted, Elekta's order bookings had negative growth for the year. Elekta's performance in other Latin American markets, such as Argentina and elsewhere, was good. Aftermarket sales grew in the region, as did services and software, while sales for Leksell Gamma Knife declined. In the US, the replacement market is stable and investments in replacing the installed base of radiation therapy equipment continue. The US market is mainly a replacement market with growth primarily in services and software. Hospital consolidation continues and is driving the market towards more comprehensive solutions and larger projects, resulting in greater order booking volatility. See page 17 for more information on region North and South America.

Europe, Middle East and Africa

Gross order bookings in the region increased 3 percent to SEK 4,824 M (4,700) and were flat based on constant exchange rates. Net sales decreased by 5 percent to SEK 3,651 M (3,829), corresponding to a decrease of 6 percent based on constant exchange rates. The contribution margin in the region amounted to 24 percent (27). The decline in contribution margin was related to weak deliveries and bad debt losses, mainly in Russia.

Performance for the year varied with good growth in the UK, France and Poland while order bookings in Germany and Russia were weak. In the later part of the year growth was driven by a number of strategic wins such as NHS Supply Chain and Leeds Cancer Centre in the UK and a large order in Turkey. Approximately 50 percent of the market for linear accelerators are systems to new clinics or capacity expansion in existing cancer centers. Sales of new systems are generally more volatile than replacement business.

See page 18 for more information on region Europe, Middle East and Africa.

Asia Pacific

Gross order bookings in the region increased by 10 percent to SEK 4,043 M (3,689), corresponding to a 1 percent increase based on constant exchange rates. Net sales increased by 6 percent to SEK 3,565 M (3,359), corresponding to a decrease of 2 percent based on constant exchange rates. The contribution margin in the region amounted to 27 percent (23). Order bookings were mixed geographically. Development in China and Japan was flat. In China, the ambition of the government is to expand affordable cancer care, but market growth leveled off during the year. In addition, increased regulatory requirements for hospitals prolonged delivery and payment cycles. Despite the negative market development in Japan, Elekta strengthened its market share there. In Australia order bookings declined due to a challenging comparison from last year while South East Asia started to improve and showed good growth. Growth in net sales was strong in Australia, while net sales in Japan and South East Asia declined. Net sales in China declined slightly, mainly due to lower delivery volumes of Leksell Gamma Knife. Services developed well during the year.

See page 19 for more information on region Asia Pacific.

Net sales

Net sales increased 4 percent to SEK 11,221 M (10,839), equivalent to a decrease of 3 percent based on constant exchange rates.

SEK M	2015/16	2014/15	Change, %
North and South America	4,005	3,651	10
Europe, Middle East and Africa	3,651	3,829	–5
Asia Pacific	3,565	3,359	6
Group	**11,221**	**10,839**	**4**

Earnings

Gross margin was 41 percent (40). The margin increase is mainly a result of a favorable product mix with higher sales for services as well as a positive impact from currency movements. Operating expenses, excluding amortizations, non-recurring items and bad debt losses, decreased by approximately 4 percent based on constant exchange rates. The decrease was mainly a result from activities in the Transformation program. Selling and administrative expenses amounted to SEK 2,362 M (2,383) corresponding to 21 percent (22) of net sales.

EBITA before non-recurring items and bad debt losses amounted to SEK 1,639 M (1,472). Non-recurring items amounted to SEK –598 M (–3) and mainly refer to costs related to legal disputes and costs for severance, efficiency initiatives and external support within the Transformation program (transaction costs in 2014/15). The effect from changes in exchange rates was approximately SEK 60 M (0), including hedges.

Operating result was SEK 423 M (937), corresponding to an operating margin of 4 percent (9).

Net financial items amounted to SEK –234 M (–221). Interest expenses were negatively affected by increased borrowing used to refinance debt maturity in August. Profit before tax amounted to SEK 189 M (716). Tax amounted to SEK –44 M (–158). Profit for the year amounted to SEK 145 M (558).

Earnings per share amounted to SEK 0.36 (1.45) before and after dilution. Return on shareholders' equity amounted to 2 percent (9) and return on capital employed amounted to 4 percent (9).

Investments and depreciation

Continuous investments were SEK 865 M (956) including investments in intangible assets of SEK 687 M (685). Investments in intangible assets are mainly related to ongoing R&D programs but also include SEK 91 M from acquisition of intellectual property assets. Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 634 M (512).

Research and development

Elekta conducts research and development (R&D) aimed at strengthening and enhancing its position as technology leader. R&D expenditure, before capitalization of development costs, decreased by 5 percent (increased by 18) and amounted to SEK 1,355 M (1,421), equal to 12 percent (13) of net sales. Costs related to the R&D function amounted to SEK 1,065 M (952). Capitalization and amortization of development costs in the R&D function amounted to a net of SEK 290 M (469). Capitalization amounted to SEK 591 M (680) and amortization to SEK 301 M (211).

Cash flow

Cash flow from operating activities decreased by SEK 653 M to SEK 1,170 M (1,823). Cash flow was negatively affected by cash outflow from the Transformation program and costs related to legal disputes of approximately SEK 250 M. The decrease was also due to longer lead times for payments in Asia Pacific.

Cash flow after continuous investments decreased to SEK 396 M (867). Cash conversion was 51 percent (81).

See pages 62–63 for more information on the consolidated cash flow.

Financial position

Cash and cash equivalents amounted to SEK 2,273 M (3,265) and interest-bearing liabilities amounted to SEK 4,950 M (6,033). Thus, net debt amounted to SEK 2,677 M (2,768). Equity amounted to SEK 6,412 M (6,646). Net debt/equity ratio was 0.42 (0.42).

During the year a debt of USD 125 M corresponding to SEK 1,079 M has matured. To support the upcoming refinancing of the convertible bond maturing in April 25th, 2017, Elekta has entered into an 18 month SEK 1,400 M Term Loan Facility with an extension optionality.

The balance sheet has been affected by changes in exchange rates. The exchange rate effect from the translation of cash and cash equivalents amounted to SEK –72 M (153). The translation difference in long-term interest-bearing liabilities amounted to SEK –43 M (548). Shareholder's equity was affected by exchange rate differences amounting to SEK –281 M (746).

See pages 58–59 for more information on the consolidated balance sheet.

Significant events during the year

Change of President and CEO

On May 13, 2015, Elekta announced that Niklas Savander had stepped down from his position as President and CEO of Elekta AB (publ) and that the Board of Directors had re-appointed Tomas Puusepp as President and CEO as of May 13, 2015.

On April 13, 2016 Elekta announced that the Board of Directors has appointed Richard Hausmann as new President and CEO effective June 10, 2016. Richard Hausmann succeeded Tomas Puusepp.

Richard Hausmann joins Elekta with nearly three decades of experience in the medical device industry. He led GE's Magnetic Resonance (MR) division as President and CEO, served as President and CEO of Siemens computed tomography (CT) and worked at Siemens in leading positions in its MR business. He also acted as CEO of Siemens China, responsible for the company's entire portfolio in its core emerging market. Richard has a solid track record of bringing clinical innovations to the global health care market and is known for his deep insights into customer and patient needs, with a strong workflow and outcome orientation.

Richard Hausmann has a doctorate in physics from the University of Regensburg.

Changes to the Executive Management team

On June 2, 2015, Elekta announced as part of its Transformation program, a reorganization of the Company as well as changes in its Executive Management team. The organization was effective as of July 7, 2015.

On April 20, 2016, Elekta announced the appointment of John Lapré as Chief Technology Officer, effective May 1, 2016. John Lapré previously held the title of Executive Vice President Research and Innovation at Elekta.

Transformation program and outlook

The Transformation program, announced in June 2015, is progressing according to plan. The transformation has the objective of creating leaner and more efficient operations with improved profitability and an increased focus on cash flow. It also includes actions to strengthen customer services and innovation capacity with focus on time to market. The targets for the Transformation program are:

- To reach an EBITA margin of 20 percent in fiscal year 2017/18
- To realize cost reductions of SEK 700 M (base year 2014/15 and excluding currency effects) with full effect from 2017/18. Cost savings in 2015/16 were SEK 200 M. The cost reduction target was increased to SEK 700 M from SEK 450 M in connection with an update of the Transformation program presented in March 2016
- To maintain net working capital to sales below 5 percent
- To implement a more efficient produce-to-order process in order to further reduce inventory levels. This requires a temporary reduced production and shipment volume, with a one-off negative revenue impact estimated at about SEK 500 M in the first half of fiscal year 2016/17. As a consequence, Elekta expects a weak result during the first half of fiscal year 2016/17
- Additional expected costs related to the transformation are estimated to be approximately SEK 300 M and will be charged as a non-recurring item during fiscal 2016/17

Going forward, Elekta will not provide a net sales outlook, but continue to provide targets for the Transformation program and describe performance as well as quarterly updates on current market dynamics – geographically as well as on progress for new technology. Market share development by region will be presented twice a year.

Patent litigation

The previously communicated multiple patent infringement lawsuits between Elekta and Varian Medical Systems are ongoing. Elekta's assessment is that the claims directed towards Elekta lacks merit and Elekta will continue to defend itself vigorously. The costs for the patent lawsuits are accounted for as non-recurring items.

Investigation in Italy

As communicated on November 12, 2015, there is an ongoing process in Italy where Elekta employees are suspected of interfering with public procurement processes. Elekta is fully cooperating and providing all requested information to the Italian authorities. Elekta has zero tolerance for any deviation from its Code of Conduct and clear corporate policies and procedures are in place. The costs related to this process are accounted for as non-recurring items.

Employees

The average number of employees during the year was 3,677 (3,679). The number of employees on April 30, 2016 totaled 3,617 (3,844). Value added per average employee amounted to SEK 1,060 M (1,137).

SIGNIFICANT EVENTS AFTER YEAR-END

Legal dispute

On May 23, 2016, an arbitration tribunal in London issued an award in the dispute between two Elekta group companies and humediQ GmbH. The award concluded an arbitration with humediQ arising out of an agreement for the exclusive supply of Identify™ under the Elekta label, which was entered into in 2011. The tribunal determined that the Elekta companies did not validly terminate the 2011 agreement and that, as a result, they must pay humediQ EUR 8.9 M for Identify systems the Elekta companies did not order according to minimum volume commitments in the contract. This amount is less than half of the EUR 19 M that humediQ claimed in the arbitration. The tribunal also held that the respective success of each party was comparable and on that each party should bear its own legal costs. The Elekta companies do not have any further obligation to purchase any systems from humediQ. In addition to the damages ordered in the arbitration award, Elekta has written off approximately EUR 5 M in receivables related to the agreement with humediQ. The total amount, SEK 128 M, has been reported as a non-recurring item in the fourth quarter of 2015/16.

Changes to the Executive Management team

Valerie Binner, Executive Vice President Human Resources, left the company with effective date on June 10, 2016. Johan Sedihn, Elekta's Chief Operating Officer, is temporarily leading Human Resources in addition to his other responsibilities. The Executive Management team is presented on page 49.

CORPORATE SOCIAL RESPONSIBILITY

Responsible and sustainable business is critical to Elekta's ability to fulfill its business objectives. Elekta's CSR activities embrace ethical, social, product and environmental responsibilities and are based on the Group's Code of Conduct. All Elekta employees, as well as all business partners, are expected to comply with ethical behavior as described in e.g. the Anti-Corruption Policy.

The Elekta principles for employment practices, employee rights and human rights, as described in the Code of Conduct, are deployed on local level throughout the Company. Product safety and quality in products and services are key for Elekta and permeate all activities from product development and manufacturing to service activities. Elekta is striving to reduce the environmental impact of the Company's products and activities and to comply with all relevant environmental laws and regulations. The environmental responsibility is described in the Group's environmental policy. See pages 24–26 for more information about our responsibilities.

QUALITY

Elekta continuously works to improve quality in all processes. Quality work ensures that relevant government requirements are fulfilled. Elekta conducts regular audits to ensure compliance with established requirements from various medical technology supervisory authorities. Where appropriate, Elekta's development and production units are certified in accordance with the relevant ISO 9001 and ISO 13485.

IT

Elekta IT has continued to build on the recent investment in enterprise grade Business Solutions. By deploying an improved Business Intelligence platform, Elekta's capability to create and drive value from data available in the IT systems has been enhanced. This is designed to support business decisions and also allow the development of self-service analytics for all business functions around the world.

In conjunction with Elekta's mobile strategy, custom applications have been developed to give the sales organization a 360° view of their customers whilst working in the field.

This real time access to Elekta's cloud solutions drives more accurate and complete records of all customer interactions and can help Elekta collaborate on increasingly complex multi-product agreements. Similar solutions for mobile devices such as iPads are being deployed to Field Service Engineers in all regions to improve efficiency and provide real time reporting from the clinics. By capturing digital signatures from customers to verifying the acceptance process and job performance, our processes can be streamlined in this growing part of the business and greater efficiency and job satisfaction can be developed for the engineers.

Elekta IT will continue to have a strong role in supporting the transformation program by using technology to enable efficiency measures, but will also actively support the business with its competitive strategy and growth objectives by developing custom solutions on the platform Salesforce.com.

RISKS

Elekta's presence in a large number of geographical markets leaves for potential exposure from political and economic risk on a global scale and in individual countries or regions. In some markets weak economic development and strained finances may mean less availability of financing for private customers and reduced future health care spending by governments.

Elekta operates in a competitive landscape. The medical equipment industry is characterized by relatively swift technological alterations with advances in industrial knowhow. Elekta's products are developed in close collaboration with research institutes. For Elekta it is of great significance that these prospective and intimate relationships are maintained, in order to understand customer needs.

New products and improved methods for treatment are continously released and future developments on the medical equipment market might have an impact on Elekta's ability to compete. Thus, it is crucial that new products and technical solutions developed by Elekta are protected from the risk of improper use by competitors. When possible and deemed appropriate, Elekta protects its intellectual property rights by way of patents, copyrights and trademark registrations.

Elekta sells its products through its direct sales force and through an external network of agents and distributors. The Company's continued success is dependent on its ability to establish and maintain successful relationships with customers and collaborations with external sales channels.

Corruption is a risk and an obstacle for development and growth in some countries of which Elekta has operations. Elekta has implemented an anti-corruption policy to discourage corruption as well as third party risk management processes.

Elekta's operations comprise several geographical markets. This does expose the Group to a vast number of laws, regulations, policies and guidelines regarding topics such as health, security, environment, trade restrictions, competition, exchange control and delivery of products. As a manufacturer of medical equipment, Elekta's operation is guided by demands and standards set by regulatory authorities. Rule changes might bring about increased costs or hinder sales of Elekta's products. Regulatory processes may interfere with the possibility to introduce products.

Much like other companies within the same field of business Elekta is dependent on assessments and decisions made by authorities such as Läkemedelsverket in Sweden or the FDA (Food and Drug Administration) in the USA. Assessments of that sort are inclusive of product safety as well as permission to market and sell medical equipment. Applications to these authorities demand comprehensive documentation and unforeseen circumstances might interfere with the ability to introduce, market, sell and deliver products, as well as hinder or limit the commercial appeal and/or cause a severe financial cost.

Elekta has to fulfill rigorous demands in accordance with international rules and product safety standards from International Electrotechnical Commission (IEC) and International Organization for Standardization (ISO), Rådets direktiv 93/42/EEG on medical products, FDA's demands on quality systems, as well as a number of other domestic directives and rules. These are explained in Elekta's quality system in accordance with ISO 9001 and ISO 13485. Quality systems are reviewed and certified by external regulatory authorities and is regularly inspected by FDA. To deviate from safety regulations is an example of a circumstances which might result in delays and prohibit deliveries of Elekta products.

Elekta is continuously evaluating conditions to enter new markets. The process takes into consideration both opportunities and risks involved. There are regulatory registration requirements with each market that potentially could delay product introductions and certifications.

The political stability in certain countries and the security situation for employees traveling to exposed areas are constantly evaluated.

Elekta depends on the capability of producing advanced medical equipment, which requires highly qualified personnel. The Company's ability to attract and retain qualified personnel and management is of great importance and will have a significant impact on the future success of the Group.

Elekta's ability to commercialize its solutions is dependent on the reimbursement level that hospitals and clinics can obtain. Reimbursement systems vary depending on country. Alterations in the existing reimbursement systems related to medical products or implementation of new regulations might have a direct impact on demand for Elekta's products.

Elekta's delivery of treatment equipment relies on customers' capability to receive the delivery at site. Depending on contractual terms a delay can result in postponed invoicing and also affect timing of revenue recognition. The Group's credit risks are normally limited, since customer operations are, to a large extent, financed either directly or indirectly by public funds. Due to the recent macro-economic development a number of emerging market currencies have depreciated significantly and as a consequence Elekta experience an increased credit risk related to receivables from these regions. See also Note 2 and Note 21 for more information on credit risk and credit exposure.

Elekta is dependent on a limited number of suppliers for delivery of critical components. There is a risk of delivery difficulties occurring due to circumstances beyond Elekta's control. Critical suppliers are regularly followed-up regarding delivery precision and quality of components.

Integrating third party components with Elekta products might bring about product responsibility for the components. Unforeseen problems can convey delays, hinder or limit the products' commercial use and/or translate to a cost for the company.

From time to time Elekta is involved in disputes associated with the business operations. Situations in question might revolve around disputes over product liability, contractual questions, immaterial rights and alleged flaws in delivery of goods or services. Disputes can be costly, time consuming and hamper with the ongoing operations. Intellectual property disputes are costly and might have a material impact on Elekta's operations and financial position, in addition, it can be difficult to predict the outcome of intricate disputes. Disputes related to Elekta's product liability can concern alleged negligence, warranty issues or mistreatment and might bring about major costs unrelated to the final verdict. Elekta has product liability insurances. However, there is still a risk that future demands will exceed or fall outside of the insurance coverage.

Elekta's business operations involves development, manufacturing and delivery of products and services in a large number of jurisdictions. Operations are taxed under the laws in the jurisdictions in which they operate. Changes in tax regimes could impact the Group's cash tax liabilities and tax charge, resulting in either an increase or a reduction in financial results depending on the nature of the change.

International regulations governing the global tax environment are also subject to regular changes. The Organization for Economic Co-operation and Development (OECD) has proposed a number of changes under the Base Erosion and Profit Shifting (BEPS) Action Plans. The implementation of these changes can result in a reallocation of profits between jurisdictions and an increase or decrease in related tax expenses and cash flows. Specific BEPS recommendations that are expected to have an impact the Group include changes to patent box regimes, restrictions of interest deductibility and revised transfer pricing guidelines.

In its operation, Elekta is subject to a number of financial risks such as currency risk, interest rate risk, credit risk and liquidity risk. Currency risks arise primarily as a product of future business transactions, recognized assets and liabilities along with net investments in foreign operations. Interest rate risk concerns the risk of fluctuating rate levels effecting Elekta's result negatively, particularly rising long-term loan costs. Credit risk ascend from financial credit risk related to liquid cash and cash equivalents, derivative financial instruments and receivables from banks and financial institutes along with credit exposure towards customers and distributors. Liquidity risk relates to the risk of being unable to fulfill payment obligations as a result of inadequate liquidity or difficulty to take on external loans. Some of Elekta's financing agreements are subject to financial covenants, such as net debt/ebitda and interest cover. A development of financial metrics impacting net debt and/or ebitda negatively, could end up in a break of covenants resulting in a need to renegotiate the agreements or to repay existing financing. Note 2 provides further details and information regarding financial risks and financial risk management.

SENSITIVITY ANALYSIS

Elekta's operation is bound to projects whereof the base consists of relatively big deliveries to customers. The lead time from delivery to installation can therefore vary from period to period. Quarterly variations of delivery volumes occurs, 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 41 percent (40).

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 operating profit by approximately +/– SEK 18 M (17). 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 10 M (16).

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 503 M (658) inclusive of dividends from subsidiaries of SEK 615 M (810). Total assets amounted to SEK 10,655 M (11,392) of which shares in subsidiaries amounted to SEK 2,129 M (2,142) and receivables from subsidiaries amounted to SEK 6,807 M (6,467). Cash and cash equivalents at year-end amounted to SEK 1,499 M (2,630). Shareholders' equity amounted to SEK 2,631 M (2,319). Interest-bearing liabilities amounted to SEK 7,726 M (8,728), of which SEK 2,791 M (2,739) constituted liabilities to subsidiaries. The average number of employees during the year was 32 (33). The number of employees on April 30, 2016 was 32 (35). For further information refer to the Parent Company's financial reports and the accompanying notes.

Shares

During the year 272 new Series B-shares were subscribed through conversion of convertible loan. Total number of registered shares on April 30, 2016 was 382,829,047 divided between 14,250,000 A-shares and 368,579,047 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 the Articles of Association, series A-shares are subject to right of first refusal. All A-shares are owned by Laurent Leksell via companies, also the only shareholder representing more than ten percent of total votes. On 30 April, 2016, treasury shares amounted to 1,541,368 (1,541,368) 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 pages 27–29 for more information on Elekta's share.

Dividend and proposal to repurchase shares

For 2015/16, the Board proposes a dividend of SEK 0.50 (0.50) per share to be divided into two payments. Total proposed dividend amounts to approximately SEK 191 M and 139 percent of net profit for the year. The Board intends to propose to the 2016 Annual General Meeting to renew the Board's authorization to repurchase shares in Elekta AB. The proposal limits the number of shares to be repurchased to a maximum of 10 percent of the number of shares outstanding in Elekta AB.

Appropriation of profit

Amounts in SEK.

Distributable shareholders' equity of the Parent Company	April 30, 2016
Premium reserve	584,891,447
Retained earnings	1,195,625,477
Profit for the year	502,969,693
Total	**2,283,486,617**
The Board of Directors and the President and CEO propose:	
to be distributed to the shareholders, a total dividend of SEK 0.50 per share[1)]	190,643,839
and that the remaining amount be carried forward	2,092,842,778
Total	**2,283,486,617**

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

The Board's statement on the proposed dividend

In making this proposal for dividend, the Board has taken into account the Company's dividend policy, solidity as well as general financial position, whereby the Company's ability to timely fulfill existing and foreseeable payment obligations as well as potential acquisitions and other investments. The equity ratio is reassuring, under the assumption that the Company and the Group continue to be profitable. The impact of the proposed dividend on the Groups reported equity/assets ratio of 33 percent (31), will be marginal. Concerning the Company's and the Group's result and position in general, refer to the statements of income, statements of comprehensive income, balance sheets and statements of cash flow and notes.

It is the assessment of the Board of Directors that the proposed dividend neither prevents the Company, and other companies within the Group, from fulfilling its 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 Annual General Meeting. The Articles of Association contain no specific regulations regarding changes to the Articles of Association.

GUIDELINES FOR REMUNERATION TO EXECUTIVE MANAGEMENT

The Board of Directors proposes that the Annual General Meeting on September 1, 2016 approve the following guidelines for remuneration and other terms of employment for the executive management of the Group. The guidelines will be valid for employment agreements entered into after the Annual General Meeting and for any changes made to existing employment agreements thereafter. It is proposed that the Board be given the ability to deviate from the below-stated guidelines in individual cases where specific reasons or requirements exist. The guidelines in the following proposal are, in principle, unchanged compared to the guidelines which were proposed by the Board of Directors and approved by the Annual General Meeting in September 2015, except for the section "Total target cash compensation" below.

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.

Total target cash compensation

Total target cash compensation, (fixed plus variable salary components), should be competitive in the geographic market where the executive is resident. The level of total target compensation should be reviewed annually to ensure that the company is competitive for similar positions in the market to be able to recruit and retain business critical competencies where needed. Market medians are established with the assistance of external compensation benchmarking. Since compensation should be performance-driven, the target annual variable salary component should account for a relatively high portion of the total target compensation.

Compensation components

The Group compensation system comprises various forms of compensation. This ensures well-balanced remuneration, thereby strengthening and underpinning short and long-term objective setting and achievement.

Fixed salary

Executive Management's fixed salary shall be individual and based on the content and responsibility of the position, the individual's competence and experience in relation to the role held, as well as the geography in which the position is based.

Variable salary

In addition to a fixed salary, Executive Management also has a variable salary component. The variable component is structured as a portion of the total cash remuneration package and is primarily related to the achievement of common Group financial performance goals. The Key Performance Indicators (KPIs) for variable salary components shall primarily be related to the outcome of specific financial and functional objectives within the Group compensation and benefit system.

The size of the variable salary component depends on the position held and may amount to between 30 percent and 70 percent of the fixed salary for on-target performance. Performance against fixed targets and payment for results achieved are measured quarterly. Quarterly payments against variable salary components are capped at 100 percent.

The goals for the variable salary component are established annually by the Board so as to sustain the business strategy and objectives. Other KPIs may be used to drive focus on non-financial objectives of particular interest.

Annual incentive

For performance related to financial goals within the variable salary plan exceeding 100 percent of the target, there is the opportunity for additional compensation called annual incentive. The annual incentive entails a potential to earn a maximum of 60 percent of the target variable salary component. Accordingly, the maximum payout level for the sum of the variable salary component and the annual incentive is capped at a 160 percent of the original target for variable compensation. The plan also contains a minimum performance level or threshold under which no variable salary or annual incentive will be paid out at all.

Equity-based long-term incentive programs

The Board also uses long-term incentives to ensure alignment between shareholder interests and Executive management, senior managers and other key colleagues. On an annual basis, the Board of Directors evaluates whether an equity-based long-term incentive program should be proposed to the Annual General Meeting.

In order to strengthen long-term thinking in decision-making and ensure achievement of long-term objectives, while also covering situations where equity-based solutions may be inappropriate or precluded by law, the Board may also selectively decide on other types of non-equity-based long-term incentive programs. Monetary long-term incentives should only be used as remuneration in special circumstances and should be in line with practice in each market. They must also require continued employment in the Group.

Retention measures

In order to ensure long-term engagement and retention of key staff in connection with the acquisition of new business, the divestment of operations or other transitional activities, an additional annual incentive with a deferred payment of 12–24 months may or may not be applied. This deferred incentive requires continued employment until an agreed future date for any payment to be made and is applied only in special and rare circumstances, which means that it is not part of any ordinary executive remuneration scheme. The deferred incentive should never exceed 50 percent of the contractual annual variable salary component and shall in other aspects comply with the Group bonus plan.

Pensions

When establishing new pension agreements, senior executives who are entitled to pension benefits should only be enrolled in defined-contribution schemes. The standard retirement age for Swedish citizens is 65 years while other executives follow the rules of their respective countries of residence. The main guideline is that the size of pension contributions be based only on the fixed salary. Certain individual adjustments may occur based on local market practice.

Other benefits

Benefits such as company cars and health, medical and sickness-related insurance schemes, should be of a more limited value compared with other items of the compensation package and in line with the market practice for the respective geographic market.

Notice periods and severance agreements

Periods of notice in Elekta follow local labor legislative requirements in the geographies in which they are based. Senior executives generally have notice periods of between 6 and 12 months.

Severance agreements entitling executives to lump sum payments will in principle not be signed.

Preparation and decision process

During the year, Elekta's Executive Compensation & Capability Committee (ECCC) provided the Board with recommendations regarding principles for formulating the Group's remuneration system and remuneration of senior executives and senior managers. The recommendations covered formulation of the bonus system, distribution between fixed and variable remuneration and the size of any salary increases. The ECCC also proposed criteria for assessing the performance of senior executives and senior managers. Any decisions on remuneration for the CEO is taken by the Board in its entirety.

The Board has discussed the proposals from the ECCC and its motion to the Annual General Meeting is based on the recommendation submitted. Elekta's ECCC comprises the Chairman of the Board and three independent Board members. The President and CEO attend the committee's meetings. The Group Vice President Human Resources acts as the ECCC secretary.

Corporate Governance Report 2015/16

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 operation since it provides opportunities for maintaining confidence among customers, patients, shareholders, authorities and other stakeholders. Elekta's Corporate Governance Report 2015/16 was prepared by the Company's Board of Directors and has been reviewed by the Company's external auditor.

Elekta AB (publ) is referred to as "Elekta AB", "the Company" or "the Parent Company" and the Elekta Group, which includes Elekta AB and its subsidiaries, is referred to as "Elekta" or "the Group".

Chairman's comments 2015/16

Elekta is a global medical technology company pioneering significant innovations and clinical solutions for treating cancer and brain disorders. Elekta's clinical solutions contribute to treatment of close to 1.5 million patients annually, all around the world. Thus, we have a major responsibility towards our customers and their patients. As a manufacturer of medical devices, Elekta's operations are governed by requirements and standards established by regulatory authorities in various countries, as well as by our own policies and procedures, including our Code of Conduct. Elekta is listed on NASDAQ Stockholm and has an international shareholder base. This contributes to the high demands we set on Elekta's governance, which includes risk management and internal control.

The Board emphasizes its work with Elekta's strategy and international development, as well as corporate governance. Elekta's Governance Framework describes how the Group is directed and controlled. The purpose is to create, preserve, and realize value for our shareholders as well as to provide and secure sustainable and reliable operations.

Elekta is in the final stage of implementing a strengthened internal control framework, and reinforced Group risk and quality management procedures and processed. This will enable us to manage and mitigate risks in a more structured manner.

Elekta has zero tolerance towards all actions that do not comply with or follow regulations, our Code of Conduct and other business policies. We strive for, and expect, the highest ethical business standard. During the year, the Board has thus reinforced our functions for compliance and internal control. The Board has worked extensively with the recruitment of Richard Hausmann, and was pleased to be able to appoint him as Elekta's new president and CEO on June 10, 2016. Tomas Puusepp, whom Richard Hausmann succeeded as president and CEO, will continue to contribute in his former capacity as an executive member of the Board.

During the year, Elekta has made significant progress with the extensive Transformation Program which was launched in June 2015. We in the Board continue to support and monitor the Company to ensure that we reach our strategic and financial objectives. We are fully confident in that the actions that are being established and implemented by executive management will contribute to a positive future, and the further development of Elekta.

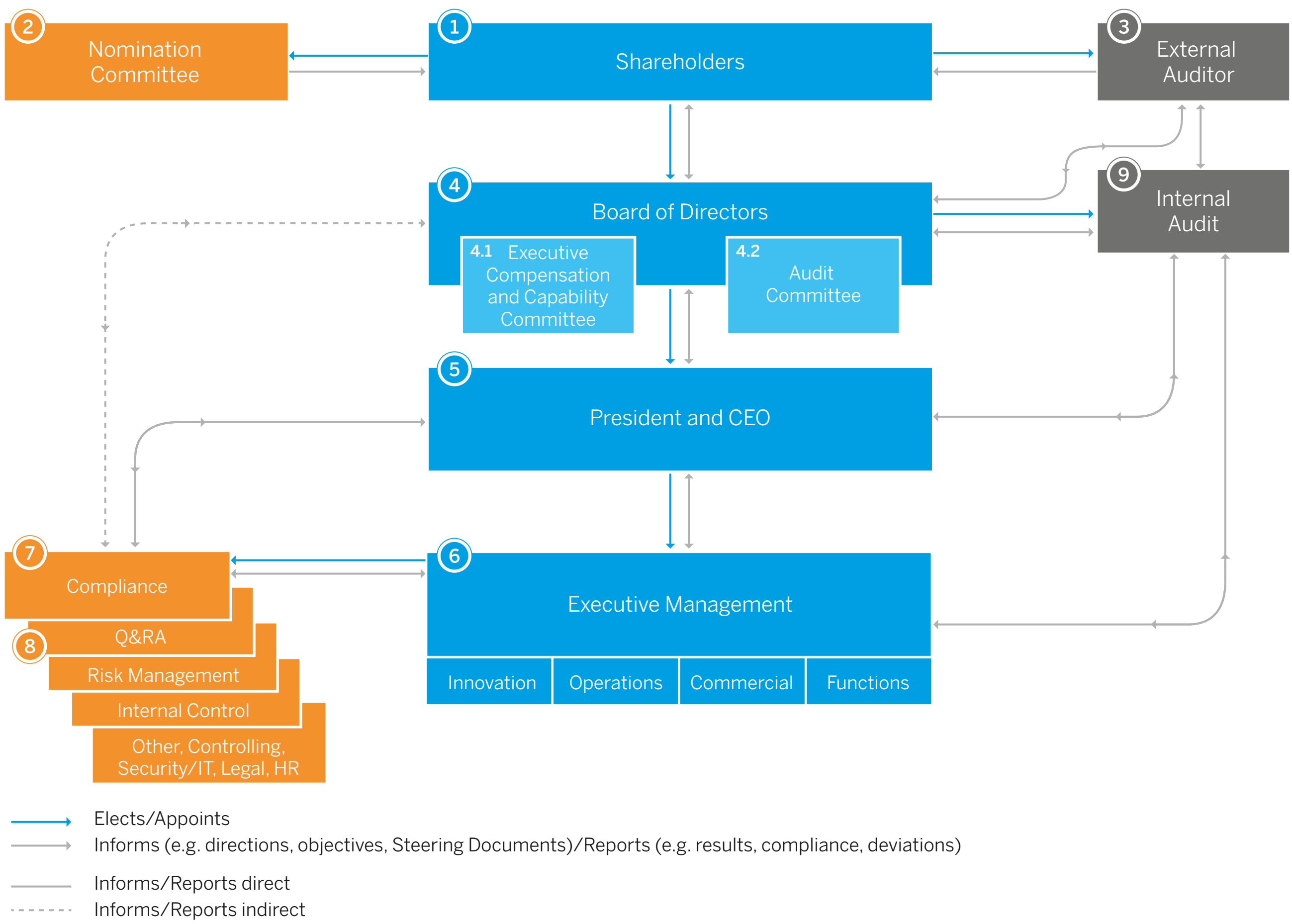
July 18, 2016

Laurent Leksell
Chairman of the Board

Elekta has implemented and complied with the Swedish Corporate Governance Code ("the Code") with one exception during the fiscal year 2015/16. Elekta's Nomination Committee resolved to appoint the Chairman of the Board of Directors, Laurent Leksell, as Chairman of the Nomination Committee, motivated by the fact that in his capacity as the major shareholder, he is well suited to effectively lead the work of the Nomination Committee in order to achieve the best results for the Company's shareholders. 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 GOVERNANCE STRUCTURE

As at April 30, 2016



Examples of External Steering Documents, Laws and regulations:

- The Swedish Companies Act
- The Swedish Annual Accounts Act
- The Swedish Accounting Act
- NASDAQ Stockholm Rule Book for Issuers
- The Swedish Corporate Governance Code
- International Financial Reporting Standards (IFRS)
- Requirements and standards from supervisory authorities in the field of medical technology
- Other applicable Swedish and international laws and regulations

Examples of Internal Steering Documents:

- Articles of Association
- Working Instructions for the Board of Directors, Working Instructions for the Chief Executive Officer, Instructions regarding financial reporting for the Board of Directors, Working Instructions for the Audit Committee, a Directive for the Executive Compensation and Capability Committee and a Charter for the Internal Audit function
- Objectives and strategies
- Mission, vision and values
- Code of Conduct
- The organizational structure with defined roles and responsibilities and delegation of authority
- Other policies and procedures, such as the Anti-Corruption Policy, Whistle Blowing Procedure, Communication Policy, Quality Policy, Environmental Policy, IT Policies and HR Policies, including processes and work instructions in the Elekta Business Management System
- Financial Guide

1 SHAREHOLDERS

Ownership structure
At the end of the fiscal year, Elekta AB had 29,656 shareholders, of whom 60 percent were domiciled in Sweden. At April 30, 2016, the largest shareholders were Laurent Leksell with companies, with 29.7 percent of the votes, and Swedbank Robur funds with 4.7 percent of the votes. Read more about the share and shareholders on pages 27–29.

Shares and votes
Elekta AB's B-share is listed on NASDAQ Stockholm. On April 30, 2016, the total number of registered shares in Elekta AB was 382,829,047, divided between 14,250,000 Series A shares and 368,579,047 Series B shares. At the General Meetings of Shareholders, which is the forum in which shareholders may exercise influence, Series A shares entitle the holder to ten votes, while Series B shares carry one vote each. Read more about the share and shareholders on pages 27–29.

Dividend policy
Elekta's goal is to provide shareholders with a favorable return and value growth. The policy is to distribute at least 30 percent of profit for the year in the form of dividends, repurchase of shares or comparable measures. A dividend decision is based on Elekta's financial position, earnings trend, growth potential and investment requirements.

General Meeting of Shareholders
The General Meeting of Shareholders is Elekta AB's highest decision-making body. In addition to the Annual General Meeting of Shareholders, Extraordinary General Meetings of Shareholders may be held at the discretion of the Board of Directors or, if requested by the external auditor or by shareholders owning at least 10 percent of the shares. Decisions are normally made by a simple majority, and in elections, the person receiving the most votes is deemed elected. The Swedish Companies Act requires certain decisions, such as amendments of the Articles of Association and the transfer of treasury shares to employees participating in equity-based long-term incentive programs, to be made by a qualified majority. 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 repurchases of treasury shares are set out on page 27.

Annual General Meeting of Shareholders
The Annual General Meeting of Shareholders 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 May–January. Notification of the Annual General Meeting 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.

Shareholders who cannot attend in person may be represented by an authorized proxy. Only shareholders included in the shareholder register are entitled to vote. Shareholders with trustee-registered shares who wish to vote must request that they be entered in the shareholder register by the record date for the Annual General Meeting. The Annual General Meeting is held in Swedish, but all relevant documentation is also available in English. At the Annual General Meeting, shareholders have the opportunity to ask questions. Elekta always strives to ensure that the members of the Board of Directors, the Executive Management and the external auditor are present at the Meeting.

2015 Annual General Meeting of Shareholders
The 2015 Annual General Meeting of Shareholders was held in Stockholm on September 1, 2015. The meeting was attended by 571 shareholders, either personally or by proxy, corresponding to 58 percent of the votes in the Company. All members of the Board of Directors were present at the Meeting. The 2015 Annual General Meeting of Shareholders resolved on the following:

- Adoption of the income statement and the balance sheet for the Parent Company and the consolidated income statement and the consolidated balance sheet.
- A dividend payment of SEK 0.50 per share to shareholders.
- Discharge of the members of the Board of Directors, and President and CEO, from liability.
- Adoption of fees to the Board of Directors totaling SEK 4,295,000 (3,710,000), of which SEK 1,075,000 (1,040,000) to the Chairman of the Board of Directors and SEK 460,000 (445,000) to each of the other external members of the Board of Directors, as well as SEK 90,000 (90,000) to the Chairman of the Executive Compensation and Capability Committee and SEK 50,000 (50,000) to each of the other members of the Committee, and SEK 200,000 (200,000) to the Chairman of the Audit Committee and SEK 110,000 (110,000) to each of the other members of the Committee.
- Fees to the external auditor should be paid in accordance with approved accounts.
- Re-election of members of the Board of Directors Luciano Cattani, Laurent Leksell, Siaou-Sze Lien, Tomas Puusepp, Wolfgang Reim, Jan Secher and Birgitta Stymne Göransson, and election of new members Johan Malmquist and Annika Espander Jansson. Laurent Leksell was re-elected Chairman of the Board of Directors.
- Re-election of PwC as external auditor, with Authorized Public Accountant Johan Engstam as Auditor in Charge.
- Adoption of the Board of Directors' proposed guidelines for remuneration of senior executives.
- Adoption of the Board of Directors' proposed equity-based long-term incentive program, Performance Share Plan 2015, to encompass approximately 11 key employees of the Group, with the exception of the transfer of treasury shares to employees.
- Adoption of procedure for appointment of Nomination Committee for the 2016 Annual General Meeting of Shareholders.

The minutes of the 2015 Annual General Meeting of Shareholders are available at www.elekta.com. No other General Meetings of Shareholders were held during the 2015/16 fiscal year.

2016 Annual General Meeting of Shareholders
The 2016 Annual General Meeting of Shareholders will be held in Stockholm, Sweden, at Moderna Museet on September 1, 2016 at 1:00 pm. More information regarding the 2016 Annual General Meeting of Shareholders is available at www.elekta.com.

2 NOMINATION COMMITTEE

Procedure for appointment of Nomination Committee
The 2015 Annual General Meeting of Shareholders resolved that the Nomination Committee for the 2016 Annual General Meeting of Shareholders would be appointed through a procedure whereby the Chairman of the Board of Directors, before the end of the second quarter of the fiscal year, 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 as of the last banking day of 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 be the member of the Nomination Committee appointed by the largest shareholder in terms of voting rights. The Nomination Committee would be entitled to appoint a person as a co-opted member to the Nomination Committee. Such a co-opted member would not participate in the Nomination Committee's resolutions. No remuneration would be paid to the members of the Nomination Committee.

Composition of the Nomination Committee for the 2016 Annual General Meeting of Shareholders

The composition of the Nomination Committee for the 2016 Annual General Meeting of Shareholders was announced in a press release on November 3, 2015. The Nomination Committee for the 2016 Annual General Meeting of Shareholders comprises:

- Laurent Leksell, Chairman of the Nomination Committee and Chairman of the Board of Directors – representing his own and related parties' holdings
- Åsa Nisell – appointed by Swedbank Robur Funds
- Per Colleen – appointed by the Fourth Swedish National Pension Fund
- Johan Hernander – appointed by Nordea Investment
- Mikael Wiberg – appointed by Alecta pensionsförsäkring

The Nomination Committee has appointed Laurent Leksell as Chairman of the Nomination Committee. The Nomination Committee has further resolved to co-opt Caroline Leksell Cooke without voting rights to the Nomination Committee. The assignment for the Nomination Committee is valid until the end of the next Annual General Meeting of Shareholders, or, where applicable, until a new Nomination Committee has been appointed.

Preparation for the 2016 Annual General Meeting of Shareholders

The Nomination Committee is to present proposals for resolutions by the 2016 Annual General Meeting of Shareholders in relation to the following:

- Chairman of the Annual General Meeting of Shareholders
- Chairman of the Board of Directors and other members of the Board of Directors
- Fees to the Board of Directors broken down into amounts for the Chairman of the Board of Directors, other members of the Board of Directors and members of the Board of Directors' committees
- External auditor and fees to the auditor
- Where deemed necessary, proposal to amend the procedure for the Nomination Committee

The Nomination Committee held four meetings prior to the 2016 Annual General Meeting of Shareholders. For the composition of the Board of Directors, the Nomination Committee paid particular attention to the Company's strategy, operations, stage of development and other conditions. The composition also meets the requirements stipulated in item 4.1 of the Swedish Corporate Governance Code regarding diversity and a breadth of qualifications, experience and background among Board members. The Nomination Committee does not believe that the composition of the Board of Directors fully meets the requirement of striving for gender balance on the Board. Of the nine Board members, three are women and six men, meaning that the percentage of women is 33 percent (25). The Nomination Committee believes that it is important to continue to strive for gender balance on the Board. The Board comprises members who are considered to contribute experience from and expertise in both general and the medical devices industry, accounting and finance and key international markets for Elekta. Several of the members have their main experience from a non-Nordic perspective.

Annually the Board of Directors' initiates an evaluation of the Board of Directors' work, expertise, composition and independence of its members were evaluated, partly to assess the preceding year, but also to identify areas for development for the Board of Directors. The evaluation is performed with support from an evaluation form and by discussions as well as by individual interviews performed by the Chairman of the Board with the Board Members. The conclusion is presented the nomination committee by the chairman of the board.

The Nomination Committee's complete proposals for the 2016 Annual General Meeting of Shareholders and reasoned statement will be published in the notice convening the 2016 Annual General Meeting of Shareholders, which will be available at www.elekta.com

3 EXTERNAL AUDITOR

Appointment of the external auditor

The external auditor of Elekta AB is appointed by the Annual General Meeting of Shareholders for a period until the end of the next Annual General Meeting of Shareholders.

External auditor and Auditor in Charge

The 2015 Annual General Meeting of Shareholders re-elected PwC as external auditor with Johan Engstam as Auditor in Charge. PwC has been the external auditor of Elekta AB since the 2012 Annual General Meeting of Shareholders.

Johan Engstam was born in 1966 and is an Authorized Public Accountant. During the year, he was also the Auditor in Charge of MedCap AB. He has no assignments in any other company that affect his independence as the Auditor in Charge of Elekta AB.

Responsibility

The audit engagement includes the audit of the annual accounts and consolidated accounts of Elekta AB, the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the President and CEO of Elekta AB. The audit engagement also includes reviewing whether the guidelines for remuneration of senior executives adopted by the Annual General Meeting of Shareholders have been complied with.

Work during the year

PwC has performed the audit of Elekta AB and the Group for the fiscal year 2015/16, based on a risk-based External Audit plan, resulting in unqualified Auditor's report and statement, which are available on page 95 and at www.elekta.com.

In 2015, the Audit Committee established guidelines regarding the type of 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. Permissible non-audit services 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 the external auditor during the fiscal year 2015/16 adhered to the guidelines established and comprised tax consultancy and other services such as consultancy work related to internal control and acquisitions.

The fees to the external auditor for the fiscal year 2015/16 are reported in Note 8.

4 BOARD OF DIRECTORS

Appointment of the Board of Directors

The Board of Directors of Elekta AB ("the Board") is appointed by the Annual General Meeting of Shareholders for a period until the end of the next Annual General Meeting of Shareholders. According to the Articles of Association of Elekta AB, the Board is to have between three and ten members with not 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 nine members. The members of the Board are Laurent Leksell, who is also the Chairman of the Board, Luciano Cattani, Siaou-Sze Lien, Tomas Puusepp, Wolfgang Reim, Jan Secher, Birgitta Stymne Göransson, Johan Malmquist and Annika Espander Jansson. There are neither deputy Board members nor employee representatives on the Board.

The General Counsel serves as secretary for the Board.

The composition of the Board meets applicable independence requirements as seven of the nine members of the Board have been deemed independent in relation to the Company, the Executive Management and major shareholders. These seven members are: Luciano Cattani, Siaou-Sze Lien, Wolfgang Reim, Jan Secher, Birgitta Stymne Göransson, Johan Malmquist and Annika Espander Jansson.

Attendance at Board meetings is shown in the table on pages 46–47.

Responsibility

The Board's work is regulated by the Swedish Companies Act, the Articles of Association, the Code and the Working Instructions for the 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 to ensure long term ability of value creation
- Ensuring an effective system for follow-up and control of the company operations and risks that the company and its operation challenge
- 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

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 M 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 Annual General Meeting of Shareholders
- Decide on terms of employment for the President and CEO according to guidelines for remuneration of senior executives approved by the Annual General Meeting of Shareholders
- 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 Executive Compensation and Capability Committee and to the Audit Committee respectively.

Risk management

Risk management, internal 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 risk management, internal governance and internal control system. The responsibility for maintaining the system is delegated to the President and CEO, who is assisted by the Executive Management and specifically established committees, functions and employees. Functions that are responsible for risk manage-

THE WORK OF THE BOARD OF DIRECTORS INCLUDING SOME IMPORTANT AGENDA ITEMS IN 2015/16

2015 | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER

MAY – One meeting
- Profit warning
- Niklas Savander left the Company and was replaced by Tomas Puusepp

JUNE – One meeting
- Year-end Report (Report June 2, 2015)
- Meeting with Auditors
- Review of Budget FY 15/16 incl. new organization and setting financial targets. Proposal of dividend and share buyback mandate
- Adoption of Budget
- Report on long-term incentive program
- Approval of Code of Conduct
- Review and approval of the company Risk Map

JULY – One meeting
- Adoption of Annual Report (including all reports included therein)
- Adoption of final summons to the AGM, approval of the Board's reasoned statement regarding share repurchase and statement with respect to dividend

AUGUST – One meeting
- Interim Report Q1 (Report September 1, 2015)
- Update and review of company improvement program
- Long-term financing
- AGM
- Appointment of the Committees (after the AGM)
- Adoption of Working Instructions for Board, CEO and working committees

SEPTEMBER – Two meetings
- Strategic workshop incl. meeting with external advisors

ment, internal governance and internal control are continuously reporting status directly to the Board of Directors' and/or the Audit Committee.

Elekta's risk work focuses on assessing and managing strategic risks, operating risks, legal and regulatory risks, market and external risks and financial risks. A risk assessment is performed once a year in order to identify the risks related to the achievement of established objectives, compliance with laws and regulations, and financial reporting. The risks are documented in the Group's Risk Map, which was discussed by the Board during the year. The Board of Directors also manage subjects for decision that include risk management in for example Elekta's strategy and management processes and business decisions.

Work during the year

During the fiscal year 2015/16, the Board held twelve minuted meetings. Attendance at Board meetings is shown in the table on pages 46–47. These meetings are normally held at the Elekta's head office in Stockholm. 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 work of the Board including important agenda items in 2015/16 is shown in the table below.

4.1 EXECUTIVE COMPENSATION AND CAPABILITY COMMITTEE

Appointment of the Executive Compensation and Capability Committee

The Board shall appoint an Executive Compensation and Capability Committee ("ECCC"), which shall consist of at least two members of the Board, of whom at least one shall be independent of the Company and its Executive Management.

Composition

The Executive Compensation and Capability Committee consists of five members appointed by the Board at the first Board meeting following the election of the Board by the Annual General Meeting of Shareholders for a term of one year. The members of the Committee are Laurent Leksell, who is also the Chairman of the Committee, Luciano Cattani, Siaou-Sze Lien, Tomas Puusepp and Johan Malmquist. Attendance at Committee meetings and independence are shown in the table on pages 46-47. The President and CEO also attends the Committee's meetings and the Group VP Human Resources serves as secretary for the Committee.

Responsibility

The objective of the Executive Compensation and Capability Committee is to ensure a fair and equitable remuneration scope and structure for managers at Elekta. Such remuneration should be designed to contribute to generating maximum value for shareholders and customers, while maintaining the Group's market competitiveness. It should further be designed to ensure the Group's ability to attract, motivate and retain managers who are key to achieving the business objectives of the Group. This applies to remuneration structures for senior executives in the Executive Management and for other remuneration structures targeting all Elekta managers. The objective of the Committee is also to ensure succession planning and reviews of management succession plans for senior management levels and other Group-critical positions, and to ensure gender and diversity analysis and actions. Furthermore, the objective of the Committee is to ensure senior management competencies and capabilities including organization development programs. The Committee works in accordance with Directive for the Executive Compensation and Capability Committee adopted by the Board. The Committee keeps the Board regularly informed and refers matters to the Board for decision as necessary.

Work during the year

During the fiscal year 2015/16, the Executive Compensation and Capability Committee held twelve minuted meetings. Attendance at Committee meetings is shown in the table on pages 46-47. The most important agenda items at the meetings were:

- Recruitment of a new CEO of Elekta AB
- Remuneration review including variable remuneration of the Executive Management
- Compensation analysis for the Executive Management
- Evaluation and update of Elekta's Performance Share Plan for the Executive Management
- Preparations for a new long-term incentive program for 2015/16 for key individuals not included in the Executive Management
- Follow-up of compliance with the guidelines for remuneration of senior executives approved by the Annual General Meeting of Shareholders

NOVEMBER

One meeting
- Transformation program and progress report
- Organization and succession

DECEMBER

One meeting
- Interim Report Q2 (Report December 3, 2015)
- Update and review of Innovation Roadmap
- Meeting with auditors
- Review and reporting of goals and strategy for the Internal Audit, Compliance and Internal Control functions
- Review of the software comprehensive program
- Board evaluation

2016

JANUARY

One meeting
- General updates on financials and ongoing efficiency and improvement programs

FEBRUARY

MARCH

Two meetings
- Interim Report Q3 (Report March 2, 2016)
- Succession
- Review of regions, marketing and service
- Long Term Planning and Budget (approval of direction)

APRIL

One meeting
- Updates and review of company improvement program

Board of Directors

1. LAURENT LEKSELL

First elected: 1972

■ *Board chairman*

■ *Chairman of the Executive Compensation and Capability Committee*

Attendance: ■ 12/12 ■ 11/12

Total fees: ■ 1,075,000 ■ 90,000

Year of birth: 1952

Education:
MBA and PhD from Stockholm School of Economics

Independence:
Not independent in relation to the Company and the Executive Management and, being the Company's largest shareholder, not independent in relation to major shareholders

Other Board assignments:
Board chairman: Leksell Social Ventures

Board member: International Chamber of Commerce (ICC) and Stockholm School of Economics

Holdings in Elekta AB (own and closely related parties):
14,250,000 A-shares, 9,306,624 B-shares, 3,562,500 A-convertibles and 2,032,371 B-convertibles

Principal work experience and other information:
Founder of Elekta and Executive Director from 2005 to 2013. Former President and CEO of Elekta during the years from 1972 to 2005. Among others, Assistant Professor and Faculty member of Stockholm School of Economics, IFL and Insead Fontainebleau, and Visiting Scholar at Harvard Business School

2. LUCIANO CATTANI[1)]

First elected: 2008

■ *Member of the Board*

■ *Member of the Executive Compensation and Capability Committee*

Attendance: ■ 11/12 ■ 10/12

Total fees: ■ 460,000 ■ 50,000

Year of birth: 1945

Education:
Master of Science in Economics from the University of Rome

Independence:
Independent of the Company and the Executive Management and independent of major shareholders

Other Board assignments: –

Holdings in Elekta AB (own and closely related parties):
20,000 B-shares and 10,000 B-convertibles

Principal work experience and other information:
President for EMEA at Stryker Corporation from 2001 to 2004, Group President International at Stryker Corporation from 2005 to 2008, and Executive Vice President International Public Affairs at Stryker Corporation from 2008 to 2010. Since 2012, CEO of Eucomed (European MedTech Industry Trade Association)

3. ANNIKA ESPANDER JANSSON[2)]

First elected: 2015

■ *Member of the Board*

■ *Member of the Audit Committee*

Attendance: ■ 8/12 ■ 1/4

Total fees: ■ 460,000 ■ –

Year of birth: 1964

Education:
Bachelor of Science in Chemistry from Uppsala University/University of Michigan, and MBA in International Business Management from Uppsala University, Sweden

Independence:
Independent of the Company and the Executive Management and independent of major shareholders

Other Board assignments:
Board member: Lifco AB, Esperio AB, Asperia AB, and Sjöbergstiftelsen

Holdings in Elekta AB (own and closely related parties):
8,000 B-shares

Principal work experience and other information:
25 years' experience as an advisor and investor, as well as from executive positions within the financial markets, among others from Handelsbanken, Enskilda Securities, and Catella. Operational experience from the pharmaceutical industry (Pharmacia) and currently partner at Captor Investment Management AB

4. SIAOU-SZE LIEN

First elected: 2011

■ *Member of the Board*

■ *Member of the Executive Compensation and Capability Committee*

Attendance: ■ 12/12 ■ 12/12

Total fees: ■ 460,000 ■ 50,000

Year of birth: 1950

Education:
Bachelor of Science in Physics from Nanyang University and a Master of Science in Computer Science from Imperial College in London

Independence:
Independent of the Company and the Executive Eanagement and independent of major shareholders

Other Board assignments:
Nanyang Technological University (NTU), NTU's Confucius Institute, Japfa Ltd and Singapore Corporation of Rehabilitative Enterprises (SCORE)

Holdings in Elekta AB (own and closely related parties):
10,000 B-shares

Principal work experience and other information:
Senior Executive Coach at Mobley Group Pacific Ltd after a 28-year career at Hewlett-Packard. Until 2006, Senior Vice President, Hewlett-Packard Services for the Asia-Pacific & Japan region

5. JOHAN MALMQUIST[3)]

First elected: 2015

■ *Member of the Board*

■ *Member of the Executive Compensation and Capability Committee*

Attendance: ■ 8/12 ■ 9/12

Total fees: ■ 460,000 ■ 50,000

Year of birth: 1961

Education:
Bachelor Degree Stockholm School of Economics

Independence:
Independent of the Company and the Executive Management and independent of major shareholders

Other Board assignments:
Board chairman: Tingstad AB

Board member: Mölnlycke Health Care AB,

[1)] Luciano Cattani has during part of the fiscal year acted as interim Managing Director for the Italian business. This assignment has not affected Luciano Cattanis independence status as the nature of the assignment was temporary and only during a limited period of the fiscal year.

[2)] Annika Espander Jansson was elected at the Annual General Meeting 2015, and has thus attended board meetings from that date and onwards. Annika Espander Jansson was furthermore elected as member of the Audit Committee at the end of the fiscal year.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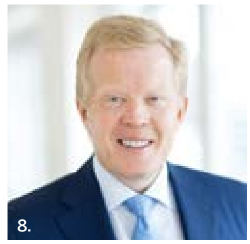
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Dunkerstiftelserna, Chalmers University of Technology Foundation, SCA AB, Trelleborg AB, and Getinge

Holdings in Elekta AB (own and closely related parties):
20,000 B-shares

Principal work experience and other information:
Extensive experience from the medical technology industry, among others as president and CEO for Getinge AB between 1997 and 2015. Before that, various positions within the Getinge group and Electrolux group

6. TOMAS PUUSEPP[4)]

First elected: 2013

■ *Executive Director of the Board*

Attendance: ■ 12/12

Total fees: ■ –

Year of birth: 1955

Education:
Electrical Engineer, studies in Physics at the Royal Institute of Technology in Stockholm and at the University of Stockholm and Management (IEP) at IMD in Lausanne

Independence:
Not independent in relation to the Company and the Executive Management but is independent in relation to major shareholders

Other Board assignments:
Board Chairman: Global Medical Investments GMI AB

Board member: The Swedish American Chamber of Commerce in New York and Permobil AB.

Holdings in Elekta AB (own and closely related parties):
652,000 B-shares

Principal work experience and other information:
Various positions at the Research Institute for Nuclear Physics, Scanditronix and Ericsson before being employed by Elekta in 1988. Since then, he has held various management positions within the Company, including head of Elekta's neurosurgery operations, President of Elekta's subsidiary in North America, global head of Elekta's sales, marketing and service operations, and President and CEO of Elekta during fiscal years 2005/06 to 2013/14, and during 2015/16

7. WOLFGANG REIM

First elected: 2011

■ *Member of the Board*

■ *Member of the Audit Committee*

Attendance: ■ 11/12 ■ 2/5

Total fees: ■ 460,000 ■ *110,000*

Year of birth: 1956

Education:
Master in Natural Sciences and PhD in Physics from the Federal Institute of Technology ETH in Zürich

Independence:
Independent of the Company and the Executive Management and independent of the major shareholders

Other Board assignments:
Board chairman: Ondal Medical Systems GmbH and DORC B.V.

Board member: GN Store Nord A/S, Klingel GmbH from and Medlumics S.L.

Holdings in Elekta AB (own and closely related parties):
17,500 B-shares

Principal work experience and other information:
Independent consultant focusing on the medical technology industry. Until the end of 2006, CEO of Drager Medical AG. At Siemens from 1986 until 2000, as President of the Special X Ray Products Division and CEO of the Ultrasound Division among other positions

8. JAN SECHER

First elected: 2010

■ *Member of the Board*

■ *Member of the Audit Committee*

Attendance: ■ 10/12 ■ 4/5

Total fees: ■ 460,000 ■ 110,000

Year of birth: 1957

Education:
Master of Science in Industrial Engineering and Management from Linköping University in Sweden

Independence:
Independent of the Company and the Executive Management and independent of the major shareholders

Other Board assignments:
Board chairman: Peak Management AG

Board Member: The European Chemical Industry Council from October 2014

Holdings in Elekta AB (own and closely related parties):
18,800 B-shares and 2,340 B-convertibles

Principal work experience and other information:
President and CEO of Perstorp AB from September 2013. Previously President and CEO of Ferrostaal AG from 2010 to 2012, operating partner of the US private equity fund Apollo in London from 2009 to 2010, CEO of Clariant AG in Basel from 2006 to 2008 and CEO of SICPA in Lausanne from 2003 to 2005. Before he held various leading positions in the ABB Group during the years from 1982 to 2002

9. BIRGITTA STYMNE GÖRANSSON

First elected: 2005

■ *Member of the Board*

■ *Chairman of the Audit Committee*

Attendance: ■ 12/12 ■ 5/5

Total fees: ■ 460,000 ■ 200,000

Year of birth: 1957

Education:
MBA from Harvard Business School and Master of Science in Chemical Engineering and Biotechnology from the Royal Institute of Technology in Stockholm

Independence:
Independent of the Company and the Executive Management and independent of the major shareholders

Other Board assignments:
Board chairman: Medivir AB (until May 2016), HL Display and Fryshuset Foundation

Board member: Pandora AS, Rhenman & Partners Asset Management AB, Midsona AB, Bioinvent International AB, and Sophiahemmet, and as per May 2016, board member of Capio AB

Holdings in Elekta AB (own and closely related parties):
6,100 B-shares and 1,900 B-convertibles

Principal work experience and other information:
President and CEO of Memira Group 2010 to 2013. CEO of Semantix Group 2005 to 2009, and COO/CFO of Telefos 2001 to 2005. Before that, various managerial positions, including Åhléns AB, Gambro and McKinsey & Co.

3) Johan Malmquist was elected at the Annual General Meeting 2015, and has thus attended board meetings from that date and onwards.
4) Tomas Puusepp was Elekta´s President and CEO from May 13, 2015 until June 9, 2016. For information about Tomas Puusepp´s remuneration, se Note 5.

- Succession planning and reviews of management succession plans for senior management levels and other Group-critical positions
- Preparation of the Board's recommendations regarding guidelines for remuneration of senior executives for the next Annual General Meeting of Shareholders

4.2 AUDIT COMMITTEE

Appointment of the Audit Committee

The Board shall appoint an Audit Committee, which shall consist of at least three members of the Board with at least one qualifying as a financial expert. The majority of the Committee members are to be independent of the Company and its Executive Management. At least one member of the Committee who is independent of the Company and its Executive Management shall also be independent of the Company's major shareholders.

Composition

The Audit Committee consists of four members, of which three were appointed by the Board at the first Board meeting following the election of the Board by the Annual General Meeting of Shareholders for a term of one year. The fourth member was appointed at the end of the fiscal year. The members of the Committee are Birgitta Stymne Göransson, who is also the Chairman of the Committee, Jan Secher, Wolfgang Reim and Annika Espander Jansson. Attendance at Committee meetings and independence are shown in the table on pages 46–47.

The President and CEO, the CFO and the Chief Audit Executive also attend the Committee's meetings as well as the external auditor as applicable. The General Counsel serves as secretary for the Committee.

Responsibility

The objective of the Audit Committee is to monitor the Group's financial reporting and the effectiveness of the Group's internal control, internal audit and risk management. The objective is also to keep itself informed about the external audit of the annual report and consolidated report of Elekta AB as well as to review and monitor the impartiality and independence of the external auditor, and pay particular attention if the external auditor provides the Group with services other than audit services. Furthermore, the objective is to assist the Nomination Committee in preparing the proposal to the Annual General Meeting of Shareholders regarding election of external auditor. The Committee works in accordance with Working Instructions for the Audit Committee adopted by the Board. The Committee keeps the Board regularly informed and prepares matters to the Board for decision.

Work during the year

During the fiscal year 2015/16, the Audit Committee held four minuted meetings. Attendance at Committee meetings is shown in the table on pages 46–47. The most important agenda items at the meetings were:

- Review of interim reports, year-end report and annual report 2015/16
- Review of Group Risk Map
- Review of accounting principles
- Balance sheet review and cash flow analyses
- Monitoring of the Global Internal Control project
- Review of the Finance organization
- Review of Charter for the Internal Audit function
- Approval of Internal Audit plan
- Review of Internal Audit Reports
- Review of Compliance Reports
- Review of External Audit plan
- Review of External Audit reports
- Evaluation of the external audit

5 PRESIDENT AND CEO

Appointment of the President and CEO

The Board appoints Elekta AB's President and CEO.

Tomas Puusepp was appointed President and CEO of Elekta AB on May 13, 2015. Tomas Puusepp also served as President and CEO of Elekta AB from May 1, 2005 until April 30, 2014. More information about Tomas Puusepp is provided in the presentation of the Board of Directors on page 46–47. Tomas Puusepp was succeeded by Richard Hausmann on June 10, 2016. Remuneration of the President and CEO is described in Note 5.

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 including the Working Instructions for the Chief Executive Officer 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.

6 EXECUTIVE MANAGEMENT

Appointment of the Executive Management

The President and CEO appoints the members of the Executive Management applying the Grandparent principle.

Composition

During the fiscal year 2015/16, Elekta's Executive Management comprised the President and CEO, the Chief Commercial Officer (COO), the Chief Financial Officer (CFO), the Chief Operating Officer, the Executive Vice President Region North America, the Executive Vice President Comprehensive Oncology Solutions, the Executive Vice President Research and Innovation, the Executive Vice President Marketing and Strategy, the Executive Vice President Legal and Compliance, and the Executive Vice President Human Resources.

A presentation of the Executive Management is provided on page 49. Remuneration of the Executive Management is described in Note 5.

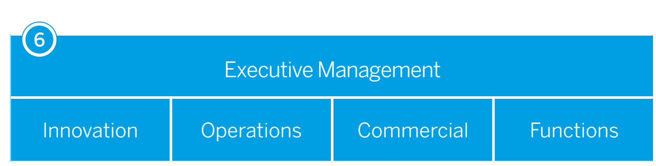
Responsibility

The President and CEO is responsible for and leads the work and meetings of the Executive Management. The Executive Management makes joint decisions following consultation with various parts of the Group. The Executive Vice Presidents of the regions and Business Areas have the same responsibilities and decision-making authorities at the meetings.

Work during the year

The Executive Management meetings are normally held each month by telephone or in conjunction with visits to the Group's various offices and facilities.

During the fiscal year 2015/16, twelve minuted meetings with the Executive Management were held. The most important agenda items at the meetings 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.



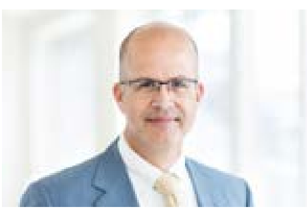
Executive Management

RICHARD HAUSMANN[1]
Year of birth: 1960
Role: President and CEO
Employed since: 2016
Holdings[3]**:** 14,500 B-shares
Education: Doctorate in Physics from Regensburg University, Germany

IAN ALEXANDER
Year of birth: 1958
Role: Chief Commercial Officer (CCO)
Employed since: 2008–2011 and since 2012
Holdings[3]**:** 1,332 B-shares

HÅKAN BERGSTRÖM
Year of birth: 1956
Role: Chief Financial Officer (CFO)
Employed since: 2001
Holdings[3]**:** 140,052 B-shares and 35,013 B-convertibles
Education: Bachelor Degree in Economics from Umeå University

JOHAN SEDIHN[2]
Year of birth: 1965
Role: Chief Operating Officer (COO)
Employed since: 1993
Holdings[3]**:** 79,462 B-shares and 20,203 B-convertibles
Education: MSc in Industrial Engineering and Management from Linköping University



BILL YAEGER
Year of birth: 1961
Role: EVP Region Americas
Employed since: 2000–2008 and since 2011
Holdings[3]**:** 12,200 B-shares
Education: BSc in Electrical Engineering from University of Connecticut, MSc in Computer Engineering, and MBA from Syracuse University

TODD POWELL
Year of birth: 1965
Role: EVP Global Engineering
Employed since: 2005 (IMPAC 1992)
Holdings[3]**:** –
Education: BSc Hons in High Energy Physics, Mathematics from California State University. Emphasis in Finance, Mergers and Acquisitions, and Strategies for Stable Innovation from Stanford Graduate School of Business

JOHN LAPRÉ
Year of birth: 1964
Role: Chief Technology Officer (CTO)
Employed since: 2011 (Nucletron 2009)
Holdings[3]**:** 5,250 B-shares
Education: MSc in Human Nutrition and Physiology, and PhD in Toxicology from Wageningen University

MAURITS WOLLESWINKEL
Year of birth: 1971
Role: EVP Marketing and Strategy
Employed since: 2011
Holdings[3]**:** 5,000 B-shares
Education: MSc in Mechanical Engineering from Delft University of Technology, and MSc in General Management from Nyenrode University

JONAS BOLANDER
Year of birth: 1966
Role: EVP Legal and Compliance
Employed since: 2001
Holdings[3]**:** 200 B-shares
Education: Master of Laws from Stockholm University

1) On April 13, 2016 Elekta announced that the Board of Directors had appointed Richard Hausmann as new President and CEO effective June 10, 2016. Richard Hausmann succeeded Tomas Puusepp, for more information about Tomas Puusepp see pages 46–47.
2) Johan Sedihn, Elekta's Chief Operating Officer, will temporarily lead Human Resources in addition to his other responsibilities, as Valerie Binner, Executive Vice President Human Resources, left the company as per June 10, 2016.
3) Own and closely related parties.

7 COMPLIANCE

Establishment and responsibilities of the Compliance function

The Compliance function is headed by a Global Compliance Officer.

Responsibility

The Compliance function's responsibilities is to review and evaluate compliance issues within the organization and ensuring that management and employees of the Group are in compliance with the rules and ethical regulations in the most significant risk areas such as anti-corruption and interactions with healthcare professionals, export control and competition law. The Global Compliance Officer reports functionally to the General Counsel but functions as an independent and objective body ensuring compliance concerns are being appropriately resolved and reported to the Audit Committee of the Board of Directors.

Work during the year

Focus areas during the year included the following:

- Strengthening the compliance program to prevent corruption and issues clarifying regulations for the interaction between Elekta and healthcare professionals and their employees.
- Continuously updating the Compliance function by recruiting Compliance Officers in Asia and Europe.
- Initiating Group-wide employee training in Elekta's Code of Conduct and ethical blindness in collaboration with Professor Guido Palazzo, IMD.
- Establishing an automated Compliance Desktop process for ensuring efficiency and risk-based due diligence of parties including business partners.
- Establishing a well-defined strategy for the work and organization of the Compliance Function for the year ahead.
- Assisting management and the local organization with ongoing investigations of Elekta's Italian operations regarding alleged violations connected with public procurement.
- Internal investigations including the preparation of proposed measures in consultation with management and the Board of Directors.

Reporting to the Board

Since the Audit Committee monitors regulatory compliance in the Group on behalf of the Board of Directors, it is necessary to have regular information about how the Company manages and prevents compliance risks. It is important that the Board is well informed of both the preventive measures and any weaknesses in order to ask the right questions and remain a critical reviewer of the operations.

Elekta's Global Compliance Officer presents the progress of the risk-based compliance program at each scheduled Committee meeting, and reports on any incidents and the status of ongoing investigations. In addition, the entire Board of Directors meets with the Global Compliance Officer at least once a year. A written compliance report is submitted at every information meeting.

In addition to continuous reporting, the Audit Committee evaluated and approved the strategic plan for the continued work and organization of the Compliance function during the year. The strategic plan was produced based on risk analyzes, which also included the geographic risk via a calculated Elekta Risk Score.

8 QUALITY AND REGULATORY AFFAIRS (Q&RA)

Appointment

The Quality and Regulatory Affairs (Q&RA) function is headed by a Global Vice President Quality & Regulatory Affairs, Global Q&RA.

Responsibility

The Q&RA function's responsibilities include supporting management in its efforts to comply with regulatory requirements for products, quality systems and market entry. The function interacts and provides transparency to management and external regulatory bodies. The function is responsible for the quality system infrastructure and compliance, product clearances and approvals, and post market vigilance and recall reporting. The function is also responsible for and conducts internal audits of the quality system and regulatory compliance. The Global Vice President Quality & Regulatory Affairs reports to the CEO.

Work during the year

- Ensuring product approval for regulatory market entry
- Implementation of Internal Audit plan
- Managing inspections from different authorities and organizations, all with positive outcomes
- Interacting with authorities in different regulatory forums and represented different industry associations in discussions with authorities worldwide

9 INTERNAL AUDIT

Appointment

The Internal Audit function, is headed by a Chief Audit Executive. A new Chief Audit Executive of the Company took office on February 1, 2016.

Responsibility

The Internal Audit function is an independent and objective assurance and consulting activity. The Chief Audit Executive reports functionally to the Audit Committee, and administratively to the Chief Financial Officer (CFO). The scope of the Internal Audit function encompasses the examination and evaluation of the adequacy and effectiveness of Elekta's governance, 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. It also encompasses consulting activities and advisory support in relation to Elekta's governance, risk management, and internal control processes.

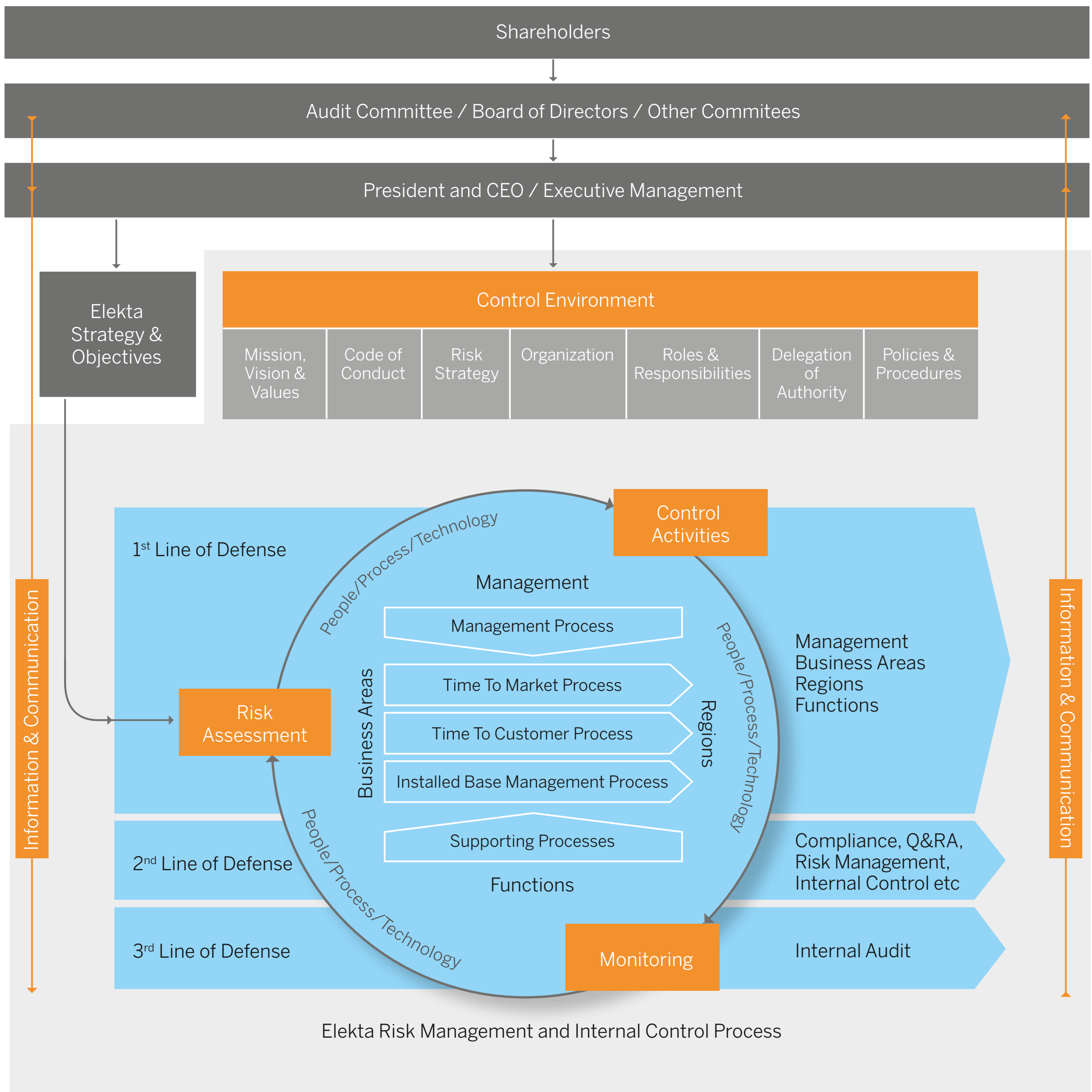
The Internal Audit function works in accordance with the Charter for the Internal Audit function adopted by the Board.

Work during the year

- Preparation and review of Group Risk Map
- Establishment of an Internal Audit plan
- Internal Audit of Risk and Control matrices for processes encompassed by the Global Internal Control project, Control Self-Assessment and other risk areas
- Special investigations
- Advisory support to the Internal Control function
- Member of Program Management Office for the Global Internal Control project
- External Audit co-ordination
- Audit Committee meeting planning
- Internal Audit Reports to the Executive Management, the Audit Committee and the Board of Directors

ELEKTA GOVERNANCE FRAMEWORK

As at April 30, 2016



ELEKTA GOVERNANCE FRAMEWORK

Elekta Governance Framework – overall aims and responsibilities

Elekta Strategy & Objectives

A brief description of how the Elekta Group is governed and controlled is provided below, based on the distribution of rights and responsibilities, including decision-making, among different corporate bodies according to laws and regulations and 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.

Elekta Risk Management and Internal Control Process

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.

Shareholders, Board of Directors, Audit Committee, other Committees, President and CEO, and Executive Management

The Board, appointed by the Shareholders, and its Committees assume the overall responsibility for establishing effective governance of Elekta including risk management and internal control. The responsibility for designing, implementing and conducting effective governance including risk management and internal control is delegated to the President and CEO, who is assisted by the Executive Management, other operational managers and personnel, the so-called "First Line of Defense". In addition, specifically established functions such as Compliance, Quality and Regulatory Affairs (Q&RA), Risk Management and Internal Control provide guidance and assessments on governance, risk management and internal control related to their areas of expertise, the so-called "Second Line of Defense", which also comprise Board and management oversight at different levels. The Internal Audit function, the so-called "Third Line of Defense", provides independent and objective assurance and advisory support to management on governance, risk management and internal control.

Elekta Risk Management and Internal Control Process

The starting point for Elekta's work on risk management and internal control is the 2013 updated Internal Control – Integrated Framework (Framework), and the Enterprise Risk Management Integrated Framework (ERM Framework), both established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO Framework is based on 17 fundamental principles linked to the five components; Control Environment, Risk Assessment, Control Activities, Monitoring, and Information and Communication.

Elekta has defined risk management and internal control as a process, effected by the Board and its Committees, the President and CEO, the Executive Management and other managers and personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to:

Operations
- Effectiveness and efficiency of operations
- Safeguarding assets against loss

Reporting
- Reliability, timeliness and transparency of internal and external financial and non-financial reporting

Compliance
- Adherence to applicable laws and regulations, and Internal Steering Documents

Risk Management and Internal Control over Financial Reporting is a "subset" of the Risk Management and Internal Control Process. Refer also to "The Board of Directors' Report on Risk Management and Internal Control over Financial Reporting" below.

Business Areas, Regions, Functions, Management, People, Process, Technology

The Risk Management and Internal Control Process is applicable for the entire Elekta operations including Business Areas, Regions, Functions, Management, People, Process and Technology.

Control environment

Elekta's control environment comprises its mission, vision and values, Code of Conduct, risk strategy, organization, roles and responsibilities, delegation of authority, and policies and procedures. Policies and procedures clarify certain important aspects of the control environment such as Board independence from management, a commitment to attract, develop and retain competent individuals as well as performance measures, incentives and rewards to drive accountability for performance. To govern the operations, Elekta has established a Business Management System with Internal Steering Documents. The most important elements of this System are:
- Working Instructions for the Board of Directors, Working Instructions for the Chief Executive Officer, Instructions regarding financial reporting for the Board of Directors, Working Instructions for the Audit Committee, a Directive for the Executive Compensation and Capability Committee and a Charter for the Internal Audit function

- Mission, vision and values
- Code of Conduct
- The organizational structure with defined roles and responsibilities and delegation of authority
- Other policies and procedures such as the Anti-Corruption Policy, Whistle Blowing Procedure, Communication Policy, Quality Policy, Environmental Policy, IT Policies and HR Policies
- Processes and work instructions, for example, the Strategy and Management processes, the main Business processes (Time To Market, Time To Customer and Installed Base Management), as well as Supporting processes

In addition to the Business Management System, Elekta has established a Financial Guide. Refer also to "The Board of Directors' Report on Risk Management and Internal Control over Financial Reporting" below.

Risk Assessment

All business activities involve risks from external and internal sources. Risk is defined as the possibility that an event will occur and adversely affect the achievement of objectives. Risks that are effectively managed may lead to opportunities and value creation, while risks that are not, could result in damages and losses.

An overall risk assessment is performed once a year in order to identify the risks to the achievement of objectives relating to strategy, operations, reporting and compliance. Risk assessments are performed by evaluating the identified risks from two different perspectives: the degree of impact the risk would have if it occurs, and the probability of the risk occurring. The risks are documented in the Group's Risk Map, which is updated during the year, as necessary. Risk responses are established to mitigate the risks in alignment with established risk strategies and risk tolerance as applicable and risk owners are appointed to manage the risks. Risk responses may fall within the following categories: accepting the risk, avoiding the risk, reducing the risk, sharing the risk and transferring the risk.

In addition, an overall risk assessment is performed once a year specifically regarding internal control over financial reporting. Refer also to "The Board of Directors' Report on Risk Management and Internal Control over Financial Reporting" below.

Read more about Elekta's risks and financial risk management on pages 36–37 and in Note 2.

Control Activities

Control activities are the actions established through Elekta's policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out.

Control activities are performed at all levels of the Group, within processes and over the IT environment. Control activities may be preventive or detective and comprise a range of manual and automated activities, such as authorizations and approvals, verifications, reconciliations, and business performance reviews, or a combination of the two.

Monitoring

Monitoring is done 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, Monitoring and Information and Communication.

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 the following:

- Review of business and financial performance
- Review of Group Risk Map
- Review of order bookings and revenue recognition
- Review of Compliance Reports from the Compliance function
- Review of Internal Audit Reports from the Q&RA function related to, for example, the quality system and regulatory compliance
- Review of Internal Audit Reports from the Internal Audit function
- Review of External Audit Reports from the external auditor

Information and Communication

Information and Communication relate to both internal and external information and communication. The Group obtains or generates and uses relevant and qualitative information from both internal and external sources to support the functioning of risk management and internal control. Internal communication is the means by which information is channeled down the organization on expected standards of conduct and established objectives, strategies and plans, but also channeled up the organization on performance and deviations to support internal decision-making including taking corrective actions. External communication enables inbound communication of relevant external information, but also information to external parties in response to laws and regulations and expectations.

Elekta has several internal communication channels, including an intranet, information letters and regular meetings. The aim is to ensure that essential information is available internally to relevant personnel in order for them to execute their areas of responsibility and make well-founded decisions effectively and efficiently. This includes the Elekta Business Management System with Internal Steering Documents and the Financial Guide. This also includes communication regarding long-term objectives and strategies, and short-term objectives and plans.

In relation to the launch of the revised Code of Conduct in June 2015, a revised whistle blowing procedure and system has been implemented whereby employees can anonymously report misconduct. This involves an interactive voice response phone and online worldwide service available 24/7.

THE BOARD OF DIRECTORS' 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 is prepared in accordance with laws and regulations, 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"), and the Enterprise Risk Management Integrated Framework (the "ERM Framework"), both established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO Framework is based on 17 fundamental principles linked to the five components: Control Environment, Risk Assessment, Control Activities, Monitoring, and Information and Communication.

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 the Elekta Business Management System.

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 Risk and Control Matrices (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 the 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 of entity level controls that are regulated through Elekta's Business Management System and internal control frameworks of standard controls that include IT general controls and process controls common for all Elekta companies and locally defined controls where necessary. The controls included in the internal control framework are documented in Risk and Control Matrices (RACMs) as standard models for all units and then specifically for each individual unit. All controls in the internal control framework are based on risk assessments of financial processes that impact the financial reporting in general and in detail for individual units.

Monitoring

Monitoring of internal control over financial reporting is done through ongoing evaluations to ascertain whether the components of risk management and internal control are present and functioning.

Ongoing evaluations are routine operations, built into processes performed on a real-time basis.

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
- Control Self-Assessment (CSA), a tool for local management to report on the current status of effective design and operating effectiveness of the globally defined minimum internal control requirements over financial reporting documented in Risk and Control Matrices (RACMs)
- Internal Audit according to the Internal Audit plan.

Instructions and budget approvals of internal control for financial reporting is conducted by the Audit Committee on behalf of the Board of Directors and require supporting documentation in form of presentation of status, progress and solutions as well as supporting appendixes such as internal audit reports and internal controls reports. Status, progress and solutions for internal control over financial reporting is 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 updates the Board of Directors at the next following board meeting with supporting documentation for discussion and approval.

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 Risk Map and Risk and Control Matrices (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 prospect,
- presentations and telephone conferences for financial analysts, investors and media representatives on the day of publication of interim reports and year-end reports and in conjunction with the release of important news and events,
- capital markets days arranged by the Group at one of its major entities or in conjunction with major scientific conferences,
- information on the Elekta website: www.elekta.com, including reports, press releases and presentations.

Elekta observes a silent period prior to each interim and year-end report.

Activities in the fiscal year 2015/16

During the fiscal year 2015/16, the implementation of the global internal control project, comprising the internal control framework for financial reporting, proceeded according to plan. Accordingly, the internal control framework has been implemented throughout most of the Group, with only parts of region Asia Pacific and some smaller units in the Europe region remaining. A Control Self-Assessment of the implementation as well as a review and verification by the Internal Control function has been performed during the fiscal year. Internal Audits have been conducted at a selection of units where the framework has been implemented. The project is managed by a Program Management Office with representatives from the Internal Audit function and the Internal Control function.

The Board of Directors' has, through the Audit Committee, initiated a project on transparency and upgrade of the Group's risk management during the fiscal year. The project will address the company's definition, documentation, opportunities, and work on managing and actions to mitigate risk in a structured approach. The project also includes a review of the company's steering documents as a basis for the company's control environment as well as a focus on performing a risk based transparent review of the company's processes and controls.

Continuous information on the status and progress of the project and the results of the Internal Audits were addressed at the meetings of the Audit Committee and followed by the Board of Directors.

Activities in the fiscal year 2016/17

During the fiscal year 2016/17, the work on the Global Internal Control project will continue with finalization of implementation including gap remediation for areas and processes for units within the scope. The focus of the project is expected to shift toward ongoing administration and support of the control framework as well as identification and management of improvement measures. The project on transparency and upgrade of the Group's risk management is expected to continue in the coming fiscal year.

The Internal Audit plan will, based on a risk perspective, have its main focus on financial reporting, operating processes, and on specific risk areas such as emerging markets and acquired entities.

Consolidated income statement

SEK M	Note	2015/16	2014/15
Net sales	4	11,221	10,839
Cost of products sold		–6,608	–6,533
Gross profit		**4,613**	**4,306**
Selling expenses		–1,336	–1,335
Administrative expenses		–1,026	–1,048
R&D expenses		–1,065	–952
Exchange rate differences		–165	–31
Operating result before non-recurring items		**1,021**	**940**
Non-recurring items		–598	–3
Operating result	4–9	**423**	**937**
Income from participations in associates	11	11	0
Financial income	11	37	25
Financial expenses	11	–285	–259
Exchange rate differences	11	3	13
Profit before tax		**189**	**716**
Income taxes	14	–44	–158
Profit for the year		**145**	**558**
Profit attributable to:			
Parent Company shareholders		137	552
Non-controlling interests		8	6
Earnings per share:			
Earnings per share before dilution, SEK		0.36	1.45
Earnings per share after dilution, SEK		0.36	1.45
Average number of shares before dilution, thousands		381,288	381,287
Average number of shares after dilution, thousands		381,288	381,287

Consolidated statement of comprehensive income

SEK M	Note	2015/16	2014/15
Profit for the year		**145**	**558**
Other comprehensive income:			
Items that will not be reclassified to the statement of income:			
Remeasurements of defined benefit pension plans	26	8	–6
Tax	14	–2	2
Total items that will not be reclassified to the statement of income		**6**	**–4**
Items that subsequently may be reclassified to the statement of income:			
Revaluation of cash flow hedges		117	–182
Translation differences from foreign operations		–281	746
Tax	14	–25	39
Total items that subsequently may be reclassified to the statement of income		**–189**	**603**
Other comprehensive income, net		**–183**	**599**
Total comprehensive income		**–38**	**1,157**
Comprehensive income attributable to:			
Parent Company shareholders		–45	1,151
Non-controlling interests		7	6

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

In the income statement presented on the previous page non-recurring items have been separately recognized. The table below presents the income statement down to operating result before and after non-recurring items with non-recurring items allocated by function.

		2015/16				2014/15		
SEK M	**Note**	**Excluding non-recurring items**	**Restructuring costs**	**Costs related to legal disputes**	**Including non-recurring items**	**Excluding non-recurring items**	**Transaction costs**	**Including non-recurring items**
Net sales	4	11,221	–	–	11,221	10,839	–	10,839
Cost of products sold		–6,608	–25	–	–6,633	–6,533	–	–6,533
Gross profit		**4,613**	**–25**	**–**	**4,588**	**4,306**	**–**	**4,306**
Selling expenses		–1,336	–49	–	–1,385	–1,335	–	–1,335
Administrative expenses		–1,026	–243	–231	–1,500	–1,048	–3	–1,051
R&D expenses		–1,065	–50	–	–1,115	–952	–	–952
Exchange rate differences		–165	–	–	–165	–31	–	–31
Operating result	4–9	**1,021**	**–367**	**–231**	**423**	**940**	**–3**	**937**

Net sales

Net sales increased 4 percent to SEK 11,221 M (10,839), corresponding to 3 percent decrease based on constant exchange rates.

	Net sales, SEK M	**Change, %**	**Operating result, SEK M**
Q1	2,239	20%	–93
Q2	2,828	10%	304
Q3	2,547	0%	56
Q4	3,607	–6%	155
Full year 2015/16	**11,221**	**4%**	**423**

Earnings

Gross margin was 41 percent (40). The increase is driven by improved product mix with higher sales for services as well as a positive impact from currency movements.

EBITA before non-recurring items and bad debt losses amounted to SEK 1,639 M (1,472). The effect from changes in exchange rates was approximately SEK 60 M (0) including hedges.

Operating result decreased by 55 percent and amounted to SEK 423 M (937). Operating margin was 4 percent (9).

Products, materials and consumables comprises the largest single cost item, accounting for 40 percent (44) of the group's total operating expenses. The second largest item is personnel costs at 33 percent (33).

Research and development expenditures before capitalization of development costs decreased 5 percent to SEK 1,355 M (1,421) equal to 12 percent (13) of net sales. Capitalization of development costs and amortization of capitalized development costs amounted to net SEK 266 M (447), of which SEK 290 M (469) relates to the R&D function. Capitalization within the R&D function amounted to SEK 591 M (680) and amortization to SEK 301 M (211).

The change in unrealized exchange rate effects from effective cash flow hedges amounted to SEK 117 M (–182) and is reported in other comprehensive income. Closing balance of unrealized exchange rate effects from effective cash flow hedges in shareholders' equity was SEK –9 M (–118) 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 –234 M (–221).

Income before tax amounted to SEK 189 M (716). Tax expense amounted to SEK –44 M (–158) or 23 percent (22). Profit after tax amounted to SEK 145 M (558).

Result overview

SEK M	**2015/16**	**2014/15**
Operating result/EBIT before non-recurring items	**1,021**	**940**
Bad debt losses	149	166
Amortization:		
Capitalized development costs	326	236
Acquisitions	143	130
EBITA before non-recurring items and bad debt losses	**1,639**	**1,472**
Depreciation	165	146
EBITDA before non-recurring items and bad debt losses	**1,805**	**1,618**

Consolidated balance sheet

SEK M	Note	April 30, 2016	April 30, 2015
ASSETS			
Non-current assets			
Intangible assets	15	8,210	8,174
Tangible fixed assets	16	803	881
Shares in associated companies	18	12	9
Other financial assets	2, 19	352	362
Deferred tax assets	14	281	224
Total non-current assets		**9,658**	**9,650**
Current assets			
Inventories	20	1,135	1,297
Accounts receivable	21	3,301	4,207
Accrued income		2,126	1,895
Current tax assets	14	160	92
Derivative financial instruments	2	47	83
Other current receivables	22	741	695
Cash and cash equivalents	23	2,273	3,265
Total current assets		**9,783**	**11,534**
Total assets		**19,441**	**21,184**
EQUITY AND LIABILITIES			
Equity			
Parent Company shareholders:			
Share capital	24	192	192
Contributed funds		740	740
Reserves		208	395
Retained earnings		5,262	5,310
Parent Company shareholders, total		*6,402*	*6,638*
Non-controlling interests		*10*	*8*
Total equity		**6,412**	**6,646**
Non-current liabilities			
Long-term interest-bearing liabilities	25	3,065	4,958
Deferred tax liabilities	14	690	732
Long-term provisions	26	140	259
Other long-term liabilities	2	73	20
Total long-term liabilities		**3,967**	**5,969**
Current liabilities			
Short-term interest-bearing liabilities	25	1,885[1)]	1,075
Accounts payable		1,122	1,262
Advances from customers		1,943	2,165
Prepaid income	27	1,648	1,673
Accrued expenses	28	1,817	1,789
Current tax liabilities	14	93	119
Short-term provisions	26	347	99
Derivative financial instruments	2	50	162
Other current liabilities		157	225
Total current liabilities		**9,062**	**8,569**
Total equity and liabilities		**19,441**	**21,184**

[1)] The convertible loan amounting to SEK 1,872 M, maturing April 25, 2017, has been reclassified to a short-term interest-bearing liability. In the year-end report the loan was presented as long-term.

For information about assets pledged and contingent liabilities see Note 30 and 31 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 30 April 2016 and 30 April 2015 respectively are presented in the table on page 71.

Assets and capital employed

The Group's total assets decreased by SEK 1,743 M to SEK 19,441 M (21,184). Fixed assets totaled SEK 9,658 M (9,650) of which goodwill amounted to SEK 5,069 M (5,338).

Current assets, excluding cash and cash equivalents, decreased by SEK 759 M to SEK 7,510 M (8,269). Accounts receivable, accrued income and inventories decreased by 11 percent (increased by 6). Inventory value in relation to net sales was 10 percent (12).

Cash and cash equivalents decreased by SEK 992 M to SEK 2,273 M (3,265) at year-end, totaling 12 percent (15) of total assets. Of total bank balances SEK 10 M (18) were pledged primarily for commercial guarantees.

The Group's capital employed decreased to SEK 11,360 M (12,678). Capital turnover ratio was 0.6 (0.6).

Liabilities and shareholders' equity

Interest-free liabilities and provisions decreased by 426 to SEK 8,079 M (8,505). Interest-bearing liabilities totaled SEK 4,950 M (6,033). Net debt amounted to SEK 2,677 M (2,768). Total equity was SEK 6,412 M (6,646). Return on shareholders' equity amounted to 2 percent (9) and return on capital employed amounted to 4 percent (9). Net debt/equity ratio was 0.42 (0.42) and equity/assets ratio was 33 percent (31).

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. North America is the region where Elekta has the lowest DSO. 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 3,301 M (4,207) as per 30 April, showing a decrease of 22 percent in SEK and representing a decrease of approximately 18 percent based on constant exchange rates. The majority of non-due accounts receivable are normally due within 90 days. During the year, Elekta has not sold any accounts receivable with recourse.

In a limited number of customer projects, Elekta is providing financing through extended payment terms. Such receivables amounted to SEK 181 M (180) as per 30 April and are included in "Other financial assets" in the balance sheet and specified as "Contractual receivables" in note 19.

Customer advances represent projects for which invoiced amounts exceed revenue recognized. Advances from customers amounted to SEK 1,943 M (2,165) as per 30 April, a decrease of 10 percent in SEK and approximately 5 percent based on constant exchange rates. The decrease is mainly related to the US market.

Working capital

SEK M	April 30, 2016	April 30, 2015
Working capital assets		
Inventories	1,135	1,297
Accounts receivable	3,301	4,207
Accrued income	2,126	1,895
Other operating receivables	741	695
Sum working capital assets	**7,303**	**8,094**
Working capital liabilities		
Accounts payable	1,122	1,262
Advances from customers	1,943	2,165
Prepaid income	1,648	1,673
Accrued expenses	1,817	1,789
Other operating liabilities	504	324
Sum working capital liabilities	**7,035**	**7,213**
Net working capital	**268**	**881**
Percent of net sales	2%	8%

Net working capital amounted to SEK 268 M (881) at year-end, corresponding to 2 percent (8) 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, 2014		192	740	–254	45	5,526	**6,249**	8	**6,257**
Profit for the year		–	–	–	–	552	**552**	6	**558**
Remeasurements of defined benefit pensions plans		*–*	*–*	*–*	*–*	*–6*	***–6***	*–*	***–6***
Cash flow hedges		*–*	*–*	*–*	*–182[1)]*	*–*	***–182***	*–*	***–182***
Translation differences from foreign operations		*–*	*–*	*746*	*–*	*–*	***746***	*0*	***746***
Tax relating to components of other comprehensive income	14	*–*	*–*	*–2*	*41*	*2*	***41***	*–*	***41***
Other comprehensive income		0	0	744	–141	–4	**599**	0	**599**
Total comprehensive income		**0**	**0**	**744**	**–141**	**548**	**1,151**	**6**	**1,157**
Dividend		–	–	–	–	–763	**–763**	–6	**–769**
Conversion of convertible loan		0	0	–	–	–	**0**	–	**0**
Transactions with the shareholders, total		**0**	**0**	**–**	**–**	**–763**	**–763**	**–6**	**–769**
Closing balance April 30, 2015		**192**	**740**	**490**	**–95**	**5,310**	**6,638**	**8**	**6,646**
Opening balance May 1, 2015		192	740	490	–95	5,310	**6,638**	8	**6,646**
Profit for the year		–	–	–	–	137	**137**	8	**145**
Remeasurements of defined benefit pensions plans		*–*	*–*	*–*	*–*	*8*	***8***	*–*	***8***
Cash flow hedges		*–*	*–*	*–*	*117[1)]*	*–*	***117***	*–*	***117***
Translation differences from foreign operations		*–*	*–*	*–280*	*–*	*–*	***–280***	*–1*	***–281***
Tax relating to components of other comprehensive income	14	*–*	*–*	*–*	*–25*	*–2*	***–27***	*–*	***–27***
Other comprehensive income		0	0	–280	92	6	**–182**	–1	**–183**
Total comprehensive income		**0**	**0**	**–280**	**92**	**143**	**–45**	**7**	**–38**
Dividend		–	–	–	–	–191	**–191**	–5	**–196**
Conversion of convertible loan		0	0	–	–	–	**0**	–	**0**
Transactions with the shareholders, total		**0**	**0**	**0**	**0**	**–191**	**–191**	**–5**	**–196**
Closing balance April 30, 2016		**192**	**740**	**210**	**–2**	**5,262**	**6,402**	**10**	**6,412**

1) Of which transferred to the income statement in 2015/16: –132 and 2014/15: –39.

COMMENTS ON CHANGES IN CONSOLIDATED EQUITY

In 2015 Elekta paid a total dividend of SEK 191 M. The dividend payment has affected equity through a reduction of retained earnings.

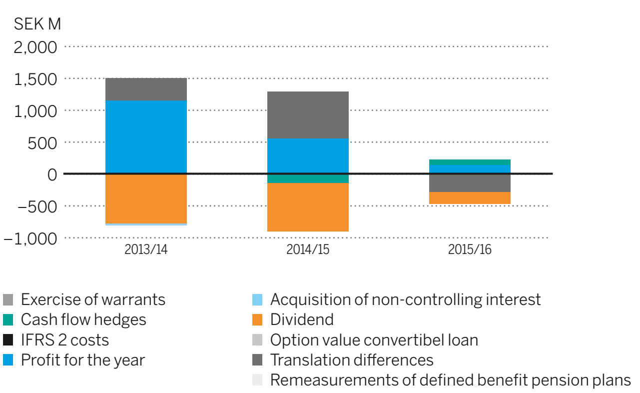
During 2015/16, a number of 272 new B-shares were subscribed through conversion of convertibles, which have affected equity by increases in share capital and contributed funds, by SEK 27 T in total.

The total number of shares in Elekta as of April 30, 2016, amounted to 382,829,047 of which 14,250,000 A-shares and 368,579,047 B-shares. See Note 24 for more information on share capital.

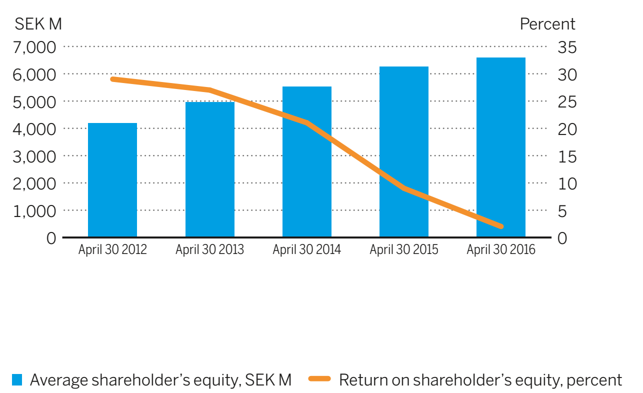
Total equity includes equity of foreign subsidiaries. Translation is performed at closing rate and the translation difference is reported in the translation reserve via other comprehensive income. The translation difference amounted to SEK –281 M (746) in 2015/16. Shareholders' equity in foreign currency 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 210 M (490) 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 2015/16 the change in the hedge reserve was SEK 92 M (–141) after tax and the closing balance of the hedge reserve was SEK –2 M (–95).

CHANGES IN CONSOLIDATED EQUITY



CONSOLIDATED EQUITY AND RETURN



Consolidated cash flow statement

SEK M	Note	2015/16	2014/15
Operating activities			
Profit before tax		189	716
Non-cash items:			
Depreciation	6, 15, 16	634	512
Interest net	32	203	192
Other non-cash items etc.	32	147	411
Operating cash flow before interest and tax		*1,173*	*1,831*
Interest received		37	23
Interest paid		–233	–193
Income taxes paid	14	–268	–362
Operating cash flow		*709*	*1,299*
Increase (–)/decrease (+) in inventories		80	27
Increase (–)/decrease (+) in operating receivables		350	532
Increase (+)/decrease (–) in operating liabilities		31	–35
Change in working capital		*461*	*524*
Cash flow from operating activities		**1,170**	**1,823**
Investing activities			
Investments in intangible assets	15	–596	–685
Investments in machinery and equipment	16	–187	–297
Sale of fixed assets		14	6
Increase in long-term receivables		–12	–12
Decrease in long-term receivables		7	32
Continuous investments		*–774*	*–956*
Cash flow after continuous investments		**396**	**867**
Business combinations	32, 34	–24	–191
Divestment of other shares		5	–
Repayments from partnerships	18	7	3
Cash flow from investing activities		**–786**	**–1,144**
Cash flow after investments		**384**	**679**
Financing activities			
Borrowings		1	1,462
Repayment of debt		–1,108	–504
Borrowing costs		–	–3
Dividend		–196	–769
Cash flow from financing activities		**–1,303**	**186**
Cash flow for the year		**–920**	**865**
Change in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		3,265	2,247
Cash flow for the year		–920	865
Exchange rate differences		–72	153
Cash and cash equivalents at the end of the year	23	**2,273**	**3,265**

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 59.

The operating cash flow (cash flow from operating activities exclusive of change in working capital) amounted to SEK 709 M (1,299), a decrease of SEK 590 M compared with the preceding year.

Cash flow from operating activities decreased to SEK 1,170 M (1,823). Cash flow was negatively affected by longer lead times for payments in Asia Pacific.

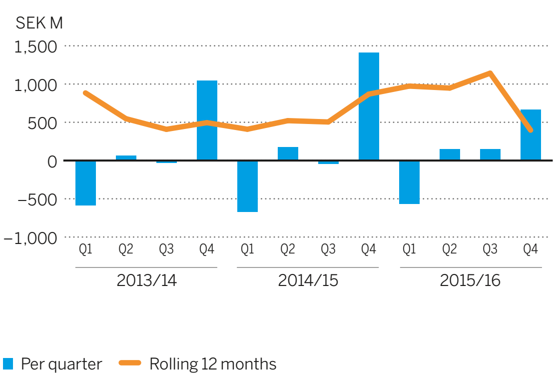
Cash flow from investing activities amounted to SEK –786 M (–1,144) including investments in intangible assets of SEK –596 M (–685).

Cash flow after continuous investments decreased by SEK 471 M to SEK 396 M (867) including a negative effect of SEK 250 M from payments related to the transformation program and costs related to legal disputes. Investments were mainly related to significant investments in the MRI-guided linear accelerator project and development of software solutions.

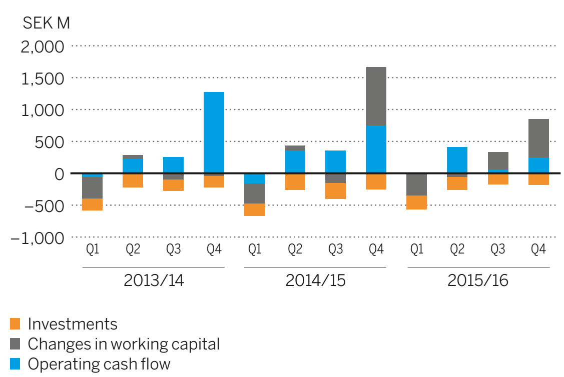
Cash flow after investments amounted to SEK 384 M (679), including payments relating to business combinations of SEK –24 M (–191).

Cash flow from financing activities amounted to SEK –1,303 M (186) with a negative effect from repayment of debt.

CASH FLOW AFTER CONTINUOUS INVESTMENTS



SPECIFICATION OF CASH FLOW AFTER CONTINUOUS INVESTMENTS



Financial statements – Parent Company

INCOME STATEMENT – PARENT COMPANY

SEK M	Note	2015/16	2014/15
Administrative expenses		–98	–92
Operating result before other non-recurring items	5, 7, 8	**–98**	**–92**
Other non-recurring items		–22	–
Operating result		**–120**	**–92**
Income from participations in Group companies	10	615	782
Income from participations in associated	18	–27	–
Interest income and similar items	12	194	193
Interest expenses and similar items	12	–227	–223
Exchange rate differences		4	23
Appropriations	13	43	–16
Profit before tax		**482**	**667**
Income taxes	14	21	–9
Profit for the year		**503**	**658**

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK M	2015/16	2014/15
Profit for the year	**503**	**658**
Other comprehensive income:		
Items that subsequently may be reclassified to the statement of income		
Hedge of net investment	–	11
Tax	–	–2
Other comprehensive income, net	**–**	**9**
Total comprehensive income	**503**	**667**

CASH FLOW STATEMENT – PARENT COMPANY

SEK M	Note	2015/16	2014/15
Operating activities			
Profit before tax		482	667
Interest net	32	24	17
Other non-cash items etc.	32	78	389
Interest received		195	193
Interest paid		–228	–200
Income taxes paid	14	–5	–3
Operating cash flow		*546*	*1,063*
Increase (–)/decrease (+) in operating receivables		–412	–270
Increase (+)/decrease (–) in operating liabilities		–13	–3
Change in working capital		*–425*	*–273*
Cash flow from operating activities		**121**	**790**
Investing activities			
Investments in subsidiaries	32	–24	–279
Increase (–)/decrease (+) in long-term receivables		1	82
Cash flow from investing activities		**–23**	**–197**
Cash flow after investments		**98**	**593**
Financing activities			
Borrowings		52	1,475
Repayment of debt		–1,079	–400
Borrowing costs		–	–3
Dividend		–191	–763
Cash flow from financing activities		**–1,218**	**309**
Cash flow for the year		**–1,120**	**902**
Change in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		2,630	1,793
Cash flow for the year		–1,120	902
Exchange rate differences		–11	–65
Cash and cash equivalents at the end of the year	23	**1,499**	**2,630**

BALANCE SHEET – PARENT COMPANY

SEK M	Note	April 30, 2016	April 30, 2015
ASSETS			
Non-current assets			
Intangible assets	15	83	–
Shares in subsidiaries	17	2,129	2,142
Shares in associated companies	18	0	27
Receivables from subsidiaries		2,662	2,663
Other financial assets	19	73	69
Deferred tax assets	14	29	11
Total non-current assets		**4,976**	**4,912**
Current assets			
Receivables from subsidiaries		4,145	3,804
Other current receivables	22	35	46
Cash and cash equivalents	23	1,499	2,630
Total current assets		**5,679**	**6,480**
Total assets		**10,655**	**11,392**

SEK M	Note	April 30, 2016	April 30, 2015
EQUITY AND LIABILITIES			
Equity			
Share capital	24	192	192
Statutory reserve		156	156
Restricted equity		*348*	*348*
Premium reserve		585	585
Retained earnings		1,698	1,386
Unrestricted equity		*2,283*	*1,971*
Total equity		**2,631**	**2,319**
Untaxed reserves	13	**–**	**43**
Long-term provisions	26	**53**	**97**
Non-current liabilities			
Long-term interest-bearing liabilities	25	3,063	4,958
Long-term liabilities to subsidiaries	25	39	39
Total long-term liabilities		**3,102**	**4,996**
Current liabilities			
Short-term interest-bearing liabilities	25	1,872[1)]	1,031
Short-term liabilities to subsidiaries	25	2,752	2,700
Short-term provisions	26	29	–
Other current liabilities	29	216	206
Total current liabilities		**4,869**	**3,937**
Total equity and liabilities		**10,655**	**11,392**
Assets pledged		–	–
Contingent liabilities	31	1,014	1,213

[1)] The convertible loan amounting to SEK 1,872 M, maturing April 25, 2017, has been reclassified to a short-term interest-bearing liability. In the year-end report the loan was presented as long-term.

CHANGES IN EQUITY – PARENT COMPANY

		Restricted equity		Unrestricted equity		
SEK M	Note	Share capital	Statutory reserve	Premium reserve	Retained earnings	Total equity
Opening balance May 1, 2014		192	156	585	1,481	**2,414**
Profit for the year		–	–	–	658	**658**
Exchange difference on net investment in subsidiary		–	–	–	*11*	***11***
Tax relating to components of other comprehensive income	14	–	–	–	*–2*	***–2***
Other comprehensive income		–	–	–	9	**9**
Total comprehensive income		**–**	**–**	**–**	**667**	**667**
Dividend		–	–	–	–763	**–763**
Conversion of convertible loan		0	–	0	–	**0**
Transactions with the shareholders, total		**0**	**0**	**0**	**–763**	**–763**
Closing balance April 30, 2015		**192**	**156**	**585**	**1,386**	**2,319**
Opening balance May 1, 2015		192	156	585	1,386	**2,319**
Profit for the year		–	–	–	503	**503**
Other comprehensive income		–	–	–	–	**0**
Total comprehensive income		**–**	**–**	**–**	**503**	**503**
Dividend		–	–	–	–191	**–191**
Conversion of convertible loan		0	–	0	–	**0**
Transactions with the shareholders, total		**0**	**0**	**0**	**–191**	**–191**
Closing balance April 30, 2016		**192**	**156**	**585**	**1,698**	**2,631**

Notes

Note 1 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, 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 20, 2016. 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 September 1, 2016.

The most important accounting principles applied in the preparation of the financial reports are set out below. 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, 2016, 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 derivatives and contingent considerations, which are recognized at fair value.

NEW AND REVISED IFRS APPLIED FROM 1 MAY, 2015

No new or revised standards with material impact on the financial reports have been applied from 1 May 2015.

NEW AND REVISED IFRS NOT YET APPLIED

The following new standards have been published by the IASB but are either not yet effective or not yet adopted by the EU. The evaluation of the standards' potential impact on the financial statements of the Elekta Group is ongoing.

- IFRS 9 Financial Instruments
  IFRS 9 is a new standard on accounting for financial instruments and will replace IAS 39. The standard comprise classification, valuation and impairment of financial instruments as well as hedge accounting. Effective date is 1 January 2018. Not yet endorsed by the EU.
- IFRS 15 Revenue from Contracts with Customers
  IFRS 15 is a new standard on revenue recognition and related disclosures and will replace IAS 11 and IAS 18. Elekta is monitoring the development regarding IFRS 15 and studying the standard and statements from the IASB and FASB Joint transition resource group for revenue recognition as well as amendments to the standard in order to assess the impact from the future application. Effective date is 1 January 2018. Not yet endorsed by the EU.
- IFRS 16 Leases
  IFRS 16 Leases was published in January 2016 and will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC15 and SIC 27. The new standard will acffect the aocounting for leases in the books of a lessee, wheraeas the accounting will in all material aspects remain unchanged for lessors. With the new standard there will no longer be a distinction betewen operating and finance lease. All leases, with the exception of short-term leases and those of minor value, will be recognizedin the balance sheet. Effective date is 1 January 2019. Not yet endorsed by the EU.

Other new or revised standards and interpretations, not yet applied, are not considered to have a material impact on the Elekta Group's financial statements.

CONSOLIDATED ACCOUNTS

The consolidated accounts include Elekta AB (the Parent Company) and companies in which the Parent Company held, directly or indirectly, more than 50 percent of the voting rights at the end of the period, as well as companies in which the Group otherwise has a controlling interest. Controlling interest means having a right to formulate the strategies for a company in order to obtain economic benefits. 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. A negative difference, negative goodwill, is recognized immediately as an income in the income statement.

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. 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.

Associates

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.

SEGMENT REPORTING

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.

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 and non-recurring items are reported on separate lines within the operating result. These costs have been identified as important to distinguish from operating costs directly related to functions in order to ease comparability. Non-recurring items comprise transaction costs for acquisitions, restructuring costs as well as exceptional legal costs.

REVENUE RECOGNITION

Elekta's revenue is derived primarily from the sales of hardware and software products, as well as service contracts and services to these products. Elekta recognizes its revenue at the fair value of the consideration received or receivable, net of value added tax, sales tax and sales discounts.

Revenue from the sale of products is recognized when all of the following conditions are satisfied:

- The risk and rewards of ownership of the goods has been transferred to the buyer
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue and the related costs can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the entity

The above implies that each contract requires an examination of any circumstances, terms and conditions affecting the transaction.

Revenue from the rendering of service is recognized when the outcome can be estimated reliably and it is probable that the economic benefits associated with the transaction will flow to the entity. When the service is performed by an undetermined number of acts over the specified service period, revenue is recognized on a straight-line basis over the service period.

Bundled deals, where hardware, software products and service may be included in the same deal, are very common. A bundled deal is treated as a project and is supported by a project team that coordinates the delivery and implementation of the products, which can occur at different stages. For bundled deals the total revenue is allocated to its different parts based on their relative fair values. As explained below, methods for revenue recognition are different between hardware products, software products and services.

The timing of revenue recognition often does not coincide with invoicing and payments from customers. 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.

Hardware products

The risk and rewards related to hardware products are usually transferred to the customer upon shipment or delivery depending on the contracted shipment terms. The hardware products are delivered to comply with the delivery date contracted with the customer. At this point the customer has invested heavily in preparing an appropriate environment in which to accommodate the equipment and will be firmly committed to embarking upon the final stages of the project such as installation and training and this is normally the point in time where the main part of revenue is recognized. Once technical acceptance has been received from the customer the last part of revenue (related to installation and training) is recognized. Hardware products include integrated software components required for the product's essential functionality.

Software products

After completing the implementation of software, or a part thereof, the customer will be presented with a certificate detailing the products delivered which is then signed by the customer. When the customer has signed the certificate, fully or partly, it serves as proof of acceptance. By signing it the customer confirms that the products, services and training have been provided in accordance with the agreement and that the software has been handed over to the customer for clinical use. When Elekta receives the signed certificate, revenue will be recognized given that all conditions for revenue recognition have been met. Many times, the acceptance procedure is performed in steps which also leads to a gradual recognition of revenue.

Service contracts

Service revenue is recognized on a straight-line basis over the contractual term of the arrangement or the expected period during which those specified services will be performed. Maintenance and support agreements on software products are generally renewed on an annual basis. The revenue for maintenance and support will be deferred and amortized over the length of the contract.

EMPLOYEE BENEFITS

Remuneration paid to employees in the form of wages/salary, paid vacation, etcetera is accounted for as it is earned. Pensions are reported either as defined contribution plans or as defined benefit plans.

Pensions

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.

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 obligation are 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. At each closing in the vesting period the expected number of vested shares is revised and the impact of any changes over the original estimates are recognized in the income statement, with a corresponding adjustment to equity. 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.

TAXES

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 legal right to do so and when the deferred tax amounts concern 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.

INTANGIBLE ASSETS

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, customer relations, etcetera. 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.

Technology	5–11 years
Brands	6–10 years
Customer relations	10–20 years
Order backlog	0.5–1 year

TANGIBLE ASSETS

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. Machinery and equipment is 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.

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.

LEASING

The lease of tangible assets, for which the Group is essentially responsible for the same risks and benefits as it would be in the case of direct ownership, is classified as finance lease. The leased asset is reported as a fixed asset and the corresponding obligation to pay a lease fee is reported as an interest-bearing liability. The lease payments are distributed between amortization of the liability and financial expense, so that each reporting period is charged with an interest amount corresponding to a fixed interest rate on the reported liability during each period. The leased asset is depreciated in accordance with the same principles that apply to owned assets of the same type. If any uncertainty exists about whether the asset will be taken over at the end of the lease period, the asset is depreciated over the lease period, if this is shorter.

Lease of assets, for which the lessor, for all practical purposes, is considered the owner, is classified as operating lease. The lease fee is expensed on a straight-line basis over the lease period.

INVENTORIES

Inventories are valued in accordance with the 'first in, first out' principle and at the lower of cost and net realizable value. Internal profits arising from deliveries between Group companies are eliminated upon consolidation.

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.

FINANCIAL INSTRUMENTS

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 the Company loses control of them. 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.

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 and investments, 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.

Financial assets and liabilities are divided into the following categories in accordance with IAS 39.

Financial assets measured at fair value through profit or loss

Assets are classified in this category when the intention is to sell in the short term. Derivatives with a positive market value are classified in this category unless they are used for hedge accounting. Assets in this category are recognized at fair value and changes in value are recognized in the income statement. Only financial derivatives assigned to this category during the year.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets, which are not derivatives, with fixed or determinable payments, which are not quoted in an active market. The receivables arise when money, goods or services are provided directly to another party without any intention of trading in the receivables. Assets in this category are measured at amortized cost less any provision for impairment. The category include for example accounts receivable as well as cash and cash equivalents.

Accounts receivable

Since the anticipated life of accounts receivable is short, reporting is based on the amounts expected to be received, based on individual assessment of any bad debts, without discounting in accordance with the method for amortized cost. Impairment loss on accounts receivable is recognized in operating profit.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances with financial institutions and short-term investments with an original maturity of less than three months. Cash and cash equivalents are reported at nominal value.

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.

A convertible loan is recognized as a compound financial instrument divided into a liability component and an equity component. Upon initial recognition of the convertible bond, the fair value of the liability component is determined based on the present value of the contractually determined stream of cash flows based on a discount rate determined from the market rate of comparable instruments without the conversion option. Subsequent to initial recognition, the liability component is measured based on its amortized cost, using the effective interest method. The carrying value of the liability component gradually approaches the nominal value of the convertible loan. The gradual increase in the liability component is recognized in the income statement as interest expense and the total interest expense of the convertible loan therefore includes the gradual increase in the liability component as well as the cash coupon. The equity component is calculated as the difference between the nominal value of the convertible loan and the initially recognized liability component. The equity component is carried at a fixed value in shareholders' equity. Transaction costs related to the issue of the convertible loan are distributed between the liability and equity component in proportion to the distribution of the issue proceeds. The transaction costs are included in the calculation of amortized cost, using the effective interest method, and are expensed over the term of the convertible loan.

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

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.

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.

Warranty reserves

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.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method.

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.

Financial instruments

Derivative financial instruments 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.

Exchange rates

		Average rate			Closing rate		
Country	**Currency**	**2015/16**	**2014/15**	**Change**	**April 30, 2016**	**April 30, 2015**	**Change**
Australia	AUD	6.229	6.417	–3%	6.149	6.562	–6%
Canada	CAD	6.451	6.508	–1%	6.436	6.869	–6%
China	CNY	1.320	1.210	9%	1.242	1.331	–7%
Euroland	EUR	9.328	9.252	1%	9.176	9.267	–1%
United Kingdom	GBP	12.670	11.928	6%	11.782	12.769	–8%
Hong Kong	HKD	1.087	0.967	12%	1.039	1.065	–2%
Japan	JPY	0.071	0.067	6%	0.075	0.070	8%
USA	USD	8.434	7.495	13%	8.059	8.252	–2%

Note 2 FINANCIAL RISK MANAGEMENT

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 Swedish kronor (SEK), GBP and CNY. 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 or options, 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. Hedging is conducted on the basis of expected net sales 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.

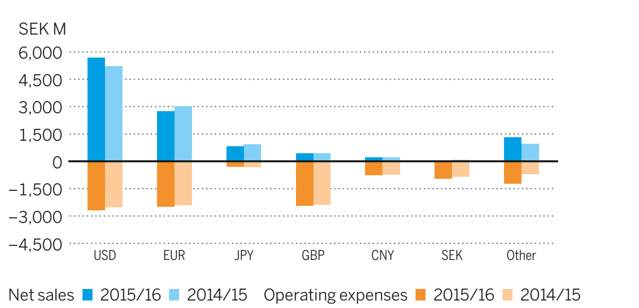
Based on the year's income, expense and currency structure (transaction exposure) a general change of one percentage point in the SEK exchange rate against other currencies would affect Group net profit and shareholders' equity by approximately +/– SEK 14 M (13), exclusive of hedging effects. The table 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, 2016	April 30, 2015
USD	30	27
EUR	3	6
JPY	5	6
GBP	–20	–20
CNY	–5	–5

The Group's net sales and operating expenses by currency for 2015/16 are shown in the following diagram.

NET SALES AND OPERATING EXPENSES PER CURRENCY 2015/16



Interest-rate risk

Interest-rate risk refers to the risk that changes in the interest rate level negatively affect Elekta's earnings, primarily as a result of higher expenses for long-term borrowing, since the Group's interest-rate risk primarily arises through long-term borrowing at variable interest rate.

Note 2 FINANCIAL RISK MANAGEMENT, cont.

Elekta's policy is to reduce the interest-rate risk through the use of loans, investments and derivatives. 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 7 M (12), excluding hedging effects. The impact on the result is mainly attributable to lower/ higher interest expense for loans at variable interest rate. No interest rate swaps with were undertaken during the year.

On April 30, 2016, interest-bearing liabilities totaled SEK 4,950 M (6,033), of which SEK 1 M (1) pertained to financial leasing. The average fixed interest term was 2.2 years (2.3) and the weighted average interest rate, taking interest rate derivatives into account, was 3.0 percent (3.4). See Note 25 for more information on interest-bearing loans.

Credit risk

Credit risk arises via financial credit risk related to cash and cash equivalents, derivative instruments and balances at banks and financial institutions as well as through credit exposure vis-á-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 counterparties are specified. Only banks and financial institutions that have received the credit rating from Standard & Poor's of – A (long) and A1+ (short) or higher– are accepted. Elekta's liquidity is invested in accordance with the determined policy, with the goal of maintaining high liquidity combined with a low credit risk.

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 continiuous 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 2015/16 the provision for bad debts amounted to SEK 92 M. See Note 21 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 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 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, 2016, available cash and cash equivalents amounted to SEK 2,263 M (3,247), or 20 percent (30) of net sales. In addition, Elekta had SEK 1,606 M (1,922) in unutilized credit facilities.

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.

Maturity analysis: financial liabilities

	2016-04-30					2015-04-30				
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 25)	1,991	902	1,026	1,216	5,135	1,154	1,984	1,915	1,256	6,309
Finance leases (note 25)	1	–	–	–	1	1	–	–	–	1
Provisions for contingent considerations (not 26) 1)	–	–	–	–	–	–	91	16	–	107
Accounts payable	1,122	–	–	–	1,122	1,262	–	–	–	1,262
Derivative financial instruments – outflow, gross	3,975	7	–	–	3,982	5,750	124	–	–	5,874
Derivative financial instruments – inflow, gross	3,607	8	–	–	3,615	5,727	–122	–	–	5,605
Other liabilities 1)	157	71	–	–	228	225	–	–	–	225
Total	**10,853**	**988**	**1,026**	**1,216**	**14,083**	**14,119**	**2,077**	**1,931**	**1,256**	**19,383**

1) Contingent considerations have been reclassified from provisions to other liabilities, see also Note 26.

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to secure a going concern through maintaining a high creditworthiness 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.

Elekta's objective is that the net debt/equity ratio is not to exceed 0.5. This key figure is calculated as net debt in relation to total equity. Net debt is calculated as interest-bearing liabilities (short and long term according to the consolidated balance sheet) less cash and cash equivalents.

Net debt/Equity ratio

	Note	30 April, 2016	30 April, 2015
Interest-bearing liabilities	25	4,950	6,033
Cash and cash equivalents	23	–2,273	–3,265
Net debt		*2,677*	*2,768*
Total equity		*6,412*	*6,646*
Total capital		**9,089**	**9,414**
Net debt/Equity ratio		**0.42**	**0.42**

The net debt/equity ratio was 0.42 which was unchanged compared to 2014/15. See also Note 25 for more information on interest-bearing liabilities.

FINANCIAL INSTRUMENTS

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.

Financial instruments per category

		April 30, 2016		April 30, 2015	
SEK M	**Note**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
FINANCIAL ASSETS					
Financial assets measured at fair value through profit or loss:					
Derivative financial instruments – non-hedge accounting		21	21	70	70
Loan receivables and accounts receivable:					
Other financial assets	19	352	352	362	362
Accounts receivable	21	3,301	3,301	4,207	4,207
Other receivables	22	376	376	292	292
Cash and cash equivalents	23	2,273	2,273	3,265	3,265
Derivatives used for hedging purposes:					
Derivative financial instruments – hedge accounting		27	27	15	15
FINANCIAL LIABILITIES					
Financial liabilities at fair value through profit or loss:					
Derivative financial instruments – non-hedge accounting		17	17	44	44
Other liabilities (contingent considerations)		104	104	45	45
Provisions for contingent considerations	26	–	–	107	107
Financial liabilities measured at amortized cost:					
Long-term interest-bearing liabilities	25	3,065	3,213	4,958	5,252
Short-term interest-bearing liabilities	25	1,885	1,984	1,075	1,093
Accounts payable		1,122	1,122	1,262	1,262
Other liabilities		90	90	180	180
Derivatives used for hedging purposes:					
Derivative financial instruments – hedge accounting		36	36	133	133

Note 2 FINANCIAL RISK MANAGEMENT, cont.

The table below 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

Distribution by level when measured at fair value

	April 30, 2016				April 30, 2015			
SEK M	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS								
Financial assets measured at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	–	21	–	21	–	70	–	70
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	–	27	–	27	–	15	–	15
Total financial assets	**–**	**48**	**–**	**48**	**–**	**85**	**–**	**85**
FINANCIAL LIABILITIES								
Financial liabilities at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	–	17	–	17	–	44	–	44
Contingent considerations	–	–	104	104	–	–	152	152
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	–	36	–	36	–	133	–	133
Total financial liabilities	**–**	**53**	**104**	**157**	**–**	**177**	**152**	**329**

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

Contingent considerations	**2015/16**	**2014/15**
Opening balance May 1	152	–
Business combinations	–14	152
Payments	–24	–
Revaluations	–5	–
Translation differences	–5	–
Closing balance April 30	**104**	**152**

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, 2016				April 30, 2015			
SEK M	**Nominal**	**Asset**	**Liability**	**Hedge reserve after tax**	**Nominal**	**Asset**	**Liability**	**Hedge reserve after tax**
Currency derivatives:								
Cash flow hedges	954	27	36	–2	1,617	15	133	–95
Non-hedge accounting	3,231	21	17	–	5,149	70	44	–
Currency derivatives, total	**4,185**	**48**	**53**	**–2**	**6,766**	**85**	**177**	**–95**

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 –132 M (–39) during the year, of which SEK –23 M (–) was related to the ineffective portion.

Cash flow hedges outstanding

	April 30, 2016				April 30, 2015			
Currencies	**Currency**	**Amount**	**Term**	**Exchange rate**	**Currency**	**Amount**	**Term**	**Exchange rate**
EUR/GBP	EUR	6M	6–12 mon	0.748 EUR/GBP	EUR	22 M	3–21 mon	0.806 EUR/GBP
EUR/SEK	EUR	5M	6–12 mon	9.488 EUR/SEK	EUR	19 M	6–22 mon	9.254 EUR/SEK
JPY/GBP	JPY	1,300M	6–15 mon	0.006 JPY/GBP	JPY	1,700 M	8–23 mon	0.006 JPY/GBP
JPY/SEK	JPY	400M	6–15 mon	0.071 JPY/SEK	JPY	900 M	3–23 mon	0.063 JPY/SEK
USD/GBP	USD	72M	3–18 mon	0.676 USD/GBP	USD	68 M	3–21 mon	0.638 USD/GBP
USD/SEK	USD	18M	3–12 mon	8.164 USD/SEK	USD	60 M	3–18 mon	7.162 USD/SEK

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 2016, 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

	2016/17				2017/18			
SEK M	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Expected result from cash flow hedges	–6	1	3	–15	8	–21	0	0

OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Offsetting of financial assets and liabilities consists solely of derivative instruments that are encompassed by legally binding agreements on offsetting.

Offsetting of financial assets and liabilities

	2015/2016					2014/2015				
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	48	–	48	–32	16	85	–	85	–82	3
Financial liabilities	53	–	53	–32	21	177	–	177	–82	95

In the case of financial assets and liabilities that are subject to legally binding offsetting agreements, each agreement between the company and the counterparties permit 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 3 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 reports 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, valuation of accounts receivable, calculation of deferred taxes and impairment testing of goodwill. Estimates and assessments are continually reassessed. Amounts below refer to 30 April 2016 (2015) unless otherwise stated.

REVENUE RECOGNITION

One of the conditions for revenue recognition is that revenue from the sale of products is recognized when the risks and rewards of ownership of the goods has been transferred to the buyer. The assessment of when these risks and rewards are transferred requires that each contract is examined of the circumstances affecting the transaction. The risk and rewards related to hardware products are usually taken as transferred to the customer upon shipment or delivery depending on the contracted shipment terms. Thus, the main part of revenue is normally recognized upon either shipment or delivery. The timing of revenue recognition often does not coincide with invoicing and payments from customers. Therefore, the assessment of the conditions for revenue recognition being satisfied often forms the basis for amounts recognized as either accounts receivable or accrued income. Amounts invoiced are reported as accounts receivable while revenue recognized amounts not yet invoiced are reported as accrued income. Net sales for the year amounted to SEK 11,221 M (10,839). Accrued income amounted to SEK 2,126 M (1,895). Accounts receivable amounted to SEK 3,301 M (4,207). For more information on accounts receivable see below.

VALUATION OF ACCOUNTS RECEIVABLE

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. Thus, the provision for bad debts is subject to estimates and assessments. Accounts receivable amounted to SEK 3,301 M (4,207) including bad debt provisions of SEK 92 M (156). See Note 2 for further information regarding the credit risk in accounts receivable and Note 21 for more information on accounts receivable and the provision for bad debts.

CALCULATION OF DEFERRED TAXES

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 409 M (508), whereof assets SEK 281 M (224) and liabilities SEK 690 M (732). See Note 14 for more information on deferred taxes.

PROVISIONS

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 487 M (268).

IMPAIRMENT TESTING OF GOODWILL

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 5,069 M (5,338). Refer to Note 15 for more information on goodwill and for a description of the impairment test performed, major assumptions made as well as the effects of likely changes to them.

Note 4 SEGMENT REPORTING

The accounting principles applied in the segment reporting are the same as in the group accounts.

Net sales per country

SEK M	2015/16	2014/15
Sweden	26	56
USA	3,275	2,990
China	1,552	1,422
Japan	811	939
Italy	524	382
Germany	519	663
United Kingdom	372	373
France	323	291
Australia	312	253
India	272	271
Other countries	3,235	3,199
Total	**11,221**	**10,839**

Net sales per country is based on sales to customers in the respective country. There is no individual customer representing more than 10 percent of net sales.

Tangible fixed assets per country

SEK M	2015/16	2014/15
Sweden	85	71
United Kingdom	320	354
China	122	136
USA	117	149
Netherlands	87	91
Other countries	72	80
Total	**803**	**881**

Information on other non-current assets (intangible assets) per country cannot be disclosed as the necessary information is not available. See note 15 for information on goodwill per region.

2015/16 SEK M	North and South America	Europe, Middle East and Africa	Asia Pacific	Group total	% of net sales
Net sales	4,005	3,651	3,565	11,221	
Operating expenses	–2,713	–2,763	–2,590	–8,066	72%
Contribution margin	**1,292**	**888**	**975**	**3,155**	**28%**
Contribution margin, %	32%	24%	27%		
Global costs				–2,134	19%
Non-recurring items				–598	
Operating result				**423**	**4%**
Income from participations in associated companies				11	
Financial income				37	
Financial expenses				–285	
Exchange rate differences				3	
Income before tax				**189**	
Income tax				–44	
Profit for the year				**145**	
Net sales per product type					
Hardware	1,678	2,015	2,288	**5,982**	
Software	368	269	433	**1,070**	
Service	1,959	1,367	843	**4,169**	
Total	**4,005**	**3,651**	**3,565**	**11,221**	
Depreciation/Amortization	–258	–342	–34	**–634**	
Investments	330	522	22	**874**	
2014/15					
Net sales	3,651	3,829	3,359	10,839	
Operating expenses	–2,573	–2,790	2,579	–7,942	73%
Contribution margin	**1,078**	**1,039**	**779**	**2,897**	**27%**
Contribution margin, %	30%	27%	23%		
Global costs				–1,957	18%
Non-recurring items				–3	
Operating result				**937**	**9%**
Income from participations in associated companies				0	
Financial income				25	
Financial expenses				–259	
Exchange rate differences				13	
Income before tax				**716**	
Income tax				–158	
Profit for the year				**558**	
Net sales per product type					
Hardware	1,737	2,301	2,218	**6,256**	
Software	303	295	443	**1,041**	
Service	1,611	1,234	697	**3,542**	
Total	**3,651**	**3,829**	**3,359**	**10,839**	
Depreciation/Amortization	–213	–265	–34	**–512**	
Investments	324	625	33	**982**	

Note 5 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

	Group		Parent Company	
SEK M	**2015/16**	**2014/15**	**2015/16**	**2014/15**
Salaries and remunerations:				
Board and Managing director	123	108	15	12
Other employees	2,788	2,583	28	35
Total salaries and other remunerations	**2,911**	**2,691**	**43**	**47**
Social security costs:				
Pension costs	230	214	16	11
Other social security costs	334	341	14	19
Total social security costs	**564**	**555**	**30**	**30**
Total salaries, other remuneration and social security costs	**3,475**	**3,246**	**73**	**77**

Bonuses included in the above salaries and other remunerations paid to the Boards and the Managing directors of subsidiaries amounted to SEK 30 M (20), and SEK 4 M (2) in the Parent Company. Total pension costs amounted to SEK 230 M (214) of which SEK 5 M (17) concern defined benefit pension plans. Pension costs in the Parent Company amounted to SEK 16 M (11) of which the total amount related to defined contribution pensions plans. For further information regarding defined benefit pension plans see Note 26.

REMUNERATION TO THE BOARD OF DIRECTORS

According to the resolution by the AGM, fees totaling SEK 4,955 ,000 (4,370,000) were paid to the Board of Directors. The fees were distributed in accordance with the table below.

Fees for the Board of Directors

	April 30, 2016			April 30, 2015		
Thousands	**Regular Remuneration**	**Remuneration Compensation Committee**	**Remuneration Audit Committee**	**Regular Remuneration**	**Remuneration Compensation Committee**	**Remuneration Audit Committee**
Chairman:						
Laurent Leksell	1,075	90	–	1,040	90	–
Members:						
Hans Barella	–	–	–	445	–	200
Luciano Cattani	460	50	–	445	50	–
Siaou-Sze Lien	460	50	–	445	50	–
Tomas Puusepp	–	–	–	–	–	–
Wolfgang Reim	460	–	110	445	50	–
Jan Secher	460	–	110	445	–	110
Birgitta Stymne Göransson	460	–	200	445	–	110
Annika Espander Jansson	460	–	–	–	–	–
Johan malmqvist	460	50	–	–	–	–
Total	**4,295**	**240**	**420**	**3,710**	**240**	**420**

REMUNERATION TO EXECUTIVE MANAGEMENT

The guidelines for remuneration to the Executive Management, which are proposed by the Board of Directors for the AGM on September 1, 2016 are presented on pages 38-39. The proposed guidelines are unchanged compared to those proposed by the Board of Directors and approved by the AGM on September 1, 2015. The Executive Management for 2015/2016 was comprised of a total of eleven people, of whom four are located in Sweden and the other seven in China, the Netherlands, the UK and the US. The tables below display remunerations and other benefits to the Executive Management in 2015/16 and 2014/15 respectively.

Two members of Elekta's Executive Management team has been offered, and has accepted, to participate in an individual performance based incentive scheme extending to 2016/2017. Reported expenses for the scheme was SEK 2.6 M excluding social security costs during 2015/16. The requirements for fulfilling the objectives for the scheme, and the related progressive payouts, are regulated in an agreement that has been approved by Elekta's Executive Compensation & Capability Committee, ECCC.

Remuneration and other benefits to executive management during the year 2015/16

Thousands	Fixed remuneration	Variable remuneration	Severance pay	Share-based compensation	Other benefits	Pension costs	Total
President and CEO – Tomas Puusepp [1)]	5,077	2,403	–	–	178	1,594	**9,252**
President and CEO – Niklas Savander [1)]	–	–	7,032	–	156	1,593	**8,781**
Other senior executives resident in Sweden (5)	9,219	6,116	1,960	–	950	2,352	**20,597**
Other senior executives resident abroad (5)	21,180	9,877	–	–	844	5,393	**37,294**
Total senior executives	**35,476**	**18,396**	**8,992**	**–**	**2,128**	**10,932**	**75,924**
Executive Director of the Board/Previous President and CEO	–	–	–	–	–	–	**–**

[1)] Niklas Savander ended his employment May 19th 2015. Tomas Puusepp started his employment May 13th 2015.

Remuneration and other benefits to executive management during the year 2014/15

Thousands	Fixed remuneration	Variable remuneration	Share-based compensation	Other benefits	Pension costs	Total
President and CEO	4,040	976	–	83	1,867	**6,966**
Other senior executives resident in Sweden (3)	4,406	287	–	173	1,080	**5,946**
Other senior executives resident abroad (7)	27,086	6,700	–	2,217	1,807	**37,810**
Total senior executives	**35,532**	**7,963**	**–**	**2,473**	**4,754**	**50,722**
Executive Director of the Board/Previous President and CEO	4,645	–	–	111	1,597	**6,353**

Variable remuneration pertains to the bonus for the 2015/16 and 2014/15 fiscal years respectively, partly paid quarterly during each fiscal year and partly paid in the year after.

SHARE BASED PAYMENT

As per April 30, 2016, Elekta has three outstanding share programs. The share program Performance Share Plan 2012/15, which was outstanding as per April 30, 2015, has been concluded during the year.

The total number of shares that may be allotted under the share programs is 1,794,061 (2,753,462) B-shares. There is no dilutive effect from the share programs since they are secured by delivery of shares already held or repurchased by Elekta and, consequently, no new shares will be issued under the share programs.

The share-related incentive programs are reported in accordance with IFRS 2 Share-based payments. No costs have been incurred under the outstanding performance share programs in 2015/16 and 2014/15 as the financial targets have not been reached. See page 28 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 2012/15, resolved by the AGM in 2012, was concluded during the year. For information on the program see the annual report 2014/15 pages 115–116. Outstanding programs as per April 30 2016 were Performance Share Plan 2013/16, 2014/17 and 2015/18 respectively. The Performance Share Plans cover approximately 170 (2013/16 and 2014/17) and 11 (2015/18) 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 that:

- a performance share award shall entitle a participant to receive, subject to the terms and conditions set forth in the Performance Share Plans 2013, 2014 and 2015 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 Plans 2013 are defined as average annual percentage growth rate in earnings per share (EPS) during the fiscal year 2013/14 until the fiscal year 2015/16, versus EPS for the fiscal years 2012/13. Under Performance Share Plan 2013/16 the maximum number of shares will be allotted if the annual average EPS growth is at or exceeds 16 percent, no allotment of shares will occur if the annual average EPS growth is below 9 percent and allotment of shares between annual average EPS growth 9 and 16 percent is linear.

The financial targets for Performance Share Plan 2014 are defined as the Group's earnings before interest, taxes and amortizations (EBITA) with 50 percent weight, and the Group's business volume in local currency (sales and orders) with 50 percent weight. The performance targets are measured and shares are earned by one-third each financial year from 2014/2015 until 2016/2017. The financial targets include a minimum level that must be exceeded in order for any allotment to occur, and a maximum level in excess of which no additional allotment will occur. Allotment between the minimum level and maximum level is linear. The Board establishes the minimum and maximum level for the respective performance target. The levels that are established and to what extent they have been achieved will be presented at latest when the program ends.

The financial targets for Performance Share Plans 2015 are defined as average annual percentage growth rate in earnings per share (EPS) during the fiscal year 2015/16 until the fiscal year 2017/18, versus EPS for the fiscal years 2014/15. Under Performance Share Plan 2015/18 the maximum number of shares will be allotted if the annual average EPS growth is at or exceeds

Note 5 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS, cont.

41 percent, no allotment of shares will occur if the annual average EPS growth is below 32 percent and allotment of shares between annual average EPS growth 32 and 41 percent is linear.

The terms of the Performance Share Programs 2013, 2014 and 2015 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 13, 2016, September 21, 2017 and September 16, 2018, 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, 2016, there were no material obligations to settle in any other way than through shares.

Share program

SEK M	2012/15	2013/16	2014/17	2015/18
Originally designated number of shares	1,043,040	798,000	976,726	289,284
Theoretical value at time of issue, SEK	78,228,00	79,800,00	92,788,970	16,199,904
Allotment of shares	2015-09-04	2016-09-13	2017-09-21	2018-09-16
Number of shares as of April 30, 2015	1,010,748	781,319	961,395	–
Granted during the year	–	–	–	289,284
Cancelled/Expired during the year	–1,010,748	–134,991	–102,946	–
Released during the year	–	–	–	–
Number of share as of April 30, 2016	**–**	**646,328**	**858,449**	**289,284**

Note 6 DEPRECIATION/AMORTIZATION

	Group	
SEK M	2015/16	2014/15
Cost of products sold	68	81
Selling expenses	125	100
Administrative expenses	83	68
R&D expenses	358	263
Total	**634**	**512**

Note 7 OPERATING LEASES

	Group	
SEK M	2015/16	2014/15
Leasing fees paid during the year	198	167
Nominal value of agreed future leasing fees:		
Due for payment within 1 year	190	173
Due for payment after 1 year but within 5 years	593	440
Due for payment after more than 5 years	837	350
Total	**1,620**	**963**

Leasing fees paid by the Parent Company during the year amounted to SEK 349 K (198). Future leasing fees due for payment within one year amount to SEK 426 K (180), after 1 year but within 5 years SEK 200 K (110).

Note 8 REMUNERATIONS TO AUDITORS

	Group		Parent Company	
SEK M	2015/16	2014/15	2015/16	2014/15
Group auditor (PwC)				
Audit engagements	11	10	5	4
Audit-related services	1	0	0	0
Tax consultancy	4	3	0	1
Other services	1	2	1	1
Total Group auditor	**17**	**16**	**6**	**6**
Other auditors				
Audit engagements	0	0	–	–
Audit-related services	–	0	–	–
Tax consultancy	0	0	–	–
Other services	0	0	–	–
Total other auditors	**0**	**1**	**–**	**–**
Total	**17**	**16**	**6**	**6**

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 CEO 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.

Note 9 EXPENSES BY NATURE

In the income statement costs are broken down by function. Operating expenses amount to SEK 10,798 M (9,902). Below, operating exepenses are broken down by nature:

	Group	
SEK M	2015/16	2014/15
Products, materials and consumables	4,283	4,349
Personnel costs	3,540	3,294
Depreciation and amortization (Notes 6, 15 and 16)	634	512
Operating leasing fees (Note 7)	198	167
Other expenses	2,143	1,580
Total	**10,798**	**9,902**

Note 10 INCOME FROM PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
SEK M	2015/16	2014/15
Dividends from subsidiaries	615	810
Group contribution received	–	97
Divestment of shares in subsidaries	–	–125
Total	**615**	**782**

Note 11 NET FINANCIAL ITEMS

	Group	
SEK M	2015/16	2014/15
Income from participations in associates	**11**	**0**
Interest income, external	37	25
Other financial income	0	–
Financial income	**37**	**25**
Interest expenses, convertible loan	–69	–69
Interest expenses, other external loans	–171	–148
Other financial expenses	–45	–42
Financial expenses	**–285**	**–259**
Exchange rate differences on financial instruments	**3**	**13**
Net financial items	**–234**	**–221**

Note 12 INTEREST INCOME, INTEREST EXPENSE AND SIMILAR ITEMS

	Parent Company	
SEK M	2015/16	2014/15
Interest income from subsidiaries	177	181
Interest income, external	17	12
Interest income and similar items	**194**	**193**
Interest expenses to subsidiaries	–12	–13
Interest expenses, convertible loan	–69	–69
Interest expenses, other external loans	–138	–128
Other financial expenses	–8	–13
Interest expenses and similar items	**–227**	**–223**

Note 13 APPROPRIATIONS AND UNTAXED RESERVES

	Parent Company			
	Appropriations		Untaxed reserves	
SEK M	2015/16	2014/15	2015/16	2014/15
Tax allocation reserve	43	–16	–	43
Total	**43**	**–16**	**–**	**43**

Note 14 TAXES

Income taxes

	Group		Parent Company	
SEK M	2015/16	2014/15	2015/16	2014/15
Current taxes	–180	–201	–	–14
Adjustments for prior years	13	–6	3	0
Deferred taxes	123	49	18	5
Participations in taxes of associates	0	0	–	–
Total	**–44**	**–158**	**21**	**–9**
Swedish tax	22%	22%		
Effect of other tax rates for foreign companies	11%	2%		
Changes in tax legislation	–	–		
Tax related to prior years	–12%	–2%		
Other	2%	0%		
Tax rate	**23%**	**22%**		

Note 14 TAXES, cont.

Current tax, net (liability +/receivable –)

	Group		Parent Company	
SEK M	**2015/16**	**2014/15**	**2015/16**	**2014/15**
Opening balance, May 1	27	188	8	–3
Business combination	–	6	–	–
Reclassifications	3	–24	–	–
Adjustment for prior years	–13	6	–4	0
Current tax for the year	180	201	–	14
Paid taxes	–268	–362	–5	–3
Translation differences	4	12	–	–
Closing balance, April 30	**–67**	**27**	**–1**	**8**

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, 2016**	**April 30, 2015**	**April 30, 2016**	**April 30, 2015**	**April 30, 2016**	**April 30, 2015**
Loss carry-forwards	51	35	–	–	51	35
Untaxed reserves	–	–	–36	–67	–36	–67
Intangible assets	–	–	–710	–710	–710	–710
Tangible fixed assets	14	15	–56	–74	–42	–59
Financial assets/liabilities	4	25	–4	–	0	25
Other assets	164	157	–2	–3	162	154
Other liabilities	182	121	–16	–7	166	114
Deferred tax assets/tax liabilities	**415**	**353**	**–824**	**–861**	**–409**	**–508**
Offsetting	–134	–129	134	129	–	–
Net deferred tax assets/tax liabilities	**281**	**224**	**–690**	**–732**	**–409**	**–508**

Deferred tax assets (+)/liabilities (–), net

SEK M	**Group, net**	**Parent Company, net**
Opening balance May 1, 2014	–544	9
Adjustment for prior years	23	–
Deferred taxes for the year	26	5
Deferred taxes charged in other comprehensive income	41	–2
Translation differences	–53	–
Closing balance April 30, 2015	**–508**	**11**
Adjustment for prior years	40	–
Business combinations	–16	–
Deferred taxes for the year	87	18
Deferred taxes charged in other comprehensive income	–27	–
Translation differences	15	–
Closing balance April 30, 2016	**–409**	**29**

The Group has tax loss carry forwards of approximately SEK 240 M (330) for which deferred tax assets have not been recognized based on the assessment that it is not probable that deductions can be made against future profits.

Tax relating to components of other comprehensive income

	Group		Parent Company	
SEK M	**2015/16**	**2014/15**	**2015/16**	**2014/15**
Revaluation of defined benefit pension plans	–2	2	–	–
Revaluation of cash-flow hedges	–25	41	–	–
Exchange difference on net investment in foreign operations	–	–2	–	–2
Total	**–27**	**41**	**–**	**–2**

Note 15 INTANGIBLE ASSETS

SEK M	Group					Parent Company	
	Goodwill	Capitalized development costs	Customer relationships	Other intangible assets	Total Group	Other intangible assets	Total Parent Company
Accumulated acquisition value May 1, 2015	5,338	2,612	1,271	870	10,091	–	–
Business combinations	–151	–	201	–	50	–	–
Purchases/capitalization	–	592	–	95	687	91	91
Divestments/disposals	–	–	–	–	–	–	–
Translation differences	–118	–121	–40	–19	–298	–	–
Accumulated acquisition value April 30, 2016	**5,069**	**3,083**	**1,432**	**946**	**10,530**	**91**	**91**
Accumulated amortization May 1, 2015	–	–977	–314	–626	–1,917	–	–
Divestments/disposals	–	–	–	–	–	–	–
Amortization for the year	–	–326	–82	–61	–469	–8	–8
Translation differences	–	41	8	17	66	–	–
Accumulated amortization April 30, 2016	**–**	**–1,262**	**–388**	**–670**	**–2,320**	**–8**	**–8**
Carrying amount April 30, 2016	**5,069**	**1,821**	**1,044**	**276**	**8,210**	**83**	**83**
Accumulated acquisition value May 1, 2014	4,549	1,669	1,202	767	8,187	–	–
Business combinations	317	–	–	–	317	–	–
Purchases/capitalization	–	683	–	2	685	–	–
Divestments/disposals	–	–	–5	–	–5	–	–
Translation differences	472	260	74	101	907	–	–
Accumulated acquisition value April 30, 2015	**5,338**	**2,612**	**1,271**	**870**	**10,091**	**–**	**–**
Accumulated amortization May 1, 2014	–	–642	–223	–477	–1,342	–	–
Divestments/disposals	–	–	2	–	2	–	–
Amortization for the year	–	–236	–65	–65	–366	–	–
Translation differences	–	–99	–28	–84	–211	–	–
Accumulated amortization April 30, 2015	**–**	**–977**	**–314**	**–626**	**1,917**	**–**	**–**
Carrying amount April 30, 2015	**5,338**	**1,635**	**957**	**244**	**8,174**	**–**	**–**

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 592 M (683) for the year whereof capitalization of development costs within R&D amounted to SEK 591 M (680).

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 table below.

Goodwill by segment

SEK M	April 30, 2016	April 30, 2015
North and South America	1,748	1,867
Europe, Middle East and Africa	1,761	1,882
Asia Pacific	1,560	1,589
Total	**5,069**	**5,338**

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 2016 (2015) test showed that there is no impairment.

Sensitivity analyses 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.

Note 16 TANGIBLE FIXED ASSETS

SEK M	Machinery etc for production	Equipment, tools and installations	Finance lease equipment	Buildings	Total
Accumulated acquisition value May 1, 2015	117	1,336	7	253	1,713
Reclassifications	4	–4	–	–	0
Purchases	9	175	–	3	187
Divestments/Disposals	–3	–47	–1	–56	–107
Translation differences	–8	–59	–1	–9	–77
Accumulated acquisition value April 30, 2016	**119**	**1,402**	**5**	**191**	**1,717**
Accumulated depreciation May 1, 2015	–47	–748	–6	–32	–832
Reclassifications	–25	24	–	–	–1
Divestments/Disposals	3	46	1	–	50
Depreciation for the year	–11	–144	0	–10	–165
Translation differences	4	27	1	2	34
Accumulated depreciation April 30, 2016	**–76**	**–795**	**–4**	**–40**	**–914**
Carrying amount April 30, 2016	**43**	**606**	**1**	**151**	**803**
Accumulated acquisition value May 1, 2014	112	980	7	213	1,312
Reclassifications	2	–2	–	0	0
Business combinations	–	6	–	–	6
Purchases	17	272	–	8	297
Divestments/Disposals	–33	–59	0	–	–92
Translation differences	19	139	0	32	190
Accumulated acquisition value April 30, 2015	**117**	**1,336**	**7**	**253**	**1,713**
Accumulated depreciation May 1, 2014	–61	–602	–5	–20	–688
Reclassifications	0	0	–	0	0
Divestments/Disposals	33	58	0	0	91
Depreciation for the year	–9	–127	–1	–9	–146
Translation differences	–10	–77	0	–3	–90
Accumulated depreciation April 30, 2015	**–47**	**–748**	**–6**	**–32**	**–832**
Carrying amount April 30, 2015	**70**	**588**	**1**	**221**	**881**

Note 17 SHARES IN SUBSIDIARIES

	Parent Company	
SEK M	2015/16	2014/15
Opening balance May 1	2,142	1,877
Investments	2	266
Adjusted purchase price	–15	–
Liquidation	–	–1
Shareholder contributions	–	125
Write-down	–	–125
Closing balance April 30	**2,129**	**2,142**

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 Neuromag Oy	0756256-7	Helsinki, Finland	1,832	100.0	44
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 Canada Inc.	R889657862	Toronto, 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		Shanghai, China		100.0	2
Elekta BMEI (Beijing) Medical Equipment Co., Ltd.		Beijing, China		100.0	230
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	100.0	31
Elekta SA	B 414 404 913	Paris, France	2,500	100.0	4
Elekta Medical SA	A-818 867 31	Madrid, Spain	10,000	100.0	3
Elekta GmbH	HRB 63500	Hamburg, Germany		100.0	0
Medical Intelligence Medizintechnik GmbH	HRB 14835	Schwabmünchen, Germany		100.0	145
Elekta Kft.		Budapest, Hungary		100.0	3
Elekta GmbH	FN 166018w	Innsbruck, Austria	1	100.0	3
Elekta Hellas EPE	998 569 196	Aten, Greece		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	34
3D Line Research and Development S.r.l.		Milan, Italy		100.0	32
Elekta Medical Systems Comercio e Prestacao de Servicos para Radiologia, Radiocirurgia e Radioterapia Ltda		Sao Paolo, Brazil		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, Korea	1311111-0259	Seongnam-si, South Korea	473,879	100.0	16
Elekta Services S.R.O	292 80 095	Brno, Czech Republik		100.0	0
Elekta Medikal Sistemler Ticaret A.S.	196757	Istanbul, Turkey	87,900,000	100.0	92
Elekta Medical SA de CV	EME140919G49	Mexico City, Mexico	50	100.0	26
Elekta sp.Z.O.O	KRS 0000538192	Warszawa, Poland	2,000	100.0	133
Elekta Company Limited		Hanoi, Vietnam	1	100.0	2
Elekta Business Services		Warszawa, Poland	1	100.0	0
Total					**2,129**

Note 18 SHARES IN ASSOCIATES

	Group		Parent Company	
SEK M	**2015/16**	**2014/15**	**2015/16**	**2014/15**
Opening balance, May 1	9	5	27	27
Participations in income of associates (Note 11)	11	0	–	–
Dividends etcetera	–7	–3	–	–
Write-down	–	–	–27	–
Translation differences	–1	7	–	–
Closing balance, April 30	**12**	**9**	**–**	**27**

As of April 30, 2016, the carrying amount of the Parent Company's holding in Global Medical Investments GMI AB was SEK – (27) M and the corresponding Group value was SEK 0 (0) M.

Note 19 OTHER FINANCIAL ASSETS

	Group		Parent Company	
SEK M	**April 30, 2016**	**April 30, 2015**	**April 30, 2016**	**April 30, 2015**
Participations in other companies	3	8	–	–
Derivative financial instruments	1	1	–	–
Loan receivables	61	62	25	26
Contractual receivables	181	180	–	–
Other non-current receivables	106	111	48	43
Total	**352**	**362**	**73**	**69**

Note 20 INVENTORIES

	Group	
SEK M	**April 30, 2016**	**April 30, 2015**
Components	31	131
Work in progress	41	293
Finished goods	1,063	873
Total	**1,135**	**1,297**

Impairment of inventories amounted to SEK 70 M (41).

Note 21 ACCOUNTS RECEIVABLE

	Group	
SEK M	**April 30, 2016**	**April 30, 2015**
Accounts receivable, gross	3,393	4,363
Provision for bad debts	–92	–156
Carrying amount	**3,301**	**4,207**

Credit risk analysis of accounts receivable	**April 30, 2016**	**April 30, 2015**
Not due	2,245	3,475
Overdue 1–30 days	368	329
Overdue 31–60 days	147	113
Overdue 61–90 days	134	104
Overdue > 90 days	407	186
Total accounts receivables, net	**3,301**	**4,207**

Provision for bad debts	**April 30, 2016**	**April 30, 2015**
Opening balance, May 1	–156	–44
Provisions	–149	–151
Reversals	1	8
Realized loss	237	37
Reclassification	–29	–
Translation differences	4	–6
Closing balance, April 30	**–92**	**–156**

Refer to Note 2 for more information on the Group's credit risks.

Note 22 OTHER CURRENT ASSETS

	Group	
SEK M	April 30, 2016	April 30, 2015
Prepayments to suppliers	63	50
Other receivables	376	292
Prepaid expenses	302	353
Total	**741**	**695**

	Parent Company	
SEK M	April 30, 2016	April 30, 2015
Derivative financial instruments	3	35
Current tax assets	1	–
Other receivables	20	3
Prepaid expenses	11	8
Total	**35**	**46**

Note 23 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
SEK M	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
Current investments	1,049	1,576	1,049	1,576
Cash and bank	1,224	1,689	450	1,054
Total	**2,273**	**3,265**	**1,499**	**2,630**

Available cash and cash equivalents amounted to SEK 2,263 M (3,247) which is cash and cash equivalents reduced by bank balances included in assets pledged (Note 30).

Note 24 SHARE CAPITAL

Number of shares in Elekta AB (publ)	A-shares	B-shares	Total	Share capital
Number of shares May 1, 2014	14,250,000	368,578,584	382,828,584	191,414,292
Conversion of convertible loan	–	191	191	96
Number of shares April 30, 2015	**14,250,000**	**368,578,775**	**382,828,775**	**191,414,388**
of which treasury shares	–	1,541,368	1,541,368	
Number of shares May 1, 2015	14,250,000	368,578,775	382,828,775	191,414,388
Conversion of convertible loan	–	272	272	136
Number of shares April 30, 2016	**14,250,000**	**368,579,047**	**382,829,047**	**191,414,524**
of which treasury shares	–	1,541,368	1,541,368	

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 191 M, corresponding to SEK 0.50 per share. At the AGM on 1 September, 2016, a dividend of SEK 0.50 per share for the year 2015/16 – a total sum of approximately SEK 191 M will be proposed.

The average number of shares before dilution during the year, rounded to the nearest thousand, was 381,288 thousand (381,287). The average number of shares after full dilution from convertible loan, similarly rounded, was 400,696 thousand (400,696). The number of repurchased shares on April 30, 2016, totaled 1,541,368 B-shares (1,541,368). For more information on the Elekta share, see pages 27–29.

Note 25 INTEREST-BEARING LIABILITIES

	Group		Parent Company	
SEK M	**April 30, 2016**	**April 30, 2015**	**April 30, 2016**	**April 30, 2015**
Bond loan	2,605	3,674	2,605	3,674
Convertible loan	1,872	1,852	1,872	1,852
Liabilities to credit institutions	472	506	458	463
Liabilities to subsidiaries	–	–	2,791	2,739
Finance lease liabilities	1	1	–	–
Total	**4,950**	**6,033**	**7,726**	**8,728**
Maturity term structure, external loans				
< 1 year	1,885	1,075	1,872	1,031
> 1 year < 3 years	858	1,852	857	1,852
> 3 year < 5 years	998	1,872	998	1,872
> 5 years	1,209	1,234	1,208	1,234
Total	**4,950**	**6,033**	**4,935**	**5,989**

Specification by currency

	Amount		SEK M	
Currency	**April 30, 2016**	**April 30, 2015**	**April 30, 2016**	**April 30, 2015**
Swedish kronor, SEK M	2,894	2,850	2,872	2,850
US dollars, USD M	200	325	1,607	2,677
Euro, EUR M	50	50	459	465
Brazilian real, BRL M	0	–	0	–
Japanese yen, JPY M	–	31	–	2
Chinese yuan, CNY M	10	30	12	39
Total			**4,950**	**6,033**

Fixed interest term including effects of derivatives

	April 30, 2016	**April 30, 2015**
< 1 year	3,043	2,237
> 1 year < 3 years	398	1,852
> 3 year < 5 years	300	710
> 5 years	1,209	1,234
Total	**4,950**	**6,033**

Note 26 PROVISIONS

SEK M	Group April 30, 2016	Group April 30, 2015	Parent Company April 30, 2016	Parent Company April 30, 2015
Restructuring reserve	155	0	5	–
Warranty provisions	101	99	–	–
Other provisions	91	–	24	–
Short-term provisions	**347**	**99**	**29**	**–**
Provision for pensions	82	104	–	22
Other provisions	58	155	53	75
Long-term provisions	**140**	**259**	**53**	**97**

PENSION PLANS

Elekta has defined benefit pension plans for certain employees in a few countries. Most common is however defined contribution plans. The previously reported net pension provision in the Parent company relates to the Chairman of the Board and amounts to SEK – M (22). The provision related to a defined contribution plan which was partly covered by a capital redemption policy. During 2015/16 an additional amount of SEK 23 M was covered by a capital redemption policy which means that the total gross obligation of SEK 54 M (53) is covered (SEK 31 M was covered in 2014/15). Total pension costs for the Group amounted to SEK 230 M (214) of which SEK 225 M (197) relate to defined contribution pension plans (see Note 5).

Pension costs, defined benefit pension plans

SEK M		Group 2015/16	Group 2014/15
Current service cost		–12	–10
Interest expense		–2	–3
Interest income		1	2
Actuarial gains (+) and losses (–)		8	–6
Total pension costs defined benefit plans		**–5**	**–17**
whereof reported in:	the income statement	–13	–11
	other comprehensive income	8	–6

Defined benefit pension plans

SEK M	Group April 30, 2016	Group April 30, 2015
Defined benefit obligation, funded plans	83	82
Fair value of plan assets	–78	–72
Provision for pensions, funded plans	**5**	**10**
Defined benefit obligation, unfunded plans	77	72
Provision for pensions, unfunded plans	**77**	**72**
Pension provision for defined benefit plans, net	**82**	**82**

Movement in provision for pensions

SEK M	Group 2015/16	Group 2014/15
Opening balance:		
Defined benefit obligation	154	112
Fair value of plan assets	–72	–46
Provision for pensions, May 1	**82**	**66**
Pension costs	5	17
Contributions/Repayments	–3	–2
Benefit payments	–3	–2
Translation differences	1	3
Closing balance:		
Defined benefit obligation	160	154
Fair value of plan assets	–78	–72
Provision for pensions, April 30	**82**	**82**

Note 26 PROVISIONS, cont.

Main actuarial assumptions (weighted average)

	Group	
	April 30, 2016	April 30, 2015
Discount rate	1.6%	1.6%
Future salary increases	1.5%	1.5%

Movement in provisions

	Group			Parent Company
SEK M	Restructuring reserve	Warranty provisions	Other provisions	Other provisions
Opening balance May 1, 2014	93	76	44	9
Business combinations	–	–	1	–
Provisions	–	86	112	66
Reversals	–	–57	–1	–
Provisions released during the year	–101	–19	–4	–
Translation differences	8	13	3	–
Closing balance April 30, 2015	**0**	**99**	**155**	**75**
Provisions	156	66	127	–
Reversals	0	–36	–1	–13
Provisions released during the year	–	–22	–24	–24
Reclassifications	–	–	–108	45
Translation differences	–1	–6	0	–5
Closing balance April 30, 2016	**155**	**101**	**149**	**77**

In the consolidated accounts, other provisions mainly refer to provisions related to legal disputes. Contingent considerations were previously reported as provisions but have been reclassified to other liabilities in the consolidated accounts. In the Parent company, contingent considerations are reported as provisions and amount to SEK 68 M (66).

Note 27 PREPAID INCOME

	Group	
SEK M	April 30, 2016	April 30, 2015
Prepaid service income	1,234	1,286
Other prepaid income	414	387
Total	**1,648**	**1,673**

Note 28 ACCRUED EXPENSES

	Group	
SEK M	April 30, 2016	April 30, 2015
Reserve for additional project costs	884	830
Accrued commission costs	113	150
Accrued vacation pay liability	147	156
Accrued social costs	46	55
Accrued interest expenses	76	86
Other items	551	512
Total	**1,817**	**1,789**

Note 29 OTHER CURRENT LIABILITIES

	Parent Company	
SEK M	April 30, 2016	April 30, 2015
Accounts payable	105	8
Accrued expenses (see below)	96	106
Current tax liabilities	–	8
Derivative financial instruments	14	36
Other liabilities	1	48
Total	**216**	**206**
Accrued expenses		
Accrued vacation pay liability	7	7
Accrued social costs	3	3
Accrued interest expenses	76	86
Other items	10	11
Total	**96**	**107**

Note 30 ASSETS PLEDGED

Collateral pledged for contingent liabilities

	Group	
SEK M	April 30, 2016	April 30, 2015
Bank balances	10	18
Total	**10**	**18**

Note 31 CONTINGENT LIABILITIES

	Group		Parent Company	
SEK M	**April 30, 2016**	**April 30, 2015**	**April 30, 2016**	**April 30, 2015**
Guarantees	40	59	1,014	1,213
Total	**40**	**59**	**1,014**	**1,213**

Note 32 CASH FLOW STATEMENT

	Group		Parent Company	
SEK M	**2015/16**	**2014/15**	**2015/16**	**2014/15**
Interest net				
Interest income	–37	–25	–194	–193
Interest expenses	240	217	218	210
Totalt	**203**	**192**	**24**	**17**
Other non-cash items				
Participation in profit/loss of associated companies, after tax	–11	0	–	–
Write-down of shares in associated companies	–	–	27	–
Write-down of shares in subsidiaries	–	–	–	125
Result from divestments/disposals of fixed assets	2	–2	–	–
Cost of incentive programs	–	–	–	–
Appropriations	–	–	–43	17
Unrealized exchange rate effects etc	184	366	59	294
Other items	–28	47	35	–47
Total	**147**	**411**	**78**	**389**
Business combinations				
Purchase price	–24	–360	–24	–266
Acquired cash and cash equivalents	–	18	–	–
Unpaid part of purchase price	–	151	–	112
Shareholder contributions	–	–	–	–125
Totalt	**–24**	**–191**	**–24**	**–279**

More information on business combinations is presented in Note 34.

Note 33 RELATED PARTY TRANSACTIONS

Transactions between Elekta AB and its subsidiaries are shown in notes 10, 12, 19 and 25. These transactions are eliminated upon consolidation. Sales to associated companies amounted to SEK 25 M (30) and receivables from associated companies amounted to SEK 5 M (8).

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 5.

Note 34 BUSINESS COMBINATIONS

2015/16

In 2015/16 no acquisitions were carried out. For the acquisitions performed in 2014/15 all purchase price allocations have been finalized during 2015/16. The adjustments made in comparison with the preliminary purchase price allocations are mainly relating to finalized valuation of acquired service contracts, the adjustments are presented in the schedule below. Recognised liabilities regarding contingent considerations amount to SEK 138 M in the final purchase price allocations. During the year an amount of SEK 24 M regarding contingent considerations related to acquisitions in previous years has been paid out.

2014/15

In 2014/15 three acquisitions of distributors were performed: Mesi Medikal in Turkey, RTA in Poland and AEESA in Mexico. Transaction costs were reported as non-recurring items in the consolidated income statement. No goodwill is tax deductible.

Mesi Medikal, Turkey

On July 24, 2014, Elekta acquired 100 percent of the shares in Mesi Medikal (Mesi), a leading distributor of radiation oncology solutions in Turkey. The acquisition significantly strengthens Elekta's market position in a country with a shortage of radiotherapy devices and software and a growing incidence of cancer. The acquisition price consists of a fixed amount of approximately SEK 65 M and a maximum variable amount of approximately SEK 25 M. According to a preliminary purchase price allocation goodwill and intangible assets amount to approximately SEK 70 M based on the full variable amount of the acquisition price. The identification and valuation of intangible assets related to customer relationships is ongoing. Goodwill is mainly related to expected synergies. Elekta has consolidated Mesi from the date of acquisition, contributing with net sales of approximately SEK 45 M in 2014/15. The acquisition of Mesi is expected to add approximately 0.3 percent to Elekta's net sales on an annual basis. The transaction is expected to be EPS accretive on an annual basis. Transaction costs amounted to approximately SEK 2 M.

RTA, Poland

On March 17, 2015, Elekta completed its acquisition of 100 percent of the shares in the leading distributor in Poland, RTA. The intention to acquire RTA was announced on August 25, 2014. RTA is specializing in cutting-edge radiation therapy technologies and the acquisition will allow Elekta to leverage RTA's existing customer relationships in order to strengthen Elekta's position in Poland's private and public health care sectors. The acquisition price consists of a fixed amount of approximately SEK 90 M and a maximum variable amount of approximately SEK 70 M. The variable amount is contingent on sales targets to be reached during the first three years after the acquisition. According to a preliminary purchase price allocation, goodwill and intangible assets amount to approximately SEK 120 M based on an estimated outcome of 80 percent of the variable amount of the acquisition price. The identification and valuation of intangible assets related to customer relationships is ongoing. Goodwill is mainly related to expected synergies. Elekta has consolidated RTA from the date of acquisition, contributing with net sales of approximately SEK 6 M in 2014/15. The acquisition of RTA is expected to add approximately 0.3 percent to Elekta's net sales on an annual basis and is expected to be EPS accretive. Transaction costs amounted to less than SEK 1 M.

AEESA, Mexico

On April 1, 2015, Elekta announced the acquisition of the service business as well as personnel of Mexican distributor, Asesores Electrónicos Especializados S.A. de C.V. (AEESA). The acquisition will bring Elekta closer to its Mexican customers, facilitating growth in a market with strong potential. The transaction is structured as an asset acquisition and Elekta will assume all service contract revenue from AEESA starting on April 1, 2015. The acquisition price consists of a fixed amount of approximately SEK 82 M and a maximum variable amount of approximately SEK 42 M. According to a preliminary purchase price allocation, goodwill and intangible assets amount to approximately SEK 123 M based on the full variable amount of the acquisition price. The identification and valuation of intangible assets related to customer relationships is ongoing. Goodwill is mainly related to expected synergies and is not tax deductible. Elekta has consolidated the AEESA business from April 1, contributing with a negligible amount to net sales in 2014/15. The asset acquisition is expected to add approximately 0.4 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 less than SEK 1 M.

SEK M	Preliminary 2014/15	Adjustment	Finalized 2014/15
Purchase price and goodwill:			
Cash paid	209	–	209
Unpaid part of purchase price	152	−14	138
Total purchase price	**360**	**−14**	**347**
Fair value of acquired net assets	−43	−137	−180
Goodwill	**317**	**−151**	**167**
Acquired assets and liabilities according to purchase price allocations:			
Intangible assets	0	201	201
Other non-current assets	6	0	6
Inventories	62	−13	49
Receivables	74	−26	48
Cash and cash equivalents	18	–	18
Provisions	−1	–	−1
Deferred tax assets/liablilities	–	−16	−16
Other liabilities	−116	−9	−125
Non-controlling interests	–	–	–
Acquired net assets at fair value	**43**	**137**	**180**

Note 35 AVERAGE NUMBER OF EMPLOYEES

	Men		Women		Total	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Parent Company	18	17	14	16	32	33
Subsidiaries:						
Sweden	149	178	84	97	233	275
USA	605	576	344	323	949	899
Great Britain	549	581	160	166	709	747
China	365	370	159	162	524	532
The Netherlands	182	198	48	50	230	248
Germany	140	145	30	40	170	185
Japan	72	81	27	27	99	108
India	88	95	4	4	92	99
Italy	58	57	20	20	78	77
Canada	54	53	19	19	73	72
France	53	49	14	14	67	63
Brazil	38	36	16	15	54	51
Spain	38	35	10	12	48	47
Hong Kong	26	28	18	14	44	42
Australia	33	33	10	10	43	43
Turkey	24	7	11	3	35	10
Mexico	27	2	5	0	32	2
Finland	22	22	6	6	28	28
Austria	17	17	6	6	23	23
Poland	13	3	9	2	22	5
South Korea	18	18	3	3	21	21
Singapore	12	10	4	6	16	16
Czech Republic	12	11	2	3	14	14
Greece	9	10	3	3	12	13
South Africa	7	8	2	1	9	9
Belgium	6	7	1	1	7	8
New Zealand (branch)	4	4	1	1	5	5
Switzerland (branch)	3	3	2	1	5	4
Vietnam	3	–	–	–	3	–
Total average number of employees	**2,645**	**2,654**	**1,032**	**1,025**	**3,677**	**3,679**

SPECIFICATION MEN/WOMEN AMONG BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

During the financial year, the Board of Directors of Elekta AB consisted of 67 percent (75) men.
The Executive Committee consisted of 93 percent (91) men.

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.

Stockholm, July 18, 2016

Laurent Leksell
Chairman of the Board

Annika Espander Jansson
Member of the Board

Luciano Cattani
Member of the Board

Siaou-Sze Lien
Member of the Board

Wolfgang Reim
Member of the Board

Johan Malmquist
Member of the Board

Birgitta Stymne Göransson
Member of the Board

Jan Secher
Member of the Board

Tomas Puusepp
Member of the Board

Richard Hausmann
CEO and President

Our audit report was submitted on July 18, 2016
PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant
Auditor in charge

Camilla Samuelsson
Authorized Public Accountant

Auditor's report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Elekta AB (publ) for the year the financial year 1 May, 2015 – 30, April 2016. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 33–94.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 30 April 2016 and of its financial performance and its cash flows 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 30 April, 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Elekta AB (publ) for the year the financial year 1 May, 2015 – 30 April, 2016.

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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the Company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to ur audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual 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.

Stockholm, July 18, 2016

PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant
Auditor in charge

Camilla Samuelsson
Authorized Public Accountant

Glossary

Arteriovenous Malformation (AVM)
In the brain it appears as a tangle of abnormal arteries and veins that usually is present already from birth. When they present symptoms it is via headaches or seizures. In serious cases, the blood vessels rupture, causing bleeding in the brain.

Acoustic neuroma (vestibular schwannomas)
Benign tumors that typically arise from the vestibular portion of the eighth cranial nerve. Most common presenting symptoms are unilateral loss of hearing, tinnitus and imbalance.

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 called internal radiation treatment and involves placing a radiation source in or near the treatment area. It allows very high tumor doses to be achieved while limiting the impact on the surrounding organs.

Cancer
Uncontrolled, abnormal growth of cells.

Chemotherapy
Treatment of cancer diseases with the aid of chemicals that eliminate diseased cells.

Computerized tomography (CT)
A radiological method of producing 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.

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.

Epilepsy
Disorder characterized by repeated, sudden disturbances of brain function.

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.

Functional disorders
Diseases in the central nervous system.

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.

Image Guided Radiation Therapy (IGRT)
Image guided radiation therapy of cancer, where high precision and accuracy is achieved using high resolution three-dimensional X-ray images of the patient's soft tissues at the time of treatment.

Intensity Modulated Radiation Therapy (IMRT)
Intensity modulated radiation therapy of cancer, where instead of being treated with a single, large, uniform beam, the patient is treated with many very small beams; each of which can have a different intensity.

Incidence
Incidence is the number of new cancer cases arising in a given period in a specified population.

Invasive
A technique that penetrates the skin, skull, etcetera. The opposite of non-invasive (bloodless).

LINC
Elekta's two Learning and Innovation Centers in Atlanta, USA and in Beijing, China. The LINC:s are state-of-the-art facilities that provide Elekta users and employees with an ideal environment for learning.

Linear accelerator
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.

Neurology
The study of the nervous system and its disorders.

Neurosurgery
Surgery of the brain or other parts of the central nervous system.

Oncology
The study of tumor diseases.

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)
Is a technique that enables a beam to precisely target a tumor in the body and minimizes radiation to normal surrounding 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.

Trigeminal neuralgia
A disorder of the trigeminal nerve, which carries sensation from your face to your brain. Episodes of severe, stabbing pain affect the cheek, lips, gums, teeth or chin.

Volumetric Modulated Arc Therapy (VMAT)
Dynamic conformal delivery technique in which both collimator leaves and gantry move during radiotherapy.

Production: Elekta in cooperation with Hallvarsson & Halvarsson.
Photo: iStock, Folio, Shutterstock, Mats Lundqvist and Robin Haldert.

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