Our innovations are giving millions of people the chance to experience more.

Annual Report
2019/20

NORTHERN LIGHTS
JOKKMOKK, SWEDEN
JANUARY 25, 1:15 PM

Elekta

Content

About the Annual Report

Pages 81–136 constitute the statutory annual report, which has been audited. This report also includes Elekta's sustainability information. Elekta presents a sustainability report prepared in accordance with the GRI Standards, Core option, and a sustainability report in accordance with the Swedish Annual Accounts Act.

THIS IS ELEKTA

A global leader in Precision Radiation Medicine

Elekta is a global leader in radiotherapy solutions to fight cancer and neurological disease. We have a broad offering of advanced solutions for delivering the most efficient radiotherapy treatments and are number **1 or 2** in all geographical markets.

Installed base >4,500 systems

Solutions

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

~60% of net sales

Oncology Informatics Solutions

MR-Linac Solutions

Linac Solutions

Brachy Solutions

Neuro Solutions

Service

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

~40% of net sales

A solid platform for continued leadership

Strong underlying demand

The demand for radiotherapy and cancer care is growing, globally supported by several underlying trends:

- Increasing cancer incidence due to ageing and growing population
- Large radiotherapy investment needs in many markets
- Value-based healthcare puts focus on improving patient outcomes
- Continuous strive for better precision and optimized workflows

Innovative collaborations

Elekta has been a driving force behind the technological progress in radiotherapy for almost five decades. Our innovations are developed in close and long-term collaboration with leading researchers and clinics to meet the needs of clinicians, enabling them to improve their patients' lives.

10% of net sales spent on R&D

Committed to responsible business

Elekta is a global organization with a local presence that thinks forward and challenges conventions to promote access to radiotherapy for all.

>4,000 employees in **>30** countries

Strong financial position

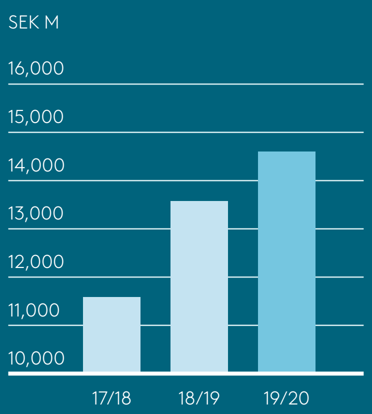
Our strategy "Thought and market leadership in Precision Radiation Medicine" provides the framework for profitable and sustainable growth.

- A business model and strategy that generates strong sustainable growth and cash flow
- Solid balance sheet with strong financial position
- Good profitability with potential for further margin improvement

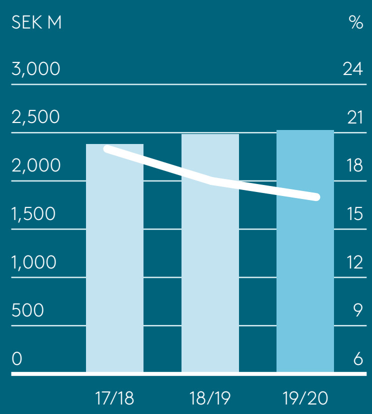
Improved sales and EBITA

Although affected by the pandemic in 19/20

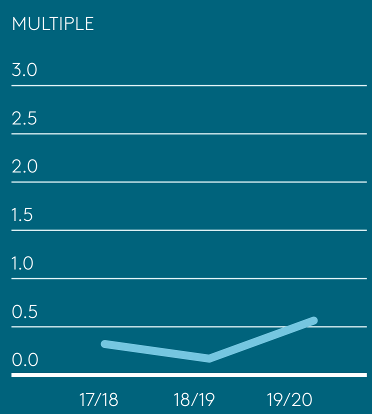
NET SALES



EBITA AND EBITA MARGIN



NET DEBT/EBITDA



Cancer doesn’t care who you are or where you live.

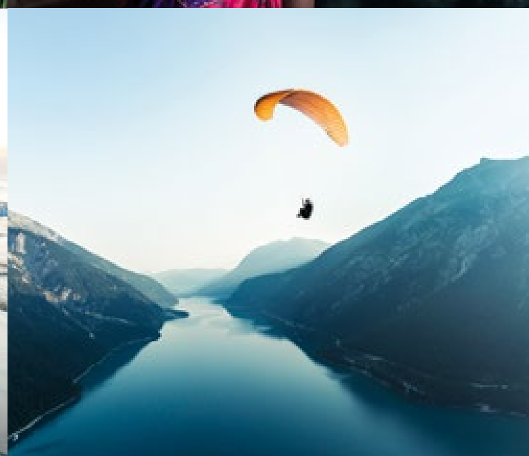
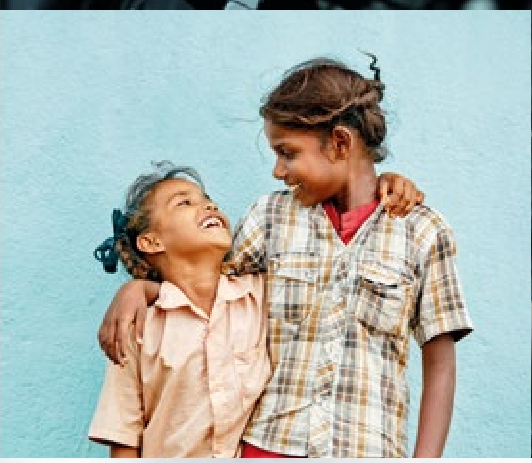
You have cancer. Every day, those words are told to almost 50,000 people around the world. It doesn’t just affect them; it also affects the people around them. Elekta is working tirelessly on solutions that improve cancer care, so that patients and their loved ones get to share more special moments.












It's global and it affects everyone.

Cancer is a global disease and the world's second most common cause of death. The number of people diagnosed is expected to keep growing, especially in low- and middle-income countries where cancer care resources today more scarce. Elekta is working to broaden availability through new solutions and training so that radiotherapy becomes available to everyone.

”Our innovations help clinicians fight cancer every day. And we won’t stop developing.”

Gustaf Salford
Acting President and CEO

BUSINESS OVERVIEW

Showing resilience and preparing for growth

While the Covid-19 pandemic made the end of our fiscal year challenging, we continued our focus on innovation and made great progress in our long-term fight against cancer.

> "Elekta managed well through the initial phase of this global crisis, demostrating resilience and commitment to our customers and the patients they treat."

A year impacted by Covid-19 and Brexit

This year was in many ways affected by the unfolding events related to Covid-19, which is hard to imagine and unprecedented in our global economy. The pandemic hit Elekta with full effect in our fourth quarter, making it challenging to access our customers while they were focusing on fighting the pandemic.

Despite all this, Elekta managed well through the initial phase of this global crisis, demonstrating resilience and commitment to our customers and the patients they treat. We did so by enabling close to normal uptime in our installed base and by continuing to install new devices. We are a global company and our strong local presence and devoted employees made a true difference for our customers in times of travel restrictions and lock downs. Also we focused on driving digitalization initiatives, e.g. remote monitoring and maintenance of our installed devices and digital applications to allow for customers to work remotely.

Prior to the corona crisis, the first half of our year was impacted by preparation and mitigation for Brexit, since our largest hub is located in the UK. The consequences for our business were an increase in inventory and currency effects due to large currency fluctuations. Overall, for the full year, we secured a modest growth in revenue and in EBITA.

After the fiscal year closed Richard Hausmann decided to resign after four years as Elekta's CEO. During his tenure our company managed to revolutionize cancer treatment with our breakthrough technology, Elekta Unity. Richard has had a long and distinguished career that has taken him all over the world, and I wish him all the best when he now resigns.

Continued focus on innovation for long term growth

Elekta continues the progress with Unity, marking the shift to new opportunities in the fight against cancer. We have reached several milestones with more systems in clinical use and the deployment of assessing biologic changes within the tumor. With the GenesisCare partnership in the US we reached 80 ordered Unity systems in May, thereby surpassing our Mid-2020 order target of 75 systems. Even more importantly, the clinical results and feedback from deployed Unity systems are outstanding. We now look forward to the next stage of the commercialization with Unity, focused on further market adoption and collecting clinical evidence from our customers.

Our Elekta Digital Program has a breakthrough potential in these times; both in our software portfolio with MOSAIQ® Plaza, and our acquisitions of SmartClinic and ProKnow® solutions. In May, we acquired Kaiku Health, which means that we now connect directly with the patients, to manage side-effects and attain real-world patient reported data. This strengthened our digital portfolio and enables our strategy of cancer treatment process digitalization.

We will continue to invest in innovations, and recently we conducted successful product launches in the Neuro and Brachy business lines. We have brought many new innovations to the market over the years and our mission going forward is to continue to tirelessly fight cancer and to close the gap of more than 10 000 radiotherapy devices in the world.

Increased emphasis on sustainability

The world is facing major environmental, resource-related and social challenges. We strive to conduct sustainable business both within our organization and in cooperation with others. Since 2017 we have chosen to underwrite the UN Global Compact and we continue to strongly support these principles. To strive for sustainability is an integral part of our strategy. Over the year we have emphasized this from a Board level with our Compensation and Sustainability Committee. Our ambition is to constantly work towards increased diversity and foster a culture based on zero-tolerance of differentiation of ethnical background. Elekta's major contribution to a more sustainable world is our constant ambition to increase access to radiotherapy through innovation, not least highlighted by the launch of the first-ever Linac in Rwanda on World Cancer Day, February 4th. Cancer doesn't know any boundaries and neither does the fight against it.

Well positioned for future growth

Looking ahead, it is difficult to predict how many months or quarters the Covid-19 crisis will continue and therefore we refrain from giving guidance at this moment. In the short-term our commitment is to ensure that cancer treatments can continue during the corona crisis. In the longer term we are convinced that the underlying demand for our solutions will continue to grow due to the large need for radiotherapy solutions around the world.

We look forward to a year when we will take further steps with our technology in order to make our company, as well as our customers more resilient and cost efficient in these uncertain times. Also our investments in innovations are key for our long-term competitiveness, and we will release our new High Productivity Linac with improved ease-of-use and decreased footprint.

Elekta colleagues all over the world made heroic efforts to service our customers and complete installations. I would like to thank our employees, customers and shareholders for their dedication and firm commitment to continue the fight against cancer.

Gustaf Salford
Acting President and CEO

Underlying trends supports market growth

Several strong underlying trends are impacting the radiotherapy market, guiding its technological development and supporting its long-term growth. While the spread of Covid-19 increases economic uncertainty in the short term, it accelerates the trend towards value-based care in the long term.

Cancer trends

Demographics and increasing incidence[1]
The world's population is increasing and getting older. Among an expanding overall population, the over 65 cohort is set to rise by almost 80 percent by 2040. Gains against infections and other diseases, not least cardiovascular diseases in high-income countries[2], are raising global life expectancy, leading to more cancer cases.

The World Health Organization (WHO) estimates that there were about 18 million new cancer cases globally in 2018. When accounting for the expected demographic changes, this number is projected to increase to more than 29 million new cases by 2040. When recent trends in incidence rates are factored in, the number of new cases is expected to double to 37 million by 2040.

Bridging the access to radiotherapy gap
There are large structural differences in cancer care and in the availability of radiotherapy between countries and regions. A study published in The Lancet in 2015 estimated that while 50–60 percent of all cancer patients require radiotherapy, 40–60 percent of them lack access[3]. Investing in expanding radiotherapy access in low- and middle-income countries would save lives and lead to substantial economic benefits, according to The Lancet study.

For more information about what Elekta does to increase access to radiotherapy all over the world, see page 38.

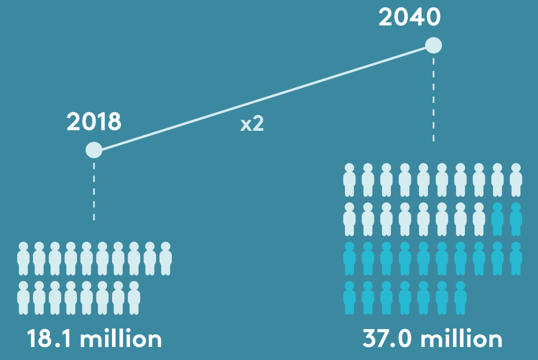
Cancer as a chronic condition
As cancer survival rates have improved over time, the number of people living with cancer as a chronic condition has increased. Not only does this complex condition require coordination between different care providers, but it also raises the risk of oligometastatic disease. Radiotherapy plays an important role as a non-invasive treatment method for individual metastases, improving rates of survival in chronic disease[4].

Value-based health care

Health care spending has historically grown faster than GDP, and this trend is set to continue in the coming decades according to projections from the OECD. The focus of health care spending has always been to improve patient outcomes. But with ageing populations and steadily advancing technology leading to both more patients and more treatment options, health care systems are under increasing pressure to ensure that investments really do generate value in terms of better patient outcomes.

While health care and reimbursement systems vary from market to market, the trend to align economic incentives with quality and cost-efficiency in treatments is clear.

ESTIMATED GLOBAL CANCER BURDEN



Source: Ferlay J, Ervik M, Lam F, Colombet M, Mery L, Piñeros M, et al. Global cancer Observatory: cancer tomorrow. Lyon: International Agency for Research on Cancer; 2019.

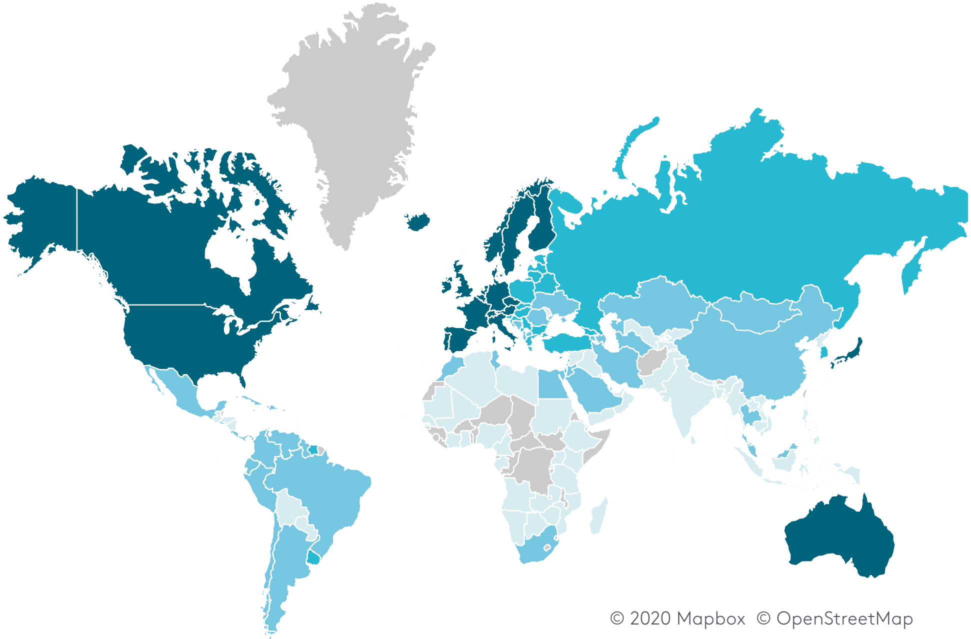
1) WHO Report on Cancer 2020 2) https://www.eurekalert.org/pub_releases/2019-09/tl-pss083019.php 3) Atun et al, Expanding global access to radiotherapy, The Lancet Oncol 2015; 16, 1153-86 4) https://www.medrxiv.org/content/10.1101/2020.03.26.20044305v1 5) https://innovation.cms.gov/innovation-models/radiation-oncology-model

PRIMARY DRIVERS

The markets for radiotherapy and oncology informatics are driven by two primary factors: the number of patients and the continuous strive to improve patient outcomes.

NUMBER OF LINACS PER MILLION PEOPLE

- 5 and more
- Between 3 and 5
- Between 1 and 3
- Less than 1
- No reported machines



Digital trends

The digital revolution has both speeded up and improved decision making in health care and oncology. The large amount of data generated makes health care suitable for tools such as artificial intelligence (AI) and big data analytics. These are being built into existing software suites to further improve decision support, analytics and workflow optimization. In operations and maintenance, data derived from equipment sensors can now be used to predict and prevent failures, reducing unplanned clinical downtime.

Virtual and remote care via video consultations, online patient portals, patient wellness apps, remote monitoring and more, are increasingly being adopted as a way of bringing higher quality care to remote areas and overcoming shortages of oncologists, as well as responding to patient demand for more access points.

Radiotherapy trends

Precision

People working in radiotherapy have always strived for greater precision, sparing as much healthy tissue as possible while delivering a lethal dose of radiation to the tumor. The next steps on this quest are being enabled by improved on-board imaging, such as using magnetic resonance imaging (MRI) and its superior soft tissue contrast, and increased use of adaptive treatments, where treatment plans are updated throughout the course of the treatment taking changes in for example tumor anatomy into account. This improved precision enables the treatment of new cancer types and cancer in moving organs, and more precise treatments as well as re-treatments in oligometastatic disease.

Hypofractionation

Greater precision has paved the way for hypofractionation, where patients receive the planned dose in fewer fractions. This saves time for the patient and for the clinic, increasing the availability and cost-efficiency of radiotherapy treatment while contributing to the value-based care trend. A trend aligning with the massive strain put on health care systems by Covid-19.

Optimized workflows

Trained health care staff are a scarce resource. Making the best use of their time by optimizing and automating workflows and enabling staff to treat more patients in less time, is an increasingly important trend and one being aided by steady improvements in software and the possibility of precision-driven hypofractionation.

→ **For competitors please see page 83.**

Strategic framework

Elekta's business rests on the purpose of helping clinicians improve patients' lives through innovative precision-driven radiation therapy solutions. Our operations are based on a sustainable business model and a strategy set to achieve long-term, profitable growth and responsible value creation.

Purpose
Helping clinicians improve patients' lives

Strategy
Thought and market leadership in Precision Radiation Medicine

Underpinning behavior
Conduct business sustainably and live our values

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

Sustainability
Access to Radiotherapy
Business Ethics
Sustainable Production
People in Focus

Precision
means our solutions hit the target precisely, sparing healthy tissue and reducing negative side effects and complications for better patient outcomes.

Radiation
stands for using our core competence in radiation to help even more patients in need, wherever they are, with optimized and tailored solutions.

Medicine
is to deliver software that help to improve cancer survival rates by being efficient and supportive, assisting clinicians worldwide in providing the highest standard of care.

Business model to foster innovations
Elekta's business model is to develop, manufacture and market innovative solutions for precision radiation medicine, as well as to provide services and support for the installed base. Elekta's innovations have resulted in precision-driven solutions for various forms of radiation therapy of cancer and treatment of neurological conditions, as well as informatics solutions that improve efficiency and personalize cancer care.

Strategic priorities

Our strategy builds on our core competence in radiation. To realize our long-term strategy and purpose, we are actively working with a few carefully selected priority areas.

Accelerate leadership in treatment solutions

Our customers' main preoccupation is how they can use their resources to optimally treat as many patients as possible. To become and remain their partner of choice in this effort, we work closely with clinicians to bring innovations that really make a difference to the market. What differentiates us is our relentless focus on radiation – and not on other types of treatment modalities.

With our history and culture of innovation, our deep expertise and experience in radiation, and our broad and strong product portfolio we're driving radiotherapy technology forward. With our customers and their patients on top of our minds, we continuously strive to take the next leaps in making radiotherapy more efficient, affordable and smart, without ever compromising on quality.

Expand the role of Precision Radiation Medicine

There are two aspects to expanding the role of Precision Radiation Medicine. Firstly, it is to expand to markets which today are underserved in terms of radiotherapy. These countries and regions are often not only lacking equipment such as linacs, but also trained staff.

Secondly, it is to use increased precision to expand the role of radiotherapy. The goal is to deliver a lethal dose to the tumor while not damaging surrounding tissue. Increased precision means that sensitive surrounding tissue can be avoided to a greater extent, which opens new treatment opportunities.

The latest evidence of our commitment to precision is the introduction of our MR-Linac. MRI provides a step change in image quality of tumors in soft tissues, and with online planning adaption using beam-on imaging, precision is significantly increased. This allows the treatment of cancer indications not normally treated with radiotherapy, such as renal cancer, and treatment modalities such as hypofractionation, even in sites with organ motion.

Drive digital solutions for value-based care

Digitalization is improving health care. Driving the significant and rapid change is the promise of increased control and better coordination between care staff, resulting in fewer medical errors, better clinical outcomes and improved operational efficiency. Capturing and analyzing data is also key in providing insights into improving patient outcomes and reducing costs – delivering value-based care.

Elekta's software solutions are not limited to radiation oncology but span the entire oncology field. Our solutions are patient centric in that they follow the patient through the entire journey, from diagnosis to survival. The OIS also offers analytics and registries so that care staff can learn from real world data and continuously improve their operations and decision making. The data rich environment in oncology is also well suited for implementing AI-based tools to further increase the value of our offering.

Processes and enablers

Develop our people and capabilities

Our people make our success. We offer opportunities to grow with new skills and leadership responsibilities, and to make a real difference.

Focus on a shared quality mindset

We constantly challenge ourselves to improve the quality in our solutions, service, and processes. By being close to our customers and acting proactively we stand out on quality.

Further drive a competitive cost base

We must consistently seek to reduce the cost of our solutions to ensure competitiveness – both on price and on total cost of ownership. We expect cost-awareness from everyone in our organization.

Simplify our offering and way of working

Our products must be as simple, intuitive, and easy to use as possible. By harmonizing and simplifying our product offering, we free up resources and can direct our creativity where it matters.

Creating responsible value

Research and development

Improving cancer care by innovation

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

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

10% of net sales spent on R&D

Sourcing and manufacturing

Securing best possible treatment options

We have robust assembly lines and use only high-quality materials to secure stable solutions that provide the necessary precision and accuracy. 80 percent of the sourced products and services come from approximately 450 qualified suppliers around the world. Elekta is producing in three main manufacturing units:

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

Important sustainability areas

For more information on our sustainability areas, see the In-depth sustainability report on page 35 and specific impact on the

- **Access to Radiotherapy** – strive for innovation in radiotherapy to make treatments more effective and enable improved patient outcome; reduce negative side-effects, time to recover, and increase quality of life. Improve access to cost-effective radiotherapy in underserved markets
- **People in Focus** – attract and retain qualified employees, as well as partnership with leading research clinics

- **Business Ethics** – embody our ethical business standards throughout our supply chain
- **Sustainable Production** – reducing environmental footprint and being mindful of natural resources
- **People in Focus** – ensuring respect for international human and labor rights in our supply chain

We develop long-term competitiveness by creating value in all parts of the value chain for increased quality and efficiency. In carrying out our core business – providing access to radiotherapy – we need to be mindful of the impact our operations can have on our stakeholders, and conduct our business responsibly. We do so by ensuring that we live by the ethical business standards we set for ourselves, by reducing our environmental footprint from our production activities, and by focusing on respecting and supporting everyone working at, or for, Elekta.

Marketing and sales

Bringing innovation and clinicians together

With a strong local presence around the world, we are close to our customers. We have sales and an installed base in over 120 countries. In many markets we act with our own experts, in others through selected partners. Around 15% of net sales are conducted through distributors.

During the year 2019/20, we had an order intake of around SEK 18 bn. 24 Elekta Unity systems were ordered and we started the installation of 9 Elekta Unity systems globally in the year.

After service market

Providing excellence every day

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

A global team of 650 field service engineers and 165 support specialists and our predictive Elekta IntelliMax® system, follow the life-cycle of our solutions.

~40% of net sales are service revenues

Logistics platform

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

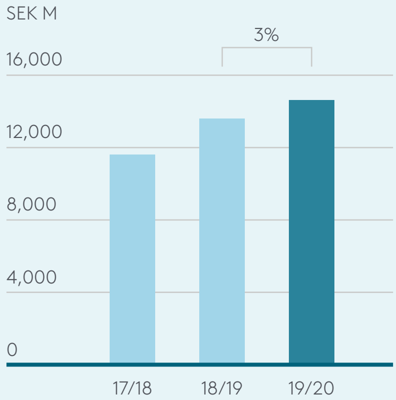
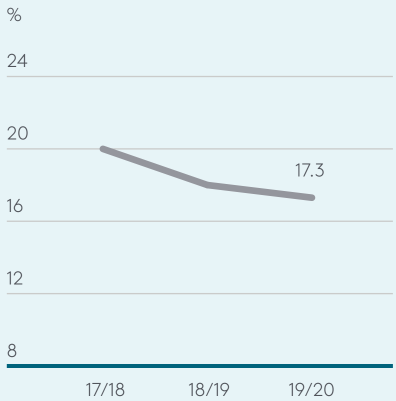
value chain on page 57.

- **Business Ethics** – need for robust procedures, risk assessment, training and compliance programs due to sales in high-risk countries, and having partners with the same high standard of ethical conduct

- **Access to Radiotherapy** – crucial that the solutions provide a high level of safety during use, and that we can secure this from our side through a global service network
- **People in Focus** – having a diverse workforce and a respectful work environment, with focus on health and safety at the workplace

Modest revenue growth in 2019/20

Elekta's strategy provides the framework for our pursuit of profitable and sustainable growth and are quantified in the financial outlook. However, this year the performance was strongly affected by Covid-19. For sustainability targets see the In-depth sustainability report on page 35.

	OUTLOOK 19/20	OUTCOME	COMMENT
NET SALES	From year start: 8–10% Updated April: ~1%		Elekta is a growth company and expected at the beginning of the year to have a net sales growth for 2019/20 of 8–10 percent, based on constant exchange rates. Due to the impact from Covid-19 Elekta withdrew the previous guidance in April and expected a net sales growth of 1 percent, based on constant exchange rates. As more systems then expected could be installed in the last week of April net sales increased by 3 percent based on constant exchange rates.
EBITA MARGIN	From year start: ~19% Updated April: 16–17%		At the beginning of the year Elekta expected an EBITA margin of around 19 percent for 2019/20. Due mainly to large foreign exchange rates changes the outlook was changed in November and again due to Covid-19 in April. The higher revenue growth than anticipated at the time of the new guidance in April explains that the EBITA margin came in above 17 percent.

OUTLOOK GOING FORWARD
Due to the uncertainties related to the Covid-19 pandemic Elekta will first give an outlook when it is possible to further quantify the impact of Covid-19 on the radiation therapy market and the effect on Elekta's business.

Value creating innovations

Elekta offers leading solutions in Precision Radiation Medicine that allow clinicians to treat more patients with increased quality. Through innovations that makes radiotherapy safer and simpler to use, we contribute to easing the global cancer burden.

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

Our broad portfolio of leading treatment solutions is optimized for precision, minimizing damage to surrounding healthy tissue. We have a proud history of bringing innovations that later become standard into the market, such as multi-leaf collimator, image-guided radiotherapy and volumetric modulated arc therapy. And with Elekta Unity, a Linac combined with a diagnostics grade MRI, we are driving a new paradigm shift in radiotherapy.

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

>4,500

systems installed globally

Solutions

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

~60% of net sales

Oncology Informatics Solutions

MR-Linac Solutions

Linac Solutions

Brachy Solutions

Neuro Solutions

Service

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

~40% of net sales

My chance to experience more:
John's story

John Koch, 67, is a now retired North New Queensland manager from a global industrial company. In 2014, he was diagnosed with prostate cancer.

"Receiving the diagnosis was a blow. Cancer. That was the only word I could hear when the doctor explained it to me. Up to that point, my life had been mainly work, playing golf and fishing. I started to receive androgen deprivation therapy and radiotherapy. But I still had problems coming to terms with that word. Cancer. So I became somewhat of a recluse. Stopped playing golf, didn't go fishing.

The treatment appeared to work, but 12 months later we found tumors outside the prostate near the bowel. My oncologist advised me about a revolutionary machine called MR-Linac, an Elekta Unity, that was being installed. And that I could be the first patient, I think in the whole southern hemisphere, to receive treatment. Three months later, the machine was installed, and I received my treatment in just a few sessions and with no side effects. Well, aside from me starting to play golf – I'm still a hopeless player – and going fishing. Now I can enjoy life again!"

NORTH NEW QUEENSLAND, AUSTRALIA
AUGUST 15, 7:10 AM

This is an illustrative photo for not exposing John to extra infection risk in the light of Covid-19.

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Oncology Informatics Solutions
Informatics solutions can improve treatments by AI and real world data

MOSAIQ®, our uniquely capable OIS, and the supporting tools offer clinics a dedicated solution for continuous improvement in precision oncology treatment.

Cancer is a complex disease and the most common treatments include radiotherapy, surgery and chemotherapy, individually or combined. The ideal treatment plan must therefore be personalized for every patient. To handle the complexity and to make sure there are no discontinuities in the handovers between the different health care professionals involved in the care of a patient, clinics use OIS for managing the patient's data and for analyzing their own operations.

At Elekta, we offer the best of breed OIS, MOSAIQ, which is built around a data model specifically designed for oncology. At every stage, MOSAIQ will present the clinician with all the information needed to make a decision and if the decisions are repetitive, they can be automated using SmartClinic or IQ Scripts. MOSAIQ is the only solution available that can do this using a single central data model for comprehensive oncology departments, that offer both medical and radiation oncology.

Having all information consolidated in one place is not only more secure, but also offers superior opportunities for analytics and data visualization. To show improvement in important metrics such as five-year survival rates, clinics need to capture long time-series of data points on patients' condition and treatment. The longitudinal data model of MOSAIQ is unique in its ability to do this. And with the registry software METRIQ®and MOSAIQ® Oncology Analytics, clinics have the tools to analyze and continuously improve their clinical outcomes, productivity, and financial performance.

Moving towards the cloud

The ongoing shift towards Big Data and cloud computing is an opportunity for Elekta to release new MOSAIQ® Plaza solutions as cloud-based subscription services. For hospitals, subscriptions are usually easier to purchase and manage as they are expenditures than the traditional method of purchasing licenses as capital expenditure.

Our next-generation cloud infrastructure Elekta Axis is now available in the US, our strongest market for OIS, and is currently being launched in many global markets including Europe and Asia Pacific. The structure of Elekta Axis will allow all software solutions within Elekta – which beyond informatics include radiotherapy treatment management tools such as treatment planning and quality assurance – to be deployed in the same cloud environment, allowing us to harmonize our offering.

Enhancing workflows

In February 2020 we acquired the remaining shares of PalabraApps®, which provides SmartClinic and a voice automation tool specifically for MOSAIQ. This tool allows physicians to dictate notes and have those notes transformed to structured data. Clinicians using the voice automation have saved 125 hours on average every year, enabling them to spend more focused time with patients. SmartClinic is a workflow management software that enhances the work flow of individual clinics. Using these solutions altogether through MOSAIQ Plaza creates a solution that is more than the sum of its parts, allowing clinics to better understand where the bottlenecks are in their processes.

We can capture all data required by the clinic efficiently, and then present the workflow and answers back to the clinics so they can continually improve their treatments and processes. The creation of this feedback loop, or continuous improvement process, provides the platform for a Real World Evidence solution to ensure hospitals and clinics can offer personalized and precision-based oncology treatment.

MOSAIQ PLAZA

A suite of software combining the features clinics need to ensure the best experience for their patients.

MR-Linac Solutions
Momentum to build a new standard of care

The paradigm shift set in motion by the launch of Elekta Unity continues as more systems are being installed and more patients are being treated. New regulatory approvals during the year further increased the system's clinical utility.

At year end there were 21 Elekta Unity systems in clinical use, of which three were used to acquire data for Chinese clinical trials, and as of May 18, 2020, we had received orders for a total of 80 systems. More than 1,200 patients have been treated in more than 30 anatomical sites, confirming our expectation that MR-Linac, Elekta Unity, will be widely applicable. An advantage of Elekta Unity is the possibility of real-time adaption to the patient's anatomy of the day. The online plan adaption is increasingly being used, cumulatively in more than 55 percent of cases, to compensate for changes in tumor or normal tissue shape. The most common cancers treated are prostate and oligometastases.

Elekta Unity is important for Elekta, and we expect the technology to eventually become the standard of care in precision radiation medicine, with an addressable market of 3,000 to 4,000 systems, which is around 25 percent of the world Linac market.

Increased clinical utility with DWI

During the fiscal year we received regulatory approval in nine new jurisdictions, meaning that we now have regulatory clearance in more than 35 countries.

A noteworthy additional regulatory approval came in December 2019 from FDA, when we received a 510(k) premarket notification for diffusion-weighted magnetic resonance imaging (DWI) obtained with Elekta Unity to be interpreted by a trained physician. This expands the clinical utility of Elekta Unity to include more precise assessment of the tumor response during treatment, in effect allowing clinicians to detect changes in the tumor density before they are visible anatomically. Adapting the plan based not just on changes in size and shape of the tumor but on biological changes occurring at cellular level, may allow dose escalation to the more insensitive areas, de-escalation to the more sensitive areas and, in the end, better patient outcomes.

The MOMENTUM study

Clinics' financials are largely based on reimbursements for the treatments. These reimbursements should correspond to the benefits of the treatments. In the ongoing rollout it is therefore important to compile clinical evidence for getting reimbursements in line with the additional benefits brought by Elekta Unity.

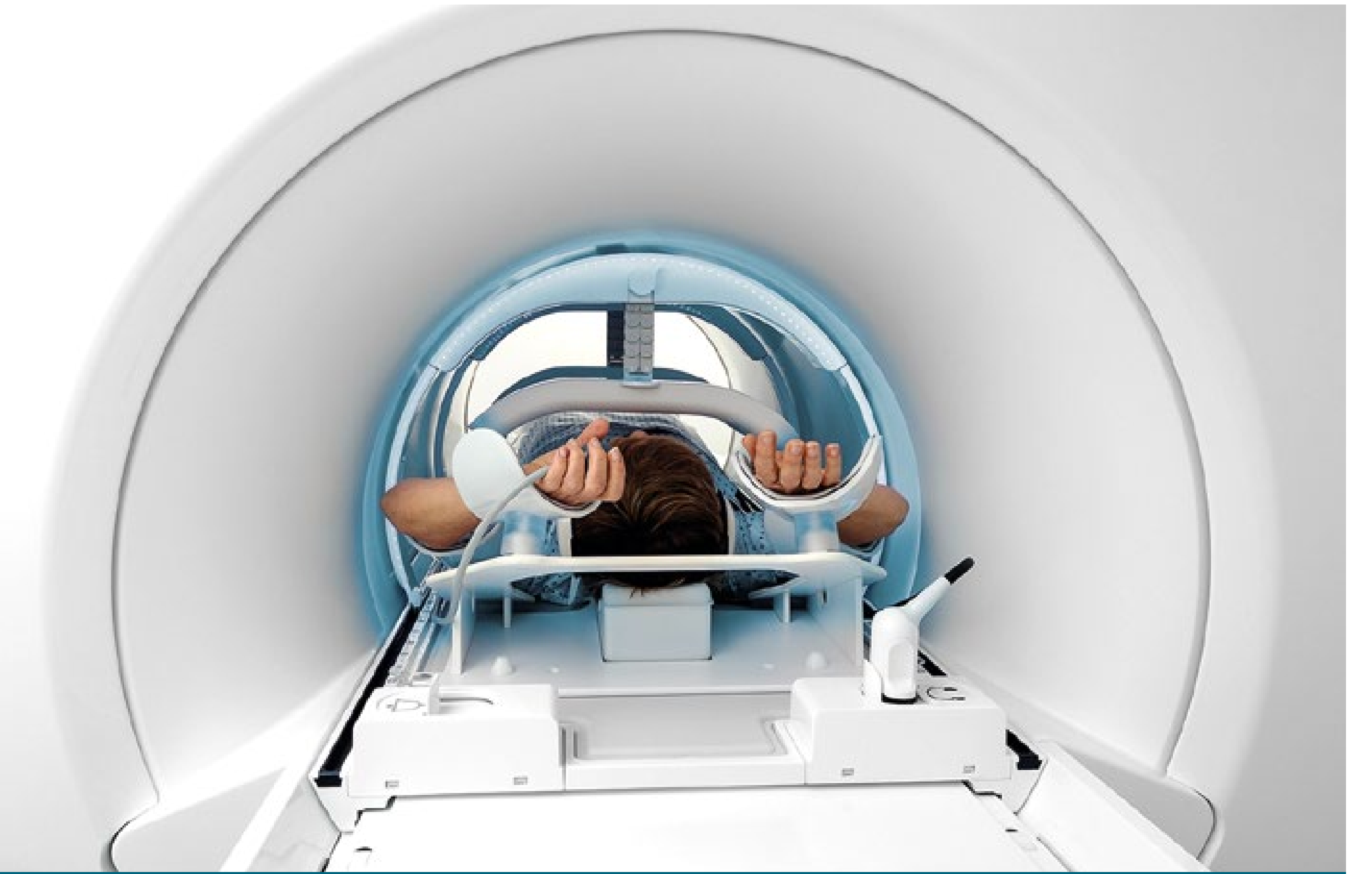
The most important vehicle for gathering clinical evidence is the MOMENTUM study, which was launched at the start of 2019 by Elekta's MR-Linac Consortium. MOMENTUM is an observational study designed to generate data to enable the safe, fast and evidence-based introduction of magnetic resonance radiotherapy into clinical practice. Participating institutions can access clinical and technical data from the MOMENTUM data repository, allowing researchers to learn from every patient treated on the Elekta Unity.

The MR-Linac's superior image quality and imaging possibilities make new treatment workflows possible, such as increased hypofractionation and plan adaption during treatment based on changes to the tumor or surrounding organs at risk. MOMENTUM aims to provide clinical evidence to support the efficacy and safety of these new treatment workflows. More than 600 patients have so far consented to participate in the study and have their outcomes followed for at least two years.

Future development

The availability of uncompromised imaging before, during and after treatment opens new possibilities to monitor the tumor and organs-at-risk during delivery. Over the coming year, we plan to release tools that together will form a comprehensive motion management toolkit. We will introduce a new MR sequence type called 3D Vane, that will allow centers to better visualize areas of the body that can be blurred by respiratory motion, such as the upper abdomen. We will release another type of sequence, called Compressed SENSE, that enable ultra-fast scan times. For example, we expect that centers will use this scan of the thorax to get a complete image that can be used for planning in one breath hold. Finally, we will launch automatic gating, which will keep the treatment beam on only within a user-defined window of a patient's breathing cycle.

Together, this comprehensive motion management toolkit will allow clinicians to treat more patients with more precision and with fewer side effects. These future releases are the result of years of research and development with the MR-Linac Consortium, a critical partnership that ensures the clinical relevance of all our efforts.



MR-Linac advantages

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

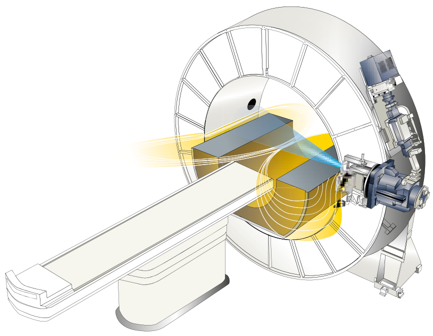
Beam-on images
MR-Linacs allow cross-sectional beam-on images, which is not possible on standard Linacs. This monitoring of tumor and organ-at-risk motion during delivery enables gating and tumor tracking.

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

No imaging dose
MRI guidance avoids additional exposure to radiation from the imaging process and is therefore suitable for radiation-sensitive patients and those needing continued monitoring with repeated scans.

How it works:

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



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

Linac Solutions
Innovations that enable value-based care

Our portfolio of Linac Solutions is continuously being developed further to enhance treatment quality and clinic productivity.

Linacs are the foundation of radiation oncology departments treating a wide range of tumors. Elekta is a market leader delivering close to 400 new installations each year. Together with increasingly capable software, our Linacs are helping clinicians to achieve better outcomes for more patients.

Improving quality through cloud platform

In August 2019, we acquired ProKnow®, a cloud-based platform for measuring and improving quality in radiotherapy. ProKnow introduces quality metrics to every treatment aspect, which can then be compared with a bigger cohort of patients. This allows clinics to better evaluate and constantly improve their treatment practices, which is a key aspect of value-based health care.

ProKnow also makes it easier for clinicians to collaborate on difficult cases and to distribute tasks. Especially in the pandemic situation, the cloud-based functionality will enable clinicians to work around the restrictions and lockdowns, for example by contouring tumors from home, so that there are fewer delays in the care of cancer patients.

Increasing certainty and precision

As the value-based health care trend grows, radiation oncology departments are increasingly looking towards hypofractionation – delivering the planned dose in fewer sessions. A consequence is that there is less room to compensate for day-to-day uncertainties about where the tumor and organs-at-risk are during delivery of the dose.

Therefore, in addition to prior imaging, new measures are being introduced to better understand the anatomy during treatment. One such measure is Clarity®, which is an option with Versa HD. Clarity uses ultrasound to monitor movements of the prostate and stops the beam when target or critical structures are out of range. Another example is Symmetry™, an advanced 4D imaging technique. It is used for understanding how respiratory motion affects the tumor path to deliver the dose more precisely.

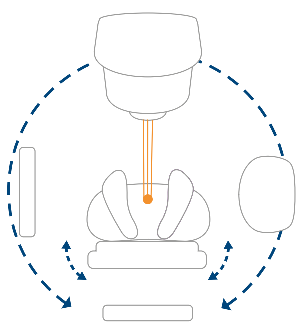
Beam accuracy might be another constraint in radiotherapy. Using Versa HD™ with the treatment planning software Monaco® HD allows unparalleled precision and the delivery of stereotactic radiosurgery and stereotactic body radiation therapy in regular 15-minute treatment slots. Monaco uses a deep understanding of the machine's capabilities to deliver optimized treatment plans that can be delivered in less time without sacrificing plan quality.

High Productivity Linac

We launch our new Linac, the High-Productivity Linac, in the fall of 2020. The value proposition is built around delivering high productivity with high quality, the 'perfect balance'. Among the improvements are a complete re-engineering of the patient setup process, typically the most time-consuming step of a treatment session. We have thought carefully about all the details and devised innovative solutions that when combined will make a big difference. The new Linac will be aimed at both mature and emerging markets.

How it works:

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



MONTRÉAL, CANADA
MAY 2, 06:00 AM

This is an illustrative photo for not exposing Joscelyne to extra infection risk in the light of Covid-19.

My chance to experience more: Joscelyne's story

Joscelyne Renaud, 75, is a now retired secretary and former professional dancer. In 2019, she was diagnosed with breast cancer.

"I always been very positive and active in my life. I joined Les Grands Ballets Canadiens in Montreal in 1963, when I was 18 years old, and danced professionally until I couldn't anymore. Then I recycled myself as a secretary at 50. I can't dance now at my age, so I do tai-chi instead.

Last year, in February, I noticed a lump in my breast. I knew immediately that it was cancer, but I wasn't very worried. Even though my mother had a similar tumor, we have no history of breast cancer in our family. The doctors recommended surgery and brachytherapy, and I trusted them. It was very quick, just nine treatments in five days. It was amazing not having to go through a long treatment. There was very little pain and no side effects. And it was in June, so the weather was nice when I took the bus to the hospital.

The follow-ups hasn't revealed any new tumors, so I'm back to normal. I teach a morning tai-chi class twice a week, and a few afternoons every week, I go to the elderly care home to play bingo with the residents. Because of Covid-19, I can't do that right now, but I still do my tai-chi training outside and go for fast walks. I feel good. La vie est belle."

Brachy Solutions
Continued leadership in inserted radiotherapy

With more than 60 percent of the world market, Elekta is the clear market leader in high dose rate brachytherapy. Through education and innovation, we continue to drive the field forward.

High dose rate brachytherapy is a very precise form of radiotherapy where a small radiation source is temporarily inserted into the patient, near or inside the tumor. It is standard of care for cervical cancer and has been proven to be clinically effective and economical to treat a range of different cancers such as prostate, breast, skin and rectal. Both as a single treatment modality or in combination with external beam radiation, it is an indispensable part of radiotherapy.

Driving the market development

As the leading company in this field, we are driving market development in two ways: education and innovation.

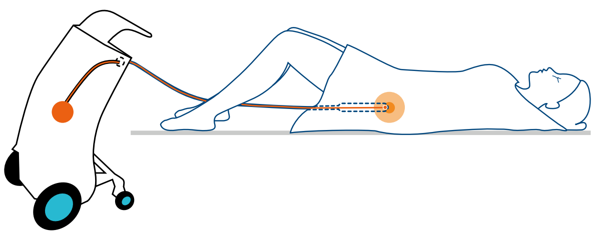
The Brachy Academy is the world's largest educational resource for brachytherapy, and it facilitates peer-to-peer training for clinicians. Brachytherapy uses a more clinically oriented workflow than external beam radiotherapy since it is in most cases a minimally invasive procedure. This kind of procedure comes with a learning curve for hospitals and doctors new to brachytherapy. The Brachy Academy helps clinics climb up the learning curve faster, shortening the time it takes for reimbursements to fully cover the clinic's cost, while also spreading the use of brachytherapy.

We focus our innovation efforts at making brachytherapy faster and easier to use. This helps the therapy to become available to all patients who can benefit from it, many of whom are in emerging markets. In April, we launched our new applicator for cervical cancer, Geneva, which is designed to treat earlier stage cancer than our best-seller to date, the Venezia™, and is the first universal gynecological applicator that can be adaptable to most female pelvic anatomies. All new Elekta applicators have a modular design, enabling physicians to precisely shape the dose and leading to true personalized precision radiation medicine.

Today, we estimate that two out of three brachytherapy patients worldwide receive treatment with Elekta's solutions. We have the most comprehensive offering in the industry and are determined to keep leading the market.

How it works:

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



Neuro Solutions
Lightning fast zero margin treatment

Elekta is the undisputed leader in stereotactic radiosurgery ever since the company pioneered the field 50 years ago. With the new innovation, Lightning, the value proposition of the Leksell Gamma Knife® is further strengthened.

Stereotactic radiosurgery is a safe and cost-efficient treatment option for serious neurological conditions, such as trigeminal neuralgia and other benign brain disorders, as well as brain metastases. It is minimally invasive and usually has no side effects and no convalescence or rehabilitation requirements for the patient, who can go home the same day.

Continuous development and revolutionary software update

At the heart of Elekta's neuro portfolio is the Leksell Gamma Knife system, which is now in its sixth generation with the Icon™. The very sharp dose fall-off allows planning and treatment with zero margins, and with the optimized workflow no additional quality assurance is needed, saving time. The Icon comes with two immobilization options, a frame and a mask.

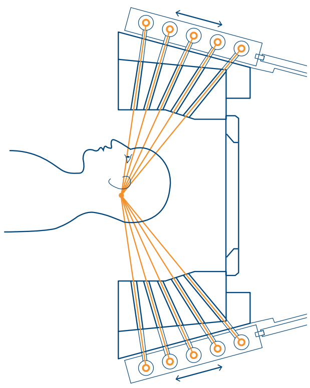
The installed base of all generations of Leksell Gamma Knife is around 350 systems, and the number is growing. Clinics which use the system find an increase in throughput of neuro patients, because of the shorter overall treatment time, while valuable time is freed up on the regular Linacs.

In May 2020 Elekta further strengthened the Leksell Gamma Knife by a revolutionary new software launch, Leksell Gamma Knife® Lightning. This state-of-the art solution reduces beam-on-time by up to 50 percent as well as reduces planning time by up to 80 percent. The extremely shortning in both planning and treatment time will enable clinics to treat even more patients with their Leksell Gamma Knife. Well in line with the increasing need for stereotactic radiosurgery.

Elekta has also developed GammaPlan® Remote, a software making it possible to plan complex medical treatments remotely. Even if these treatments require assessment of images and abundant data as well input from multiple cross-disciplinary team members the solution ensures that the Leksell GammaPlan workstation can be accessed by authorized users and referring physicians. This remote cooperation is especially valuabel in the present pandemic situation.

How it works:

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



CORNWALL, UK
JUNE 10, 10:30 AM

This is an illustrative photo for not exposing Kris to extra infection risk in the light of Covid-19.

My chance to experience more: Kris' story

Kristin Hallenga, 34, is the founder of UK cancer charity CoppaFeel!. In 2009, at age 23, she was diagnosed with incurable secondary breast cancer. She was the subject of 2015 BBC documentary Kris: Dying to Live.

"Because I was so young, the doctor first thought that the lump in my breast was hormonal. So when I got my diagnosis, the cancer in my breast had already spread. And there was no cure. I've always believed that you should get up every day and do what you are passionate about. From that moment, I've been passionate about cancer. So that same year, my twin-sister and I started the charity CoppaFeel! to spread awareness and to encourage young people to regularly check their breasts and pecs.

Nine years later, I developed multiple brain metastases, mets for short, and was offered whole-brain radiotherapy. It's a treatment that can have severe side effects, including cognitive decline and hair-loss. I didn't want to lose my hair and felt that there was so much still left to do. So, I started searching for alternatives and found the Leksell Gamma Knife® which can target the mets individually with minimal side-effects. In total, I received three treatments in one year for 54 mets.

It's now been 11 years since my diagnosis. My story proves that there is hope for people like me to live a long time and to sustain a good life. I'm proud of the work I've managed to do with the charity and grateful for all the big moments I have had the chance to experience with my loved ones.

Cancer allowed me to understand the meaning of happiness and what life can really offer. Living with cancer is hard and terrifying, but it has given me more than I could have ever imagined."

Service

Proactive support with AI reduces clinical downtime

Data based and artificial intelligence (AI) enabled proactive support and predictive maintenance as the evolutionary step in the service and support offering.

Elekta Care™ is the brand name of our portfolio of award-winning services that support customers from installation throughout the lifetime of their Elekta solution. The services range from start-up to ongoing maintenance, training, technology refresh options during the lifetime of the products, and the opportunity to take part in knowledge sharing through our global network of Elekta experts.

We work closely with our customers and manage our relationships to provide the confidence of system uptime, ensure excellence in clinical staff capabilities, and maximize the lifetime value of their investment. Our service organization consists of more than 650 field engineers who carry out site visits, for example to perform maintenance and installation services, or to provide training in how to use the system. They are backed by 165 support specialists who provide remote assistance at our global network of support centers in multiple time zones and in local languages.

We are striving towards expanding our remote service capabilities. In addition to remote system maintenance and support, this includes an increase in our online education and training curriculum. And through our Elekta Care Community portal, customers can access personalized content and shared knowledge through a global peer-to-peer network. Users can also manage their account and browse the courses offered through Elekta Care™ Learning, many of which are being offered as webinars.

Predictive maintenance avoiding downtime

The key to our remote service and maintenance offering is Elekta IntelliMax®, our industry-leading AI based remote support service with more than 18,000 connected Elekta products, including 80 percent of our installed base of Linacs. Elekta IntelliMax continuously monitors the incoming data and uses AI-based algorithms to diagnose patterns that predict the failure of components before they impact the clinical availability of the system.

Elekta IntelliMax is therefore key in keeping patient treatments on schedule, and there are considerable time savings through remote resolution of issues and increased first-time fix rates. On average eight hours of clinical downtime is avoided per detected system issue, and more than 60 percent of resolved product issues are supported remotely. To date, Elekta IntelliMax has avoided over 75,000 hours of clinical downtime. The algorithms are Elekta's service innovation, for which we have filed patent applications.

With the data we collect from Elekta IntelliMax, we can see how our products are being utilized in each region. The resulting insights are being used to optimize our service operations, from onsite support through to remote services and spare parts logistics. In addition, the data feeds to product management and development to drive product improvements and innovations.

Elekta IntelliMax was awarded the Technology Services Industry Association (TSIA) Star Award 2019 in the category of field service, recognizing commitment to outstanding innovation, leadership and excellence.

Elekta service contracts

Elekta offers three tiers of service agreements to suit the different needs and preferences of customers.

PLATINUM – Comprehensive coverage to maximize uptime, optimize staff clinical abilities and provide full control over lifecycle costs.

GOLD – Coverage to maximize operational excellence, safeguard clinical availability and minimize unexpected lifecycle costs.

SILVER – Basic level of coverage to ensure reliability and efficiency of the customer's clinical operation.

Geographical overview

The global radiation therapy market is estimated to around 8 billion USD with a historic growth rate of 6–8 percent annually[1]. Elekta has a strong market position globally, being #1 or #2 in each geographic markets with a overall market share of 35 percent[2].

North and South America

ELEKTA´S MARKET SHARE[2]

21%

Europe, Middle East and Africa

ELEKTA´S MARKET SHARE[2]

43%

Asia Pacific

ELEKTA´S MARKET SHARE[2]

40%

1) Data bridge market research. Markets and markets. Competititve resporting. Elekta businesss intelligence.
2) Based on order intake of Linacs, MR-Linacs and Neuro systems in the year.

North and South America
Changes in the world's largest market

Hospital consolidation and a new proposed reimbursement model are changes sweeping the US, the world's largest radiotherapy market.

Market

North America is characterized by a high penetration of treatment solutions, services and after- market business. Ongoing consolidation of private health-care providers and hospitals means the competitive landscape continues to be tough, with certain customers adopting longer buying cycles for new treatment solutions. In the US the reimbursement model is expected to change from a fee for service-model to payment of treatment per cancer type. Due to huge feedback from stakeholders and Covid-19 it is unclear when this alternative pay-ment model will be launched. Covid-19 has led to major decreases in elective treatments, resulting in reduced revenues for private clinics, which could impact the clinics' capital budgets going forward.

The South American market still lacks significant radiotherapy capacity, which together with an aging population, contributes to a positive long-term market outlook. Increased activity among private-sector customers in key markets continues to drive demand in the region. Depreciation in major currencies and capital outflow in the wake of the pandemic could impact short-term growth.

→ For the performance during the year see page 83.

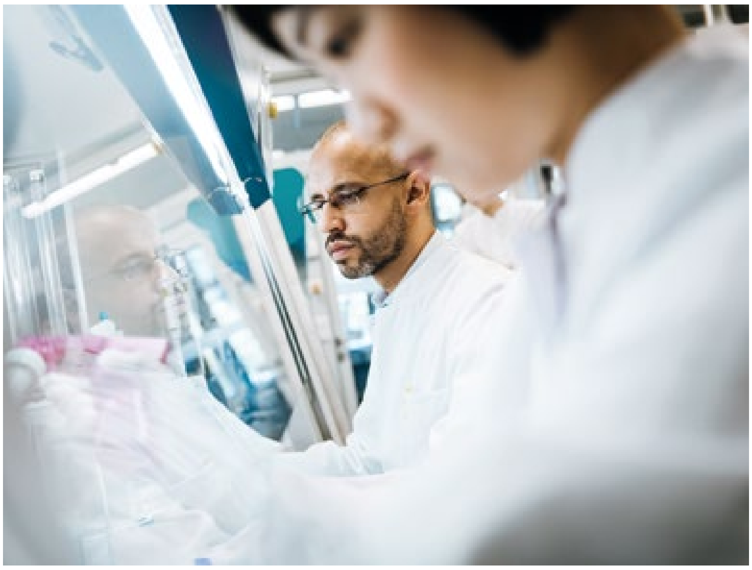
Characteristics

North America

- The US has the largest installed base of Linacs, both in absolute numbers and per capita
- Health care providers are predominately private
- The market is driven by replacement invest-ments: renewing installed systems with new machines and enhanced functionality
- Around 60 percent of cancer patients are treated with radiotherapy
- The world's highest healthcare cost per person
- Requirements for greater efficiency create a demand for more integrated and comprehen-sive solutions

South America

- Underserved market and obsolete installed base, growing need for efficient and high-quality cancer care
- Low reimbursement rates prevent treatments to unserved demand
- Rapidly aging population
- A combination of private and public care providers, limited access mostly in the public system
- Fast consolidation as radiotherapy clinics are being acquired by large groups



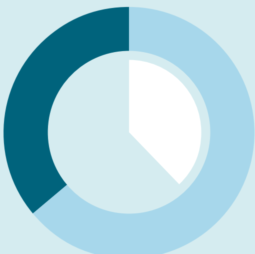
Europe, Middle East and Africa
Leading position in dynamic market

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

Market

The markets in Western Europe are growing, due both to replacement needs and investment in new capacity. Demand is driven by increasing cancer incidence. In Eastern Europe there are fewer resources devoted to cancer care and investments are often funded by national programs to expand and modernize care, which can cause demand to fluctuate over time. The Middle East is under-served in terms radiotherapy capacity, as is Africa. Cervical cancer is prevalent in Africa, which makes it an important market for brachytherapy. Future growth in the public sector in Europe is expected to be less affected by Covid-19 than the private clinics. In emerging markets the need for radiotherapy increases as the pandemic puts restains on medical tourism.

→ For performance during the year see page 84.



Solutions, 64%
Service, 36%
Region's contribution to total net sales, 38%

Characteristics

Western Europe

- Interest and demand for new technology, particularly in improving clinical efficacy
- Mainly public markets, with a steadily growing private sector
- Need for replacement investments and modernization of the installed base
- Increasing demand for service and support

Eastern Europe

- Fewer resources for cancer care, however, many countries have national programs for the expansion and modernization of radiotherapy
- Russia has published a national cancer plan to increase the number of Linacs by 137 until 2024

Middle East and Africa

- Turkey is an emerging and growing market, mainly driven by private investments in capacity and capability, which also supports medical tourism from the Arab World
- The Middle East needs increased capacity. Both private and state financed hospitals drive demand
- In Africa, only a small proportion of the population has access to radiotherapy and advanced cancer care. Substantial long-term potential
- Increasing national cancer plans in West Africa, Egypt and Saudi Arabia
- The public sector in the Middle East and Africa accounts for around 50 percent of the market

Asia Pacific
Huge unmet cancer care needs

The large populations in the region's rapidly growing economies are still underserved in terms of access to radiotherapy.

Market

China accounts for a large share of the regional market and therefore determines the pace of development for the whole region. Despite some continuous short-term Covid-19 effect the Chinese market is expected to be characterized by growth with incentives for increased investments and targets set by the government to expand radiation treatment capacity to clinics outside of the large cities. The need for cancer care will remain high in the region long-term due to increasing average life expectancy.

Outside China, radiotherapy capacity is steadily expanding in developing countries to meet unserved demand. Increased digitalization of medical procedures and records is also underpinning future growth in these markets.

The region's mature markets are primarily driven by replacement demand.

→ For performance during the year see page 84.

Characteristics

Asia Pacific

- The region is home to around 60 percent of the global population, but less than around 30 percent of the world's Linacs. Growing economies, increasing life expectancy and more effective diagnostics are driving the long-term demand for specialized healthcare
- China is Elekta's second largest market after the US and Elekta is the market leader. Growth comes from both public and private sectors and the focus is primarily on capacity expansion, even if replacement investments increase
- Japan is a mature market where the focus is mostly on replacement investments and is also the country with the highest penetration of Leksell Gamma Knife®. Although the market has been slow for a few years, there is long-term potential as only 25–30 percent of cancer patients receive radiotherapy
- Australia, Hong Kong, Singapore, South Korea, and Taiwan have well-established health care systems with a high cancer care capacity and are quick to adopt new technology
- In India, radiotherapy is mainly offered in the private sector. It is a growing market which still lacks significant capacity, although at present strongly impacted by the pandemic. Public-sector investments are expected to increase long term

Resilience through risk management

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

Clear accountabilities at all levels

The first level of control consists of our employees who perform the day-to-day activities within the boundaries set by the Executive Management and ultimately the Board of Directors. These boundaries ensure that the actions of a single individual will not result in disproportionate risk or missed opportunities for the entire company resulting in not achieving Elekta's strategic goals. Elekta's employees and their managers are owner of all risks related to their business operations and are expected to manage these by maintaining internal controls and executing risk and control procedures. Every employee is expected to comply with internal policies and procedures and applicable laws and regulations.

Elekta's support functions such as Finance, IT, Human Resources, Compliance, Legal and Regulatory Affairs & Quality form a second control level and carry out various risk management and compliance activities to support and monitor the first level of control.

Elekta's independent internal audit function constitutes a third and final level of control reporting to the Audit Committee on the effectiveness of the risk management processes and internal control system.

Risk management governance

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

Uniting risk management with strategic planning

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

Elekta's two-dimensional ERM process:

- **"Top down"** – designed to distill insights and provide clarity on the 10 most important risk areas, supporting risk-informed decisions at the executive level and enables proper risk oversight by the Board of Directors.
- **"Bottom-up"** – ensuring a consistent and comprehensive and groupwide risk identification and prioritization of important risks. Risks are evaluated on the basis of impact and probability and the level of risk preparedness.

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

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

Enhanced crisis management and response

Our crisis management process was further developed during the year to ensure efficiency in Elekta's ability to successfully respond to disruptive events at group level and continue business operations.

Insurance as a risk management tool

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

Elekta's risk universe

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

Operational risks

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

Risk factors

We manufacture and sell medical equipment that is subject to many laws and regulations and commercialization is dependent on certification and approvals at local level. Elekta must fulfill rigorous demands in accordance with several rules and product safety standards, e.g. EU Directive 93/42/EEG on medical products, FDA's demands on quality systems, as well as a number of domestic directives and rules.

Our portfolio is characterized by large investments in research and development leading to patent and other intellectual property rights, which need to be safeguarded from third party infringement or improper use.

We operate in an industry in which there is an increased demand for using and analyzing personal data or treatment data in order to further develop our product portfolio. This needs to be done in accordance with privacy laws worldwide, and appropriate measures to protect the data against damage, manipulation and undue interference need to be considered. Our business operations depend on many advanced IT-systems and solutions that need to be protected against damage and undue interference whilst also adhering to various data privacy and security laws and regulations worldwide. We depend on successful relationships with business parties across the entire value chain, especially suppliers of critical components.

In many markets we rely on an external network of distributors and agents. There is a worldwide trend to strengthen anti-corruption laws and healthcare equipment manufacturers are particularly targeted in enforcement efforts. Our ability to attract and retain qualified personnel and management is of great importance and has a significant impact on the future success of Elekta. Increasingly, companies are being judged by their performance on a variety of environmental, social and governance matters and our ability to meet external expectations on these matters may impact our business and reputation of long-term sustainability performance.

Risk approach

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

Strategy risks

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

Risk factors

Our industry is characterized by relatively swift technological alterations with advances in industrial knowhow and we rely on a close collaboration with clinicians to develop new and improved treatment methods according to their needs.

We use increased precision to expand the role of radiotherapy, e.g. with innovations such as our MR-Linac driving paradigm shifts in precision radiation medicine and digital patient-centric solutions for value-based care.

Strategic alliances and acquisitions are key to strengthen our portfolio and execute on our strategic priorities and we need to successfully implement the right company operating model that supports our strategy.

Risk approach

Our approach to managing these risks is to embed fact-based risk information as a natural part of executive decision-making, balancing risk versus reward. Read more about Elekta's strategic priorities on page 10.

External risks

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

Risk factors

A large geographical presence with multiple manufacturing sites and a large installed base exposes us to potential political and economic risk on a global scale and in individual countries or regions. Pandemic outbreaks may cause a limited access to hospitals and delay starts of installations because of lock down of countries. Elekta's ability to sell is dependent on availability of financing for private customers and healthcare spending funds by governments.

Elekta's ability to commercialize its solutions is dependent on the reimbursement level that hospitals and clinics can obtain. Elekta's operation is guided by stringent demands and standards for medical equipment by regulatory authorities and rule changes might bring about increased costs or hinder sales of Elekta's products.

Risk approach

The focus is to limit the consequences of these risks on our business. Risk management strategies involve continuously identify and monitor external risks and to prepare and train the organization to reduce the impact of occurring risk events through stress testing, disaster/continuity/recovery plans.

Financial risks

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

Risk factors

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

Risk approach

Financial 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. Read more about Elekta's financial risk management in Note 2 and in the internal control over financial reporting on page 73.

Risks with major impact on group level (bottom up)

Operational risks

Legal & Regulatory

- Intellectual Property Rights protection
- Substandard agreements and breach of contractual terms
- Deviation from quality assurance systems and regulatory processes

IT

- Cyber and security threats and IT systems disruptions

Compliance & Business ethics

- Compliance with laws such as allegations of corruption, improper payments and bid rigging
- Export control
- Data protection
- Employee fraud

Employees & Human rights

- Talent attraction and employee retention
- Adverse human rights impact in our supply chain, material traceability and conflict minerals

Supply chain

- Loss of key suppliers and access to third-party items
- Quality issues and disruption in our supply chain processes

Environment and social

- Meet expectations on sustainable development for environment and social governance, e.g. improving access to radiotherapy in low- and middle-income countries

Strategy risks

- Technology and innovation failures
- Not fulfilling transactional, strategic alliances and company reorganizational goals

External risks

- Natural disasters and pandemic risk management
- Less availability of financing
- Political risks including trade restrictions and protectionism
- Unfavorable alteration in reimbursement levels
- Changes in Regulatory framework or processes

Financial risks

- Read more about Elektas financial risks on page 104

Sustainability related risks embedded into our risk universe

Our ERM methodology allows for all material sustainability risks to be part of our risk universe. As part of our strategic planning process, all management teams are asked to ensure that material sustainability risks associated with their operations are appropriately identified, evaluated and managed. For our material sustainability risks see the In-depth sustainability report on page 35.

Elekta key risks (top down)

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

Risk areas	Risk description	Consequences	Mitigation
Customer satisfaction & quality excellence (Operational risk)	Ability to timely and efficiently identify and respond to customer needs, demonstrate the value proposition of new products and services and fully comply with internal quality assurance systems and processes.	Customer dissatisfaction, loss of quality advantage, generating costs of non-quality and loss of market share.	Continuous development of products in close collaboration with customers and continuous improvements in efficient quality management processes.
Cyber & security threats (Operational risk)	Cyberattack at the Elekta internal network or at external services providers.	Damage to the company network and/or leakage of confidential information resulting in business interruption, loss of business critical data and breach of privacy regulations.	Consistent risk analyses and monitoring of threats. Employee training, updated software and internal control.
Talent attraction & employee retention (Operational risk)	Ability to attract, recruit and retain highly skilled employees.	Lost technological advantage, knowledge transfer disruption and inability to secure long term talent growth.	Retention and succession planning. Leadership and people development programs and initiatives. Demonstrate sustainable business practices to increase human capital attractiveness.
Compliance & business ethics (Operational risk)	Allegations of corruption and bid rigging and failure to prevent improper payments by third parties on Elekta's behalf.	Breach of bribery and specific industry laws. Loss of reputation, brand value and shareholder value in addition to fines, blacklisting and management distraction and prosecution.	Implementation of effective compliance programs and training with focus on high-risk areas.
Technology & innovation (Strategy risk)	Ability to anticipate and adopt to customer's needs and customer's ability to adopt new technology and software.	Loss of competitiveness and ability to reach strategic targets, leading to lower growth and financial performance.	Technology and innovations to be proven through clinical and financial data. Proactively work with customers to support clinical evidence for new technology adoption.
Business transformation & process excellence (Strategy risk)	Overcoming change management challenges, new delivery and support models.	Slow adoption of new ways of working and deliveries. Results in lost competitiveness and failure to meet strategic targets.	Align processes with strategy and stakeholders. Ensure right employee competences and research. Working together as one Elekta team addressing change management.
Macro economic developments (External risk)	Ability to quickly adapt and react to Covid-19 impact on sales, operations and cash flow.	Pandemic outbreak causing limited access to hospitals and delayed starts of installations. Inability to plan long-term, leading to less agile business, higher costs and potentially lower financial performance.	Control of costs and close monitoring of the macroeconomic development in all markets, adjusting ways of working to keep servicing customers and maintain business sustainability.

Increased trading volume

Elekta B-shares have been listed on the NASDAQ Stockholm since 1994. Total number of registered shares on April 30, 2020 was 383,568,409, whereof treasury shares amounted to 1,485,289 series B-shares. Total trading in Elekta shares on NASDAQ Stockholm during the period May 1, 2019 – April 30, 2020 amounted to 443.3 million shares (347.6), corresponding to 116 percent (91) of the total number of shares. Market capitalization on April 30, 2020 amounted to SEK 33,313 M (41,466), an decrease by 20 percent.

DISTRIBUTION OF SHARES APRIL 30, 2020

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

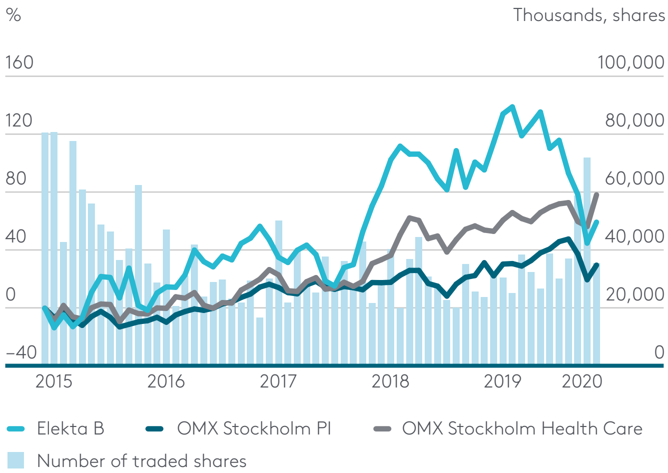
See Note 26 for more information on Elekta's share capital.

Dividend and proposal to repurchase shares

Elekta's 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 2019/20, the Board of Directors proposes to the Annual General Meeting, in accordance with Elekta's dividend policy, a dividend of SEK 0.90 (1.80) per share. The dividend amounts to approximately SEK 344 M (688) and 32 (57) percent of net profit for the year. Elekta has a strong financial position, which is why the Board of Directors may call for an Extraordinary General Meeting to propose an additional dividend to bring the total dividend for fiscal year 2019/20 in line with the previous year's level. Such an additional dividend will be dependent on the general economic outlook and how Covid-19 will affect Elekta and its markets going forward. See page 88 for more information on dividend.

The board intends to propose to 2020 Annual General Meeting a renewal of 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.

THE ELEKTA SHARE



MAJOR SHAREHOLDERS APRIL 30, 2020

		Percentage of	
Owner	No. of shares	Capital	Votes
Fourth Swedish National Pension Fund	25,184,216	6.6%	4.9%
Laurent Leksell and companies	23,037,393	6.0%	30.5%
Swedbank Robur Funds	20,509,377	5.3%	4.0%
AMF Insurance & Funds	20,314,824	5.3%	3.9%
T. Rowe Price	18,680,138	4.9%	3.6%
Nordea Funds	13,839,766	3.6%	2.7%
Vanguard	10,710,255	2.8%	2.1%
SEB Funds	10,667,365	2.8%	2.1%
Baillie Gifford & Co	8,869,287	2.3%	1.7%
Lannebo Funds	8,486,000	2.2%	1.6%
Other	223,269,788	58.2%	43.1%
Total	**383,568,409**	**100.0%**	**100.0%**

Source: Modular Finance

The table above lists the 10 largest known shareholders in Elekta AB as of April 30, 2020. Foreign ownership was approximately 47 (46) percent.

”What we do matters. How we do it, conducting our business sustainably, matters more than ever.”

Caroline Mofors,
SVP Chief Compliance & Integrity Officer

IN-DEPTH SUSTAINABILITY REPORT

An integrated agenda for sustainable business

Conducting our business sustainably and responsibly is part of our company strategy and integrated in everything we do at Elekta. We let Agenda 2030 of the United Nations guide our approach to sustainability and by putting focus where it matters, we are making positive contributions to the global goals for sustainable development.

A program connected to a global agenda

The Agenda 2030 and the 17 sustainable development goals (SDGs), sets out the pathway to build a better future for everyone. It is vital that each and every player globally takes part and collaborates with other stakeholders including businesses, governments, the civil society and the general public, to make a real difference for a more sustainable future.

One actor alone cannot achieve all goals. We have carefully and strategically analyzed our operations from a value chain perspective, identified our most important sustainability risks and opportunities. This analysis includes stakeholder dialogues and materiality assessments, see page 56. As a result, we have built our program for sustainability around four broad focus areas where we deem our efforts to have the biggest impact:

- Access to Radiotherapy
- Business Ethics
- Sustainable Production
- People in Focus

Each of these focus areas is complementing the 17 SDGs set by the United Nations (UN) in 2015, and in total we assess that we are making positive contributions to nine of these goals, as presented on the following page.

Top-down and bottom-up

Sustainability and corporate responsibility is a top priority at Elekta, which is reflected in the fact that it is being overseen at the highest level: the Board of Directors. Social and environmental sustainability issues fall within the remit of the Board's Compensation and Sustainability Committee which sets the general direction for our work. Governance, business ethics and integrity-related issues are handled by the Board's Audit Committee.

We are convinced that an integrated approach is key to truly succeed with corporate sustainability. Each of our four focus areas has their own programs and strategic plans for implementation developed together with, and carried out by, the business line organizations, the regions and relevant group functions depending on where it is most appropriate. This way we can ensure effective management and alignment with other strategic initiatives and targets.

Our cross-functional Corporate Responsibility Steering Committee streamlines the process of implementing the relevant actions and targets throughout the organization, as well as measuring results. For governance of corporate responsibility, see page 55.

Living our values

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

Our sustainability efforts and policies are guided by leading global standards and principles such as the following:

- the UN Global Compact and its ten principles
- the OECD Guidelines for Multinational Enterprises and its associated due diligence guidance for responsible business conduct
- the UN Guiding Principles on Business and Human Rights
- the Universal Declaration of Human Rights
- the International Labour Organization Declaration on Fundamental Principles and Rights at Work
- the precautionary principle


THE GLOBAL GOALS
For Sustainable Development
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS
Elekta
Access to Radiotherapy
Business Ethics
Sustainable Production
People in Focus

Access to Radiotherapy

Elekta has a unique opportunity to fight cancer and alleviate the suffering of people affected by cancer in all corners of the world. We do this for example by extending the training and qualification of medical professionals in radiotherapy in especially underserved markets, and by improving information about cancer diseases and their possible treatments.

Access to Radiotherapy

APPLICABLE SUSTAINABLE DEVELOPMENT GOALS

Targets:

- 3.4 Reduce mortality from non-communicable diseases and promote mental health
- 3.C Increase health financing and support health workforce in developing countries
- 4.4 Increase the number of people with relevant skills for financial success
- 17.16 Enhance the global partnership for sustainable development
- 17.17 Encourage effective partnerships

ELEKTA'S CONTRIBUTION

- Providing access to high-quality and innovative radiotherapy solutions globally.
- Offering training and education on radiotherapy to healthcare professionals, particularly in low- and middle-income countries.
- Collaborating and partnering with clinics, researchers, governments, and the civil society to develop new products and raise awareness about radiotherapy.
- The Board of Directors is investigating the advantages of establishing a foundation in order to further strengthen Elekta's program for access to radiotherapy.

Why is this important?

The incidence of cancer is rising globally and there is a pressing need for radiotherapy services. Everyone deserves high-quality care but it is not always available. Elekta is committed to improving access to radiotherapy for all, not least in currently underserved markets.

Cancer poses a significant challenge for societies worldwide, as the incidence is steadily rising, see page 8. The world community has set an ambitious target, as part of Agenda 2030, of reducing mortality from non-communicable diseases, such as cancer, by one third by 2030. Increasing access to radiotherapy will be crucial in reaching this target. Equitable access to medical care is a fundamental human right, and one we are committed to stand up for.

How are we working with this?

Raising global awareness

Raising awareness across the globe is a key enabler to increase access to radiotherapy. We are committed to this and are working with carefully selected international partners to achieve this, such as:

- **Union for International Cancer Control (UICC)** – With the Treatment for All-program Elekta decided to become a partner with UICC. Working closely with WHO, International Agency for Research on Cancer, International Atomic Energy Agency (IAEA) and the United Nations, UICC provides a robust and far reaching platform for capacity building and radiotherapy advocacy which goes in line with our ambitions.
- **Estro Cancer Foundation (ECF)** – The Marie Curie campaigns implemented by ECF during the last two years have helped the patients and public to understand the role of modern radiotherapy in cancer treatment and how far this field has developed since the days of Madame Curie.
- **City Cancer Challenge (C/CAN)** – Supporting cities undertake holistic and sustainable cancer plans. During this year both Cali in Columbia and Asuncion in Paraguay has developed such plans, both in their national governments for final approval.

Elekta has been supporting with funds and/or clinical experts to assure successful progress.

Increasing education and training

Another fundamental element to increase the access to care is to have trained and qualified healthcare professionals. Elekta is committed to increase education and training in radiotherapy in many ways. For example the Brachy Academy, with clinical workshops and training visits to leading hospital, see page 22. The Brachy Academy is now expanding its services in low- and middle-income countries.

By offering regular training sessions to healthcare professionals, for example at Elekta's Care Learning Centers, we are sharing our knowledge of best-practice cancer care with clinicians worldwide, see page 25. Our main learning centers are situated in Atlanta, Beijing, Crawley (UK) and Veenendaal (Netherlands). There are a number of additional smaller regional centers, including in South Africa, Australia, Japan etc. During the year, 8,647 training sessions were delivered to our customers, with an increased share of online training due to Covid-19.

Innovative solutions to improve access

Elekta's investments in innovation and R&D play an important role in meeting the growing demand for radiation therapy, improving patient outcomes and bringing value to society, see page 12.

Over the last few years we have addressed the specific needs of low- and middle-income countries by developing products that are tailored to these settings. We strive to develop solutions that are smarter and more user-friendly, and that requires less experience of the clinicians that operate them, without it imperiling the clinical or operational excellence of the cancer care. Our new Linac is an example of this, see page 20.

Striving for the highest quality and safety

Quality and safety in all our products and offerings are top priorities 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. This year, we introduced a new business line function, Product Quality & Service, specialized to improve and monitor product quality. Compliance towards and implementation of the coming Medical Device Regulation, has also been in focus during the year.

Elekta is certified with ISO 9001 (quality management systems) and ISO 13485 (design and manufacture of medical devices). Requirements in national regulations are implemented as applicable in the specific procedures concerned, e.g. requirements of reporting of incidents and recalls.

Quality management systems are reviewed by both internal and third-party auditors and certified by external regulatory bodies and authorities that conduct regular inspections.

Forming coalitions in times of crises

The Covid-19 pandemic has put a huge strain on the healthcare sector, and in some places cancer patients are being denied the treatment they urgently need. We have partnered up with Action Radiotherapy, a UK-based charity, and the US trade organization Advamed, in launching the Global Coalition of Radiotherapy. Since its inception, more organizations such as ESTRO, ASTRO, C/CAN, UICC, IAEA, and industry peers, have joined. The coalition is using its collective multidisciplinary voice to advocate for the best practice of radiotherapy for patients, in these challenging times and in the future. The coalition aims to use the existing work of all the organizations through the dissemination of data, research, policies and the recommendation of best practices based on experience worldwide. Together we are pushing for the availability of adequate cancer care during the crisis.

Clinical training program for modern brachytherapy treatment

The IAEA announced in 2018 the Women's Cancer Partnership Initiative, to increase access to diagnostics and treatment of women's cancers in low- and middle-income countries. Elekta announced our intention to actively support this important initiative at the IAEA General Assembly in September 2019. Since then we have developed a clinical training program for modern brachytherapy treatment of cervical cancer (see next page) with our Brachy Academy partner Tata Memorial Center in Mumbai, India. This program is now in implementation phase at the IAEA and during the World Cancer Day 2020 activities at IAEA in Vienna, Elekta arranged a seminar on women's' cancer with the Swedish Embassy and in collaboration with IAEA. The seminar was introduced by the IAEA Director General, the Swedish Ambassador to Austria and the head of the IAEA Program of Action for Cancer Therapy.

The fight against women's cancer

Every year more than half a million women are diagnosed with cervical cancer around the world. 85 percent of the women are living in low- and middle-income countries and half of them die from the disease.

While all cancers can be devastating for the patients and their families and loved ones, women's cancer has additional effects on societies and economies. Unlike other cancers that typically appear later in life, cervical cancer is often diagnosed in the prime years of women's family- and work lives. Women who die due to cervical cancer often leave young children without a mother and wage-earner, and economies are negatively affected as women are increasingly entrepreneurial and play a key role in stabilizing and building their local economies.

In February 2020, the WHO published a draft global strategy towards the elimination of cervical cancer as a public health problem. It calls for aligned and accelerated efforts one of the three targets for 2030 is that 90 percent of all invasive cancer cases should be managed.

Brachytherapy is essential in the treatment of cervical cancer and so to achieve WHO's goals. Further, brachytherapy is particularly suitable for low- and middle-income countries as it is comparatively cost-efficient and enables higher radiation doses to be given safely in a shorter period. As a leader in brachytherapy, Elekta is committed to increasing access to the treatment and to trained medical staff globally, especially in currently underserved regions. Our Brachy Academy, see previous and page 22, is now expanding its services in low- and middle-income countries to increase its lasting impact and a structural growth for brachytherapy globally.

Business Ethics

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

Why is this important?

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

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

One of the world's most ethical companies

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

Business Ethics

APPLICABLE SUSTAINABLE DEVELOPMENT GOALS

Targets:

12.7 Promote sustainable public procurement practices
16.5 Substantially reduce corruption and bribery

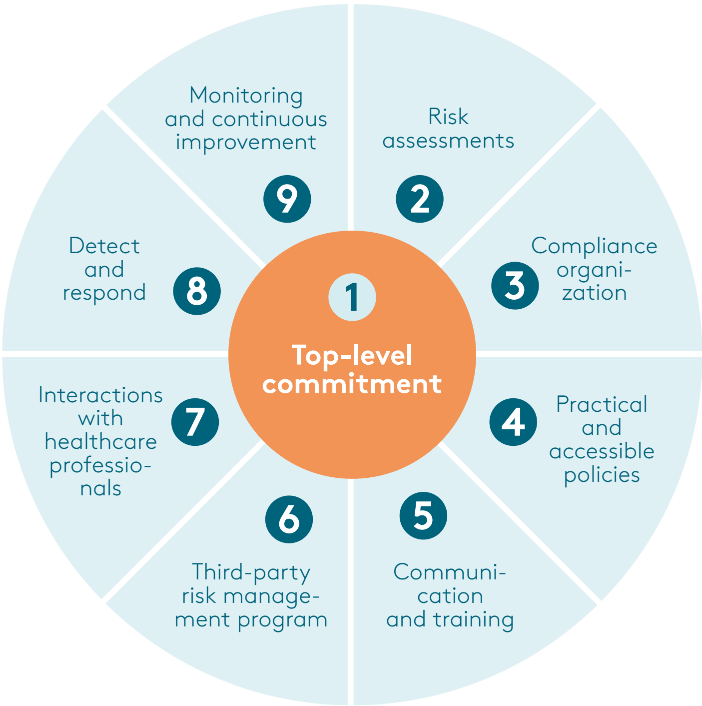
ELEKTA'S CONTRIBUTION

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

Elekta's Compliance Program

How are we working with this?

Elekta's compliance program consists of nine activities designed to strengthen our main areas with regard to business ethics, namely anti-corruption, fair competition and public tenders, privacy and data security as well as trade compliance.



1 Top-level commitment

The Board of Directors has overall responsibility for the implementation of an effective compliance program. Our President and CEO reports to the Board and our SVP Chief Compliance & Integrity Officer reports to the Board's Audit Committee, at least four times a year on risks, programs and ongoing issues and investigations. For more information on the Compliance function and its interaction with the Board of Directors, see the Corporate Governance Report, page 63.

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

2 Risk assessments

We identify our biggest risks through systematic risk assessments where high-risk geographies with strategic importance to Elekta are prioritized. The aim of these risk assessments is to identify any gaps our compliance program might have in a specific region and to implement actions to mitigate such deficiencies. The risk assessments are conducted as workshops together with the relevant regional management and external support. These are supported with specific compliance audits included in the scope of audits performed by the internal audit function.

3 Compliance organization

The Board of Directors has assigned the SVP Chief Compliance & Integrity Officer autonomy and resources for the day-to-day management of the compliance program (with resources such as regional Compliance Officers, Global Data Privacy Officer, Global Trade Compliance Manager), and with functional reporting to the President and CEO. Tax matters are managed by Elekta's Tax Committee and Elekta's Treasury function.

4 Practical and accessible policies

Our Code of Conduct and Group-wide Anti-Corruption Policy are cornerstones in building and maintaining personal integrity across the company and protecting our reputation.

The Code of Conduct is available in 12 languages and is further elaborated by a number of corporate policies emanating from the Board of Directors and the president and CEO, which are continuously kept updated. These include policies in the following areas:

- Anti-corruption
- Conflicts of interest
- Fair competition
- Confidential information
- Insider trading
- Trade compliance
- People/ employees
- Data privacy
- Risk management
- Tax strategy

The Anti-Corruption Policy provides guidance to employees and business partners, primarily in various interactions with healthcare providers and professionals. Local Anti-Corruption Supplements have been developed for certain countries where we have identified a need for more detailed and stricter guidelines than the general standards set forth in the global Anti-Corruption Policy.

There are a number of policies and procedures in place in Elekta to ensure customer privacy, confidentiality and information security. They are managed in our Elekta Management System (for corporate steering documents) as well as in our Quality Management System. The key global guidelines can be found in the Global Data Privacy Policy, Information Security Policy and the Privacy and Cybersecurity guidance. The focus in these documents are to ensure our products, services and internal processes comply with GDPR, HIPAA, ISO 27001 and other applicable privacy legislation.

5 Communication and training

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

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

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

The Code of Conduct training is supplemented with customized anti-corruption and compliance training to both Elekta employees and business partners. We also provide such customized training in-person, focusing on the risk employees face in their daily work, in various compliance areas.

6 Third-party risk management program

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

The third-party risk management program has been introduced in three phases covering: (1) commercial intermediaries, (2) government officials and other non-sales intermediaries such as registration agents and customs brokers and (3) high-risk product suppliers.

7 Interactions with healthcare professionals

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

8 Detect and respond

To facilitate employee reporting of any violations of the law or Code of Conduct, Elekta has established a global whistleblower tool, the "Elekta Integrity Line", available in all applicable languages, that can be used to anonymously report any suspected violations. All cases are checked internally by the SVP Chief Compliance & Integrity Officer, and regularly reported to the Board of Directors. Each relevant case is reviewed and followed up with appropriate remediation measures. Elekta Integrity Line is now also open for external reporting, from any stakeholders, but to date no external reports have been submitted.

In 2019/20, five cases of alleged violations of law or our Code of Conduct were reported either through the Elekta Integrity Line, directly to Compliance through our specific compliance e-mail address, or through other channels. A majority of the cases pertained to violations of the People Policy. All relevant cases are being reviewed and followed up with appropriate measures.

9 Monitoring and continuous improvement

To ensure the effectiveness of a compliance program, audits are performed to uncover any possible gaps in the program, its implementation and local requirements. Where relevant, compliance-specific audits are supplemented with general audits performed by the Internal Audit function. Findings from audits are used in improving both local and global programs.

Each year, we survey our employees to gauge the organization's perception on whether we truly live our values. See page 53 for this year's results.

Performance and outlook

Goals communicated 2018/19	Achievements 2019/20	Status	New goals 2020/21
RISK ASSESSMENTS			
Finalize Anti-Bribery and Corruption risk assessment for Middle East, Africa (incl. India) and China.	Risk assessments for China completed and well underway for Middle East and Africa (incl. India).	→	Complete anti-bribery and corruption risk assessment in South America.
Develop and implement enhanced competition law compliance program based on result of in-depth risk assessment.	Compliance program enhanced particularly in regards to risk of abuse of dominance and lawful interactions during public tender processes.	✓	All employees in customer facing sales roles to complete training on lawful interactions during public tenders.
Audit adherence to Third-Party Risk Management Program.	Audit partly completed.	→	Finalize audit of adherence to Third-Party Risk Management Program.
Benchmark Third-Party Risk Management Program.	Benchmark completed.	✓	
Complete phase 2 of the Third-Party Risk Management Program (i.e. anyone interacting with government officials on Elekta's behalf) and initiate phase 3 of said program (high-risk third-party product suppliers).	Phase 2 implementation is still on-going, and phase 3 has been initiated in conjunction with new procurement process.	→	Complete both phase 2 and 3 of the Third-Party Risk Management Program.

Goals communicated 2018/19	Achievements 2019/20	Status	New goals 2020/21
COMMUNICATION AND TRAINING			
Evaluate "Leading with Integrity" training and set plan with targets for completion.	Completed. The training, as a part of the Model Manager program, is now an integral component of the general manager training that is provided to all managers at Elekta.	Achieved	
Develop "Compliance Days" initiative and "Compliance Ambassador Program".	Completed. The first "Compliance Days" initiative was held in Middle East and Africa. The days covers topics such as anti-corruption and integrity, conflict of interest, processes for reporting violations, export control, data privacy, competition law and public tender rules. The "Compliance Ambassador Program" was initiated and covers the Middle East, Africa, North America and South America.	Achieved	Complete "Compliance Days" trainings for all Regions and "Compliance Ambassador Program" to cover all markets.
90% of employees to complete refreshed Code of Conduct Training.	The production of the refreshed Code of Conduct training was delayed due to Covid-19. A new mobile platform will be used for deployment of the training to further facilitate and allow for enhanced data analytics of and follow-up on results.	Ongoing, on track	Refreshed Code of Conduct training rolled out to all employees with a 100% completion rate target using mobile platform.
Roll-out E-learning for distributors with targets for completion.	The new training app allows for external parties to receive training and distributor specific material is currently being developed for roll-out in the first quarter 2020/21.	Ongoing, on track	Roll out Code of Conduct training for distributors through mobile platform.
DETECT AND RESPOND			
New Ethics Survey to be launched following launch of new organization.	Completed. The response rate increased significantly and results on key integrity questions were improved considerably.	Achieved	Continue to improve baseline on key integrity questions.
Embed Compliance and Integrity audits into internal audits (where feasible).	Compliance components are included in all relevant audits conducted by Internal Audit and will continue with further and more in-depth cooperation.	Achieved	
Re-launch a transparency and openness campaign and improve the response rate for this question(effectiveness of Reporting Violations Policy).	Code of Conduct training embedding openness campaign delayed due to Covid-19.	Ongoing, on track	Goal retained: re-launch transparency and openness campaign in conjunction with refreshed Code of Conduct training.

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

Sustainable Production

We must all be mindful of the environmental impact we cause when we produce or deliver products and services. By setting ambitious targets for greenhouse gas emissions, waste management and programs for increased circularity, Elekta is taking steps to proactively minimize our environmental footprint and advancing more sustainable production processes.

Sustainable Production

APPLICABLE SUSTAINABLE DEVELOPMENT GOALS

Targets:

- 9.4 Upgrade all industries and infrastructures for sustainability
- 9.5 Enhance research and upgrade industrial technologies
- 12.4 Responsible management of chemicals and waste
- 12.5 Substantially reduce waste generation
- 13.1 Strengthen resilience and adaptive capacity to climate related disasters

ELEKTA'S CONTRIBUTION

- Developing more sustainable manufacturing sites
- Ensuring adherence to our environmental policies and standards.
- Advancing the circular approach in product development and reducing waste at our manufacturing sites as well as packaging.
- Decrease the greenhouse gas emissions at Elekta and throughout our value chain e.g. developing more energy-efficient products, low-carbon transport alternatives and reducing business travel.

Why is this important?

The world is experiencing an unprecedented gravity of environmental crises such as climate change and ending of natural resources. No matter how big or small, we must all take actions to reduce our greenhouse gas emissions, improve the resilience to manage climate related effects on societies, and upgrade industries and manufacturing sites for a more sustainable production. Elekta is taking steps to minimize our footprint and working to advance more sustainable productions processes, this includes a more circular approach to product development and the responsible management of chemicals and waste.

How are we working with this?

Materials and improved circularity

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

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

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

Significant reduction in emissions intensity

Even though Elekta's greenhouse gas emissions are limited, both direct and indirect, we are committed to the fight against climate change and to work hard to continuously reduce our footprint. Our main sources of greenhouse gas emissions derive from the extraction and production of materials we are buying from our suppliers, transportation of our products and assemblies as well as business travel.

We constantly try to minimize our GHG emissions and try to find alternative methods for transportation and business travel that are GHG emissions independent, e.g. by coordinating transports of goods and spare parts more efficiently. There are a number of ongoing initiatives in this regard. By introducing more efficient logistics and modalities of transportation such as supplying goods from near production sites we can not only decrease our emissions but also costs and delivery times of transportation. Choosing to work with business partners for the management of transport of finished goods and spare parts, enables a more efficient coordination of transport of our own products as well as those from other companies. By making fewer business travels, we also decrease emissions whilst reducing costs and gaining efficiency for our employees. By choosing digital conference solutions, we are reducing the number of business travels, saving both time and the environment, something that was accelerated during Covid-19.

Environmental compliance and waste management

At Elekta, we are committed to continuously reduce the environmental impact of all operations and of our products and solutions and, naturally, to be compliant with applicable laws, regulations, and standards regarding the environment. To accomplish this, all our sites have local environmental management systems that are certified with ISO 14001. The task to improve our environmental performance, is further facilitated by having a groupwide Environmental policy and a groupwide, cross-functional coordination team, inter alia making sure that we manage our waste in a safe way and monitoring that we continue to pursue and identify projects that reduce the amount of waste involved in our manufacturing, including scrap but also packaging. Hazardous waste from our operations represents only 2 percent of our total waste, see page 58 for more info.

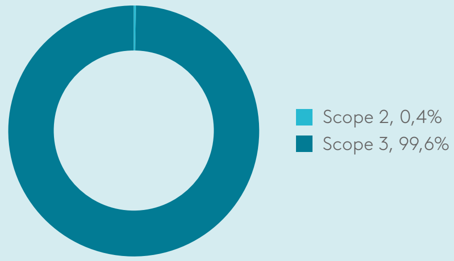
Environmental impact in our supply chain

Our most prominent risks with regard to environment lie in the supply chain, particularly with regards to suppliers who specialize in heavy manufacturing processes, coating systems, chemical deposition and metallurgical casting resulting in potential waste and hazardous chemical disposal.

Through our Supplier Code of Conduct, we ask of our suppliers to set the same level of protection for the environment as we ask of ourselves. Suppliers shall operate in full compliance with applicable environmental legislation. A management system shall be in place, aimed to continuously improve the Supplier's environmental standards and performance. Suppliers shall identify all relevant environmental aspects and take appropriate actions to address these, including resource consumption, emissions, chemicals and waste. Resources such as water and energy should be used efficiently and impacts on biodiversity as well as services provided by our ecosystems should be minimized.

Our suppliers are assessed and monitored also from an environmental risk perspective, using our Sustainable Sourcing Program, read more on page 51. If any of our suppliers will be identified as having environmental risks in their manufacturing, they will go through our audit process and will be asked to correct any non-conformities with our Supplier Code of Conduct. During the year we conducted third-party audits of six suppliers that had been identified as high-risk, partly due to potential environmental risks. None of the audits resulted in any major findings of non-conformities as regards the environmental aspects.

TOTAL EMISSIONS BY SCOPE 2019/20



–24%

reduction in Scope 3 GHG emissions per MSEK net sales, 2019/20[1)]

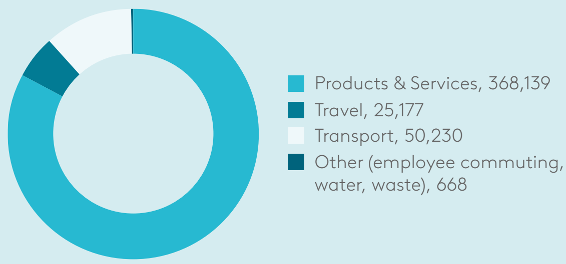
–31%

reduction in Scope 2 GHG emissions per kwh, 2019/20[1)]

1) Compared to 2018/19, see page 48 and 58.

SCOPE 3 BY CATEGORY 2019/20

GHG emissions in metric tons CO_2e, in total 444,215.



Improved CDP score

Every year Elekta discloses information about the company's climate risks and opportunities, climate strategy, financing and data to Carbon Disclosure Project (CDP), a global disclosure system for climate data. This year Elekta's general Climate Change score was raised from D to C, and Elekta was awarded B- in the new Supplier Engagement Rating. These scores acknowledges our ambition and actions to combat climate change.

Performance and outlook

Goals communicated 2018/19	Achievements 2019/20	Status	New goals 2020/21 and beyond
CIRCULAR ECONOMY			
Coordinate a strategy for circular economy and continue drive projects already initiated.	Ongoing. We set a cross-functional strategy and program for circular economy for each business line. Continued already started activities and initiated several new programs.	Ongoing, on track	Establish and implement a take-back program for selected parts of relevant products by 2021/22, and a refurbishment program to use reclaimed parts and components by 2025/26.
WASTE MANAGEMENT			
Reduce negative impact from waste and hazardous material.	Ongoing. We set a cross-functional strategy and program for managing waste in more environmentally friendly manner has been rolled out in the business lines.	Ongoing, on track	Reduce selected packaging by 30% by 2025/26 from 2019/20 baseline. Send zero waste to landfill by 2024/25.
CLIMATE CHANGE			
Reduce GHG emissions.	Ongoing. In 2019/20, the direct (Scope 2) GHG emissions intensity (CO_2e/kWh) decreased by 31% compared to 2018/2019. In the same period, the indirect (Scope 3) GHG emissions intensity (CO_2e/net sales) decreased by 24%. In October 2019, Elekta's site in Crawley (UK), switched to electricity from renewable sources – in line with the change already completed by our sites in Sweden and the Netherlands. This change resulted in an emission decrease from electricity in the UK of more than 45%.	Ongoing, on track	Reduce the direct (Scope 2) GHG emissions intensity (CO_2e/kWh) from own operations by more than 30% by 2021/22, compared to 2018/19. Reduce the indirect GHG emissions intensity (CO_2e/net sales) from business travel by more than 10% by 2021/22, compared to 2018/19. Reduce indirect GHG emissions intensity (CO_2e/net sales) from transport and logistics by 25% by 2025/26, compared to 2018/19.

GREENHOUSE GAS EMISSIONS

CO_2e (tons)	2019/20	2018/19 (Baseline)	Change, %
Direct GHG emissions (scope 1)	—	—	—
Energy indirect GHG emissions (scope 2)	1,576	1,649[1)]	–4
GHG intensity per kwh (scope 2)	0.11	0.17	–31
GHG intensity per employee (scope 2)	0.38	0.45	–15
Other indirect GHG emissions (scope 3)	444,215	544,710	–18
GHG intensity per MSEK net sales (scope 3)	30.42	40.19	–24
Total GHG emissions	**445,790**	**546,359**	**–18**

1) Exludes heating.

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

People in Focus

People are at the heart of Elekta's business. We provide an inclusive, diverse, and respectful working environment for everyone who works at Elekta. We are also committed to help protecting the human rights and labor rights of the people working in our supply chain.

Why is this important?

Offering a sustainable workplace for everyone working at, or indirectly for Elekta through our suppliers, is key for long-term success. Without our people, we could not innovate new, state-of-the-art cancer treatment solutions.

Elekta is a global employer with more than 4,000 employees, and our nearly 500 direct material suppliers together employ hundreds of thousands of workers. We take our responsibility as an employer and purchaser seriously, ensuring we safeguard labor rights at Elekta and throughout our value chain.

Elekta offers a workplace with an opportunity to work for a higher purpose. Our employees collectively make a difference in the lives of patients around the world. Attracting and retaining qualified employees is a precondition for us to keep our successful position as innovator of cancer treatments. We offer a wide range of opportunities for our employees, such as acquiring diverse skills, gaining international experience, and accessing personal development and career advancement. Our aim is to create a culture and workplace where employees can grow professionally as well as personally.

How are we working with this?

Our approach as employer

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

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

1. Strengthen one-Elekta culture based on leadership and individual Elekta behaviors
2. Continue to drive leadership development at all levels of the organization
3. Drive focused development actions, mobility, and rotation to drive diversity and strengthen the people pipeline
4. Further reinforced people development and talent acquisition

People in Focus

APPLICABLE SUSTAINABLE DEVELOPMENT GOALS

Targets:

- 5.5. Ensure full participation in leadership and decision-making
- 5.C. Adopt and strengthen policies and enforceable legislation for gender equality
- 8.5 Full employment and decent work with equal pay
- 8.7. End modern slavery, trafficking, and child labor
- 8.8 Protect labor rights and promote safe working environments

ELEKTA'S CONTRIBUTION

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

connected to current business needs and the long-term workforce planning

5. Continue to drive the HR Excellence program to improve people process efficiency, digitalization, and HR business partner capabilities

Following up on performance and employee engagement

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

To understand what to focus on to become better as an employer as well as an organization as a whole, we conduct thorough bi-annual Group-wide employee engagement surveys. This survey includes a range of indices, including engagement, team efficiency and leadership. The latest comprehensive survey was conducted in February 2020. In between the larger surveys we follow up with smaller pulse-surveys to understand perception and evaluate and actions to increase e.g. employee engagement, the last one was conducted 2019. For this year's results, see page 53.

Tailored training and development programs

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

Elekta Together Day

The Elekta Together Day is a global event for all employees to collaborate, build connections and together look at what we need to do to make Elekta a better place to work. This year we gathered employees to create awareness of "Access for all". In a collaborative effort, employees made films on the theme, tapping into employees' sense of purpose. Read more about our quest to provide access to radiotherapy globally on page 38–40.

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

- Elekta Model Entrepreneur Program, is a one-year program aiming to support managers in developing their capabilities to drive change and encourage commitment among employees.
- Elekta Model Leader Program, is also a one-year program, open to 10 participants per region per year, and is aimed for strong leaders aspiring for a senior leadership role
- Elekta Model Manager Program, tailored for new managers to learn how to become a more effective manager and covers topics such as team communication, productivity, and engagement.

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

168

employees participated in our global leadership programs this year:

34	21	113
in the Model Entrepreneur Program	in the Model Leader program	in the Model Manager Program

The 22 participants represented a variety of business functions and cultural backgrounds.

A diverse and inclusive workplace

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

Our long-term goal is to increase the underrepresented gender (today female) in senior leadership positions to 30 percent by 2022/23. We aim to achieve this by evaluating candidates to new roles fairly, identifying new hires with high potential for managerial roles, ensuring a balanced gender distribution in our leadership programs, and developing processes for equal pay for equal work. Gender pay gap reviews of comparable roles within the company are conducted locally and based on local regulations and legal requirements.

Health, wellbeing and safety of employees

Some of our production sites involve operating heavy machinery and handling radioactive materials, which could cause serious damage if not carried out correctly. The health, wellbeing and safety of employees, as well as other stakeholders, are vital aspects of our corporate responsibility and a foundation for our continued success. Discrimination, harassment or bullying at the workplace jeopardize the health and wellbeing of our employees, conflict with the company's success and are obviously not tolerated in any form.

We are committed to ensuring a safe work environment throughout our operations, preventing workplace accidents, injuries, and illnesses. We have a vision of zero workplace accidents by 2022. As stipulated in the Code of Conduct, and in our People Policy, everyone with a job that requires specific safety instructions and protection will receive all necessary training before starting the work, and the workplace must be equipped with adequate protection materials and tools. Local working environment committees, consisting of local environmental and health and safety specialists, are responsible for continuous monitoring and mitigation of health and safety risks at our manufacturing sites. Workplace accidents are followed up by collecting data from production sites involving manual manufacturing work. We are concerned with the health, wellbeing, and safety of all of our employees, and will continue to develop this agenda in relation to both physical and psychological aspects.

Safeguarding human and labor rights

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

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

Harnessing the opportunities of digital communications

The Covid-19 pandemic has made it necessary for employees to work from home in all parts of the world. We have harnessed the possibilities of digital communications in creating a range of digital learning and development tools. This includes a tool to promote development and collaboration with varied content customized for all different functions. Our sales and marketing function has also rolled out a complete online development curriculum for our employees.

Elekta Global Trainee Program

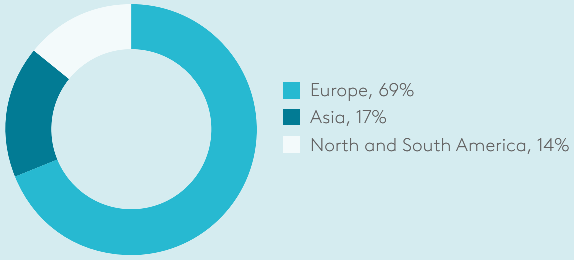
This year we rolled out a new Global Trainee Program with five participants from the US, Europe and China. This offers the trainees a challenging and rewarding year where they rotate between business lines, global offices or work directly with our CEO. Through the program, trainees gain the network, skills and business insight to take the next step within Elekta and in time assume a leadership role.

Under the Supplier Code of Conduct, all Elekta suppliers are required to set the same requirements for their suppliers.

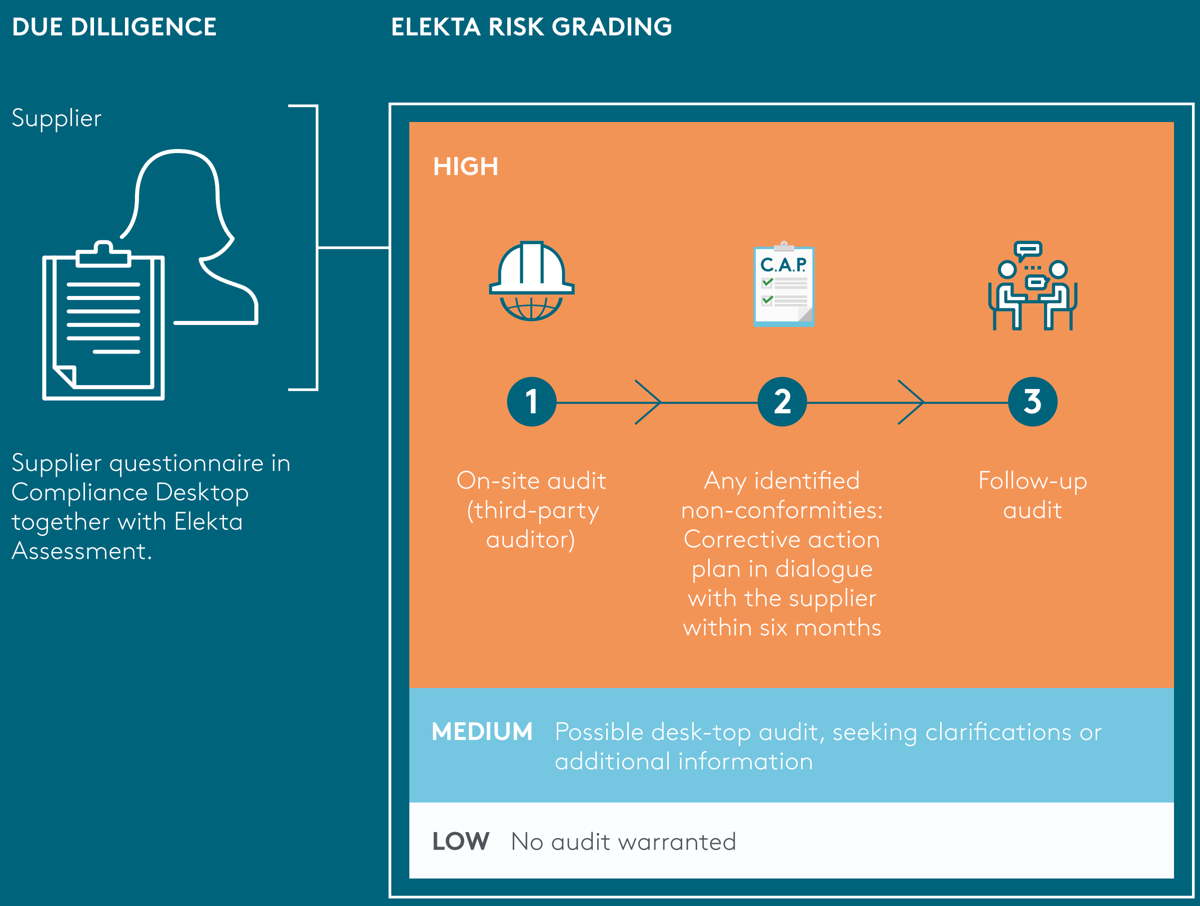
We have a solid due diligence and follow-up program (Sustainable Sourcing Program) to identify and mitigate any non-conformities with our Supplier Code of Conduct, and ultimately to ensure that our suppliers respect basic human and workers' rights. The program consists of thorough self-assessment questionnaires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

Elekta's procurement function is responsible for implementing the Supplier Code of Conduct and the Sustainable Sourcing Program, with support from and overview by the Global Sustainability Manager.

GEOGRAPHIC LOCATION OF SUPPLIERS, BY SPEND



Sustainable Sourcing Program



Performance and outlook

Goals communicated 2018/19	Achievements 2019/20	Status	New goals 2020/21 and beyond
EMPLOYEE EXPERIENCE AND TALENT DEVELOPMENT			
Increase the employee Net Promoter Score (eNPS) to 15 by 2019/20 and to 20 by 2021/22.	Our eNPS increased to +1 compared to –7 in the last full employee survey in 2018. We continue to make progress upwards with this metric, but not quite at the rate we had anticipated a year ago. The ambition of eNPS 20 is retained.	Ongoing, not on track	Increase eNPS to 20 by 2022/23.
Reduce personal turnover rate (voluntary attrition rate) to 7% by 2022/23 globally.	The employee voluntary attrition rate decreased during the year to 7,9% (from 9.5 % 2018/19). The attrition rate is continuously monitored.	Ongoing, on track	Goal retained: Reduce voluntary attrition rate to 7% by 2022/23.
Improve overall employee experience based on results from employee engagement survey (e.g. employer brand, employee engagement, strengthened communication throughout the organization).	Ongoing. The 2020 employee survey recorded overall improvements in team efficiency, leadership and engagement. All categories are above the external benchmark. For example, 91% of employees responded positively to the question whether they are willing to make an extra effort to make Elekta more successful. The high response rate in the survey is maintained, 87% this year. In 2019/20, all employees received regular performance and career development reviews.	Ongoing, on track	Goal retained: Continue to improve overall employee experience based on results from individual employee and team discussions, comprehensive or pulse surveys and other dialogue foras.
DIVERSITY AND INCLUSION			
Increased focus on improving the gender balance in management positions. Increase female/underrepresented gender representation at critical business positions/manager level from today's 19% to 30% by 2021/22.	During the year, female representation in critical business positions/manager level rose to 22%. Our commitment to gender diversity is strong. It is stressed in our Diversity & Inclusion Policy and it is for example always a factor when looking at the composition of our development programs. However, progress in the area takes time and the goal has been slightly prolonged to allow for talent to grow within the organization.	Ongoing, not on track	Increase the female/underrepresented gender representations in critical business positions to 30% by 2022/23.
Narrowing the gender pay gap in the UK and globally (to have developed a definition and method for assessing gender pay gaps globally within Elekta).	Ongoing. Preparatory work conducted, allowing us to launch a global approach to assessing gender pay gaps globally next year.	Ongoing, not on track	Implement, assess and review gender pay gap reviews in our larger sites globally in a meaningful way.
Promote a geographically and culturally diverse workforce.	Ongoing. As a truly global company, we promote cultural and diverse workforce through building the local competences and ensuring globally diverse representation in all our development programs.	Ongoing, on track	Goal retained: Continue to promote a geographically and culturally diverse workforce.

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

Goals communicated 2018/19	Achievements 2019/20	Status	New goals 2020/21 and beyond
HEALTH AND SAFETY			
Zero vision of workplace accidents by 2022/23. Strive for healthy work environment globally, incl. work-life balance, by e.g. developing a global work environment policy with processes for its implementation, and managing long term sick-leave numbers.	In 2019/20 we recorded in total 25 incidents (and lost-time cases) in all sites. This is an increase of 2 incidents compared to last year (and includes non-work related accidents). There have been 9 incidents of discrimination this year, of which 8 have been investigated and resolved without any further actions. One incident is still ongoing and delayed to due Covid-19. Reported incidents of discrimination are primarily reviewed by local HR function as well as by an independent party. Developing our policies covering work environment is underway, building on the knowledge we have gained from our initiatives to date. One of the areas of focus will be the psychological work environment and mental health.		Goal retained: • Zero vision of workplace accidents by 2022. • Develop the global work environment policy (incl. psychologial work environment).
SUPPLIER HUMAN AND LABOR RIGHTS			
Supplier Code of Conduct training to procurement staff as required.	Ongoing. 30% of procurement staff have undertaken supplementary Supplier Code of Conduct training during the year (including human rights policies and procedures) which corresponds to 56 hours of training.		Ongoing target, retained.
Phase 2 suppliers (remaining number of direct material suppliers) to complete Compliance Desktop questionnaire in FY 2019/20.	Ongoing. All phase 1 suppliers have been assessed (of which 26 were assessed during the year, see below for results) and all phase 2 (remaining number of direct material suppliers, 171) are currently completing Compliance Desktop questionnaire and are undergoing our supplier due diligence program. This step to be fully completed first quarter 2020/21. All relevant suppliers have agreed to commit to our Supplier Code of Conduct.		Expand the Sustainable Sourcing Program to appropriate indirect suppliers by 2020/21 and continue assess direct suppliers.
Continue on-site audits of identified high-risk suppliers, and conduct desktop audits of medium-risk suppliers.	Completed. In 2019/20, our supplier due diligence (phase 1 suppliers) resulted in 8 suppliers being considered high risk. These included risks relating to health and safety, working hours, compensation and benefits, freedom of association and social compliance supply chain due diligence. After internal assessment, six high-risk suppliers remained of which we conducted onsite (third-party) audits. After the audits the few so called "zero-tolerance" findings (consisting of inaccurate documentation) were corrected in a reasonable time period, therefore no further escalation required. No supplier relationships have needed be terminated. There have been no suppliers classified as medium risk this year.		Audit all new high-risk suppliers by 2020/21.
Member of Responsible Minerals Initiative (RMI) and continue to focus on determining the source countries of minerals used in Elekta products.	Ongoing. With the help of RMI tools, we have developed a plan to enhance our material origin due diligence and determination of source of minerals.		100% of Elekta suppliers of products with 3TGs/cobalt to require their smelters validated by 2021/22.

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

Sustainability governance and reporting principles

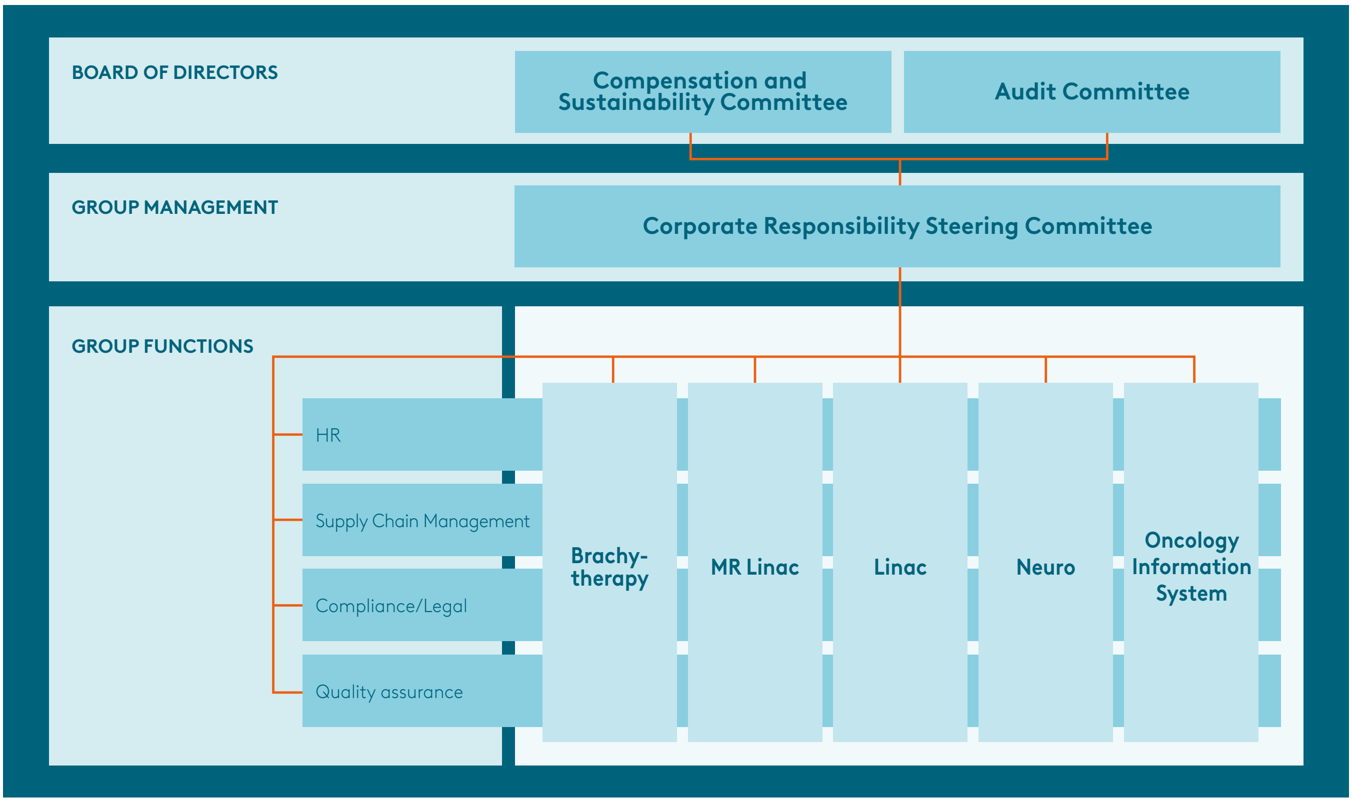
Structured sustainability governance, stakeholder dialogues and materiality assessments ensure that we focus where it matters and enable us to track our progress.

Corporate responsibility governance structure

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

The Board of Directors governs Elekta's corporate responsibility program on a high level and our CEO reports to the Board on major issues. Starting in November 2019, the Group's new Compensation and Sustainability Committee oversees regularly Elekta's environmental and social work. Matters pertinent to business ethics and compliance are still overseen by the Audit Committee, see page 63.

The cross-functional Corporate Reporting Steering Committee is responsible for integrating and implementing the program. It convenes at least three times a year, but also when specific circumstances call for it. The committee comprises the CEO and five members of the Executive Management including functions such as Compliance and Integrity, Operations, Procurement, HR, Communications, and Finance. The work of this group streamlines the process of implementing relevant actions and targets throughout the different functions and business lines in our organization, as well as measuring results. The corporate responsibility program is developed and managed by the Compliance and Integrity function at Elekta, and managed by the SVP Chief Compliance and Integrity Officer and the Global Sustainability Manager.



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

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

In 2018/19, Elekta engaged with investors and employees in a large stakeholder dialogue. All institutional investors that we have continuous dialogue with were surveyed with a 100 percent response rate. The survey was also sent to all our employees as well as our Executive Management and their directly reporting managers. Stakeholders were asked to rank various sustainability issues and individual topics based on their importance to our business and their impact on sustainable development. Input from relevant networks as well as general external stakeholder priorities of the medical supplies sector were also taken into account. Finally, we analyzed the results and discussed in the Corporate Responsibility Steering Committee how issues raised align with our priorities and opportunities to contribute to a sustainable development.

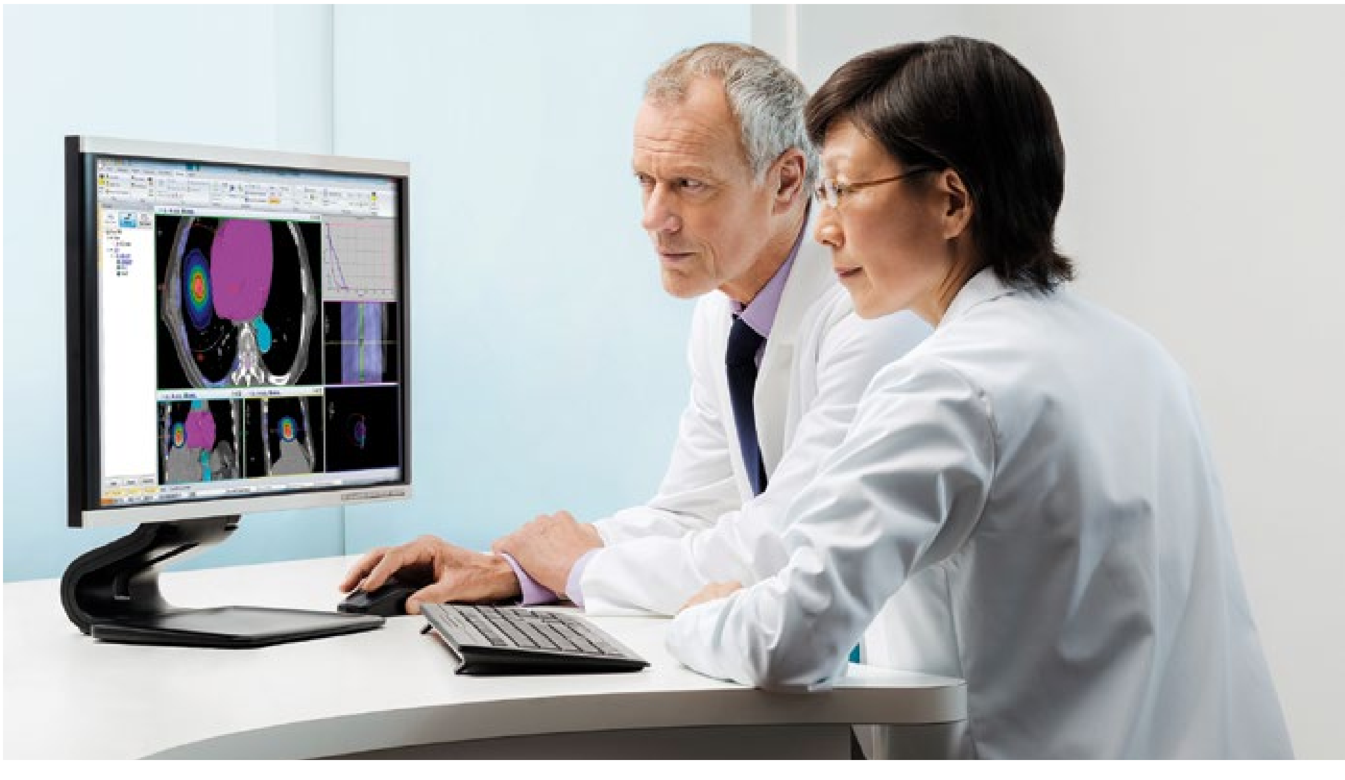
This year Elekta carried out a thorough gap and benchmark analysis comparing the sustainability program and reporting with industry standards, peers and various sustainability rating indices. The analysis proved that our reporting is generally in line with best practice, but also identified a couple of areas for improvement. As regards environmental aspects, Elekta has a relatively small impact compared to other industries. For example, our greenhouse gas emissions are limited (nothing in Scope 1 and little in Scope 2) and we have no significant water consumption. Our limited impact has also been apparent in earlier stakeholder dialogues and materiality assessments. However, considering the increased importance environmental issues has for the wider society we must all – no matter how large or small our impact is – contribute to minimizing our environmental footprint and combating climate change.

To make these modifications on our work programs for sustainability more consistent and clearer for external stakeholders, we changed the names of our two of our focus areas to Access to radiotherapy and Sustainable Production. Sustainable Production places emphasis on our production, supply chain and their environmental footprint. Issues related to human rights and labor rights in the supply chain have been relocated to People in Focus.

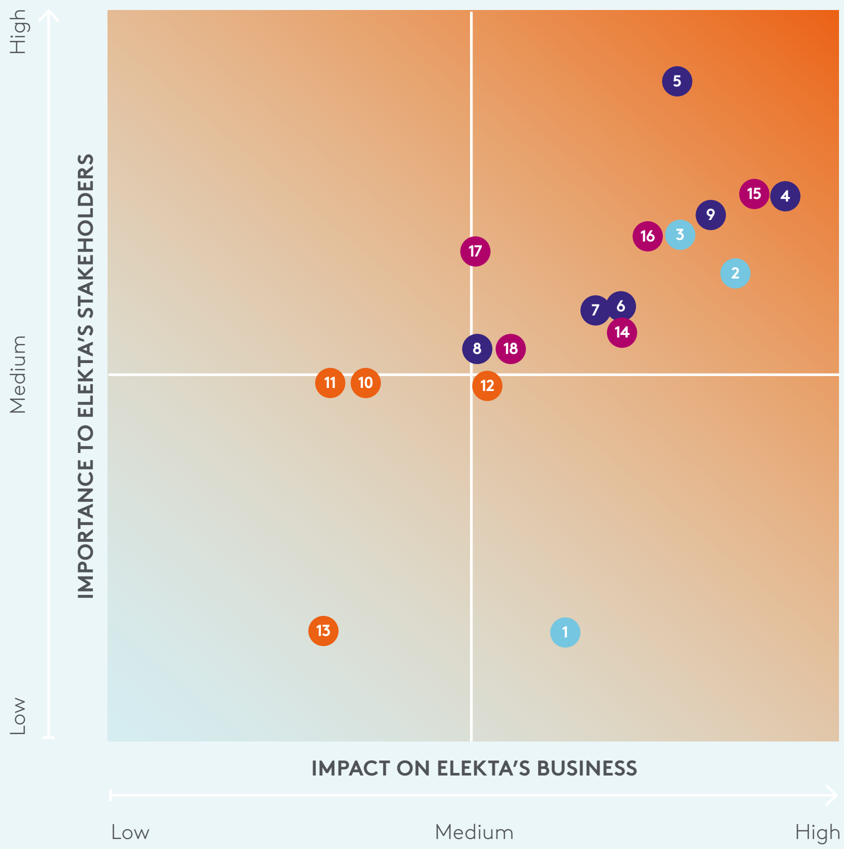
Forums for sustainable development

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

- UN Global Compact and its Swedish network
- Swedish Leadership for Sustainable Development
- Responsible Minerals Initiative
- ICC Sweden's Sustainability Committee
- Swedish Medtech's forum for sustainability affairs
- COCIR (e.g. the EHS steering committee)
- Nordic Center for Sustainable Healthcare



Our material topics and their boundaries



Drawing on the conclusions from the stakeholder dialogue, legal requirements, risks and opportunities, we have identified a set of important topics. These topics cover a wide range of different issues along the value chain. The table below describes the specific boundaries – where the impact occurs.

All the topics shown in this diagram are important in our corporate responsibility work. Those in the top right corner of the diagram are most important to our business and sustainable development

Material topic	Supply chain	Elekta	Agents, distributors, customers, and patients
ACCESS TO RADIOTHERAPY			
1 Access to healthcare and philanthropy		•	•
2 Customer health and safety			•
3 Innovation and R&D		•	
BUSINESS ETHICS			
4 Anti-corruption	•	•	•
5 Fair competition and public tenders		•	•
6 Effective corporate governance and board oversight		•	
7 Export control and safe trading		•	•
8 Tax management		•	
9 Customer privacy			•
SUSTAINABLE PRODUCTION			
10 Circular economy	•	•	•
11 Emissions	•	•	•
12 Waste management		•	
13 Environmental impact in supply chain	•		
PEOPLE IN FOCUS			
14 Employee engagement		•	
15 Occupational health and safety		•	
16 Diversity and inclusion		•	
17 Supply chain and labor rights	•		
18 Human rights assessment	•		

1) See pages 59 for the GRI Content Index with page references for each material topic.

Reporting data and principles

Business ethics data

In 2019/20 there were no substantiated complaints concerning breaches of customer privacy or losses of customer data. During the year, Elekta's Czech Republic subsidiary, Elekta Services s.r.o., was subject to investigation for bid-rigging and corruption in connection with a public tender. For pending legal disputes, see page 85.

Employee data[1)]

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

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

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

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

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

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

Collective bargaining agreements

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

1) Includes contractors.

Diversity of governance bodies and employees, 2019/20

Gender, %	Men	Women
Board of Directors	62.5	37.5
Group management	81,3	18,7
All employees (see employee data for no gender recorded)	27.6	65.6

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

Environmental data

Greenhouse gas emissions

Greenhouse gas emissions are presented as carbon dioxide equivalents (CO_2e) as per the Greenhouse Gas Protocol's Scopes 1, 2 and 3. Emission factors are predominantly based on data from DEFRA 2018 (includes all greenhouse gases) for electricity, heating, travel, transport, waste, and water; World Input Output Database 2013 (includes CO_2, CH_4, N_2O) for product and services; and Eurostat (includes all greenhouse gases) for employee commuting. Some travel and transport suppliers have provided CO_2e data to Elekta directly. Electricity and heating have been calculated using cost or actual kWh amount; travel has been calculated using travel mode and distance travelled; transport has been calculated using transport mode, weight of transported goods and distance of transport; products and services have been calculated by spend per category; employee commuting has been calculated by numbers of employees per country; waste has been calculated using type, weight and end-of-life scenario of waste; water has been calculated based on cubic meters. Global warming potential values (GWP) are based on the IPCC Fourth Assessment Report (AR4). Elekta uses the financial approach for consolidating GHG emissions and is not offsetting carbon. The calculations were carried out by a third-party provider.

Materials

(weight in metric tons)	2019/20
Non-renewable materials	2,640
Renewable materials	0
Total	**2,640**

Waste

(weight in metric tons)	Energy recovery	Recycling	Landfill	Incineration
Non-hazardous	340	113	69	0
Hazardous	3	0	0	4
Total	**343**	**113**	**69**	4

GRI content index

GRI Standard	Disclosure number	Disclosure name	Page reference	Omissions/ Comment
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
ORGANISATIONAL PROFILE				
	102-1	Name of the organisation.	83	
	102-2	Activities, brands, products and services	12–13, 15–25, 83	
	102-3	Location of headquarters	83	
	102-4	Location of operations	12–13	
	102-5	Ownership and legal form	34, 83	
	102-6	Markets served	12–13, 15, 26-29, 114	
	102-7	Scale of the organisation	15, 58, 85, 94, 125	
	102-8	Information on employees and other workers	58	
	102-9	Supply chain	12, 52	
	102-10	Significant changes to the organisation and its supply chain	–	Not applicable
	102-11	Precautionary principle or approach	36	
	102-12	External initiatives	36	
	102-13	Membership of associations	56	
STRATEGY				
	102-14	Statement from President/CEO (senior decision-maker)	6–7	
ETHICS AND INTEGRITY				
	102-16	Values, principles, standards and norms of behaviour	10, 36, 43, 50	
GOVERNANCE				
	102-18	Governance structure	65, 69–70	
STAKEHOLDER ENGAGEMENT				
	102-40	List of stakeholder groups	56	
	102-41	Collective bargaining agreements	58	
	102-42	Basis for identification and selection of stakeholders	56	
	102-43	Approach to stakeholder engagement	56	
	102-44	Key topics and concerns raised	57	
REPORTING PRACTICE				
	102-45	Entities included in the consolidated financial statements	125	
	102-46	Process for defining the report content and the topic boundaries	56	
	102-47	List of material topics	57	
	102-48	Restatements of information	–	
	102-49	Changes in reporting	–	
	102-50	Reporting period	62	
	102-51	Date of most recent report	62	
	102-52	Reporting cycle.	62	
	102-53	Contact point for questions regarding the report	62	
	102-54	Reporting in accordance with the GRI Standards	62	
	102-55	GRI content index	63–65	
	102-56	External assurance	62	

Material topics

GRI Standard	Disclosure number	Disclosure name	Page reference	Omissions/ Comment
ACCESS TO HEALTHCARE AND PHILANTROPY				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	38–39, 57	
CUSTOMER HEALTH AND SAFETY				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	39, 57	
INNOVATION AND R&D				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	1, 12, 39, 57	
Company specific disclosure	N/A	Investments in R&D	12	
ANTI-CORRUPTION				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	42–45, 57, 71	
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	58, 85	
FAIR COMPETITION AND PUBLIC TENDERS				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	42–45, 57, 71	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	58,85	
EFFECTIVE CORPORATE GOVERNANCE AND BOARD OVERSIGHT				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	42–45, 57, 69–70	
Company specific disclosure	N/A	Reported violations of Code of Conduct	43	
EXPORT CONTROL AND SAFE TRADING				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	42–45, 57, 71	
TAX MANAGEMENT				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	42–43, 118–119	
CIRCULAR ECONOMY				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	46, 48, 57	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	58	
EMISSIONS				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	46–48, 57	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	48, 58	
	305-2	Energy indirect (Scope 2) GHG emissions	47–48, 58	
	305-3	Other indirect (Scope 3) GHG emissions	47–48, 58	
	305-4	GHG emissions intensity	47–48, 58	
WASTE MANAGEMENT AND ENVIRONMENTAL COMPLIANCE				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	46–48,57	
GRI 306: Waste Management 2016	306-2	Waste by type and disposal method	58	For 73% of the total waste disclosed, data is based on January–December 2019. This will be adjusted for in next year's report.
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	—	Elekta has not been subject to any significant fines or non-monetary sanctions for non-compliance with environmental laws

Material topics (cont.)

GRI Standard	Disclosure number	Disclosure name	Page reference	Omissions/ Comment
EMPLOYEE ENGAGEMENT				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	50, 53,57	
Company specific disclosure	N/A	Employee engagement and NPS	53	
OCCUPATIONAL HEALTH & SAFETY				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic,its boundary and management approach	51, 54, 57	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	54	
Company specific disclosure	N/A	Number of recorded incidents	54	
	N/A	Number of lost time cases	54	
TRAINING AND EDUCATION				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	50–51, 57	
GRI 404: Training and education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	50–51, 53	
	404-3	Percentage of employees receiving regular performance and career development reviews	53	
DIVERSITY AND INCLUSION				
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	51, 53, 57	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	58	
HUMAN RIGHTS ASSESSMENT				
GRI 103: Management approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	51–52, 54, 57	
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	54	
SUPPLIER SOCIAL ASSESSMENT (INCL. ENVIRONMENTAL ASSESSMENT)				
GRI 103: Management approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	47, 51–52, 54, 57	
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	54	
Company specific disclosure	N/A	Number of audits of high-risk suppliers – results and follow-up actions/sanctions	54	
CUSTOMER PRIVACY				
GRI 103: Management approach 2016	103-1–3	Explanation of the material topic, its boundary and management approach	42–43,57	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	58	

ABOUT THE SUSTAINABILITY REPORT

This sustainability report covers the fiscal year 2019/20 (May 1, 2019–April 30, 2020). Elekta publishes a sustainability report annually. Last year's report was published on July 12, 2019.

The report covers all Elekta's fully-owned subsidiaries – see note 19, for details. There have been no restatements of information.

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

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

STATUTORY SUSTAINABILITY REPORT

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

	Pages
Business model	12–13
Environmental matters	46–48
Social matters and employees	49–54
Human rights	51–54
Anti-corruption	41–45
Sustainability risks	32–33, 41, 46–47, 49, 51
Auditor's report	62

Auditor's report on the statutory sustainability statement

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

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2019-05-01 – 2020-04-30 on pages 35–62 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

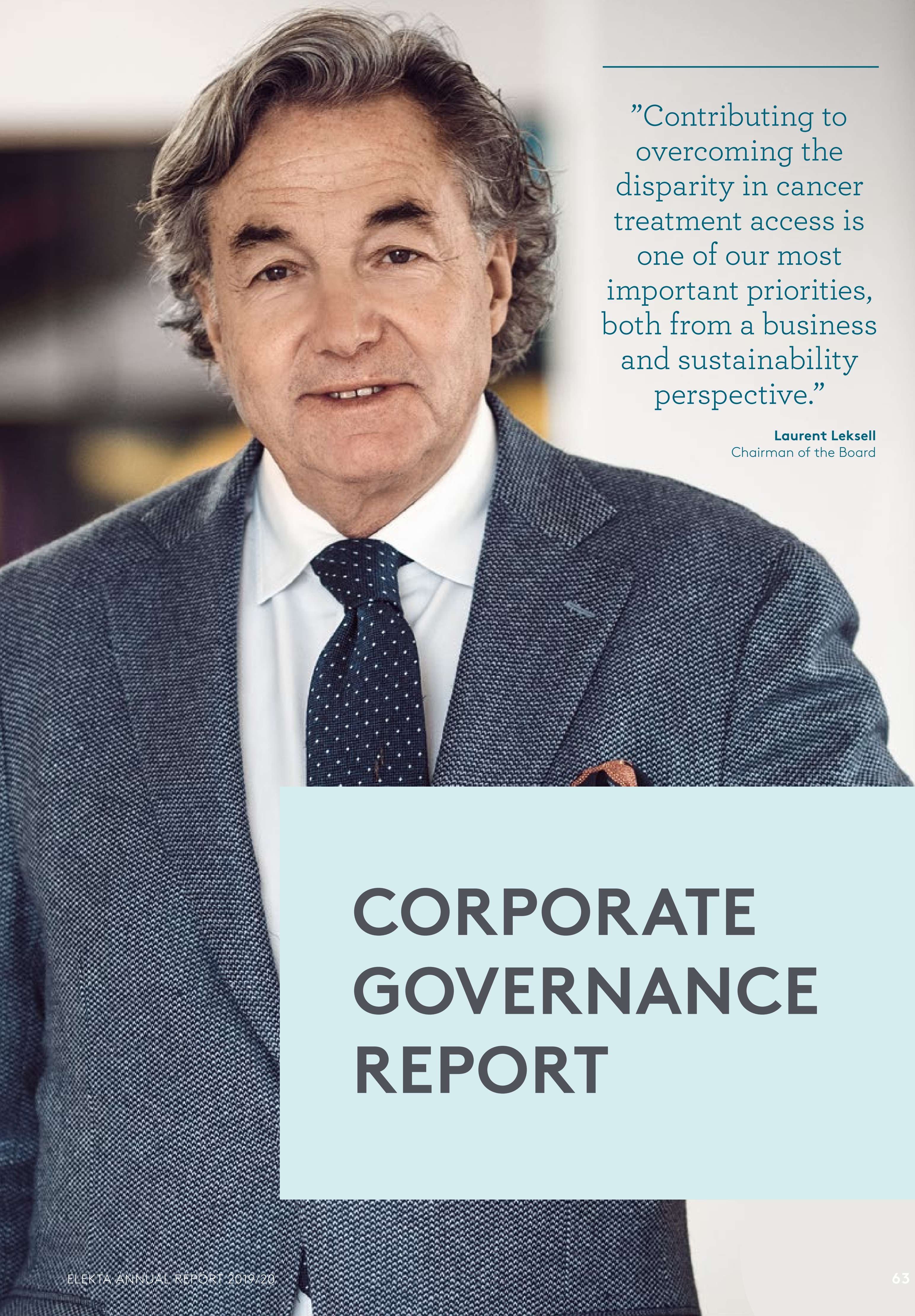
A statutory sustainability report has been prepared.

Stockholm, 10 July 2020

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

Rickard Andersson
Authorized Public Accountant

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



”Contributing to overcoming the disparity in cancer treatment access is one of our most important priorities, both from a business and sustainability perspective.”

Laurent Leksell
Chairman of the Board

CORPORATE GOVERNANCE REPORT

Increased clinical importance of radiation therapy

Elekta's disease focus is the care of cancer and neurological diseases and over the years we have grown to become a key industrial partner in radiation therapy to healthcare providers globally. Radiotherapy is the most cost-effective treatment option for cancer and has developed from being a relatively imprecise technology to becoming more surgical and a safer treatment solution. It is also moving from being a therapy into the new field of radiation medicine at large. This has increased the clinical importance of radiation therapy.

Even though a communicable disease, Covid-19, rightfully claimed everyone's attention in 2020, the long-term challenges for global health care systems remains the three big families of non-communicable diseases: diabetes, cancer and cardiovascular disease. Cancer is now the second most common cause of death globally and the leading cause of death in high–income countries. In addition, there is a huge discrepancy in the treatment around the world. While around 80 percent of the global radiotherapy and cancer care capacity is in high income countries, only one fifth of the population is. Contributing to overcoming the disparity in treatment access is one of our most important priorities, both from a business and sustainability perspective. During the year, the Board has strengthened its grip on sustainability issues. Elekta's sustainability agenda is now prepared by two board committees: the Audit Committee for governance, compliance and risk related issues and the Compensation and Sustainability Committee for all remaining sustainability aspects.

We have a strong board at Elekta, with an openness and engagement in the discussions that I appreciate. As we cover all important strategic areas for the company during a fiscal year, all directors have a deep understanding of the company – its markets, organization and technology. This year, aside from technology and innovation, we gave extra focus to the effects of the reorganization and management development and succession matters, as well as to sustainability management.

With the resignation of Dr Richard Hausmann, the Board decided to let Richard leave immediately to make sure that we keep up the momentum during the search for a permanent new CEO. We are convinced that Gustaf Salford and the executive management team has the engagement and leadership qualifications to drive Elekta's performance even in these challenging pandemic times. Elekta's competent team will drive our growth and continue focusing on innovations to improve radiotherapy for the benefit of all cancer patients. On behalf of all members of the Board, I would like to thank Richard Hausmann for his contributions in Elekta during his four years as CEO.

We still do not know the full impact of Covid-19. Short–term economically, it will be a historically severe shock to the world economy, but it is also met by unprecedented stimulatory measures. Until we can foresee the full effect of the pandemic, we need to make sure that Elekta continues to improve its competitiveness and has the financial strength to do so. Based on this, the Board of Directors proposes to the AGM a dividend in line with the minimum level of the dividend policy. However, Elekta has a strong financial position, which is why the Board of Directors may call for an Extraordinary General Meeting to propose an additional dividend to bring the total dividend in line with the previous year's level.

Even if the impact of Covid-19 is difficult to predict, for now we do know that the need for cancer care will continue to grow. Elekta makes sustainable and meaningful contributions to further improve the effectiveness and global access to cancer care and Precision Radiation Medicine.

Laurent Leksell
Chairman of the Board

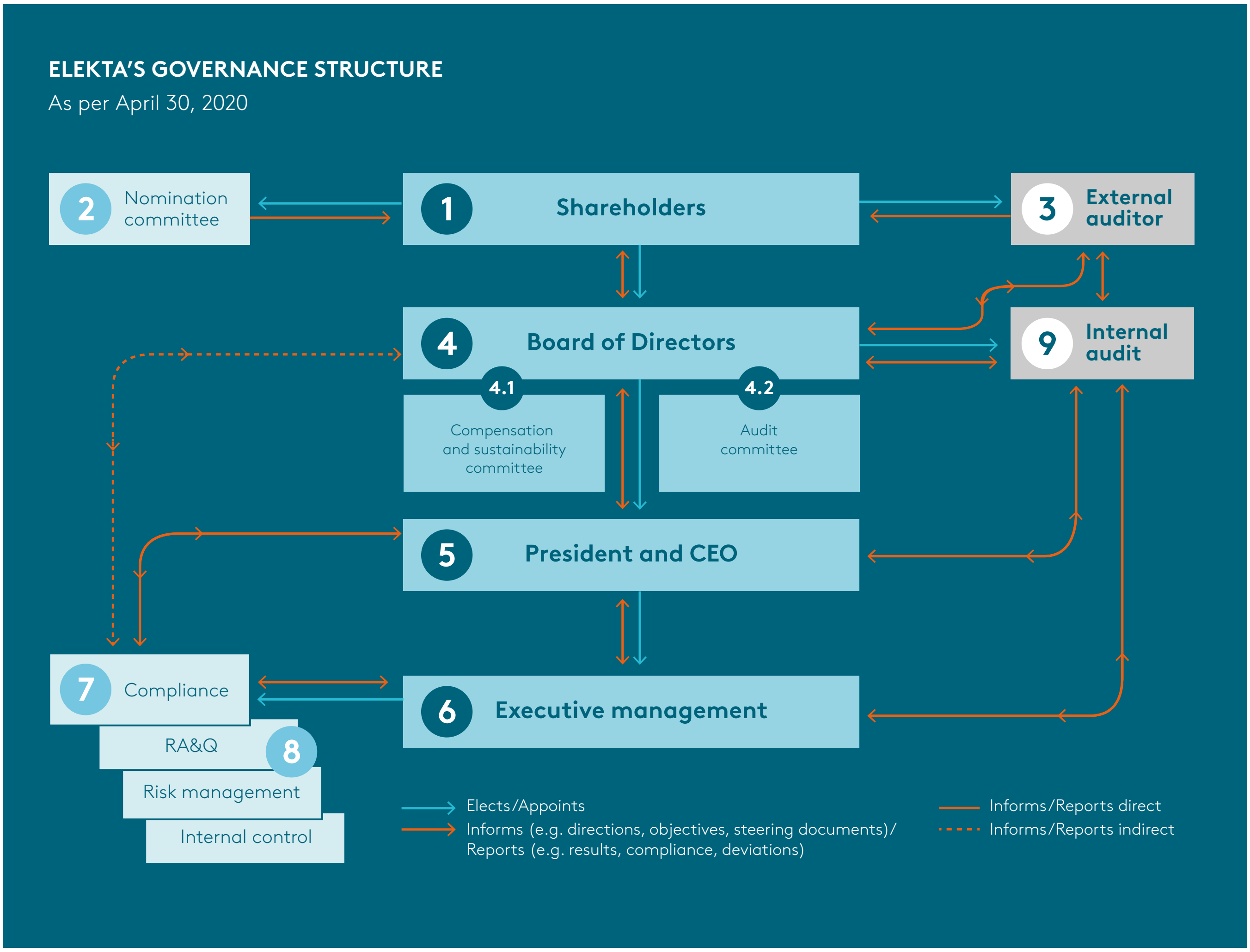
"We need to make sure that Elekta continues to improve its competitiveness and has the financial strength to do so."

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 2019/20 was prepared by the Company's Board of Directors, in accordance with the annual accounts act and the Swedish corporate governance code, as a separate report from the Board of Directors' report, and it has been reviewed by the Company's external auditor.

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

Elekta has implemented and complied with the Swedish corporate governance code (the Code)[2] with one exception during the fiscal year of 2019/20. Elekta's nomination committee resolved to appoint the chairman of the Board of Directors, Laurent Leksell, as chairman of the nomination committee. This was motivated by the fact that Laurent Leksell, in his capacity as the major shareholder, is well suited to effectively lead the work of the nomination committee in order to achieve the best result for the Company's shareholders.

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.



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

1 Shareholders

Shares and votes

Elekta AB's B share is since 1994 listed on NASDAQ Stockholm. On April 30, 2020, the total number of registered shares in Elekta AB was 383,568,409 divided between 14,980,769 Series A shares and 368,587,640 Series B shares. At the general meetings of shareholders, which are the forum in which shareholders may exercise influence, Series A shares entitle the holder to 10 votes each, while Series B shares carry one vote each.

Laurent Leksell has been the largest shareholder of Elekta AB since the listing on NASDAQ Stockholm and controlled through own and related parties' holdings as per 30 April, 2020, 30.5 percent of the votes.

Read more about the share, the shareholders and Elekta's dividend policy on page 34.

General meeting of shareholders

The general meeting of shareholders is Elekta AB's highest decision-making body at which the shareholders can exercise their right to make decisions in certain company matters. In addition to the annual general meeting of shareholders (AGM), 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 holding at least 10 percent of the shares.

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

Disclosures on direct or indirect shareholdings in Elekta AB representing at least one-tenth of the voting rights, and information about authorizations by the general meeting of shareholders for the Board of Directors to decide upon acquisition of own shares, are set out on page 34.

AGM 2019

The AGM 2019 was held in Stockholm, Sweden, on August 22, 2019. The meeting was attended by 529 shareholders, either personally or by proxy, corresponding to approximately 71 percent of the votes in the Company. All members of the Board of Directors were present at the meeting.

Further information regarding the AGM 2019, including the minutes, is available at www.elekta.com. No other general meetings of shareholders were held during the 2019/20 fiscal year.

AGM 2020

The AGM 2020 will be held on August 26, 2020. More information regarding the AGM 2020 is found on the inside of the cover back.

The following was resolved at the AGM 2019:

- A dividend payment of SEK 1.80 per share to shareholders to be divided into two separate payments of SEK 0.90 each
- Discharge from liability of the members of the Board of Directors as well as the President and CEO for management of the company in the 2018/19 fiscal year
- Adoption of fees to the Board of Directors totaling SEK 5,130,000 (5,165,000), of which SEK 1,280,000 (1,165,000) to the chairman of the Board of Directors and SEK 550,000 (500,000) to each of the other external members of the Board of Directors, as well as remuneration for board committee work of SEK 115,000 (110,000) to the chairman of the compensation and sustainability committee and SEK 80,000 (75,000) to each of the other members of the committee, and SEK 240,000 (225,000) to the chairman of the audit committee and SEK 150,000 (135,000) to each of the other members of the committee
- Re-election of Laurent Leksell, Caroline Leksell Cooke, Johan Malmquist, Tomas Puusepp, Wolfgang Reim, Jan Secher, Birgitta Stymne Göransson and Cecilia Wikström as members of the Board of Directors. Laurent Leksell was re-elected as chairman
- Election of Ernst & Young AB as external auditor, with authorized public accountant Rickard Andersson as the auditor in charge
- Adoption of guidelines for remuneration of senior executives
- Adoption of the share-based long-term incentive program, Performance Share Plan 2019, to be offered to executive management and certain key employees
- Authority for the Board of Directors for acquisition and transfer of own shares

2 Nomination committee

The responsibilities of the nomination committee

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

Appointment of nomination committee

The 2019 AGM resolved that the nomination committee for the 2020 AGM would be appointed through a procedure whereby the chairman of the Board of Directors would contact the four largest shareholders in terms of voting rights, besides the shareholder or shareholders the chairman of the

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

The composition of the nomination committee for the 2020 AGM is set out below. The assignment for the nomination committee is valid until the end of the next AGM or, where applicable, until a new nomination committee has been appointed.

The nomination committee for the 2020 AGM

- Laurent Leksell (chairman) – represents his own and related parties' holdings and is also the chairman of the Board of Directors
- Per Colleen – The Fourth Swedish National Pension Fund
- Tomas Flodén – AMF and AMF Funds
- Filippa Gerstädt – Nordea Funds
- Caroline Sjösten – Swedbank Robur Funds

Preparation for the 2020 AGM

The nomination committee held three meetings prior to the 2020 AGM. An evaluation of the Board of Directors' work, competences, composition and independence of its members is performed annually and initiated by the chairman of the Board of Directors, partly to assess the preceding year, partly to identify areas for development for the Board of Directors. During the 2019/20 fiscal year a digital evaluation was performed with support from an external company. The conclusion is presented to the nomination committee by the chairman of the board. In addition, individual interviews have been held with the majority of the directors. The nomination committee has, through the audit committee's chairman, obtained the audit committee's recommendation as regards election of auditor.

When preparing its proposal for board composition, the nomination committee has applied the Code, section 4.1, as diversity policy. The nomination committee's proposals for the 2020 AGM are presented in the notice convening the 2020 AGM. A reasoned statement explaining the nomination committee's proposal for the Board of Director's composition is posted on Elekta's website in connection with the issuance of the notice of the 2020 AGM.

3 External auditor

External auditor and auditor in charge

The external auditor of Elekta AB is appointed by the AGM for a period lasting until the end of the next AGM. The AGM 2019 elected Ernst & Young AB (EY) as external auditor with Rickard Andersson as auditor in charge.

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

EY has performed the audit of Elekta for the 2019/20 fiscal year, in accordance with a risk-based external audit plan, resulting in the unqualified auditor's report and statement, which are available on page 137.

Services and fees

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

Non-audit services procured from EY during the 2019/20 fiscal year adhered to the guidelines established and comprised mainly of tax consultancy and other audit-related services.

The fees to the external auditor for the 2019/20 fiscal year are reported in Note 9.

4 Board of Directors

Responsibilities of the Board of Directors

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

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

Appointment of the Board of Directors

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

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

Composition and independence of the Board of Directors

The Board of Directors comprises eight members which are presented on page 76. There are neither deputy board members nor employee representatives on the board. The general counsel serves as secretary for the board.

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

The independence of each board member is shown on page 76. Remuneration to the Board of Directors is set out in Note 7 and on page 76.

The work of the Board of Directors

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

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

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

During the fiscal year 2019/20, the board held thirteen minuted meetings. These meetings are normally held at Elekta's head office in Stockholm, but are at times held at other locations where Elekta has offices or other facilities. Representatives from the executive management and other senior managers regularly attend board meetings to report on matters within their respective area of responsibility. For ordinary board meetings, an agenda with decision supporting material is available ahead of the meetings. The board members' attendance at board meetings is shown on page 76.

THE WORK OF THE BOARD OF DIRECTORS INCLUDING SOME IMPORTANT AGENDA ITEMS IN 2019/20

2019	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER

Board meeting (May)
- Report from the audit committee
- Meeting with auditors and review of external audit report for the full year
- Review and approval of budget fiscal year 2019/20 incl. financial targets
- Adoption of year-end report Q4 2018/19
- Adoption of updated prospectus for MTN-program
- Approval of establishment of branch in Romania

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

Two board meetings (August)
- Inaugural board meeting
- Adoption of working instructions for audit committee and code of conduct
- Adoption of interim report Q1 2019/20
- Report from the audit committee and the compensation and sustainability committee

Board meeting (October)
- Meeting held at the offices in Crawley
- Review of strategy plan
- Adoption of working instructions for the compensation and sustainability committee, CEO and the Board of Directors

EXAMPLE OF THE BOARD'S FOCUS AREAS

1 COVID-19

During the spring there were several extra board meetings due to the pandemic's impact on Elekta and its markets. Focus was on how to secure Elekta's resilience and agility in these challenging times. The Board of Directors was committed to secure the safety of Elekta's employees and support the continuity of our customers' care of their patients. The strengthening of the financial position and increase of available liquidity was also high on the agenda.

2 MERGERS & ACQUISITIONS

In addition to Elekta's own R&D pipeline, the Board of Directors is regularly reviewing potential merger & acquisitions. During the year, the Board of Directors focused on specialized software companies to gain complementary technologies adding value to our software and solutions portfolio.

BOARD COMMITTEES

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

4.1 Compensation and sustainability committee

The committee and its responsibilities

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

Composition

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

The compensation and sustainability committee

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

Work during the year

During the fiscal year 2019/20, the compensation and sustainability committee held four minuted meetings. At these meetings, the committee has, inter alia, reviewed the remuneration of the executive management, prepared a proposal for a new long-term incentive program for 2020/21 for executive management and other key individuals as well as prepared the board's recommendations regarding guidelines for remuneration of senior executives for the next AGM. In addition, the work has included conducting a succession planning and reviewing management succession plans for senior management levels and other Group-critical positions. The committee has further, in line with instructions from the Board of Directors, worked with the Company's sustainability matters, with a special focus on human rights, corporate philanthropy and environment.

The members' attendance at committee meetings and independence are shown on page 76.

NOVEMBER	DECEMBER	2020	JANUARY	FEBRUARY	MARCH	APRIL

Two board meetings (November)
- Adoption of interim report Q2 2019/20
- Report from the audit committee and the compensation and sustainability committee
- Approval of establishment of legal entity in Indonesia

Board meeting (January)
- Review of on-going M&A-projects

Two board meetings (February)
- Adoption of interim report Q3 2019/20
- Report from the audit committee and the compensation and sustainability committee
- Approval of issue of bonds under existing MTN-program
- Review of software strategy
- Review of the Japan and South America markets

Board meeting (March)
- Review of impact of Covid-19

Two board meetings (April)
- Adoption of communication to the market about Covid-19 impact
- Review of M&A and financing projects
- Update of investment policy

3 R&D FOCUS

Elekta's R&D and innovation road map is of highest priority and is reviewed and monitored closely by the Board of Directors. During the year, the R&D portfolio grew considerbly with a considerate emphasis on our software and informatics portfolio including AI and machine learning solutions.

4 STRENGTHENED ORGANIZATION AND PROGRAMS

Elekta has reorganized and implemented a new matrix structure along business and geographic areas. This has increased clarity within the organization, division of roles and responsibilities, as well as strengthened customer focus. The Board of Directors has also spent considerable time with Elekta's leadership development and succession planning as well as Elekta's sustainability program.

4.2 Audit committee

The audit committee and its responsibilities

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

Composition

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

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

The audit committee

- Birgitta Stymne Göransson (chairman)
- Johan Malmquist
- Caroline Leksell Cooke
- Jan Secher

Work during the year

During the fiscal year 2019/20, the audit committee held five minuted meetings. During such meetings, the committee has reviewed the year-end report and annual report for the fiscal year 2018/19 as well as interim reports for 2019/20. Further, part of the work has been to monitor the performance of the global internal control framework, approve the internal audit plan as well as review and follow-up of internal audit reports. Another task, amongst others, that has been dealt with is to review the external audit plan and external audit reports. At every meeting, in-depth reviews are carried out on the financial management of selected business areas.

The members' participation at committee meetings is shown on page 76.

5 President and CEO

Responsibility

The President and CEO is responsible for the day-to-day management of the Company in accordance with applicable laws and regulations as well as internal steering documents. These include the working instructions for the 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.

Appointment of the President and CEO

The board appoints Elekta AB's President and CEO.

Gustaf Salford is as of June 2, 2020, acting President and CEO of Elekta AB. He replaced Richard Hausmann, who had been President and CEO of Elekta AB since 2016, including the fiscal year 2019/20. More information about Gustaf Salford is provided in the presentation of the current executive management on page 78.

Remuneration to the President and CEO is described in Note 7. The guidelines, proposed by the Board of Directors for approval by the 2020 AGM, for remuneration to executive management are described on page 90.

6 Executive management

Appointment and responsibility

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

Composition

A presentation of Elekta's current executive management is provided on page 78. As of April 30, 2020, Elekta's executive management comprised the President and CEO, the Chief Financial Officer, the Chief Operating Officer, four solutions presidents, three region presidents as well as the heads of Marketing and Sales, Global Services, HR, Legal and Compliance.

Remuneration to the executive management is described in Note 7. The guidelines, proposed by the Board of Directors for approval by the 2020 AGM, for remuneration to executive management are described on page 78.

Work during the year

The executive management meets on a regular basis either by telephone or in person in conjunction with visits to the Group's various offices and facilities.

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

7 Compliance

Responsibility

The compliance function's responsibilities are to review and evaluate compliance issues within the organization to ensure that management and employees of the Group are in compliance with the rules and ethical regulations in the most significant risk areas such as anti-corruption, export control and

competition law. The compliance function also monitors the implementation of a program to ensure compliant personal data processing within the Group. In addition, Compliance is responsible for the overall strategy and coordination of the areas of sustainability.

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

The function is headed by the Elekta Group's Chief Compliance and Integrity Officer who reports to the President and CEO.

Work during the year

One of the focus areas has during the year been to keep doing assessments of the risk for corrpution in high risk markets. Elekta's program to prevent corruption has been strengthened as a result of such risk assessment and the control measures that have been identified will be introduced for all markets with such risks. The compliance function has further during the year introduced a training program called "Compliance Days". The purpose of the program is to train every employee of the Group on high risk areas during a two-days workshop with interactive sessions.

The work relating to implement a program and procedures for processing of personal data has been continued according to plan. Roles and responsibilities for such processing within Elekta have been further clarified.

Information about the work relating to monitoring the goals within business ethics is provided on page 44.

8 Regulatory affairs and quality

Responsibility

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

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

Work during the year

The most important tasks during the fiscal year have, amongst others, encompassed to ensure product approval for regulatory market entry as well as to manage inspections from different authorities and organizations to ensure continued certification. In addition, the work of the function has included to manage the implementation of the new Medical Device Regulation in Europe (MDR).

9 Internal audit

Responsibility

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

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

Work during the year

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

Elekta´s process for internal control

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

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

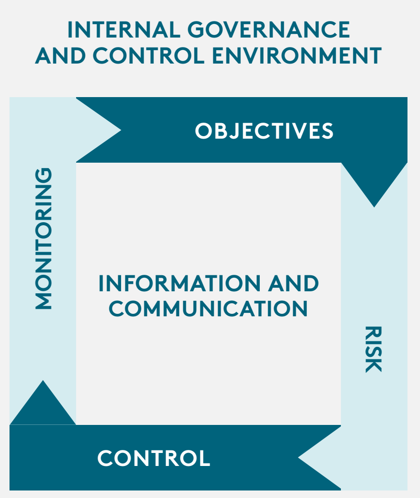
The next stage of control environment lays within the support functions such as finance, IT, HR, compliance, regulatory affairs and quality and legal that supports and monitors the first level of controls.

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

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

The Board of Directors also continuously manage decisions that include risk management, for example, within the Elekta strategy and management processes and business management. Find out more about risk management in the board's report on risk management and internal control over financial reporting on page 73. A description of how other risks are being managed can be found in the risks and risk management section on page 30.

RISK MANAGEMENT AND INTERNAL CONTROL



Report on risk management and internal control over financial reporting

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

Objective

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

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

Control environment

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

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

Risk assessment

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

Control activities

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

Control activities are aimed at preventing errors and irregularities from occurring and/or detecting errors and irregularities that may have occurred. Control activities can be manual or automated, such as authorizations and approvals, verifications, reconciliations, and business performance reviews, or a combination of 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 entity level controls that are regulated through Elekta's steering documents at Group-wide level, the business management system and internal control frameworks of standard controls that include general IT controls and uniform process controls for all Elekta companies and locally defined controls where necessary. The controls included in the internal control framework are documented in RACMs as standard models for all entities and then specifically for each individual entity. All controls in the internal control framework are based on risk assessments of financial flows that impact the financial reporting in general and more specifically for the individual entities.

Monitoring

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

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

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

Special evaluations may be performed through:

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

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

Information and communication

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

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

Elekta provides the financial markets and other stakeholders with continuous external information and communication regarding the Group's and the Company's financial performance and position in accordance with the communication policy. External information and communication regarding financial reporting is provided in the form of:

- Interim reports, year-end reports and annual reports
- Press releases on news and events that may significantly affect the Group's valuation and future prospects
- Presentations and telephone conferences for financial analysts, investors and media representatives on a regular basis
- Capital market days arranged to inform the capital market about strategic changes or in depth information when needed

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

Activities in the fiscal year 2019/20

During the fiscal year 2019/20, the performed activities have primarily focused on review of timeliness and quality of internal control performance, improvement of management reporting regarding adherence to the internal control framework as well as ongoing internal control improvements. In addition, the implementation of the internal control framework in some small sized group companies has continued as planned and the implementation in the companies that have been included in the Group has been initiated and is currently being implemented. Annual update of the internal control framework has been performed according to plan as well as annual sign-off by management. Information relating to the results of the independent reviews were addressed at the meetings of the audit committee and subsequently followed up by the board.

Activities in the fiscal year 2020/21

During the fiscal year 2020/21, focus will continue to be on reviews of timeliness and quality of internal control performance and also increase efficiency and centralization of control performance. Furthermore, on-going implementation of internal control framework in new entities will be continued and any new entities will be included continuously. Also, additional risk-based reviews on the quality of financial reporting, underlying processes and control points in smaller and/or new entities will be performed.

	Laurent Leksell	**Caroline Leksell Cooke**	**Johan Malmquist**	**Tomas Puusepp**
First elected:	1972	2017	2015	2013
	■ Board chairman ■ Chairman of the compensation and sustainability committee	■ Member of the board ■ Member of the audit committee ■ Member of the compensation and sustainability committee[1]	■ Member of the board ■ Member of the audit committee	■ Member of the board
Attendance:	■ 13/13 ■ 4/4	■ 13/13 ■ 5/5 ■ 2/4	■ 13/13 ■ 5/5	■ 13/13
Total fees (SEK):	■ 1,280,000 ■ 115,000	■ 550,000 ■ 150,000 ■ 80,000	■ 550,000 ■ 150,000	■ 550,000
Year of birth:	1952	1981	1961	1955
Education:	MBA and PhD from Stockholm School of Economics, Sweden	BSc Degree Stockholm University, studied marketing at Wharton School at the University of Pennsylvania and at Columbia Business School	BSc Degree Stockholm School of Economics, Sweden	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:	Independent of the Company and the executive management, not independent of the major shareholders	Independent of the Company and the executive managent, not independent of the major shareholders	Independent of the Company and the executive management and independent of the major shareholders	Not independent of the Company and the executive management, independent of the major shareholders
Other board assignments:	Board chairman: Leksell Social Ventures and Stockholm School of Economics Board member: International Chamber of Commerce (ICC)	Board chairman: Bonit Invest S.A./N.V Board member: Leksell Social Ventures` investment comittee	Board chairman: Getinge AB and Arjo AB Board member: Mölnlycke Health Care AB, Dunker-stiftelserna, Chalmers University of Technology Foundation, Trelleborg AB and Stena Adactum AB	Board member: The Swedish American Chamber of Commerce in New York, Permobil AB and Sectra AB (publ).
Holdings in Elekta AB: (own and closely related parties as per April 30, 2020)	14,980 769 A-shares 8,056,624 B-shares	182,308 B-shares	20,000 B-shares	600,000 B-shares
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 Fontainbleau, and Visiting Scholar att Harvard Business School	Extensive experience in the areas of digital strategy, communication and technology and is currently responsible for major international business in the role as industry manager at Google	Extensive experience from the medical technology industry, among others as president and CEO for Getinge AB from 1997 to 2015. Before that various positions within the Getinge group and Electrolux Group	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

1) Elected as new member of the compensation and sustainability committee in connection with the AGM 2019 and has thereafter participated in 2 out of 2 committee meetings.

			
Wolfgang Reim	**Jan Secher**	**Birgitta Stymne Göransson**	**Cecilia Wikström**
2011	2010	2005	2018
■ Member of the board ■ Member of the compensation and sustainability committee	■ Member of the board ■ Member of the audit committe	■ Member of the board ■ Chairman of the audit committe	■ Member of the board ■ Member of the compensation and sustainability committee
■ 12/13 ■ 4/4	■ 12/13 ■ 4/5	■ 13/13 ■ 5/5	■ 13/13 ■ 4/4
■ 550,000 ■ 80,000	■ 550,000 ■ 150,000	■ 550,000 ■ 240,000	■ 550,000 ■ 80,000
1956	1957	1957	1965
Master of Sciences and Doctor of Phsyics from the Federal Institute of Technolgy ETH in Zurich	Master of Science in Industrial Engineering and Management from Linköping University, Sweden	MBA from Harvard Business School and Master of Science in Chemical Engineering and Biotechnology from the Royal Institute of Technology in Stockholm, Sweden	Bachelor in theology from Uppsala University
Independent of the Company and the executive management and independent of the major shareholders	Independent of the Company and de executive management and independent of the major shareholders	Independent of the Company en the executive managament and independent of the major shareholders	Independent of the Company and the executive management and independent of the the major shareholders
Board chairman: Ondal Medical Systems GmBH Board member: GN Store, Nord A/S, LAP GmBH and Audeering GmbH	Board chairman: Peak Management AG Board Member: IKEM (Innovation and Chemical Industries in Sweden) from May 2016 and The European Chemical Industry Council from October 2014	Board chairman: MAG, Interactive AB and BCB Medical OY Board member: Pandora AS, Enea AB and Leo Pharma	Board chairman: EIPA (the European Institute of Public Administration in Maastricht Board member: Beijer Alma AB (publ) and Örebro University
17,500 B-shares	28,800 B-shares	6,100 B-shares	1,100 B-shares
CEO of Amann Girrbach AG since 2020. Independent consultant focusing on the medical technology industry and interim CEO at DORC BV in 2016 and Ondal Medical Systems in 2013. Before that, CEO of Dräger Medical AG from 2000 to 2006. At Siemens from 1986 until 2000, as CEO of the Ultrasound Division (1998–2000) and President of the Special Products Division (1995–1998)	President and CEO of Perstorp Holding AB from September 2013. Previously President and CEO of Ferrostal 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	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 management positions, including McKinsey, Gambro and Åhléns	Senior Advisor Prime Weber Shandwick. Member of the European Parliament from 2009 to 2019 and M.P in the Swedish Parliament from 2002 to 2009, Priest within the Swedish Church during the last 26 years, among others as Cathedral Chaplain and University Chaplain, Senior Consultant at Michaël Berglund Chefsrekrytering, Author of leadership books, of which one became the Best Leadership Book of the year 2004

Gustaf Salford

Year of birth: 1977

Acting President and CEO

Employed since: 2009

Holdings[1)]: 2,100 B-shares

Education: MSc in Business Administration, Stockholm School of Economics

Johan Adebäck

Year of birth: 1964

Acting Chief Financial Officer (CFO)

Employed since: 2004

Holdings[1)]**:** 4,000 B-shares

Education: BSc in Business Administration and Economics, Stockholm University

Paul Bergström

Year of birth: 1974

EVP Global Services

Employed since: 2017

Holdings[1)]: –

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

Jonas Bolander

Year of birth: 1966

General Counsel and EVP

Employed since: 2001

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

Education: Master of Laws from Stockholm University

Caroline Mofors

Year of birth: 1972

SVP Chief Complience and Integrity Officer

Employed since: 2014

Holdings[1)] : –

Education: Master of Laws and Master Degree in Litigation, Arbitration and Alternative Dispute Resolution from University of Paris II, Parthéon-Assas

Habib Nehme

Year of birth: 1964

EVP India, Middle East and Africa

Employed since: 2018

Holdings[1)]**:** –

Education: Master in Biomedical Engineering, University of Technology of Compiègne, Electrical Engineering degree, Jesuits Saint Joseph university of Beirut and a Marketing degreee, Business School of HEC, Paris

Ioannis Panagiotelis

Year of birth: 1972

Chief Marketing and Sales Officer (SMSO) and EVP for APAC, Japan and South America

Employed since: 2017

Holdings[1)]: –

Education: MSc in Medical Physics and a PhD in Biomedical Physics and Bioengineering from the University of Aberdeen, and MBA from IESE Business School in Barcelona

Verena Schiller

Year of birth: 1980

President Neuro Solutions

Employed since: 2008–2010 and since 2012

Holdings[1)]**:** 2,181 B-shares

Education: Radiation Therapist

Anming Gong

Year of birth: 1964

EVP, Head of Region China

Employed since: 2009

Holdings[1]: –

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

Lionel Hadjadjeba

Year of birth: 1958

President MR-linac Solutions

Employed since: 2019

Holdings[1]: –

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

John Lapré

Year of birth: 1964

President Brachy Solutions

Employed since: 2011

Holdings[1]: 5,250 B-shares

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

Renato Leite

Year of birth: 1972

EVP, Head of Region Europe

Employed since: 2018

Holdings[1]: –

Education: MSc Biomedical Engineering, COPPE/UFRJ, Rio de Janeiro; BSc Mechanical Engineering, Federal University of Rio de Janeiro; Advanced Business Management, Babson College, Massachusetts

Karin Svenske Nyberg

Year of birth: 1966

EVP Human Resources

Employed since: 2017

Holdings[1]: 1,200 B-shares

Education: MSc Chemical Engineering, Royal Institute of Techonolgy, Stockholm, and Behavioural Science, Stockholm University

Maurits Wolleswinkel

Year of birth: 1971

President Linac Solutions

Employed since: 2011

Holdings[1]: 16,216 B-shares

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

Steve Wort

Year of birth: 1963

Chief Operating Officer (COO)

Employed since: 1991

Holdings[1]: –

Education: Senior Executive Programme, London Business School; Post Graduate Diploma in Management Southbank University, London

Larry Biscotti[2]

Year of birth: 1974

EVP, Region North and Central America

Employed since: 2018

Holdings[1]: –

Education: Bachelors of Science in Economics, Cornell University. MBA Global Business, Pepperdine University. Advanced Management, PLD, Harvard Business School.

Andrew Wilson[2]

Year of birth: 1970

President Oncology Informatics Solutions

Employed since: 2006

Holdings[1]: –

Education: BSc Health Science, University of Sydney

Richard Hausmann was President and CEO of Elekta until his resignation on June 2, 2020.

1) Own and closely related parties on April 30, 2020.
2) Members of Elekta's Executive Management since July 2020.

Auditor's report on the corporate governance statement

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

Engagement and responsibility
It is the Board of Directors who is responsible for the corporate governance statement for the year 2019-05-01–2020-04-30 on pages 63–79 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

Stockholm, July 10, 2020

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

Rickard Andersson
Authorized Public Accountant

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

> ”Despite the strong impact from Covid-19 in the last quarter we secured a modest revenue growth for the year and increased EBITA in absolute figures.”
>
> **Johan Adebäck**
> Acting CFO

FINANCIAL REPORTING

Content

Board of Directors' Report

The Board of Directors and the CEO of Elekta AB (publ.), corporate identity number 556170-4015 and registered office in Stockholm, hereby submit the consolidated financial statements and annual report for the fiscal year 2019/20, covering the period May 1, 2019 – April 30, 2020. Amounts in parentheses indicate values for the previous fiscal year. Elekta AB (publ.) is referred to as "Elekta AB" or "the Parent Company" and the Elekta Group, which includes Elekta AB and its subsidiaries, is referred to as "Elekta" or "the Group".

Elekta's operations

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

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

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

Market

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

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

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

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

Financial guidance

Elekta's aim is to achieve sustainable profitable growth. Elekta conducts its operations based on a strategic plan which is regularly reviewed and evaluated by the Board of Directors. Due to the uncertainties related to the Covid-19 pandemic Elekta has withdrawn the scenario on a mid-term basis and has not published an outlook for the fiscal year 2020/21. Elekta will first give an outlook when it is possible to further quantify the impact of Covid-19 on the radiation therapy market and the effect on Elekta's business.

Fiscal year 2019/20

Order intake and order backlog

The Covid-19 pandemic and locked down countries impacted order intake increasingly negative in the fourth quarter and thus had an impact on the full year order development. Gross order intake increased by 6 percent and 1 percent based on constant exchange rates. The order backlog was SEK 34,689 M on April 30, 2020, compared with SEK 32,003 M on April 30, 2019. Orders that are canceled or not expected to materialize as planned are removed from the order backlog. The order backlog was affected by translation differences of SEK 461 M (1,763) relating to the revaluation of the order backlog at closing rates.

Geographic region: North and South America

In North and South America gross order intake decreased by 1 percent to SEK 5,024 M (5,049), corresponding to a 6 percent decrease based on constant exchange rates. During the year six Elekta Unity was ordered in the region and during the first quarter Elekta Unity was approved in Brazil. The order intake in South America had good growth with positive development in a number of countries. The order intake in North America decreased compared to last year.

Net sales was flat at SEK 4,482 M (4,501), corresponding to a decrease of 6 percent in constant exchange rates. The negative development was larger in South America than in North America compared to last year. Revenue from Solutions represented 44 percent of the region's total net sales. The contri-

The fiscal year 2019/20

- Gross order intake amounted to SEK 17,735 M (16,796), an increase of 6 percent and 1 percent based on constant exchange rates
- Net sales increased 8 percent to SEK 14,601 M (13,555), or 3 percent based on constant exchange rates
- EBITA increased by 2 percent to SEK 2,521 M (2,477), including a positive effect of SEK 66 M related to the revaluation of the prior interest in Palabra
- The EBITA margin was 17.3 percent (18.3)
- Operating result was SEK 1,657 M (1,696)
- Profit for the year amounted to SEK 1,084 M (1,198)
- Earnings per share amounted to SEK 2.84 (3.14) before/after dilution
- Cash flow from operating activities amounted to SEK 1,014 M (1,621), representing an operational cash conversion of 35 percent (61)
- Cash flow after continuous investments amounted to SEK 252 M (962)
- The Board of Diretors proposes to the Annual General Meeting a dividend of SEK 0.90 (1.80) per share for 2019/20

3%

increase in net sales based on constant exchange rates

bution margin in the region amounted to 40 percent (38), which was an improvement compared to last year.

In February Larry Biscotti became the new head of the region North and Central America.

For information on the market characteristics of the region North and South America see page 27.

Geographic region: Europe, Middle East and Africa

Gross order intake in the region increased by 4 percent to SEK 7,029 M (6,739) and by 1 percent based on constant exchange rates. Middle East and Africa had a good performance throughout the year, even if there was a sharp halt in the last month due to Covid-19. Strong performers within Europe were e.g. Russia, the UK, France and Germany. Eight Elekta Unity-systems were ordered in the region.

Net sales increased by 12 percent to SEK 5,547 M (4,956), corresponding to an increase of 9 percent based on constant exchange rates. The growth were strongest in Middle East and Africa but also positive in Europe. In the European market deliveries increased to e.g. Spain, the Netherlands and the UK. Revenue from Solutions represented 64 percent of the region's total net sales. The contribution margin in the region amounted to 32 percent (35).

For information on the market characteristics of the region Europe, Middle East and Africa see page 28.

Geographic region: Asia Pacific

Gross order intake in the region increased by 13 percent to SEK 5,682 M (5,008), corresponding to a 8 percent increase based on constant exchange rates. During the year 10 Elekta Unity-systems were ordered in the region. China is normally a strong growth market for Elekta, but this year Covid-19 impacted the development in China as well as in Thailand and Indonesia. Most other countries within Asia Pacific, including Japan, reported order growth compared to last year.

Net sales increased by 12 percent to SEK 4,572 M (4,098), corresponding to an increase of 6 percent based on constant exchange rates. The increase was mainly related to revenue growth in China, Vietnam, Taiwan, Thailand and Indonesia. Revenue from Solutions represented 72 percent of the region's total net sales. The contribution margin in the region amounted to 31 percent (32).

For information on the market characteristics of the region Asia Pacific see page 29.

Gross order intake

North and South America 5,024 SEK M
Europe, Middle East and Africa 7,029 SEK M
Asia Pacific, 5,682 SEK M

Net sales

North and South America 4,482 SEK M
Europe, Middle East and Africa 5,547 SEK M
Asia Pacific, 4,572 SEK M

Net sales
Covid-19 affected net sales in the fourth quarter as lock down of countries and limited access to hospitals led to delayed installations. The decrease in all three geographic regions in the fourth quarter affected full year revenue. Net sales for the full year increased by 8 percent to SEK 14,601 M (13,555), equivalent to an increase of 3 percent based on constant exchange rates. Solutions had a small positive development with a growth rate of 1 percent in constant currency. The service revenue grew by 6 percent based on constant exchange rates resulting from resilient revenues also during the pandemic and a growing installed base. Geographically all three regions grew except North and South America. For net sales in the regions see each section above.

Earnings
Gross margin was 42.0 percent (41.9). Operating expenses increased by 3 percent based on constant exchange rates, related to investments in the sales organization to capture market growth and investments in new IT platforms and operational excellence. Selling and administrative expenses amounted to SEK 2,537 M (2,335), corresponding to 17 percent (17) of net sales.

EBITA amounted to SEK 2,521 M (2,477) representing a margin of 17.3 percent (18.3).

The effect from changes in exchange rates was SEK 298 M (80), including hedges. Operating result was SEK 1,657 M (1,696), corresponding to an operating margin of 11 percent (13). The operating result included a positive effect of SEK 66 M related to the revaluation of the prior interest in Palabra, reported as part of other operating income and expenses in the fourth quarter.

Net financial items amounted to SEK –203 M (–116). Interest on lease liabilities under IFRS 16 amounted to SEK –51 M and was the key driver of the change. Profit before tax amounted to SEK 1,454 M (1,580) and tax amounted to SEK –370 M (–382), representing a tax rate of 25 percent (24). The higher tax rate was mainly driven by a geographic mix effect. Profit for the year amounted to 1,084 M (1,198).

Earnings per share amounted to SEK 2.84 (3.14) before/after dilution. Return on shareholders' equity amounted to 14 percent (17) and return on capital employed amounted to 12 percent (15).

Investments and depreciation
Continuous investments were SEK 761 M (658). Investments in intangible assets amounted to SEK 566 M (458) and were mainly related to ongoing R&D programs. The increase was related to a higher level of capitalized development costs due to progress in R&D projects. Investments in tangible assets amounted to SEK 196 M (201). Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 1,275 M (943).

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, increased by 6 percent (3) and amounted to SEK 1,473 M (1,386), equal to 10 percent (10) of net sales. Costs related to the R&D function amounted to SEK 1,657 M (1,592). Capitalization and amortization of development costs in the R&D function decreased to a net of SEK –176 M (–206). Capitalization amounted to SEK 555 M (453) and amortization to SEK 731 M (660). The increase in amortization is explained by higher amortization of Elekta Unity post the CE mark.

Cash flow
Cash flow from operating activities decreased by SEK 607 M to SEK 1,014 M (1,621). Cash flow after continuous investments decreased to SEK 252 M (962). Operational cash conversion was 35 percent (61). The decline in cash flow was mainly due to increased levels of net working capital.

See page 98 for more information on the consolidated cash flow.

Financial position
Cash and cash equivalents and short-term investments amounted to SEK 6,470 M (4,119) and interest-bearing liabilities excluding lease liabilities amounted to SEK 8,102 M (4,558). Thus, net debt amounted to SEK 1,632 M (439). Net debt in relation to EBITDA was 0.56 (0.17).

Medium term notes (MTN) amounting to SEK 1,000 M was repaid according to the maturity plan on March 26, 2020. GBP 18 M of loan was repaid on March 30, 2020. Medium term notes (MTN) amounting to SEK 1,500 M was issued in March 2020 with SEK 500 M on a 3 year tenor and SEK 1,000 M on a 5 year tenor. In April 2020 a 7 year bank loan of GBP 90 M and a 2 year bank loan of SEK 300 M was finalized.

The exchange rate effect from the translation of cash and cash equivalents amounted to SEK –5 M (142). The translation difference in interest-bearing liabilities amounted to SEK 25 M (129). Other comprehensive income was affected by exchange rate differences from translation of foreign operations amounting to SEK 30 M (243).

See page 94 for more information on the consolidated balance sheet.

Employees
The average number of employees during the year was 4,117 (3,798). The number of employees on April 30, 2020 totaled 4,100 (3,897). Value added per average employee amounted to SEK 1,391 T (1,429).

Legal disputes
humediQ
As previously reported humediQ GmbH (now Livian GmbH) has initiated an arbitration against Elekta group companies. The oral hearing in the arbitration was held in October 2019 and final submissions have been made. Elekta is of the opinion that all claims raised in the arbitration are unjustified and baseless. Elekta expects the arbitral award in the first quarter of Elekta's 2020/21 fiscal year.

Italian case to court
As communicated in November 2015 Elekta's subsidiary in Italy and some former employees are suspected of interfering with public procurement processes. The case has been referred to trial, which started in February 2020.

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

GenesisCare order

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

Acquisition of Kaiku Health

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

Sustainability

Elekta presents sustainability information in the section Business overview and Indept sustainability report. Elekta AB has prepared a statutory sustainability report in accordance with Chapter 6 Section 11 of the Swedish Annual Accounts Act. The references to the statutory sustainability report are presented on page 62.

Quality

Elekta continue to focus on improving processes as one of their key strategic priorities. Elekta conducts regular audits to ensure compliance to established requirements from medical regulatory authorities. Where appropriate Elekta's development, production or sales units are certified in accordance with relevant ISO 9001 and ISO 13485 standards.

IT

Elekta's IT team has continued to drive a strong digital transformation agenda through the continued investments in new technologies. This has allowed us to deliver new workflows across the full range of business processes, including innovative new ways to bring our customers, partners and suppliers into our digital ecosystem. This is providing value across a diverse range of business activities, from the introduction of Artificial Intelligence (AI) in our Salesforce.com solution to automation and intelligence in our new cyber security platform to allow us to anticipate anomalous activity anywhere in our IT Systems. Not only will these investments help transform our business, but we are also innovating with technologies that will give benefits to our customers and suppliers. To secure all of our financial transactions, we have been working to digitalize end to end workflows to remove manual activities that can create security risk or inefficiencies for our partners.

This has involved the deployment of Coupa, a leading cloud-based procurement solution to strengthen our purchase to pay processes, and new capabilities to totally digitalize our invoicing and cash collection process by using the Tungsten network. This will allow Elekta to quickly adopt new government standards for secure transactions, but also help customers in all markets with the capability to interact quickly and securely with orders, invoices and payments.

Our migration efforts to Cloud infrastructure services has allowed Elekta IT to provide a scaleable and agile service to provide access to computing services wherever they are needed. This has allowed us to decommission our data centre in Hong Kong and make plans to relocate the main UK Data Centre to a much smaller footprint, with all of the environmental benefits that comes with the reduced power consumption from our equipment. By giving access around the world to cloud-based computing, requirements as diverse as administering the classroom facilities in the Elekta Regional Training Centres, providing on-demand computing services to our software engineers, and centrally managing the big data requirements have been rapidly satisfied. Cloud enablement for the Linac physics beam data modelling platforms have substantially reduced the time required for pre-clinical calibration. We have achieved operational efficiencies by extending the use of cloud technologies for operational IT and digital workspace solutions for employees, including the use of new generation mobile solutions for sales- and field service teams. Our IT Cloud Service Operations group is delivering products through advanced public cloud technologies and preparing

Significant events during the year

MAY 2019 – APRIL 2020

Sales and distribution agreement with C-RAD

In July, 2019, Elekta signed a sales and distribution agreement with C-RAD, a Swedish company specializing in positioning and surface scanning products. C-RAD's catalyst system supports Elekta's products, in particular Versa HD™, to meet the growing demand for surface image guided radiation therapy.

Elekta Unity receives approval in Brazil

In July, 2019, Elekta Unity MR-Linac received regulatory approval from the Brazilian National Health Surveillance Agency ANVISA (Agência Nacional de Vigilância Sanitária).

Exclusive distribution agreement with DOSisoft

In September, 2019, Elekta closed an exclusive distribution agreement with DOSIsoft for distribution of key patient-specific QA solutions. DOSIsoft's three QA products completes Elekta's QA portfolio – a comprehensive suite of easy-to-use, web-based tools – positioning Elekta as a single-source provider of QA software.

Sole source agreement with Premier

In September, 2019 Elekta signed a sole source agreement with Premier, a leading US healthcare improvement company uniting approximately 4,000 hospitals in the US. The agreement allows Premier's members to take advantage of pre-negotiated special pricing and terms for linacs, Elekta Unity MR-linacs, oncology informatics and services.

Updated outlook of EBITA margin

In November, 2019, Elekta published preliminary results for the second quarter and updated outlook of EBITA margin from around 19 percent, to around 18 percent, for fiscal year 2019/20.

Collaboration with ViewRay

In December, 2019, Elekta announced a collaboration with ViewRay for the advancement of MR-guided radiation these solutions for global availability. Elekta will continue its commitment to the Salesforce.com platform, on which we run all of the customer facing business operations. By extending the use of this system, we have work underway to invest in our Customer Portal, which allows us to connect with our customers for them to gain access to support services from Elekta and manage their installed base of clinical equipment. This will soon include all of our distributor partners so that we will all share the same view of the installed equipment and together we can benefit from the alerting, automation, AI and reporting that is available through Elekta Intellimax®. In the first month of service, over 9,000 customers accessed the new customer portal to collaborate with Elekta.

Risks

Elekta's presence in a large number of geographical markets leave it open to potential exposure to political and economic risk on a global scale and in individual countries or regions. United Kingdom's decision to leave the European Union, as an example, might lead to economic uncertainty that may impact Elekta since an important part of the business is located in the United Kingdom. In some markets weak economic development and strained finances may mean less availability of financing for private customers and reduced future healthcare spending by governments. Elekta's operational, strategic, external, and financial risks are described on page 30 together with the risk management process. Elekta's financial risks are described in more detail in Note 2.

Sensitivity analysis

Elekta's operation is project based with relatively big deliveries to customers. The lead time from delivery to installation can therefore vary from period to period. Quarterly variations of delivery volumes occur, which has a high impact on net sales and net income each quarter. Elekta's gross margin can also vary from period to period depending on product and geographic mix and currency movements. During the year, Elekta had a gross margin of 42.0 percent (41.9).

As a result of its international operations and structure, Elekta has a significant exposure to exchange rate fluctuations. This pertains primarily to expenses in SEK and GBP against revenue in USD and EUR. Based on the year's income, expense and currency structure a general change of 1 percentage point in the SEK exchange rate against other currencies would affect the Group's net profit and shareholders' equity by approximately +/– SEK 24 M (21). In the short term, the effect is reduced through hedging.

Based on the balance sheet structure at year-end a general change of 1 percentage point in the interest on borrowings and investments would affect the Group's profit before tax by approximately +/– SEK 1 M (5).

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 137 M (624) inclusive of dividends from subsidiaries of SEK 297 M (783). Total assets amounted to SEK 14,778 M (11,507) of which shares in subsidiaries amounted to SEK 2,251 M (2,439) and receivables from subsidiaries amounted to SEK 6,639 M (5,829). Cash and cash equivalents and short-term investments at year-end amounted to SEK 5,387 M (2,986). Shareholders' equity amounted to SEK 2,346 M (2,898). Interest-bearing liabilities amounted to SEK 12,327 M (8,487), of which SEK 4,283 M (3,934) constituted liabilities to subsidiaries. The average number of employees during the year was 41 (37). The number of employees on April 30, 2020 was 41 (38). For further information refer to the Parent Company's financial reports and the accompanying notes.

therapy. The key objective of the collaboration is to advance MR-Linac technology and its application as the radiation therapy with superior precision, medical outcomes, and operational cost efficiency. In connection with the collaboration, Elekta made an investment in ViewRay of USD 36 M for 11,501,597 shares corresponding to approximately 7.6 percent of the outstanding common stock on a fully diluted basis in ViewRay's underwritten public offering.

FDA clearance of diffusion-weighted images

In December, 2019, Elekta received 510(k) premarket notification from the U.S. FDA for the use of diffusion-weighted MR images (DWI) obtained with Elekta Unity. This expands the clinical utility of Elekta Unity to include biologic assessment of tumor response during therapy, allowing treatment adaptation based not just on gross anatomic changes but also on early biologic changes at the cellular level.

Changed outlook and challenges related to Covid-19

In April, 2020, Elekta changed the outlook for the fiscal year 2019/20 as a result of the impact of the pandemic. The new outlook stated a net sales growth of around 1 percent compared to last year based on constant currency, and an EBITA margin between 16 and 17 percent. Due to ongoing uncertainties related to the development of the pandemic Elekta also withdrew the scenario for 2020/21 to 2022/23.

New Head of Region North and Central America

In February, 2020, Elekta appointed Larry Biscotti as new head of North and Central America. Larry, who replaced Peter Gaccione, has been with Elekta since 2018 and has long experience within the diagnostic imaging and therapy business, with extensive knowledge as a product specialist, direct sales, strategic sales management in various leadership positions.

Shares

The total number of registered shares on April 30, 2020 was 383,568,409 divided between 14,980,769 A-shares and 368,587,640 B-shares. One series A-share entitles the holder to 10 votes and series B-shares entitle the holder to one vote for each share. All shares carry equal rights to participate in the Company's assets and profits. In accordance with Section 12 of 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 10 percent of total votes. On April 30, 2020, treasury shares amounted to 1,485,289 (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 page 34 for more information on Elekta's share.

Dividend and proposal to repurchase shares

For 2019/20, the Board of Directors proposes to the Annual General Meeting a dividend of SEK 0.90 (1.80) per share. Total proposed dividend amounts to approximately SEK 344 M (688) and 32 percent (57) of the group net profit for the year.

The Board of Directors intends to propose to the 2020 Annual General Meeting a renewal of the board's authorization to decide on the acquisition of a maximum number of own shares so that, after the acquisition, the company holds no more than 10 percent of the total number of outstanding shares in Elekta AB.

Appropriation of profit

Amounts in SEK	April 30, 2020
Distributable shareholders' equity of the Parent Company	
Premium reserve	656,608,114
Retained earnings	1,204,483,757
Profit for the year	137,086,587
Total	1,998,178,458
The Board of Directors and the President and CEO propose:	
to be distributed to the shareholders, a total dividend of SEK 0.90 per share[1)]	343,874,808
and that the remaining amount be carried forward	1,654,303,650
Total	1,998,178,458

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 Parent Company's dividend policy, equity/assets ratio as well as its general financial position, whereby the Parent Company's ability to fulfill existing and foreseeable payment obligations in a timely manner, as well as potential acquisitions and other investments. The Parent Company's equity includes SEK 21 M pertaining to assets and liabilities measured at fair value in accordance with Chapter 4 Section 14 a of the Swedish Annual Accounts Act. The equity ratio and liquidity is reassuring, under the assumption that the Parent Company and the Group continue to be profitable. The impact of the proposed dividend on the Group's reported equity/assets ratio of 29 percent (32), will be marginal. Concerning the Parent 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 Parent Company, and other companies within the Group, from fulfilling their obligations, nor from making the necessary investments. The proposed dividend can therefore be justified in respect of Chapter 17, section 3, paragraphs 2 and 3 of the Swedish Companies Act (the prudence rule).

29% equity/assets ratio

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 – adopted by AGM 2019

The following guidelines for remuneration and other terms of employment for the executive management of the Group were adopted by the Annual General Meeting 2019.

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 annual incentive/ bonus. 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 goals for the variable salary component are established annually by the board to sustain the business strategy and objectives. Other KPIs may be used to drive focus on non-financial objectives of particular interest.

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 or annually.

If performance related financial goals within the variable salary plan exceeding 100 percent of the target, there is the opportunity for additional compensation for over performance. The annual incentive entails a potential to earn a maximum of 200 percent of the target variable salary component. Accordingly, the maximum payout level for the sum of the variable salary component is capped at a 200 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 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 and, during specific circumstances, to be entitled to severance payment equal 6–12 months employment. In the event of a material change of control, the President and CEO shall be entitled to an extra severance payment equal to 18 months employment.

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.

Guidelines for salary and other remuneration to executive management – proposal to AGM 2020

The Board of Directors proposes that the Annual General Meeting to be held on 26 August 2020 adopt the following guidelines for salary and other remuneration for Directors, the President and CEO and – where appropriate – Vice President and other executive management. Other executive management means members of the Executive Management of Elekta AB (publ). The guidelines shall apply to employment agreements executed after the Annual General Meeting and any modifications to existing employment agreements that are made after the Annual General Meeting. The guidelines do not apply to board fees decided upon by general meetings or such issues and transfers covered by Chapter 16 of the Companies Act.

The guidelines' promotion of the Company 's business strategy, long-term interests and sustainability
The Company's business strategy is, in brief, as follows. Thought and market leadership in Precision Radiation Medicine. Precision means our solutions hit the target precisely, sparing healthy tissue and reducing negative side effects and complications for better patient outcomes. Radiation stands for using our core competence in radiation treatment of tumor and neurological diseases with optimized and tailored solutions. Medicine is to deliver software that help to improve cancer survival rates by being efficient and supportive, assisting clinicians worldwide in providing the highest standard of care. For further information about Elekta's strategy see page 11.

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

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

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

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

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

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

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

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

Share-related long-term incentive programs
The Board of Directors uses long-term incentive programs to ensure alignment between the interests of the shareholders and the interests of executive management and other key individuals in the Company. The Board of Directors shall each year assess whether a share-related long-term incentive program should be proposed to the Annual General Meeting. More information about current share programs is available in Note 7 and on the Company's website and,

with respect to the proposed share program, in items 15 a) and 15 b) of the material for the annual general meeting. These long-term incentive programs promote the Group's business strategy and long-term interests including its sustainability by strengthening the Group's ability to recruit and retain employees, diversifying and increasing share ownership among key individuals and ensuring a shared focus on long-term growth in value for the shareholders.

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

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

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

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

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

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

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

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

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

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

Previously decided remuneration that is not yet due for payment
The Company has three ongoing share-related programs that have not yet fallen due for payment. These are programs decided upon in 2017, 2018 and 2019. More information about current share programs is available in Note 7 and on the Company's website.

Consolidated income statement

SEK M	Note	2019/20	2018/19
Net sales	6	14,601	13,555
Cost of products sold		–8,464	–7,875
Gross profit		**6,138**	**5,680**
Selling expenses		–1,444	–1,296
Administrative expenses		–1,093	–1,039
R&D expenses		–1,657	–1,592
Other operating income and expenses		11	23
Exchange rate differences		–298	–80
Operating result	5–10	**1,657**	**1,696**
Income from participations in associates	12	–4	3
Financial income	12	63	66
Financial expenses	12	–215	–186
Interest expenses lease liabilities	12	–51	–
Exchange rate differences	12	4	2
Profit before tax		**1,454**	**1,580**
Income taxes	15	–370	–382
Profit for the year		**1,084**	**1,198**
Profit attributable to:			
Parent Company shareholders		1,084	1,198
Non-controlling interests		0	0
Earnings per share:			
Before dilution, SEK		2.84	3.14
After dilution, SEK		2.84	3.14
Average number of shares:			
Before dilution, thousands		382,062	382,027
After dilution, thousands		382,062	382,027

Consolidated statement of comprehensive income

SEK M	Note	2019/20	2018/19
Profit for the year		**1,084**	**1,198**
Other comprehensive income			
Items that will not be reclassified to the statement of income:			
Remeasurements of defined benefit pension plans	28	–8	–1
Net gain/(loss) on equity instruments designated at fair value	21	–104	–
Tax	15	24	1
Total items that will not be reclassified to the statement of income		**–88**	**–1**
Items that subsequently may be reclassified to the statement of income:			
Revaluation of cash flow hedges	3	37	–101
Translation differences from foreign operations		30	243
Tax	15	–7	19
Total items that subsequently may be reclassified to the statement of income		**60**	**161**
Other comprehensive income, net		**–27**	**160**
Total comprehensive income		**1,057**	**1,358**
Comprehensive income attributable to:			
Parent Company shareholders		1,057	1,358
Non-controlling interests		0	0

Comments on the consolidated income statement

Net sales

Net sales increased 8 percent to SEK 14,601 M (13,555), corresponding to 3 percent increase based on constant exchange rates.

	Net sales, SEK M	Change, %[1]	Operating result, SEK M
Q1	3,228	9%	236
Q2	3,709	7%	321
Q3	3,656	5%	443
Q4	4,008	–6%	658
Full-year 2019/20	**14,601**	**3%**	**1,657**

[1] Compared to last fiscal year based on constant exchange rate

Earnings

Gross margin was 42.0 percent (41.9). The increase compared to last year was due to more software and services revenue. EBITA amounted to SEK 2,521 M (2,477), representing a margin of 17.3 percent (18.3). The effect from changes in exchange rates was approximately SEK 298 M (80) including hedges.

Operating result decreased by 2 percent and amounted to SEK 1,657 M (1,696). The operating result included a positive effect of SEK 66 M related to the acquisition of the remaining stake in Palabra and the revaluation of the prior interest, reported as part of the other operating income and expenses. Operating margin was 11 percent (13).

Research and development expenditures before capitalization of development costs increased by 6 percent to SEK 1,473 M (1,386) equal to 10 percent (10) of net sales. Capitalization of development costs and amortization of capitalized development costs amounted to net SEK –183 M (–208), of which SEK –176 M (–206) relates to the R&D function. The higher amortization compared to last year was explained by higher amortization of Elekta Unity post the CE mark. Capitalization within the R&D function amounted to SEK 555 M (453) and amortization to SEK 731 M (660).

The change in unrealized exchange rate effects from effective cash flow hedges amounted to SEK 37 M (–101) and is reported in other comprehensive income. Closing balance of unrealized exchange rate effects from effective cash flow hedges in shareholders' equity was SEK –33 M (–70) 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 –203 M (–116). Interest on lease liabilities under IFRS 16 amounted to SEK –51 M and was the key driver of the change, together with increased interest expense from new funding and negative results on short-term investments in the fourth quarter.

Income before tax amounted to SEK 1,454 M (1,580). Tax expense amounted to SEK –370 M (–382) or 25 percent (24). The higher tax rate was mainly driven by a geographic mix effect. Profit after tax amounted to SEK 1,084 M (1,198).

Result overview

SEK M	2019/20	2018/19
Operating result/EBIT	**1,657**	**1,696**
Amortization:		
Capitalized development costs	746	664
Assets relating business combinations	119	117
EBITA	**2,521**	**2,477**

Consolidated balance sheet

SEK M	Note	April 30, 2020	April 30, 2019
ASSETS			
Non-current assets			
Intangible assets	16	9,469	9,301
Right-of-use assets	17	1,156	–
Tangible fixed assets	18	968	957
Shares in associated companies	20	34	57
Other financial assets	3, 21	714	451
Deferred tax assets	15	504	402
Total non-current assets		**12,845**	**11,167**
Current assets			
Inventories	22	2,748	2,634
Accounts receivable	23	3,379	3,455
Accrued income	29	1,526	1,401
Current tax assets	15	138	158
Derivative financial instruments	3	97	72
Other current receivables	24	1,208	1,059
Short-term investments	25	62	45
Cash and cash equivalents	25	6,407	4,073
Total current assets		**15,566**	**12,897**
Total assets		**28,411**	**24,064**
EQUITY AND LIABILITIES			
Equity			
Parent Company shareholders:			
Share capital	26	192	192
Contributed funds		812	812
Reserves		1,278	1,217
Retained earnings		5,830	5,556
Parent Company shareholders, total		**8,113**	**7,778**
Non-controlling interests		1	1
Total equity		**8,113**	**7,779**
Non-current liabilities			
Long-term interest-bearing liabilities	27	7,101	3,558
Deferred tax liabilities	15	545	587
Long-term lease liabilities	27	1,043	–
Long-term provisions	28	235	188
Other long-term liabilities	3	73	55
Total long-term liabilities		**8,997**	**4,388**
Current liabilities			
Short-term interest-bearing liabilities	27	1,001	1,000
Short-term lease liabilities	27	213	–
Accounts payable	3	1,025	1,427
Advances from customers	29	4,103	4,883
Prepaid income	29	2,226	2,170
Accrued expenses	30	1,703	1,661
Current tax liabilities	15	246	166
Short-term provisions	28	179	188
Derivative financial instruments	3	105	94
Other current liabilities		501	308
Total current liabilities		**11,300**	**11,897**
Total equity and liabilities		**28,411**	**24,064**

For information about assets pledged and contingent liabilities see Note 32 and 33 respectively.

Comments on the consolidated balance sheet

The Group's consolidated balance sheet has been affected by changes in exchange rates. The balance sheets of the foreign subsidiaries are translated at the closing rate as per the closing date. The exchange rates used for translation as per April 30, 2020 and April 30, 2019 respectively are presented in the table on page 103.

Assets and capital employed

The Group's total assets increased by SEK 4,347 M to SEK 28,411 M (24,064). Fixed assets totaled SEK 10,437 M (10,258) of which goodwill amounted to SEK 6,311 M (5,914). Right-of-use assets amounted to SEK 1,156 M (0).

Current assets, excluding cash and cash equivalents and short-term investments, increased by SEK 318 M to SEK 9,096 M (8,778). Accounts receivable, accrued income and inventories increased by 2 percent (5). Inventory value in relation to net sales was 19 percent (19).

Cash and cash equivalents and short-term investments increased by SEK 2,351 M to SEK 6,470 M (4,119) at year-end, totaling 23 percent (17) of total assets. Of total bank balances SEK 8 M (8) were pledged primarily for commercial guarantees.

The Group's capital employed increased to SEK 17,472 M (12,337).

Liabilities and shareholders' equity

Interest-free liabilities and provisions increased by SEK 468 M to SEK 12,195 M (11,727). Interest-bearing liabilities amounted to SEK 9,358 M (4,558), of which SEK 1,256 (6) pertained to lease liabilities. Net debt amounted to SEK 1,632 M (439). Total equity was SEK 8,113 M (7,779). Return on shareholders' equity amounted to 14 percent (17) and return on capital employed amounted to 12 percent (15). Net debt/EBITDA ratio was 0.56 (0.17) and equity/assets ratio was 29 percent (32).

Working capital

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

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

Accounts receivable amounted to SEK 3,379 M (3,455) as per April 30, showing a decrease of 2 percent in SEK. The majority of non-due accounts receivable are normally due within 90 days.

In a limited number of customer projects, Elekta is providing financing through extended payment terms. Such receivables amounted to SEK 355 M (334) as per April 30 and are included in "Other financial assets" in the balance sheet and specified as "Contractual receivables" in Note 21.

Customer advances represent projects for which invoiced amounts exceed revenue recognized. Advances from customers amounted to SEK 4,103 M (4,883) as per April 30, a decrease of SEK 780 M.

Working capital

SEK M	**April 30, 2020**	April 30, 2019
Working capital assets		
Inventories	2,748	2,634
Accounts receivable	3,379	3,455
Accrued income	1,526	1,401
Other operating receivables	1,202	1,059
Sum working capital assets	**8,856**	**8,548**
Working capital liabilities		
Accounts payable	1,025	1,427
Advances from customers	4,103	4,883
Prepaid income	2,226	2,170
Accrued expenses	1,703	1,661
Short-term provisions	179	188
Other current liabilities	501	308
Sum working capital liabilities	**9,735**	**10,638**
Net working capital	**–879**	**–2,089**
Percent of net sales	–6%	–15%

Net working capital amounted to SEK –879 M (–2,089) at year-end, corresponding to –6 percent (–15) 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, 2018		**192**	**812**	**1,034**	**23**	**4,926**	**6,987**	**0**	**6,987**
Opening balance adjustment due to IFRS 9		–	–	–	–	–39	–39	–	–39
Profit for the year		–	–	–	–	1,198	1,198	0	1,198
Remeasurements of defined benefit pensions plans		–	–	–	–	–1	–1	–	–1
Cash flow hedges		–	–	–	–101[1)]	–	–101	–	–101
Translation differences from foreign operations		–	–	243	–	–	243	0	243
Tax relating to components of other comprehensive income	15	–	–	–	19	0	19	–	19
Other comprehensive income		–	–	243	–82	–1	160	0	160
Total comprehensive income		**–**	**–**	**243**	**–82**	**1,197**	**1,358**	**0**	**1,358**
Dividend		–	–	–	–	–535	–535	0	–535
Incentive programs		–	–	–	–	6	6	–	6
Transactions with the shareholders, total		**–**	**–**	**–**	**–**	**–529**	**–529**	**0**	**–529**
Closing balance April 30, 2019		**192**	**812**	**1,277**	**–59**	**5,556**	**7,778**	**1**	**7,779**
Opening balance May 1, 2019		**192**	**812**	**1,277**	**–59**	**5,556**	**7,778**	**1**	**7,779**
Opening balance adjustment due to IFRS 16		–	–	–	–	–31	–31	–	–31
Profit for the year		–	–	–	–	1,084	1,084	–	1,084
Remeasurements of defined benefit pensions plans		–	–	–	–	–8	–8	–	–8
Net gain/(loss) on equity instruments designated at fair value		–	–	–	–	–104	–104	–	–104
Cash flow hedges		–	–	–	37	–	37	–	37
Translation differences from foreign operations		–	–	30	–	–	30	–	30
Tax relating to components of other comprehensive income	15	–	–	–	–7	24	18	–	18
Other comprehensive income		–	–	30	30	–88	–27	–	–27
Total comprehensive income		**–**	**–**	**30**	**30**	**996**	**1,057**	**–**	**1,057**
Dividend		–	–	–	–	–688	–688	–	–688
Incentive programs		–	–	–	–	–3	–3	–	–3
Transactions with the shareholders, total		**–**	**–**	**–**	**–**	**–691**	**–691**	**–**	**–691**
Closing balance April 30, 2020		**192**	**812**	**1,307**	**–29**	**5,830**	**8,113**	**1**	**8,113**

1) Of which transferred to the income statement in 2019/20: SEK –145 M (–58)

Comments on changes in consolidated equity

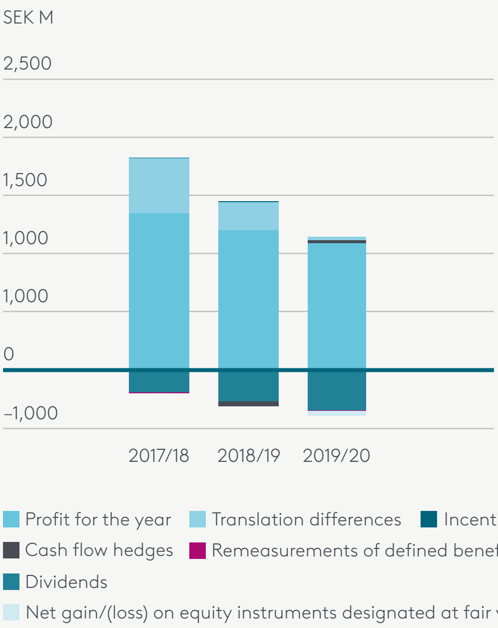
In 2019/20 Elekta paid a total dividend of SEK 688 M. The dividend payment has affected equity through a reduction of retained earnings.

The total number of shares in Elekta as of April 30, 2020, amounted to 383,568,409 of which 14,980,769 A-shares and 368,587,640 B-shares. See Note 26 for more information on share capital.

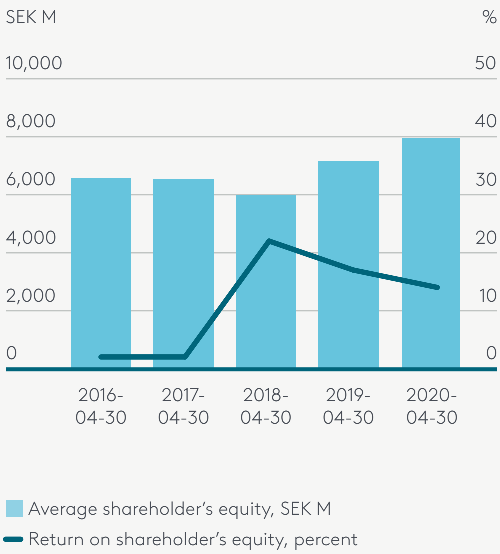
Total equity includes equity of foreign subsidiaries. Translation is performed at closing rate and the translation difference is reported in the translation reserve via other comprehensive income. The translation difference amounted to SEK 30 M (243) in 2019/20. Shareholders' equity in foreign currency 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 1,307 M (1,277) 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 2019/20 the change in the hedge reserve was SEK 30 M (–82) after tax and the closing balance of the hedge reserve was SEK –29 M (–59).

Changes in consolidated equity



Consolidated equity and return



Consolidated cash flow statement

SEK M	Note	2019/20	2018/19
Operating activities			
Profit before tax		1,454	1,580
Non-cash items:			
Depreciation and amortization	8, 16, 17, 18	1,275	943
Interest net	34	150	91
Other non-cash items etc.	34	54	21
Operating cash flow before interest and tax		2,932	2,635
Interest received		63	66
Interest paid		–208	–175
Income taxes paid	15	–261	–269
Operating cash flow		2,526	2,256
Change in inventories		–116	–20
Change in operating receivables		–434	–367
Change in operating liabilities		–962	–249
Change in working capital		–1,512	–636
Cash flow from operating activities		**1,014**	**1,621**
Investing activities			
Investments in intangible assets	16	–566	–458
Investments in machinery and equipment	18	–196	–201
Sale of fixed assets		0	0
Continuous investments		–761	–658
Cash flow after continuous investments		**252**	**962**
Business combinations	34, 36	–178	–85
Divestments	34	–	92
Short-term investments	34	–26	38
Investments associates	34	–	–6
Investments in other shares	34	–343	–58
Repayments from partnerships	20	10	3
Cash flow from investing activities		**–1,298**	**–674**
Cash flow after investments		**–284**	**946**
Financing activities			
Borrowings	34	4,745	500
Change in lease liabilities	34	–205	–
Repayment of debt	34	–1,229	–1,438
Dividend		–688	–535
Cash flow from financing activities		**2,624**	**–1,473**
Cash flow for the year		**2,339**	**–527**
Change in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		4,073	4,458
Cash flow for the year		2,339	–527
Exchange rate differences		–5	142
Cash and cash equivalents at the end of the year	25	**6,407**	**4,073**

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 95.

The operating cash flow (cash flow from operating activities exclusive of change in working capital) amounted to SEK 2,526 M (2,256), an increase of SEK 270 M compared with the preceding year.

Cash flow from operating activities decreased to SEK 1,014 M (1,621).

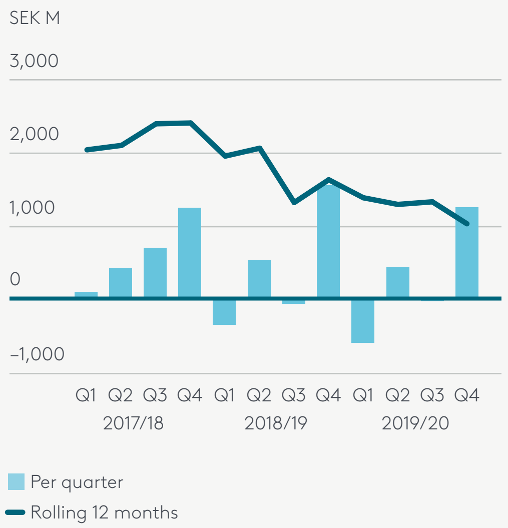
Cash flow from investing activities amounted to SEK –1,298 M (–674) including investments in intangible assets of SEK –566 M (–458).

Cash flow after continuous investments decreased by SEK 710 M to SEK 252 M (962). The decline in cash flow was due to increased levels of net working capital.

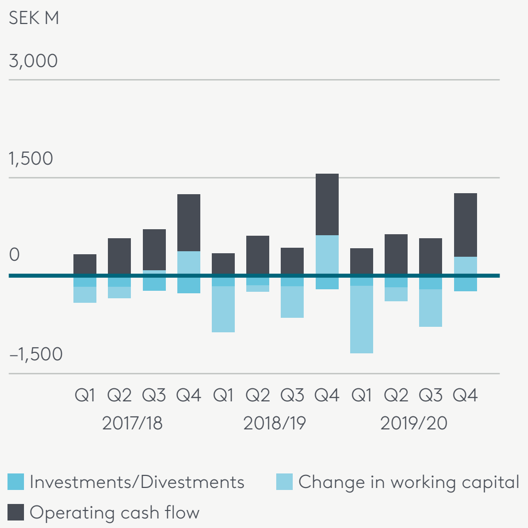
Cash flow after investments amounted to SEK –284 M (946), including payments relating to business combinations of SEK –178 M (–91).

Cash flow from financing activities amounted to SEK 2,624 M (–1,473).

Cash flow from operating activities



Specification of cash flow after continuous investments



Financial statements – Parent Company

Income statement – Parent Company

SEK M	Note	2019/20	2018/19
Administrative expenses		–131	–145
Operating result		**–131**	**–145**
Income from participations in Group companies	11	297	783
Income from participations in associated companies		0	–5
Interest income and similar items	13	220	192
Interest expenses and similar items	13	–195	–191
Write-down participations in other companies		–107	–
Exchange rate differences		3	2
Appropriations	14	14	–14
Profit before tax		**101**	**621**
Income taxes	15	36	3
Profit for the year		**137**	**624**

Statement of comprehensive income – Parent Company

SEK M	2019/20	2018/19
Profit for the year	**137**	**624**
Other comprehensive income		
Items that subsequently may be reclassified to the statement of income:		
Hedge of net investment	–	–
Tax	–	–
Other comprehensive income, net	**–**	**–**
Total comprehensive income	**137**	**624**

Balance sheet – Parent Company

SEK M	Note	April 30, 2020	April 30, 2019
ASSETS			
Non-current assets			
Intangible assets	16	53	60
Shares in subsidiaries	19	2,251	2,439
Shares in associated companies	20	6	6
Receivables from subsidiaries		2,391	2,393
Other financial assets	21	320	81
Deferred tax assets	15	41	3
Total non-current assets		**5,062**	**4,983**
Current assets			
Receivables from subsidiaries		4,248	3,436
Other current receivables	24	81	102
Short-term investments	25	–	45
Cash and cash equivalents	25	5,387	2,941
Total current assets		**9,716**	**6,524**
Total assets		**14,778**	**11,507**
EQUITY AND LIABILITIES			
Equity			
Share capital	26	192	192
Statutory reserve		156	156
Restricted equity		**348**	**348**
Premium reserve		657	657
Retained earnings		1,341	1,893
Unrestricted equity		**1,998**	**2,550**
Total equity		**2,346**	**2,898**
Untaxed reserves	14	**–**	**14**
Long-term provisions	28	**10**	**12**
Long-term interest-bearing liabilities	27	7,101	3,553
Total long-term liabilities		**7,111**	**3,579**
Current liabilities			
Short-term interest-bearing liabilities	27	942	1,000
Short-term liabilities to subsidiaries	27	4,283	3,934
Short-term provisions	28	1	0
Other current liabilities	31	95	95
Total current liabilities		**5,321**	**5,029**
Total equity and liabilities		**14,778**	**11,507**

Cash flow statement – Parent Company

SEK M	Note	2019/20	2018/19
Operating activities			
Profit before tax		101	621
Interest net	34	–44	–21
Other non-cash items	34	286	–51
Interest received		199	192
Interest paid		–156	–190
Income taxes paid	15	–2	0
Operating cash flow		**384**	**551**
Change in operating receivables		–783	251
Change in operating liabilities		359	2
Change in working capital		–424	253
Cash flow from operating activities		**–40**	**804**
Investing activities			
Shareholders' contributions paid	34	–7	–44
Divestments of subsidiaries	34	–	92
Short-term investments	25	45	38
Investment in associated companies	34	–	–6
Investments in other shares	34	–343	–58
Change in long-term receivables		–7	–14
Cash flow from investing activities		**–312**	**8**
Cash flow after investments		**–352**	**812**
Financing activities			
Borrowings		4,333	–
Repayment of debt		–868	–954
Dividend		–688	–535
Cash flow from financing activities		**2,777**	**–1,489**
Cash flow for the year		**2,425**	**–677**
Change in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		2,941	3,625
Cash flow for the year		2,425	–677
Exchange rate differences		21	–8
Cash and cash equivalents at the end of the year	25	**5,387**	**2,941**

Changes in equity – Parent Company

	Restricted equity		Unrestricted equity		
SEK M	Share capital	Statutory reserve	Premium reserve	Retained earnings	Total equity
Opening balance May 1, 2018	**192**	**156**	**657**	**1,818**	**2,823**
Opening balance adjustment due to IFRS 9	–	–	–	–17	–17
Profit for the year	–	–	–	624	624
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**624**	**624**
Dividend	–	–	–	–535	–535
Incentive programs	–	–	–	3	3
Transactions with the shareholders, total	**–**	**–**	**–**	**–532**	**–532**
Closing balance April 30, 2019	**192**	**156**	**657**	**1,893**	**2,898**
Opening balance May 1, 2019	**192**	**156**	**657**	**1,893**	**2,898**
Profit for the year	–	–	–	137	137
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**137**	**137**
Dividend	–	–	–	–688	–688
Incentive programs	–	–	–	–1	–1
Transactions with the shareholders, total	**–**	**–**	**–**	**–689**	**–689**
Closing balance April 30, 2020	**192**	**156**	**657**	**1,341**	**2,346**

Notes

NOTE 1
Essential accounting principles

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

This annual report, including the consolidated financial statements, was signed and approved for publication by the Board of Directors of Elekta AB on July 6, 2020. The statements of income and the balance sheets, for the Parent Company and the Group, included in the annual report and the consolidated financial statements, are subject to adoption by the annual general meeting on August 26, 2020.

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

Basis for preparation

Elekta's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) on April 30, 2020, the Swedish Annual Accounts Act and standard RFR 1 of the Swedish Financial Reporting Board. The Parent Company's financial reports have been prepared in accordance with the Swedish Annual Accounts Act and standard RFR 2 of the Swedish Financial Reporting Board.

Measurement basis

Assets and liabilities are recognized at historical cost apart from financial assets and liabilities that are short-term investments, derivatives and contingent considerations, which are recognized at fair value.

New and revised IFRS applied from May 1, 2019

The following amended standards were effective January 1, 2019 and have been applied from May 1, 2019.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases and the related interpretations IFRIC 4, SIC15 and SIC 27. The new standard has primarily affected the accounting for leases in the books of a lessee, whereas the accounting in all material aspects has remained unchanged for lessors. With the new standard there is no longer a distinction between operating and finance lease. All leases, with the exception of short-term leases and those of minor value, have been recognized in the balance sheet. Depreciation of lease assets must be separately recognized from interest on lease liabilities in the income statement. The major effect from implementing the new standard is related to operating lease agreements for offices, factories and warehouses. The standard was effective for annual reporting periods beginning on or after January 1, 2019 and Elekta has implemented the new standard as of May 1, 2019. For more information see note 39.

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 its subsidiaries. Subsidiaries are all companies in which the Group has a controlling interest. The Group has a controlling interest in a company when it has exposure, or right, to variable returns from its holding in the company and has the ability to use its power over the company to affect the returns. A subsidiary is included in the consolidated accounts from the point in time when the controlling interest is obtained until the point in time when the controlling interest ceases. Intra-group transactions, balance sheet items and unrealized intra-group profits are eliminated in the consolidated accounts.

The acquisition method

The consolidated accounts have been prepared in accordance with the acquisition method, which means that the cost of shares in subsidiaries is eliminated against their equity at the time of acquisition. Acquisition related transaction costs are not included in the cost of the shares but expensed as incurred. The equity in a subsidiary is determined on the basis of the fair value of assets, liabilities and contingent liabilities at the acquisition date. Thus, only the part of the subsidiary's equity which has arisen after the acquisition date is included in the consolidated accounts. In business combinations, where the sum of (i) the cost of shares in subsidiaries, (ii) the value of non-controlling interest and (iii) the fair value of previously held equity interest, exceeds the fair value of the Group's share of acquired identifiable net assets at acquisition, the difference is reported as goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are reported for the items for which the accounting is incomplete. Such amounts may be adjusted during the measurement period, or new assets or liabilities may be recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

Non-controlling interests

In connection with acquisitions of less than 100 percent, when a controlling influence is achieved, non-controlling interests are determined either as a proportional share of the fair value of identifiable net assets excluding goodwill or at fair value. Non-controlling interests are recognized as a separate item in the Group's equity. The Group's profit or loss and every component of other comprehensive income are attributable to the shareholders of the Parent and to non-controlling interests. Losses attributable to non-controlling interests are recognized even if this results in a negative balance. Subsequent acquisitions up to 100 percent and divestments of participations in a subsidiary that do not lead to a loss of controlling influence are recognized as equity transactions.

Translation of foreign subsidiaries

The Group companies prepare their financial statements in their functional currency, i.e. the currency used in the primary economic environment in which they mainly operate. These reports provide the basis for the consolidated accounts which are prepared in Swedish kronor (SEK), which is the functional currency of the Parent Company and the presentation currency. Unless otherwise stated, the amounts presented are in millions Swedish krona and, accordingly, rounding differences can occur. The income statements and balance sheets of foreign subsidiaries have been translated, from their respective functional currency, to the presentation currency of the Group. All items in the income statements have been translated at the average rate for the reporting period, while assets and liabilities in the balance sheets have been translated at the closing rate. Translation differences are reported in other comprehensive income.

Certain long-term financing related to subsidiaries, where a settlement is not considered to take place in the foreseeable future, is considered as an increase in the Parent Company's net investment in the subsidiaries. Taking the tax effect into consideration, exchange gains and losses are reported in other comprehensive income.

Income statement

Elekta presents its income statement classified by function where the operating expenses are allocated to cost of products sold, selling expenses, administrative expenses and R&D expenses. Exchange rate differences are reported on separate lines within the operating result. These have been identified as important to distinguish from operating revenue and costs directly related to functions in order to ease comparability over time.

Transactions and balances in foreign currency

Transactions in foreign currency are translated to the respective Group Company's functional currency by use of the currency rate prevailing on the transaction date. Monetary receivables and liabilities in foreign currency are similarly translated by use of the closing day rate. Exchange rate differences arising upon translation, and upon payment of the transaction, are reported in the income statement with the exception of those related to qualified hedge transactions, related to cash flows or net investments, which are recognized in equity under other comprehensive income. Exchange rate gains and losses on operating balance sheet items are recognized in the operating result. Exchange rate gains and losses on loans and investments are recognized as financial items. Non-monetary assets and liabilities carried at historical cost are translated at the exchange rate prevailing on the transaction date.

Cash flow statement

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

Exchange rates

		Average rate		Closing rate	
Country	Currency	**2019/20**	2018/19	**April 30, 2020**	April 30, 2019
Australia	AUD	6.504	6.542	6.464	6.700
Canada	CAD	7.216	6.854	7.102	7.063
China	CNY	1.378	1.339	1.396	1.412
Euroland	EUR	10.681	10.378	10.694	10.640
United Kingdom	GBP	12.200	11.778	12.278	12.306
Hong Kong	HKD	1.234	1.151	1.271	1.212
Japan	JPY	0.089	0.081	0.092	0.085
USA	USD	9.637	9.028	9.847	9.510

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

NOTE 1 Essential accounting principles, cont.

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 and short-term investments are accounted for at fair value. Changes in the fair values of derivative financial instruments are reported in the income statement with the exception of exchange differences related to a monetary item that forms part of a net investment in a foreign subsidiary. Such value changes are recognized in equity under other comprehensive income. Contingent considerations are reported as provisions in the Parent Company.

Group contributions

Group contributions are reported in accordance with RFR 2. Group contributions received and given are recognized as income from participations in Group companies and increase of shares in subsidiaries respectively. The tax effect of group contributions is recognized in the income statement in accordance with IAS 12.

NOTE 2
Financial risk management

Accounting principles

See note 3 for accounting principles relating to financial instruments.

Financial risk factors

As a result of its operations, the Elekta Group is exposed to a number of financial risks: market risk, credit risk and liquidity risk. The Group's overriding risk management policy focuses on the unpredictability of financial markets and seeks to reduce any potentially unfavorable effects on the Group's financial results.

Risk management is conducted by the Group's finance department, which identifies, evaluates and hedges financial risks. Work is pursued in line with the policies established by the board for overarching risk management and for specific areas such as currency risk, interest-rate risk, credit risk, utilization of derivative instruments and financial instruments that are not derivatives, and the investment of surplus liquidity.

Market risk

Market risk encompasses currency risk, interest-rate risk and price risk. The Group's exposure to and management of currency risk and interest-rate risk are described below. The Group's exposure to price risk is limited and is not described in particular.

Currency risk

Because of its international operations, the Group is exposed to currency risks in the form of transaction exposure and translation exposure. Transaction exposure arises as a result of future business transactions and translation exposure emerges as a result of recognized assets and liabilities in foreign currency as well as net investments in foreign operations. The Group's currency risk mainly arises from currency exposures in US dollars (USD), Euro (EUR), British Pounds (GBP), Japanese Yen (JPY) and Chinese Yuan (CNY).

The Group's net revenue arises primarily in USD, EUR and JPY, while the Group's net expenses largely arise in GBP, EUR and USD. Sales companies primarily have income and expenses in their functional currency while production companies are to a greater extent exposed to currency risk as sales are largely in a currency other than the functional currency. The currency risk that arises from future business transactions and recognized assets and liabilities are managed using derivative contracts based on forecasted net flows and recognized net balances. Elekta's policy is to hedge the exchange-rate risk using forwards, the extent of which is determined by the Group's estimation of the exchange-rate risk and in accordance with the Group's established policy. Highly forecasted transaction exposure hedging is on the basis of expected net sales and hedging is conducted over a period up to 24 months. Each Group company is responsible for quantifying its transaction exposure in particular flow forecasts that then provide the basis for determination of the exposure and decisions on hedging measures. Currency hedging of recognized assets and liabilities in foreign currency is hedged, in accordance with policy, from 50 percent to 100 percent.

Hedging is carried out in order to reduce the effects of short-term fluctuations in currency markets. The Parent Company's direct and indirect holdings in foreign operations entail that net assets in the foreign operations are exposed to currency risk. Such net investments in foreign currency are hedged when viewed as appropriate on an individual basis, currently there are no outstanding net investment hedges.

Based on the year's income, expense and currency structure (transaction exposure) a general change of one percentage point in the SEK exchange rate against other currencies would affect Group net profit and shareholders' equity by approximately +/– SEK 24 M (21), exclusive of hedging effects.

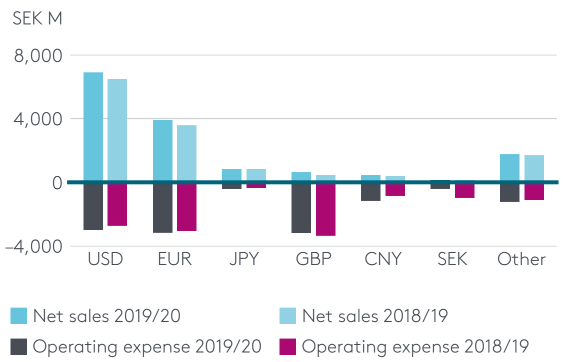
The table below shows the impact on net income from a 1 percent weakening of the Swedish krona (SEK) in relation to the major currencies.

Impact on operating result of a 1 percent weakening of SEK, SEK M

Currency	April 30, 2020	April 30, 2019
USD	39	39
EUR	8	5
JPY	4	5
GBP	–26	–29
CNY	–7	–5
Other currencies	6	6

The Group's net sales and operating expenses by currency for 2019/20 are shown in the following diagram.

Net sales and operating expenses per currency



Interest-rate risk

Interest-rate risk refers to the risk that changes in the interest rate level negatively affect Elekta's earnings.

Elekta's policy is to reduce the interest-rate risk through the use of loans, investments and derivatives. Hedging is carried out in order to reduce impact on result from interest rate movements and is never to exceed the amount and maturity of the underlying exposure. The Group's finance department analyzes exposure to interest-rate risk, whereby refinancing, turnover of existing positions, alternative financing and hedging are taken into account. Based on this, the effect on earnings that a certain change in the interest rate would have is calculated, in which the total change in the interest rate is used for all currencies.

Elekta usually obtains long-term loans at a variable or fixed interest rate based on current market conditions. Conversion to fixed or variable interest rates is done using interest rate derivatives when this is deemed appropriate from a risk management and market perspective. An interest rate swap entails that the Group reaches agreement with another party with the indicated intervals (such as per quarter) to swap the difference between fixed and variable interest amount, estimated on the basis of the contracted nominal amount.

Based on the balance sheet structure at year-end and under the assumption that all other variables were constant, a general change in the interest rate on loans and investments by one percentage point would affect the Group's net result and shareholders' equity by +/– SEK 1 M (5), excluding hedging effects. The impact on the result is mainly attributable to lower/higher interest expense for loans at variable interest rate.

On April 30, 2020, interest-bearing liabilities amounted to SEK 9,358 M (4,558), of which SEK 1,256 M (6) pertained to lease liabilities. The average fixed interest term was 1.2 years (0.9) and the weighted average interest rate, taking interest rate derivatives into account, was 1.8 percent (2.3). See Note 27 for more information on interest-bearing loans.

Credit risk

Credit risk arises via financial credit risk related to cash and cash equivalents, short-term investments, derivative instruments and balances at banks and financial institutions as well as through credit exposure vis-à-vis customers and distributors. Credit risk is managed primarily at Group level, but, as regards credit risk in accounts receivable and accrued income, the primary responsibility lies with the individual Group companies. Maximum credit risk is deemed to correspond to the carrying values of the financial assets recognized in the balance sheet.

Financial credit risk

Elekta's finance policy includes special counterparty regulations in which the maximum credit exposure and the lowest credit rating for various counterparts are specified. Elekta's liquidity is invested in accordance with the determined policy, with the goal of maintaining high liquidity combined with a low credit risk.

The majority of the subsidiary financing goes through internal loans from the Parent Company, therefore there is a credit risk originating from these. The opening balance of expected credit losses in the Parent Company amounted to SEK 24 M and the closing balance of expected credit loss reservation FY 2019/20 was SEK 31 M, the increase was mainly due to higher loans to Great Britain.

Credit risk in accounts receivable

Credit risk in accounts receivable, including accrued income, are managed primarily by the individual group companies. The credit risk for each new customer is analyzed before the conditions for payment and delivery are offered. A continuous follow up of the credit risk in receivables outstanding and agreed transactions are performed. A risk assessment is conducted continuously of credit worthiness through the observance of the customer's financial position and other influencing factors as well as previous experience. No single customer accounts for 10 percent or more of Elekta's net sales.

A continuous assessment is made of the credit risk in receivables outstanding and at the end of the financial year 2019/20 the provision for bad debts amounted to SEK 198 M. See Note 23 for an analysis of credit exposure in accounts receivable and provision for bad debts.

NOTE 2 Financial risk management, cont.

Liquidity risk

Liquidity risk pertains to the risk of not being able to cover payment obligations due to insufficient cash and cash equivalents or difficulties in obtaining external financing. The operating Group companies draw up cash flow forecasts, which are consolidated centrally. At the Group level, rolling forecasts for the Group's liquidity reserve are observed in order to ensure that the Group has sufficient cash resources to meet the requirements of current operations, while also retaining sufficient scope of unutilized credit facilities.

Excess liquidity in operating Group companies is usually transferred centrally and is managed by the Group's financial function. Investments are made primarily in interest-bearing accounts, term-limited borrowing, money market instruments, money market funds and tradable securities, depending on which instrument is viewed as having an appropriate term or sufficient liquidity to meet the particular situation. In order to reduce the liquidity risk, Elekta endeavors to maintain readily available funds equal to at least 10 percent of net sales. On April 30, 2020, available cash and cash equivalents and short-term investments amounted to SEK 6,462 M (4,111), or 44 percent (30) of net sales. In addition, Elekta had SEK 225 M (2,128) 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.

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.

Maturity analysis: financial liabilities

	April 30, 2020					April 30, 2019				
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 27)	1,149	2,907	3,557	944	8,557	1,104	3,251	512	–	4,867
Lease liabilities (Note 27)	252	399	224	622	1,497	–	5	–	–	5
Accounts payable	1,025	–	–	–	1,025	1,427	–	–	–	1,427
Derivative financial instruments – outflow, gross	4,751	672	–	–	5,424	4,101	356	–	–	4,457
Derivative financial instruments – inflow, gross	–3,923	–	–	–	–3,923	–2,228	–352	–	–	–2,580
Other liabilities	501	66	–	–	567	308	55	–	–	363
Total	**3,755**	**4,044**	**3,781**	**1,566**	**13,146**	**4,712**	**3,315**	**512**	**–**	**8,539**

Net debt/EBITDA ratio

SEK M	Note	**April 30, 2020**	April 30, 2019
Interest-bearing liabilities	27	8,102	4,558
Cash and cash equivalents and short-term investments	25	–6,470	–4,119
Net debt		**1,632**	**439**
EBITDA		2,931	2,639
Net debt/EBITDA ratio		0.56	0.17

The net debt/EBITDA ratio was 0.56 compared to 0.17 to prior fiscal year. See Note 27 for more information on interest-bearing liabilities and section Alternative Performance Measures on pages 145–146 for more information on EBITDA and Net debt.

NOTE 3
Financial instruments

Accounting principles
A financial asset or a financial liability is reported in the balance sheet when the Company becomes party to the contractual terms and conditions of the instrument. A financial asset is removed from the balance sheet when the contractual rights are realized, fall due, or if the Company transfer substantially all the risks and rewards of ownership. Spot acquisitions or sales of financial assets are reported on the settlement date, which is the date on which the asset is delivered. Accounts receivable are reported in the balance sheet when the invoice is dispatched.

Financial assets are initially recognized at fair value plus transaction costs, except for those financial assets carried at fair value through profit or loss. Related transaction costs are expensed in the income statement.

The fair value of quoted financial assets corresponds to the asset's listed bid price on the closing date. In the absence of such information, a valuation is carried out using generally accepted methods such as the discounting of future cash flows at the quoted market interest rate for the particular maturity.

For short-term loans, the fair value is deemed to comply with the carrying amount in view of the fact that a change in market rate of interest does not have a material effect on the market value.

Financial assets and liabilities are off-set and reported at a net amount in the balance sheet when there is a legal right to net and when the intention is to settle the items using a net amount or simultaneously realize the assets and settle the liability.

Subsequent measurement of the financial asset, after the initial recognition at fair value, is based on what business model the Company have for managing the asset and the cash flow characteristics of the asset. For debt instruments there are three measurement categories with the following characteristics.

- Amortized cost; assets held with the intention for collection of contractual cashflows and the cashflow represent solely payments of principal and interest.
- Fair value through other comprehensive income; assets held with the intention for collection of contractual cashflow and for selling it, and the cashflow represent solely payments of principal and interest.
- Fair value through profit and loss; all financial assets that do not meet the criteria for amortized cost or fair value through other comprehensive income.

Equity instruments, instrument that evidences a residual interest in the asset of an entity after deduction of all its liabilities, are measured at fair value through profit and loss.

The financial liabilities are classified into following measurement categories:

- fair value through profit and loss; liabilities held for trading
- amortized costs; liabilities not held for trading

Financial assets measured at amortized cost
Assets are classified in this category when the intention is to hold the asset for collection of contractual cashflows and the cashflow represent solely payments of principal and interest.

In this category assets are measured at amortized cost using the effective interest method, less any provision for impairment. Interest income and gains and losses is recognized in the income statement. The category includes for example accounts receivables as well as cash and bank.

Accounts receivable
Since the anticipated life of accounts receivable is short, reporting is based on the amounts expected to be received, without discounting in accordance with the method for amortized cost. Impairment loss on accounts receivable is recognized in operating profit. See note 2 and 23 for further information about credit risk and impairment policies.

Cash and cash equivalent
Cash and cash equivalent comprise cash and bank balances with financial institutions and short-term investments with an original maturity of less than three months. Cash and bank are reported at amortized cost, while the short-term investments in money market funds is measured at fair value through profit and loss.

Financial assets measured at fair value through other comprehensive income (FVOCI)
When the intention of the financial asset is to hold the asset for collection of contractual cashflow and for selling it, and the cashflow represent solely payments of principal and interest, the asset is classified into this category. The assets are measured at fair value with changes in fair value recognized in other comprehensive income (OCI), except for effective interest, impairment gains and losses and foreign exchange gains and losses which are recognized in the income statement. When the financial asset is derecognized, the cumulative gain or loss in OCI is reclassified to the financial income statement.

In this category Elekta has classified account receivables that may be sold. For Elekta it is only in a few countries where account receivables are subject for factoring.

As the sold account receivables are derecognized close to them being issued, there are no material differences between fair value and amortized cost.

Elekta treat interest in other shares as equity investment designated as measured at fair value through other comprehensive income with gains and losses remaining in other comprehensive income, without recycling to profit or loss upon derecognition.

NOTE 3 Financial instruments, cont.

Financial assets measured at fair value through profit and loss (FVPL)

All financial assets that do not meet the criteria for amortized cost or FVOCI are measured as FVPL. Assets are classified to this category when the intention is to sell in short term. Derivatives with a positive market value are classified in this category unless they are used for hedge accounting. Financial derivatives and short-term investments in tradeable securities as well as money market funds is classified in this category. Assets in this category are recognized at fair value and changes in value are recognized in the income statement.

Impairment

Financial assets carried at amortized cost and FVOCI are assessed for impairment based on expected credit losses. The expected credit loss allowance is based on historical credit loss experience, current conditions and forward-looking economic conditions.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to measuring expected credit losses on accounts receivables, meaning a use of a lifetime expected loss allowance. See note 23 for more information about impairment on accounts receivables.

Financial liabilities at fair value through profit or loss

This category includes derivatives with negative fair values that are not used for hedge accounting, financial liabilities held for trading and contingent considerations. Liabilities in this category are measured at fair value with changes in that value recognized in the income statement.

Financial liabilities measured at amortized cost

This category includes financial liabilities that are not held for trading, for example loans and accounts payable. These are recognized initially at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest method.

Loan liabilities

Loan liabilities are initially reported at fair value, net of transaction costs, and subsequently at amortized cost according to the effective interest method.

Loan liabilities carrying a fixed rate of interest that are reported under hedge accounting in line with the method for fair value hedging are valued at market in respect of the interest component. Changes in market value are off-set with changes in value of the hedge instrument in net financial items.

Hedging of net investments

Loans in foreign currency are reported at closing rate. Exchange rate differences for loans in connection with hedging of net investments in foreign operations are reported in other comprehensive income, with tax effects taken into account, and are thus off-set against the translation differences that arise when translating the subsidiaries' balance sheets into SEK.

Accounts payable

The valuation principle for accounts payable is the amortized cost principle. The expected lifetime for accounts payable is short and thus the payables are reported at nominal value without discounting.

Accounting for derivatives used for hedging purposes

The group applies the hedge accounting requirements of IFRS 9. All derivatives are initially and continuously recognized at fair value in the Balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized as follows. Changes in value relating to cash flow hedges are reported in other comprehensive income and are taken to the income statement as the hedged cash flow affects the income statement. Any ineffective portion of the change in value is reported directly in the income statement.

The result of a revaluation of derivatives used to hedge fair value is reported in the income statement along with changes in the fair value of the receivable or liability exposed to the hedged risk. For derivatives designated and qualified as hedging instruments, the method of recognizing the fair value gains or losses depends on the nature of the item being hedged.

The Group documents, at the inception of the hedge, the relationship between hedged item and financial derivative instrument, as well as its risk management objective and strategy. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting the changes in fair values or cash flows of hedged items based on the following hedging criteria's.

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship and
- The hedge ratio of the hedging relationship is consistent with risk management strategy.

The table below presents the Group's financial assets and financial liabilities by measurement category with the carrying amount and fair value per item. Fair value for long-term interest-bearing liabilities has been established by discounting future payment flows at current market interest rate and then converting to SEK at the current exchange rate. For other financial instruments the fair value is estimated to agree with the carrying amount.

Financial instruments per category

SEK M	Note	April 30, 2020 Carrying amount	April 30, 2020 Fair value	April 30, 2019 Carrying amount	April 30, 2019 Fair value
FINANCIAL ASSETS					
Financial assets measured at fair value through profit or loss:					
Derivative financial instruments – non-hedging		81	81	70	70
Short-term investments	25	62	62	45	45
Current investments classified as cash equivalents	25	1,241	1,241	1,716	1,716
Equity instruments	21	–	–	60	60
Financial assets measured at amortized cost:					
Other financial assets [1]	21	418	418	391	391
Accounts receivable	23	3,314	3,314	3,399	3,399
Other receivables	24	554	554	474	474
Cash and bank	25	5,166	5,166	2,357	2,357
Financial assets measured at fair value through other comprehensive income:					
Accounts receivable hold to collect and sell	23	65	65	56	56
Equity instruments	21	297	297	–	–
Derivatives used for hedging purposes:					
Derivative financial instruments – hedging		25	25	2	2

SEK M	Note	April 30, 2020 Carrying amount	April 30, 2020 Fair value	April 30, 2019 Carrying amount	April 30, 2019 Fair value
FINANCIAL LIABILITIES					
Financial liabilities measured at fair value through profit or loss:					
Derivative financial instruments – non-hedging		55	55	25	25
Other liabilities (contingent considerations)		105	105	2	2
Financial liabilities measured at amortized cost:					
Long-term interest-bearing liabilities	27	7,101	7,503	3,558	3,573
Short-term interest-bearing liabilities	27	1,001	1,002	1,000	1,000
Accounts payable		1,025	1,025	1,427	1,427
Other liabilities		523	523	361	361
Derivatives used for hedging purposes:					
Derivative financial instruments – hedging		58	58	72	72

1) Other financial assets presented in the Annual report 2018/19 has been adjusted to SEK 391 M.

Distribution by level when measured at fair value

SEK M	April 30, 2020 Level 1	April 30, 2020 Level 2	April 30, 2020 Level 3	April 30, 2020 Total	April 30, 2019 Level 1	April 30, 2019 Level 2	April 30, 2019 Level 3	April 30, 2019 Total
FINANCIAL ASSETS								
Financial assets measured at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	–	81	–	81	–	70	–	70
Short-term investments	62	–	–	62	45	–	–	45
Current investments classified as cash equivalents	1,241	–	–	1,241	1,716	–	–	1,716
Equity instruments	–	–	–	–	58	–	2	60
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	–	25	–	25	–	2	–	2
Financial assets measured at fair value through other comprehensive income:								
Accounts receivable hold to collect and sell	–	65	–	65	–	56	–	56
Equity instruments	297	–	–	297	–	–	–	–
Total financial assets	**1,600**	**171**	**–**	**1,771**	**1,819**	**128**	**2**	**1,949**
FINANCIAL LIABILITIES								
Financial liabilities at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	–	55	–	55	–	25	–	25
Contingent considerations	–	–	105	105	–	–	2	2
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	–	58	–	58	–	72	–	72
Total financial liabilities	–	**112**	**105**	**217**	**–**	**97**	**2**	**99**

NOTE 3 Financial instruments, cont.

The table above shows how the Group's financial assets and financial liabilities, which are carried at fair value, have been categorized in the fair value hierarchy. The different levels are defined as follows. Level 1: Quoted prices on an active market for identical assets or liabilities. Level 2: Other observable data than quoted prices included in Level 1, either directly (that is, price quotations) or indirectly (that is, obtained from price quotations). Level 3: Data not based on observable market data.

Financial instruments, level 1

The fair value of tradeable securities are reported based on quoted prices on an active market.

Financial instruments, level 2

The fair value of financial instruments that are not traded on an active market are determined by means of available valuation techniques. Market information is used when available. The use of corporate-specific information is avoided whenever possible. If all important in-data required for a fair value valuation of an instrument is observable, the instrument is in level 2. Specific valuation techniques used in the valuation of financial instruments include, for example, listed market prices, fair value for interest-rate swaps, calculated as the present value of estimated future cash flows based on observable yield, fair value of currency forward contracts determined through the use of rates for currency foreign exchange contracts on the balance sheet date.

Financial instruments, level 3

The change during the year for instruments at level 3 refers to contingent considerations. Contingent considerations are valued at the fair value based on data available such as conditions set forth in the purchase agreement and current assessments of the estimated fulfillment of the conditions.

Movements financial instruments level 3

SEK M	**2019/20**	2018/19
Contingent considerations		
Opening balance May 1	2	20
Business combinations	103	–
Payments	–2	–16
Reversals	–	–1
Revaluations	–	0
Translation differences	2	0
Closing balance April 30	**105**	**2**

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, 2020				April 30, 2019			
SEK M	Nominal	Asset	Liability	Hedge reserve after tax	Nominal	Asset	Liability 1)	Hedge reserve after tax
Currency derivatives:								
Cash flow hedges	3,859	25	58	–32	3,103	2	72	–62
Non-hedge accounting	1,405	81	55	–	3,255	70	25	–
Currency derivatives, total	**5,264**	**106**	**112**	**–32**	**6,358**	**72**	**97**	**–62**

1) The amounts reported as Currency derivatives liability in the Annual report 2018/19 has been adjusted.

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 –145 M (–58) during the year, of which SEK –9 M (–3) was related to the ineffective portion.

Cash flow hedges outstanding

		Q1 20/21		Q2 20/21		Q3 20/21		Q4 20/21		21/22	
Currencies	Currency	Amount	Exchange rate	Amount	Exchange rate	Amount	Exchange rate	Amount	Exchange rate	Amount	Exchange rate
GBP/SEK	GBP	10 M	11.946	26 M	11.883	18 M	12.100	21 M	11.932	15 M	11.858
EUR/SEK	EUR	11 M	10.737	17 M	10.644	14 M	10.694	14 M	10.682	18 M	10.946
USD/SEK	USD	19 M	9.360	26 M	9.382	30 M	9.478	54 M	9.673	30 M	9.826
JPY/SEK	JPY	300 M	0.090	300 M	0.091	200 M	0.092	300 M	0.091	–	–
USD/GBP	USD	14 M	1.300	16 M	1.279	–	–	–	–	–	–

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 2020, 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

	2020/21				2021/22			
SEK M	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Expected result from cash flow hedges	–12	–12	–8	1	7	5	–	–1

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.

	2019/2020					2018/2019				
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	106	–	106	–45	62	72	–	72	–59	13
Financial liabilities	112	–	112	–51	62	97	–	97	–84	13

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 4
Estimates and assessments

The preparation of financial statements and application of accounting standards require that management use estimates and assessments. Therefore, they make certain assumptions which are considered reasonable under the prevailing circumstances. Thus, estimates and assessments affect the financial reports and they are frequently based on experience as well as other factors, including expectations of future events. Using other assumptions than those actually applied in the preparation of the financial statements, the result can be different and the actual outcome seldom complies with the anticipated result. For Elekta, estimates and assessments are particularly important in:

- revenue recognition, see Note 6
- valuation of accounts receivable, see Note 23
- calculation of deferred taxes, see Note 15
- impairment testing of goodwill, see Note 16
- calculation of provisions, see Note 28
- valuation of leases, see Note 17

Estimates and assessments are continually reassessed.

NOTE 5
Segment reporting

Accounting principles

Operating segments are reported in accordance with management reporting as reported to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocation of resources and assessment of the operating segments' performance. In Elekta, this function has been identified as the President and CEO who is responsible for and deals with the continuous administration of the Group based on the board's guidelines and instructions. To his aid, he has the executive management. Elekta's President and CEO evaluates business performance from both geographic and product based perspectives. The geographic follow-up is however the main perspective and the product based perspective constitutes a complement to the geographic monitoring and control. It is from the geographic perspective that the business activity is conducted and managed. Evaluation of financial performance is executed for three geographic regions which are Elekta's operating segments:

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

The same accounting principles are applied in the segment reporting as for the Group.

See Note 16 for information on goodwill per region. For information regarding tangible fixed assets per country see Note 18.

Segment reporting

	North and South America		Europe, Middle East and Africa		Asia Pacific		Other/ Group-wide[1]		Group total	
SEK M	**2019/20**	2018/19	**2019/20**	2018/19	**2019/20**	2018/19	**2019/20**	2018/19	**2019/20**	2018/19
Net sales [3]	4,482	4,501	5,547	4,956	4,572	4,098	–	–	14,601	13,555
Operating expenses	–2,704	–2,793	–3,786	–3,207	–3,142	–2,807	–	–	–9,633	–8,807
Contribution margin	**1,778**	**1,707**	**1,760**	**1,749**	**1,430**	**1,291**	–	**–**	**4,968**	**4,748**
Contribution margin, %	40%	38%	32%	35%	31%	32%				
Global costs	–	–	–	–	–	–	–3,312	–3,052	–3,312	–3,052
Operating result	**1,778**	**1,707**	**1,760**	**1,749**	**1,430**	**1,291**	**–3,312**	**–3,052**	**1,657**	**1,696**
Income participations in associated companies	–	–	–	–	–	–	–4	3	–4	3
Financial income	–	–	–	–	–	–	63	66	63	66
Financial expenses	–	–	–	–	–	–	–266	–186	–266	–186
Exchange rate differences	–	–	–	–	–	–	4	2	4	2
Income before tax	**1,778**	**1,707**	**1,760**	**1,749**	**1,430**	**1,291**	**–3,515**	**–3,167**	**1,454**	**1,580**
Income tax	–	–	–	–	–	–	–370	–382	–370	–382
Profit for the year	**1,778**	**1,707**	**1,760**	**1,749**	**1,430**	**1,291**	**–3,884**	**–3,549**	**1,084**	**1,198**
Net sales per product type										
Solutions [2]	1,965	2,192	3,577	3,224	3,305	2,977	–	–	8,846	8,394
Service	2,518	2,308	1,970	1,731	1,268	1,122	–	–	5,755	5,161
Total	**4,482**	**4,501**	**5,547**	**4,956**	**4,572**	**4,098**	**–**	**–**	**14,601**	**13,555**
Depreciation/Amortization	–553	–385	–645	–527	–77	–32	–	–	–1,275	–943
Investments	444	384	278	235	39	42	–	–	761	660

1) Within other/group-wide are costs that can not be allocated by segment such as global costs and items affecting comparability. Allocations by segment are not done for financial items and tax.
2) The product type Solutions includes hardware and software combined as it better reflects the business follow-up.
3) Net sales from internal transactions amounts to SEK 9,732 M (7,529) and has been eliminated in the table above.

NOTE 6
Net sales

Accounting principles

Elekta's revenue is primarily derived from the sales of treatment solutions and oncology informatics including equipment used for radiation therapy, radiosurgery and brachytherapy as well as software products and related services.

Many of Elekta's products and services are sold on a stand-alone basis but are often included in bundled deals, which are arrangements where equipment, software and services may be included in the same contract. A bundled deal is treated as a project which is supported by a project team that coordinates the production, delivery and installation, which can occur at different stages. The equipment, installation, software, and services are distinct performance obligations excluding the software that is integrated in the hardware.

In most contracts the transaction price consists of a fixed consideration which is clearly stated in the contract and the products are usually sold without a right of return. In rare cases contracts can include variable consideration for which the value is estimated for revenue recognition purposes.

The allocation of the transaction price, including any discount, to the various goods and services (performance obligations) in a contract is performed based on the relative stand-alone selling prices for the goods and services identified as performance obligations. As many items included in a bundled deal are also sold on a stand-alone basis, the stand-alone selling prices are based on observable prices in most cases. For items not sold on a stand-alone basis the stand-alone selling prices have been estimated using the best available market and internal data relating to those items.

Costs incurred to obtain a contract consist mainly of commissions, which is recognized as contract asset and are amortized over the time when the related revenue is recognized.

The timing for revenue recognition 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.

Treatment solutions

Elekta sells treatment solutions including hardware, software and service. Main hardware products are Leksell Gamma Knifes®, Linear accelerators, MR linacs and Afterloaders. Software licenses consist mainly of Oncology informatics systems (OIS) and Treatment planning systems (TPS). Services include maintenance and support relating to equipment, software, training, installation services and warranties. Most bundled deals include at least one device, software licenses, installation, service, training and one-year standard warranty that is included in the price. There is a possibility for an extended warranty in some contracts that is considered as a service contract. Revenue recognition for these deals is linked to when control for each identified performance obligation is transferred to the customer, which for a standard contract happens at different stages over a longer period, usually up to six months depending on the geographical market.

Hardware products

In a standard contract, the control is considered to be transferred when the device is delivered to the customer's site and installation is started. At this time, risk and rewards are transferred, the customer has physical possession of the unit and Elekta has the right to payment for the equipment delivered.

Software products

For software licenses control is considered to be transferred and revenue is recognized when the licenses are made available to the customer, which is usually at the time of acceptance of the software.

Service contracts

For service agreements, control is considered to be transferred over time and revenue is recognized on a straight-line basis over the contractual term of the arrangement or the expected period during which the specified services will be performed. Maintenance and support agreements relating to software products are generally renewed on an annual basis. Installation services and training with low values and which span over a limited time are considered non-material and revenue is recognized when the related device reaches the stage of technical acceptance.

Estimates and assessment

Changes to the goods and services included in an arrangement and the amounts allocated to each item could affect the timing and amount of revenue recognition. Revenue recognition also depends on the timing of shipment, readiness of the customer's site, availability of products and for some contracts, customer acceptance terms. If shipments or installations are not made on scheduled timelines or if the products are not accepted by the customer in a timely manner, revenues may differ from expectations.

Revenue recognition does often not coincide with invoicing to, and payments from, customers. Payment terms or conditions for projects may differ between contracts and regions, but in a standard Elekta contract partial payments will be due upon certain events, such as order receipt, shipment and acceptance. In a standard project, amounts invoiced in accordance with an invoicing plan are reported as accounts receivable and as a contract liability included in advances from customers if performance obligations are not yet satisfied and revenue cannot be recognized. Amounts that have been recognized as revenue, but for which Elekta has not yet the right to invoice according to the invoicing plan agreed, are reported as contract assets and included in accrued income. For service contracts the agreed consideration is invoiced and paid in advance in most markets. When there is a contract agreed and invoiced to the customer, Elekta usually has the right to payment even if the performance obligations are still to be satisfied. Therefore, a receivable is accounted for with a corresponding contract liability reported as deferred income.

NOTE 6 Net sales, cont.

Net sales for the year amounted to SEK 14,601 M (13,555). Accrued income amount to SEK 1,526 M (1,401). Accounts receivable amounted to SEK 3,379 M (3,455). For more information on accounts receivable see Note 23.

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

Net sales by country

SEK M	2019/20	2018/19
Sweden	56	200
USA	3,571	3,472
China	1,833	1,605
Japan	813	847
Germany	661	652
Italy	553	527
United Kingdom	592	481
India	357	405
Australia	361	352
France	330	347
Canada	300	330
Spain	424	325
Netherlands	346	269
Other countries	4,404	3,743
Total	**14,601**	**13,555**

NOTE 7
Salaries, other remuneration and social security costs

Accounting principles

Remuneration paid to employees in the form of wages/salary, paid vacation, etcetera is accounted for as it is earned.

Share-based compensation

Ongoing share programs are reported according to IFRS 2 Share-based payments and are mainly equity-settled. The conditions of the share programs state that they may be settled in other ways than through shares. This possibility is only applied to a very limited extent and neither cost nor obligationare material amounts.

Accounting for equity-settled share-based compensation programs entails that the instrument's fair value at grant date is recognized in the income statement over the vesting period, with a corresponding adjustment to equity. This leads to an estimated cost, corresponding to the earned portion of the estimated share value at allotment, being charged to profit and loss over the vesting period. 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.

Salaries, other remuneration and social security costs

	Group		Parent Company	
SEK M	2019/20	2018/19	2019/20	2018/19
Salaries and remunerations:				
Board and Managing directors	133	126	30	27
Other employees	3,265	2,973	31	37
Total salaries and other remunerations	**3,398**	**3,099**	**60**	**65**
Social security costs:				
Pension costs	240	254	13	13
Other social security costs	430	374	25	26
Total social security costs	**670**	**627**	**37**	**38**
Total salaries, other remuneration and social security costs	**4,068**	**3,727**	**98**	**103**

Bonuses included in the above salaries and other remunerations paid to the boards and the Managing directors of subsidiaries amounted to SEK 37 M (36), and SEK 10 M (4) in the Parent Company. Total pension costs amounted to SEK 240 M (254) of which SEK 20 M (16) concern defined benefit pension plans. Pension costs in the Parent Company amounted to SEK 13 M (13) of which the total amount related to defined contribution pension plans. For further information regarding defined benefit pension plans see Note 28.

Remuneration to the Board of Directors

The AGM resolved the adoption of fees to the Board of Directors totaling SEK 6,175 T (6,130), of which 6,175 T (6,130) were paid. The fees were distributed in accordance with the table below.

Fees for the Board of Directors

	April 30, 2020			April 30, 2019		
SEK Thousands	Regular remuneration	Remuneration compensation committee	Remuneration audit committee	Regular remuneration	Remuneration compensation committee	Remuneration audit committee
Chairman:						
Laurent Leksell	1,280	115	–	1,165	110	–
Members:						
Tomas Puusepp	550	–	–	500	–	–
Cecilia Wikström	550	80	–	500	75	–
Wolfgang Reim	550	80	–	500	75	–
Jan Secher	550	–	150	500	–	135
Birgitta Stymne Göransson	550	–	240	500	–	225
Annika Espander Jansson	–	–	–	500	75	–
Johan Malmqvist	550	–	150	500	–	135
Caroline Leksell Cooke	550	80	150	500	–	135
Total	**5,130**	**355**	**690**	**5,165**	**335**	**630**

Remuneration to executive management

The guidelines for remuneration to the executive management, which are proposed by the Board of Directors for the AGM on August 26, 2020 are presented on page 90. The executive management for 2019/20 was comprised of a total of 18 people, of whom seven are located in Sweden and the other eleven in the Netherlands, the UK, the US, Turkey and China. The tables below display remunerations and other benefits to the executive management in 2019/20 and 2018/19 respectively.

Remuneration and other benefits to executive management during the year 2019/20

SEK Thousands	Fixed remuneration	Variable remuneration	Share-based compensation [2]	Other benefits	Pension costs	Total
President and CEO [1]	8,864	4,488	–918	5	2,588	**15,027**
Other senior executives resident in Sweden (6)	14,000	3,637	–1,783	460	3,290	**19,604**
Other senior executives resident abroad (11)	37,634	13,879	–1,753	1,862	1,759	**53,381**
Total senior executives	**60,498**	**22,004**	**–4,454**	**2,327**	**7,636**	**88,012**

1) Richard Hausmann resigned as President and CEO June 2, 2020 and Gustaf Salford took over as Acting President and CEO from June 2, 2020. The remuneration and other benefits listed above to the President and CEO is only remunerations and other benefits to Richard Hausmann.
2) During the fiscal year a new estimation of share-based compensation was made which resultated in SEK –4,454 T being recognized in the income statement.

Remuneration and other benefits to executive management during the year 2018/19

SEK Thousands	Fixed remuneration	Variable remuneration	Share-based compensation	Other benefits	Pension costs	Total
President and CEO	7,984	4,437	2,346	6	1,894	**16,666**
Other senior executives resident in Sweden (6)	13,102	5,330	2,760	584	2,952	**24,727**
Other senior executives resident abroad (7)	24,047	10,304	3,525	1,481	1,044	**40,401**
Total senior executives	**45,132**	**20,070**	**8,631**	**2,070**	**5,889**	**81,794**

Variable remuneration pertains to the bonus for the 2019/20 and 2018/19 fiscal years respectively, partly paid quarterly during each fiscal year and partly paid in the year after.

NOTE 7 Salaries, other remuneration and social security costs, cont.

Share based payment

As per April 30, 2020, Elekta has three outstanding share programs. The share program performance share plan 2016/19, which was outstanding as per April 30, 2019, has expired during the year.

The total number of shares that may be allotted under the share programs is 1,097,824 (957,074) B-shares. The share programs are secured by delivery of shares already held or repurchased by Elekta and, consequently, no new shares will be issued under the share programs. Share programs awarded to employees have a potential dilution effect. However, certain performance targets must be met for dilution to occur and this was not the case at the closing date.

The share-related incentive programs are reported in accordance with IFRS 2 Share-based payments. The recognized costs related to the share programs amounted to SEK –4 M (9), whereof social security amounted to SEK –1 M (2). See page 90 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 2016/19, resolved by the AGM in 2016, expired during the year. For information on the program see the annual report 2018/19 page 90. Outstanding programs as per April 30 2020 were performance share plan 2017/20, 2018/21 and 2019/22 respectively. The performance share plans cover approximately 11 (2017/20), 180 (2018/21) and 28 (2019/22) key employees of the Group respectively. The performance share plans entitle the participants to obtain, free of charge, B-shares in Elekta upon fulfillment of certain performance requirements.

The main terms of the performance share programs are:

- A performance share award shall entitle a participant to receive, subject to the terms and conditions set forth in the performance share plans 2017, 2018 and 2019 and applicable award agreements, a number of B-shares based upon the attainment of performance targets over a three-year performance period
- Each performance share award shall be subject to forfeiture in the event of termination of employment due to a reason other than death, disability or retirement or failure to attain performance targets over the applicable performance period
- Performance share awards shall be settled through the delivery of shares unless otherwise decided by the board
- The number of shares to be allotted will depend on the degree of fulfillment of financial targets

The financial targets for performance share plan 2017 are defined as average annual percentage growth rate in earnings per share (EPS) during the fiscal year 2017/18 until the fiscal year 2019/20, versus EPS for the fiscal years 2016/17. Under performance share plan 2017/20 the maximum number of shares will be allotted if the annual average EPS growth is at or exceeds 154 percent, no allotment of shares will occur if the annual average EPS growth is below 109 percent and allotment of shares between annual average EPS growth 109 and 154 percent is linear.

The financial targets for performance share plan 2018 are defined as average annual percentage growth rate in earnings per share (EPS) during the fiscal year 2018/19, versus EPS for the fiscal year 2017/18. Under performance share plan 2018/21 the maximum performance level requires that 2018/19 EPS is at least 32 per cent higher than 2017/18 EPS. If the maximum performance level is reached or exceeded, the allocation will amount to (and will not exceed) the maximum number of performance shares. If performance is below the maximum level but above the minimum level, a proportionate allocation of shares will be made. No allocation will be made if performance is below the minimum level. The allotment of shares between minimum and maximum level is linear.

The financial targets for performance share plan 2019 are defined as Total Shareholder Return (TSR) relative to the OMXS30 Index over a three-year period. The minimum performance requirement is that Elekta TSR outperform the OMXS30 Index with at least +0,1 per cent. The maximum performance level requires that Elekta TSR outperform the OMXS30 Index at or above +15 per cent. If the minimum performance level is reached, the allocation will amount up to (and will not exceed) 30 per cent of annual base salary at the beginning of the fiscal year 2019/2020. The actual minimum value for each participant will be subject to an individual performance evaluation for the past fiscal year. If the maximum performance level is reached or exceeded, the allocation will amount to (and will not exceed) the maximum number of performance shares. If performance is below the maximum level but above the minimum level, a proportionate allocation of shares will be made. No allocation will be made if performance is below the minimum level.

The terms of the performance share programs, 2017, 2018 and 2019 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 2019, September 14, 2020, September 14, 2021 and September 16 2022, 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, 2020, there were no material obligations to settle in any other way than through shares.

Share program

	2016/19 1)	2017/20 1)	2018/21 1)	2019/22 2)
Originally designated number of shares	280,386	272,379	530,799	410,307
Share price used for calculation of theoretical value SEK	77	82	120	64
Allotment of shares	2019-09-14	2020-09-14	2021-09-14	2022-09-16
Number of shares as of April 30, 2019	155,770	272,379	528,925	–
Granted during the year	–	–	–	410,307
Cancelled/Expired during the year	–99,691	–25,421	–68,761	–19,605
Released during the year	–56,079	–	–	–
Number of shares as of April 30, 2020	**–**	**246,958**	**460,164**	**390,702**

1) Average closing share price of the Elekta class B share on the exchange NASDAQ Stockholm during a period of ten trading days before the day the participants are offered to participate in the program.
2) For the marked-based performance conditions, a Monte Carlo approach has been used to determine the fair value of granted performance shares.

NOTE 8
Depreciation/amortization/write-down

	Group	
SEK M	**2019/20**	2018/19
Cost of products sold	84	46
Selling expenses	154	132
Administrative expenses	250	65
R&D expenses	786	700
Total	**1,275**	**943**

The implementation of IFRS 16 contributed to SEK 232 M of the increase compared to last fiscal year, see note 17.

Write-down of tangible assets amounted to SEK 3 M and intangible assets to SEK 8 M.

NOTE 9
Remunerations to auditors

	Group		Parent Company	
SEK M	**2019/20**	2018/19	**2019/20**	2018/19
Group auditor (EY/PwC)1)				
Audit engagements	9	12	4	5
Audit-related services	0	0	–	–
Tax consultancy	1	0	0	–
Other services	–	1	–	1
Total Group auditor	**10**	**13**	**4**	**6**
Other auditors				
Audit engagements	1	0	–	–
Audit-related services	1	–	0	–
Tax consultancy	5	5	1	1
Other services	1	1	0	–
Total other auditors	**8**	**6**	**2**	**1**
Total	**19**	**19**	**5**	**6**

1) PwC was appointed auditors for the period until the 2019 Annual General Meeting. EY was elected as auditor at the Annual General Meeting.

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 10
Expenses by nature

In the income statement costs are broken down by function. Operating expenses amount to SEK 12,945 M (11,859). Below, operating expenses are broken down by nature:

	Group	
SEK M	**2019/20**	2018/19
Products, materials and consumables	5,505	5,263
Personnel costs	4,344	3,898
Depreciation and amortization (Notes 8, 16, 17 and 18)	1,275	943
Operating lease fees	–	256
Other expenses	1,820	1,499
Total	**12,945**	**11,859**

NOTE 11
Income from participations in Group companies

	Parent Company	
SEK M	**2019/20**	2018/19
Dividends from subsidiaries	496	605
Group Contribution	–	138
Divestment of shares in subsidiaries	–	40
Write down in shares in subsidiaries	–199	–
Total	**297**	**783**

NOTE 12
Net financial items

SEK M	Group 2019/20	Group 2018/19
Income from participations in associates	–4	8
Write-down loan in associates	0	–5
Income from participations in associates & other companies	**–4**	**3**
Interest income, external	63	65
Other financial income	1	1
Financial income	**63**	**66**
Interest expenses, other external loans	–163	–156
Interest expenses, lease liabilities	–51	–
Other financial expenses [1]	–52	–29
Financial expenses	**–266**	**–186**
Exchange rate differences on financial instruments	**4**	**2**
Net financial items	**–203**	**–116**

1) Other financial expenses mainly consist of bank charges.

NOTE 13
Interest income, interest expense and similar items

SEK M	Parent Company 2019/20	Parent Company 2018/19
Interest income from subsidiaries	174	139
Interest income, external	45	53
Interest income and similar items	**220**	**192**
Interest expenses to subsidiaries	–17	–20
Interest expenses, other external loans	–158	–153
Other financial expenses	–20	–18
Interest expenses and similar items	**–195**	**–191**

NOTE 14
Appropriations and untaxed reserves

	Parent Company			
	Appropriations		Untaxed reserves	
SEK M	2019/20	2018/19	2019/20	2018/19
Tax allocation reserve	14	–14	–	14
Total	**14**	**–14**	–	**14**

NOTE 15
Taxes

Accounting principles

The tax expense in the income statement includes all tax that is to be paid or received for the current year, adjustments relating to previous years' current tax, and changes in deferred tax. Deferred tax is calculated and reported in accordance with the balance sheet method. In accordance with this method, deferred tax is calculated on the basis of the temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred tax assets relating to loss carry-forwards and other future tax credits are recognized to the extent it is probable that deductions can be made against future profits. Valuation is based on nominal amounts based on the tax rules prevailing in each country and the anticipated tax rate for the following year in each country. Deferred taxes relating to temporary differences attributable to investments in subsidiaries are not recognized in the consolidated financial statements since Elekta AB, in all cases, can control the time of reversal of the temporary differences and it is not considered probable that such a reversal will occur in the foreseeable future. Deferred tax assets and deferred tax liabilities are offset when there is a 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.

Estimates and assessments

Deferred tax assets and deferred tax liabilities are balance sheet items which are subject to estimates and assessments. Deferred tax is calculated on temporary differences between the carrying amounts and the tax values of assets and liabilities. Estimates and assessments affect the recognized deferred tax amounts in the determination of the carrying amounts of the different assets and liabilities, and also through forecasts regarding future taxable profits in those cases where a future utilization of deferred tax assets depends on future taxable profits. Deferred taxes amounted to a net liability of SEK 41 M (184), whereof assets SEK 504 M (402) and liabilities SEK 545 M (587).

Income taxes

	Group		Parent Company	
SEK M	2019/20	2018/19	2019/20	2018/19
Current taxes	–447	–331	–	–
Current tax adjustments for prior years	27	–22	–2	–
Deferred taxes	50	–28	38	3
Total	**–370**	**–382**	**36**	**3**
Swedish tax	**21%**	**22%**		
Effect of other tax rates for foreign companies	5%	4%		
Change in tax legislation	0%	0%		
Tax, current and deferred, related to prior years	0%	–1%		
Other	–1%	–1%		
Tax rate	**25%**	**24%**		

Current tax, net (liability +/receivable –)

	Group		Parent Company	
SEK M	**2019/20**	2018/19	**2019/20**	2018/19
Opening balance, May 1	8	–71	–17	–16
Business combinations	0	–1	–	–
Reclassifications	–63	–11	–	–
Adjustment for prior years	–27	23	2	–
Current tax for the year	447	331	–	–
Paid taxes	–261	–269	–2	–1
Translation differences	5	6	–	–
Closing balance, April 30	**108**	**8**	**–17**	**–17**

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, 2020**	April 30, 2019	**April 30, 2020**	April 30, 2019	**April 30, 2020**	April 30, 2019
Loss carry-forwards	198	145	–	–	198	145
Untaxed reserves	0	0	0	0	0	0
Intangible assets	1	1	–680	–756	–679	–755
Tangible fixed assets	14	22	–52	–44	–38	–22
Right of use assets	15	–	–	–	15	–
Financial assets/liabilities	32	16	–4	–10	28	6
Other assets	284	250	–83	–27	201	223
Other liabilities	239	226	–5	–7	234	219
Deferred tax assets/tax liabilities	**783**	**660**	**–824**	**–844**	**–41**	**–184**
Offsetting	–279	–258	279	258	0	–
Net deferred tax assets/tax liabilities	**504**	**402**	**–545**	**–587**	**–41**	**–184**

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

SEK M	Group, net	Parent Company, net
Opening balance May 1, 2018	–162	0
Business combinations	0	–
Reclassifications	0	–
Adjustment for prior years	9	–
Change in tax legislations	0	–
Deferred taxes for the year	–37	3
Deferred taxes charged in other comprehensive income	19	–
Translation differences	–14	–
Closing balance April 30, 2019	**–184**	**3**
Business combinations	0	–
Reclassifications	32	–
Adjustment for prior years	–26	–
Change in tax legislations	0	–
Deferred taxes for the year	87	38
Deferred taxes charged in other comprehensive income	17	–
Translation differences	33	–
Closing balance April 30, 2020	**–41**	**41**

The Group has tax loss carry forwards of approximately SEK 369 M (349) for which deferred tax assets have not been recognized. These tax loss carry forwards have long or indefinite periods of utilization and are subject to regular assessment of whether it is probable that deductions can be made against future profits.

Tax relating to components of other comprehensive income

	Group		Parent Company	
SEK M	**2019/20**	2018/19	**2019/20**	2018/19
Revaluation of defined benefit pension plans	2	0	–	–
Revaluation of cash-flow hedges	–7	19	–	–
Net gain/loss on equity instruments designated at fair value	22	–	–	–
Total	**18**	**19**	**–**	**–**

NOTE 16
Intangible assets

Accounting principles
Intangible assets contain goodwill, capitalized development costs, customer contracts, customer relationships and other intangible assets. Other intangible assets mainly consist of acquired technology. Amortization of intangible assets is reported in the income statement and allocated to functions as applicable. There are no intangible assets related to manufacturing processes or the like, therefore no amortization is allocated to cost of goods sold.

Goodwill
Goodwill comprises the positive amount by which the sum of (i) the cost of shares in subsidiaries, (ii) the value of non-controlling interest and (iii) the fair value of previously held equity interest exceeds the fair value of the Group's share of acquired identifiable net assets at acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis, or more frequently if indicated. See also section Impairment.

Research and development
Research costs are expensed as they are incurred. In those instances in which it is difficult to distinguish between the research phase and the development phase in a project, the entire project is considered as research and is expensed as incurred. Identifiable costs for the development of new products are capitalized to the extent that these are considered to provide future economic benefits. In other instances, development expenditures are expensed as they are incurred. Costs for development once reported in the income statement are never capitalized in future periods. Capitalized expenditures are amortized on a straight-line basis from the time when the asset is available for use, which normally occurs when it is produced commercially, and during the estimated useful life of the asset. The amortization period is 3–5 years.

Customer relations and other intangible assets
Intangible assets also include technology, brands, 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.

Amortization periods:

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

Impairment
The carrying amount of a depreciated asset is tested for impairment whenever there are indications that the carrying amount might not be recoverable. If there are indications of impairment, the asset's recoverable amount is calculated. The recoverable amount consists of the higher of the value in use of the asset in operations and the value that would be received if the asset was sold to a third party, the net realizable value. Value in use consists of all incoming and outgoing payments attributable to the asset during the period it is expected to be used in operations, plus the net realizable value at the end of the useful life. If the calculated recoverable amount is less than the carrying amount, impairment is made to the asset's recoverable amount. An impairment loss recognized in previous periods is reversed if the reasons for the impairment no longer exist. However, a reversal will not be higher than the carrying amount would have been if an impairment loss had not been recognized in previous periods.

Goodwill is subject to annual impairment testing even if there are no indications of impairment. The carrying amount of goodwill is allocated to cash generating units. When testing for impairment of goodwill, the assets are grouped in cash-generating units and assessments are made on the basis of these units' future cash flows. Impairment losses on goodwill are not reversed.

All impairment losses, and any reversals of the same, are recognized in the income statement.

Estimates and assessment
For the Group, the most significant estimates and assumptions are those relating to impairment testing of goodwill. This means that the effect on the financial reports may be considerable if the estimates and assessments made would prove to deviate significantly from the actual outcome. In connection with impairment testing of goodwill the carrying amount is compared with the recoverable amount. The recoverable amount is determined by the higher of an asset's net realizable value and its value in use. Normally, it is not possible to determine the net realizable value. Therefore, the value in use is normally the value being compared with the carrying amount. Thus, each cash generating unit's value in use is calculated in assessing any impairment of goodwill. Calculations are performed through discounting future estimated cash flows. In order to perform the calculations a number of assumptions concerning future circumstances and estimates of parameters are made, for example growth and discount rate. Any adjustments of the assumptions made could have an effect on the carrying amount of the goodwill. Assuming a lower growth rate would lead to a lower recoverable amount. A higher discount rate would also lead to a lower recoverable amount. Goodwill amounted to SEK 6,311 M (5,914).

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, 2019	5,905	5,103	1,677	1,063	13,748	91	91
Business combinations	334	–	–	35	369	–	–
Purchases/Capitalization	–	563	–	3	566	–	–
Divestments/Disposals	–	0	–	–	0	–	–
Translation differences	63	96	–5	18	172	–	–
Accumulated acquisition value April 30, 2020	**6,302**	**5,762**	**1,672**	**1,118**	**14,854**	**91**	**91**
Accumulated amortization & impairment May 1, 2019	9	–2,886	–741	–829	–4,447	–31	–31
Reclassifications	–	–	–	0	0	–	–
Divestments/Disposals	–	0	–	–	0	–	–
Amortization for the year	–	–738	–95	–24	–857	–7	–7
Impairment for the year	–	–8	–	–	–8	–	–
Translation differences	0	–56	1	–18	–74	–	–
Accumulated amortization & impairment April 30, 2020	**9**	**–3,687**	**–836**	**–871**	**–5,385**	**–38**	**–38**
Carrying amount April 30, 2020	**6,311**	**2,074**	**837**	**247**	**9,469**	**53**	**53**
Accumulated acquisition value May 1, 2018	5,610	4,389	1,638	1,045	12,682	91	91
Reclassifications	–	8	–	–	8	–	–
Business combinations	82	–	–	–	82	–	–
Purchases/Capitalization	–	456	–	2	458	–	–
Divestments/Disposals	0	–9	–	–31	–40	–	–
Translation differences	213	258	39	47	557	–	–
Accumulated acquisition value April 30, 2019	**5,905**	**5,103**	**1,677**	**1,063**	**13,748**	**91**	**91**
Accumulated amortization & impairment May 1, 2018	–3	–2,089	–623	–792	–3,507	–24	–24
Reclassifications	–	0	–	–	0	–	–
Divestments/Disposals	–	0	–	31	31	–	–
Amortization for the year	–	–664	–94	–24	–781	–7	–7
Translation differences	12	–132	–24	–44	–189	–	–
Accumulated amortization & impairment April 30, 2019	**9**	**–2,886**	**–741**	**–829**	**–4,447**	**–31**	**–31**
Carrying amount April 30, 2019	**5,914**	**2,217**	**936**	**233**	**9,301**	**60**	**60**

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 563 M (456) for the year whereof capitalization of development costs within R&D represented SEK 555 M (453).

Impairment testing

Goodwill is tested for impairment every year in order to assure that the carrying amount of each of the Group's cash-generating units is not higher than its recoverable amount. The Group's cash-generating units equal the geographic regions, which also constitute the Group's operating segments. The carrying amount equals capital employed and the recoverable amount for each cash-generating unit is determined based on a calculation of value in use for each unit. The allocation of goodwill to cash-generating units (operating segments) is shown in the following table.

Goodwill by segment

SEK M	**April 30, 2020**	April 30, 2019
North and South America	2,430	2,083
Europe, Middle East and Africa	2,066	2,041
Asia Pacific	1,815	1,789
Total	**6,311**	**5,914**

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

NOTE 16 Intangible assets, cont.

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 2020 (2019) 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 17

Leases

Accounting principles applied from May 1, 2019

Elekta's lease contracts mainly consist of contracts for premises, vehicles and equipment. For premises and equipment, the group accounts for the lease and non-lease components of a contract separately. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of that option.

The lease payments are discounted using the group's incremental borrowing rate, since the interest rate implicit in the lease cannot be readily determined. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate the group uses a risk-free interest rate and adjusts for credit risk as well as specific adjustments for different durations and currencies.

Lease payments are allocated between amortization of the lease liability and interest expenses. The interest expense is charged to the income statement over the lease term to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- an estimate of expected restoration costs

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The group's lease contracts for premises typically range between fixed periods of 1 to 20 years and the vehicle leases usually have a lease term of 3 to 5 years. Elekta has a number of contracts where the contractual terms include extension and termination options that are included when it is determined as reasonably certain that they will be exercised. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs. When adjustments to lease payments or reassessments of the lease term are conducted, the lease liability is remeasured and adjusted against the right-of-use asset. The group remeasures the lease liability using a revised discount rate if the lease term is reassessed.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect.

Payments associated with short-term leases and low-value assets are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of less than 12 months. The group does not apply IFRS 16 to intangible assets.

Provided that Elekta's operations continue to the current extent, future lease commitments are deemed to be in par with current commitments.

As of April 30, 2020 the balance sheet shows the following amounts related to leases:

Right-of-use assets

SEK M	Premises	Vehicles	Total
Opening accumulated acquisition value May 1, 2019	1,142	100	**1,242**
Reclassification finance leases under IAS 17, previously presented as Tangible fixed assets	–	11	**11**
Additions[1)]	116	24	**140**
Terminations	–	0	**0**
Reclassifications	–9	–	**–9**
Translation differences	11	–1	**10**
Accumulated acquisition value April 30, 2020	**1,260**	**134**	**1,394**
Opening balance accumulated depreciation May 1 2019	–	–	**–**
Reclassification finance leases under IAS 17, previously presented as Tangible fixed assets	–	–6	**–6**
Depreciation for the year	–189	–43	**–232**
Terminations	–	0	**0**
Translation differences	–1	0	**–1**
Accumulated depreciation April 30, 2020	**–190**	**–49**	**–239**
Carrying amount April 30, 2020	**1,070**	**86**	**1,156**

1) Additions includes new lease contracts, index-adjustments and remeasurements.

For maturity analysis of lease liabilities, see note 2. As at April 30, 2019 Finance lease liabilities was presented as SEK 6 M, see note 27.

Amounts recognized in the income statement

SEK M	2019/20
Depreciation for the year	232
Interest expense (included in finance cost)	51
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	3
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	15
Total	**301**

No material variable lease payments not included in the lease liability has been identified. Low-value assets comprise small items such as printers and coffee machines.

The total cash outflow for leases during fiscal year 2019/20 was SEK 256 M.

Accounting Principles applied until April 30, 2019

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. The Group has mainly operating leases. There are few finance leases, see Note 18.

Lease commitments under IAS 17

	Group
SEK M	2018/19
Leasing fees paid during the year	256
Nominal value of agreed future leasing fees:	
Due for payment within 1 year	229
Due for payment after 1 year but within 5 years	628
Due for payment after more than 5 years	602
Total	**1,459**

Leasing fees paid by the Parent Company during the year amounted to SEK 308 K. Future leasing fees due for payment within one year amount to SEK 281 K, after 1 year but within 5 years SEK 99 K.

The operating lease contracts are mainly contracts for premises where the business is conducted.

NOTE 18
Tangible fixed assets

Accounting principles

Tangible assets acquired by Group companies are reported at cost, less accumulated depreciation and any write-downs. Assets in acquired companies are reported at fair value on the acquisition date after deduction of subsequent accumulated depreciation. 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, see Note 16 for impairment principles. See Note 17 for right of use assets.

Tangible fixed assets

SEK M	Machinery etc for production	Equipment, tools and installations	Finance lease equipment	Buildings	Total
Accumulated acquisition value May 1, 2019	323	1,687	11	233	2,254
Reclassifications	0	9	–	0	9
Reclassification to right of use assets, IFRS 16	–	–	–11	–	–11
Business combinations	–	0	–	–	0
Purchases	50	143	–	3	196
Divestments/Disposals	–2	–28	–	–	–30
Translation differences	–1	8	–	–1	5
Accumulated acquisition value April 30, 2020	**370**	**1,818**	**–**	**235**	**2,423**
Accumulated depreciation and impairment May 1, 2019	–216	–998	–6	–78	–1,297
Reclassifications	–4	–5	–	–	–9
Reclassification to right of use assets, IFRS 16	–	–	6	–	6
Divestments/Disposals	1	27	–	–	29
Depreciation for the year	–27	–132	–	–13	–173
Impairment for the year	–1	–2	–	–	–3
Translation differences	0	–8	–	1	–7
Accumulated depreciation and impairment April 30, 2020	**–246**	**–1,118**	**–**	**–91**	**–1,455**
Carrying amount April 30, 2020	**124**	**700**	**–**	**144**	**968**
Accumulated acquisition value May 1, 2018	288	1,559	10	224	2,081
Reclassifications	–2	–21	0	–1	–24
Purchases	36	154	3	9	201
Divestments/Disposals	–6	–73	–2	–3	–83
Translation differences	6	67	0	5	78
Accumulated acquisition value April 30, 2019	**323**	**1,687**	**11**	**233**	**2,254**
Accumulated depreciation and impairment May 1, 2018	–195	–919	–6	–67	–1,186
Reclassifications	0	15	–	–	16
Divestments/Disposals	5	71	2	3	80
Depreciation for the year	–23	–125	–1	–12	–162
Translation differences	–4	–40	0	–2	–46
Accumulated depreciation and impairment April 30, 2019	**–216**	**–998**	**–6**	**–78**	**–1,298**
Carrying amount April 30, 2019	**107**	**689**	**5**	**156**	**957**

Tangible fixed assets by country

SEK M	**2019/20**	2018/19
Sweden	74	66
United Kingdom	432	463
China	147	150
Netherlands	114	105
USA	124	99
Other countries	77	74
Total	**968**	**957**

NOTE 19
Shares in subsidiaries

SEK M	Parent Company 2019/20	2018/19
Opening balance May 1	2,439	2,239
Divestments	–	–44
Shareholder contributions	38	244
Write-down	–226	–
Closing balance April 30	**2,251**	**2,439**

Company	Corp. id. no.	Domicile	No. of shares	Interest, %	Carrying amount, SEK M
Elekta Instrument AB	556492-0949	Stockholm, Sweden	1,000,000	100.0	50
Leksell Institute AB	556942-6314	Stockholm, Sweden	50,000	100.0	0
Elekta Solutions AB	559157-5286	Stockholm, Sweden	50,000	100.0	200
Elekta KK	65 820	Tokyo, Japan	2,000	100.0	36
Elekta Holding Limited	2699176	Crawley, England	22,810,695	100.0	494
Elekta Holdings US Inc.	58-1876545	Norcross, USA	6,020	100.0	432
Elekta Ltd.	R889657862	Montreal, Canada	1	100.0	229
Elekta Asia Ltd	502 493	Hong Kong, S.A.R.	81,022,160	100.0	13
Elekta Instrument (Shanghai) Ltd	310115764250077	Shanghai, China	1	100.0	50
Elekta BMEI (Beijing) Medical Equipment Co., Ltd	91110114400615135X	Beijing, China	0	100.0	230
Elekta China Investment Co., Ltd	91310115MA1K47TB2R	Shanghai, China	0	100.0	44
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	2,493	100.0	4
Elekta Medical SA	A-818 867 31	Madrid, Spain	10,000	100.0	3
Elekta GmbH	HRB 63500	Hamburg, Germany	0	100.0	0
Medical Intelligence Medizintechnik GmbH	HRB 14835	Schwabmünchen, Germany	0	100.0	0
Elekta GmbH	FN 166018w	Innsbruck, Austria	1	100.0	3
Elekta Hellas EPE	998 569 196	Athens, Greece	0	100.0	0
Elekta S.A./N.V.	HRB 613 484	Zaventem, Belgium	250	100.0	1
Elekta BV	17 097 384	Best, The Netherlands	40	100.0	0
Elekta S.p.A.	02723670960	Agrate Brianza (MI), Italy	500,000	100.0	66
Elekta Medical Systems Comercio e Servicos para Radiologia, Radiocirurgia e Radioterapia LTDA.	CNPJ 09.528.196/0001-66	Sao Paolo, Brazil	0	100.0	73
Elekta (Pty) Ltd	2000/018814/07	Pretoria, South Africa	1	100.0	0
Elekta Pte Ltd	20090927AZ	Singapore, Singapore	10,000	100.0	0
Elekta Limited, South Korea	1311111-0259	Seongnam-si, South Korea	473,879	100.0	16
Elekta Services S.R.O	292 80 095	Brno, Czech Republic	0	100.0	0
Elekta Medikal Sistemler Ticaret A.S.	196757	Istanbul, Turkey	87,900,000	100.0	87
Elekta Medical SA de CV	EME140919G49	Mexico City, Mexico	50	100.0	57
Elekta sp.Z.O.O	KRS 0000538192	Warsaw, Poland	2,000	100.0	104
Elekta Company Limited	106810452	Hanoi, Vietnam	1	100.0	2
Elekta Business Services sp.Z.O.O	KRS 000567549	Warsaw, Poland	1	100.0	1
Elekta SARL Algeria	16236978051	Dely Ibrahim, Algeria	0	100.0	0
Elekta LLC	7704369566	Moscow, Russian federation	0	100.0	11
RRTS Unipessoal Lda	514185155	Lisbon, Portugal	0	100.0	13
Total					**2,251**

NOTE 20
Shares in associates

Accounting principles
Associates are companies which are not subsidiaries but in which the Group has a significant, but not controlling, interest. This normally means companies in which the holding represents more than 20 percent but less than 50 percent of the voting rights. Associates are reported by use of the equity method. Holdings in associates are initially recognized at cost in the consolidated balance sheet. The carrying amount is adjusted for the share of associates' earnings after the acquisition date. Dividends from associates are reported as a reduction of the carrying amount. Income from participations in associates is a separate line in the income statement.

Shares in associates

	Group		Parent Company	
SEK M	**2019/20**	2018/19	**2019/20**	2018/19
Opening balance May 1	57	42	6	–
Investments	0	6	0	6
Participations in income of associates (Note 12)	–4	8	–	–
Dividends	–10	–3	–	–
Reclassification 1)	–11	–	–	–
Translation differences	2	4	–	–
Closing balance April 30	**34**	**57**	**6**	**6**

1) Of which SEK –13M relates to the investment in PalabraApps LLC that has been reclassified to shares in subsidiaries since Elekta, on February 14, 2020 acquired the remaining 66.7% shares.

NOTE 21
Other financial assets

	Group		Parent Company	
SEK M	**April 30, 2020**	April 30, 2019	**April 30, 2020**	April 30, 2019
Participations in other companies	297	60	293	58
Derivative financial instruments	9	0	–	–
Loan receivables	14	14	–	–
Contractual receivables	355	334	–	–
Other non-current receivables	40	43	27	23
Total	**714**	**451**	**320**	**81**

The table below presents detailed information regarding the Group's participations in other companies.

Participations in other companies

	Group		Parent Company	
SEK M	**April 30, 2020**	April 30, 2019	**April 30, 2020**	April 30, 2019
Opening balance May 1	60	3	58	–
Investments	343	58	343	58
Revaluation through other comprehensive income	–104	–	–	–
Revaluation	–	–	–107	–
Reclassifications	–2	–	–	–
Translation differences	0	0	–	–
Closing balance April 30	**297**	**60**	**293**	**58**

NOTE 22
Inventories

Accounting principles
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.

Inventories

	Group	
SEK M	**April 30, 2020**	April 30, 2019
Components	391	299
Work in progress	47	76
Finished goods	2,310	2,259
Total	**2,748**	**2,634**

Write-down of inventories during the year amounted to SEK 86 M (88). In the income statement this is reported as cost of products sold.

NOTE 23
Accounts receivable and contract assets

Estimates and assessment
Accounts receivable is one of the most significant items in the balance sheet and is carried at nominal value net after provisions for bad debts. Accounts receivable amounted to SEK 3,379 M (3,455) including expected credit losses of SEK 198 M (229). See Note 2 for further information regarding the credit risk in accounts receivable. See Note 3 for accounting principles. From 1 May 2018 Elekta applies the simplified approach for measuring expected credit losses for accounts receivables and contract assets, in accordance to IFRS 9. For all account

receivables overdue more than 90 days and with a value of more than SEK 1 M an individual evaluation is made and when necessary a specific provision is applied. For all non-due and overdue receivables not covered by a specific provision a general provision is calculated based on region and aging. The general provision is calculated as a percentage of the receivable and the percentage used is based on historical loss experience, current conditions and forward-looking economic conditions for each region. As of April 30, 2020, the general provision is SEK 85 M and the specific provision amounted to SEK 113 M. Final write off of a receivable is done when no further actions are taken to collect on the receivable and probability of collection is deemed to be zero, e.g. bankruptcy.

The contract asset relates to unbilled work in progress and are considered to have the same risk characteristics as non-due accounts receivables. An individual evaluation is made for contract assets over 180 days and with a value of more than SEK 5 M.

Contract assets amounted to SEK 1,526 M (1,401) including expected credit losses of SEK 1 M (11).

Credit risk analysis of accounts receivable

	Group					
	April 30, 2020			**April 30, 2019**		
SEK M	Gross	Reserv	Total	Gross	Reserv	Total
Not due	1,835	–4	1,831	1,902	–2	1,900
Overdue 1–30 days	458	–1	457	474	–1	473
Overdue 31–60 days	176	–1	175	216	–1	215
Overdue 61–90 days	181	–4	177	189	–4	185
Overdue > 90 days	928	–188	740	901	–221	680
Total accounts receivables, net	**3,578**	**–198**	**3,379**	**3,684**	**–229**	**3,455**

Credit risk analysis of accounts receivable measured at fair value through other comprehensive income

SEK M	Gross	Provision	Total
Not due	50	0	50
Overdue 1–30 days	6	0	6
Overdue 31–60 days	6	0	6
Overdue 61–90 days	–	–	–
Overdue > 90 days	3	0	3
Total accounts receivables, net	**65**	**0**	**65**

Provision for bad debt accounts receivable

	Group	
SEK M	**2019/20**	2018/19
Opening balance May 1	–229	–152
Adjustment due to IFRS 9	–	–25
Provisions	–127	–71
Reversals	32	1
Realized loss	124	35
Reclassification from contract assets	–	–10
Translation differences	1	–6
Closing balance April 30	**–198**	**–229**

Provision for bad debt contract assets

	Group	
SEK M	**2019/20**	2018/19
Opening balance May 1	–11	–10
Adjustment due to IFRS 9	–	–24
Provisions	0	0
Reversals	10	14
Reclassification to accounts receivable	–	10
Translation differences	0	0
Closing balance April 30	**–1**	**–11**

NOTE 24
Other current receivables

	Group	
SEK M	**April 30, 2020**	April 30, 2019
Prepayments to suppliers	167	100
Other receivables	554	473
Prepaid expenses	487	485
Total	**1,208**	**1,059**

	Parent Company	
SEK M	**April 30, 2020**	April 30, 2019
Derivative financial instruments	49	61
Current tax assets	17	17
Other receivables	5	12
Prepaid expenses	10	12
Total	**81**	**102**

NOTE 25
Cash and cash equivalents and short-term investments

	Group		Parent Company	
SEK M	**April 30, 2020**	April 30, 2019	**April 30, 2020**	April 30, 2019
Current investments classified as cash equivalents	1,241	1,716	1,304	1,716
Short-term investments	62	45	–	45
Cash and bank	5,166	2,357	4,084	1,225
Total	**6,470**	**4,119**	**5,387**	**2,986**

Available cash and cash equivalents and short-term investments amounted to SEK 6,462 M (4,111) which is cash and cash equivalents and short-term investments reduced by bank balances included in assets pledged. See Note 32.

NOTE 26
Equity

Number of shares in Elekta AB (publ)	A-shares	B-shares	Total	Share capital
Number of shares May 1, 2018	14,980,769	368,587,640	383,568,409	191,784,205
Number of shares April 30, 2019	**14,980,769**	**368,587,640**	**383,568,409**	**191,784,205**
of which treasury shares	–	1,541,368	1,541,368	
Number of shares May 1, 2019	14,980,769	368,587,640	383,568,409	191,784,205
Number of shares April 30, 2020	**14,980,769**	**368,587,640**	**383,568,409**	**191,784,205**
of which treasury shares	–	1,485,289	1,485,289	

Appropriation of profit

Amount to be paid to the shareholders	SEK 343,874,808
Amount to be carried forward by the Parent Company	SEK 1,654,303,650
Total non-restricted equity of the Parent Company	**SEK 1,998,178,458**

All shares have a par value of SEK 0.50 and provide the holders with equal rights to the Company's assets and earnings. All shares are entitled to dividends subsequently issued. One series A-share entitles the holder to 10 votes and one series B-share to one vote. In accordance with section 12 of the articles of association, series A-shares are subject to right of first refusal. All series A-shares are currently owned by Laurent Leksell via company. The dividend paid out during the financial year amounted to a total sum of SEK 688 M, corresponding to SEK 1.80 per share. At the AGM on August 26, 2020, a dividend of SEK 0.90 per share for the year 2019/20 – a total sum of approximately SEK 344 M will be proposed. The average number of shares before and after dilution during the year, rounded to the nearest thousand, was 382,062 thousand (382,027). The number of repurchased shares on April 30, 2020, totaled 1,485,289 B-shares (1,541,368). The share program awarded to employees have a potential dilution effect. Certain performance targets must be met for dilution to occur and this was not the case at the closing date.

For more information on the Elekta share, see page 34.

NOTE 27
Interest-bearing liabilities

	Group		Parent Company	
SEK M	**April 30, 2020**	April 30, 2019	**April 30, 2020**	April 30, 2019
Bond loan	2,496	1,998	2,496	1,998
Liabilities to credit institutions	5,606	2,555	5,547	2,555
Liabilities to subsidiaries	–	–	4,283	3,934
Lease liabilities [1]	1,256	6	–	–
Total	**9,358**	**4,558**	**12,327**	**8,487**
Maturity term structure, external loans				
<1 year	1,001	1,000	942	1,000
>1 year–<3 years	2,731	3,084	2,731	3,079
>3 years–<5 years	3,489	475	3,489	475
>5 years	881	–	881	–
Total	**8,102**	**4,558**	**8,043**	**4,533**

1) Lease liabilities as of May 1, 2019 have increased with SEK 1,319 M due to the adoption of IFRS 16.

Specification by currency

	Liability amount		SEK M	
Currency	**April 30, 2020**	April 30, 2019	**April 30, 2020**	April 30, 2019
Swedish kronor, SEK M	5,296	2,500	5,296	2,498
US dollar, USD M	100	100	984	949
British Pound, GBP M	143	90	1,763	1,106
Chinese Yuan, CNY M	42	–	59	–
Polish Zloty, PLN M	–	2	–	5
Brazilian real, BRL M	–	0	–	0
South African rand, ZAR M	–	1	–	1
Total			**8,102**	**4,558**

Fixed interest term including effects of derivatives

	April 30, 2020	April 30, 2019
< 1 year	6,238	1,000
> 1 year < 3 years	491	3,084
> 3 year < 5 years	491	475
> 5 years	881	–
Total	**8,102**	**4,558**

NOTE 28
Provisions

Accounting principles
Provisions
Provisions are reported when the Group has, or is considered to have, an obligation resulting from an event that has occurred and for which payments are likely to meet the obligation. A further condition is that it is possible to make a reliable estimate of the amount to be paid.

Pensions
Pensions are reported either as defined contribution plans or as defined benefit plans. Most of Elekta's pension commitments are met through ongoing payments to authorities or other independent organizations that administer the pension plans. For these defined contribution pension plans, a pension cost is reported on a continuous basis as the benefits are earned, which normally coincides with the date on which the fees are paid.

Elekta has defined benefit pension plans for certain employees in a few countries. Independent actuaries calculate the magnitude of the obligations in each plan and revalue the obligations of the pension plans each year. The pension costs are estimated using the so-called projected unit credit method in a way that distributes the costs over the employee's working life. These obligations are valued at the present value of the expected future payments. Actuarial gains and losses are reported in other comprehensive income in the period during which they arise.

Warranty provisions
Estimated costs for product guarantees are charged against operating costs in conjunction with the income recognition of the products. The estimated costs are established using historic statistics, with known changes taken into account regarding product quality, repair costs etcetera.

Estimates and assessment
Provisions include uncertainties and entails various judgments. Provisions for guarantees are based on historic statistics, while others, such as provisions for legal disputes and restructuring are based on management's best estimate of the expected outcome. A provision is only reported when an event has occurred for which economic responsibility is probable and when it is possible to make a reliable estimate of the amount to be paid. Total provisions amounted to SEK 414 M (376).

Provisions

	Group		Parent Company	
SEK M	**April 30, 2020**	April 30, 2019	**April 30, 2020**	April 30, 2019
Restructuring reserve	2	3	–	0
Warranty provisions	101	102	–	–
Other provisions	76	84	1	0
Short-term provisions	**179**	**188**	**1**	**0**
Provision for pensions	175	149	–	–
Other provisions	60	39	10	12
Long-term provisions	**235**	**188**	**10**	**12**

Pension plans
Elekta has defined benefit pension plans for certain employees in a few countries. Most common is however defined contribution plans. Total pension costs for the Group amounted to SEK 240 M (254) of which SEK 20 M (16) relate to defined benefit pension plans (see Note 7).

Pension costs, defined benefit pension plans

	Group	
SEK M	**2019/20**	2018/19
Current service cost	–19	–14
Interest expense	–4	–4
Interest income	2	2
Actuarial gains (+) and losses (–)	–8	–1
Total pension costs defined benefit plans	**–28**	**–17**
whereof reported in:		
the income statement	–20	–16
other comprehensive income	–8	–1

Defined benefit pension plans

	Group	
SEK M	**April 30, 2020**	April 30, 2019
Defined benefit obligation, funded plans	177	148
Fair value of plan assets	–142	–125
Provision for pensions, funded plans	**35**	**23**
Defined benefit obligation, unfunded plans	140	126
Provision for pensions, unfunded plans	**140**	**126**
Pension provision for defined benefit plans, net	**175**	**149**

Movement in provision for pensions

	Group	
SEK M	**2019/20**	2018/19
Opening balance:		
Defined benefit obligation	274	226
Fair value of plan assets	–125	–99
Provision for pensions May 1	**149**	**127**
Pension costs	28	17
Contributions/Repayments	–5	–5
Benefit payments	–4	–4
Change in provision plan	–	10
Translation differences	6	4
Closing balance:		
Defined benefit obligation	317	274
Fair value of plan assets	–142	–125
Provision for pensions April 30	**175**	**149**

NOTE 28 Provisions, cont.

Main actuarial assumptions (weighted average)

	Group	
	April 30, 2020	April 30, 2019
Discount rate	1.6%	1.3%
Future salary increases	2.6%	1.9%

Movement in provisions

	Group			Parent Company
SEK M	Restructuring reserve	Warranty provisions	Other provisions	Other provisions
Opening balance May 1, 2018	**19**	**83**	**115**	**9**
Provisions	–	151	31	3
Reversals	–	–74	–1	0
Provisions utilized during the year	–17	–61	–23	0
Translation differences	1	3	0	–
Closing balance April 30, 2019	**3**	**102**	**122**	**12**
Provisions	3	156	38	1
Reversals	–3	–86	–2	0
Provisions utilized during the year	–1	–71	–24	–3
Translation differences	0	0	1	–
Closing balance April 30, 2020	**2**	**101**	**135**	**10**

In the consolidated accounts, other provisions mainly refer to project related provisions. In the Parent Company, contingent considerations are reported as provisions and amount to SEK 0 M (0).

NOTE 29

Customer contract related balances and order backlog

	Group	
SEK M	April 30 2020	April 30 2019
Contract assets		
Income not invoiced	1,527	1,411
Doubtful INI	–1	–11
Total	**1,526**	**1,401**
Contract liabilities		
Advances from customer	4,103	4,883
Prepaid service income	2,135	2,096
Other prepaid income	91	74
Total	**6,329**	**7,053**

The increase in contract assets and decrease in contract liabilities was mostly due to country mix and revenue recognition for projects with advances related to the IFRS 15 implementation.

Revenue recognized in the period

	Group	
SEK M	2019/20	2018/19
Revenue recognized in the year relating to the opening balance of the contract liability balance	4,412	4,685

Order backlog was SEK 34,689 M, compared to SEK 32,003 M on April 30, 2019. Order backlog is converted at closing exchange rates which resulted in a positive translation difference of SEK 461 M. According to current delivery plans, current order backlog is expected to be recognized as follows: approximately 35 percent in 2020/21, 30 percent in 2021/22 and 35 percent thereafter.

NOTE 30

Accrued expenses

	Group	
SEK M	April 30, 2020	April 30, 2019
Reserve for additional project costs	540	536
Accrued commission costs	92	100
Accrued vacation pay	198	171
Accrued social costs	62	50
Accrued interest expenses	35	28
Accrued bonus costs	267	270
Other items	509	507
Total	**1,703**	**1,661**

NOTE 31
Other current liabilities

SEK M	Parent Company April 30, 2020	April 30, 2019
Accounts payable	7	17
Accrued expenses (see below)	54	54
Derivative financial instruments	28	15
Other liabilities	5	9
Total	**95**	**95**
Accrued expenses		
Accrued vacation pay liability	6	4
Accrued social costs	1	3
Accrued interest expenses	34	28
Other items	14	20
Total	**54**	**54**

NOTE 32
Assets pledged

SEK M	Group April 30, 2020	April 30, 2019
Bank balances	8	8
Total	**8**	**8**

Collateral pledged for contingent liabilities.

NOTE 33
Contingent liabilities

	Group		Parent Company	
SEK M	April 30, 2020	April 30, 2019	April 30, 2020	April 30, 2019
Guarantees	58	83	1,268	1,320
Total	**58**	**83**	**1,268**	**1,320**

For the group the guarantees consist of mainly bid bonds. For the Parent Company the guarantees consist of mainly performance guarantees and advance payments guarantees.

NOTE 34
Cash flow statement

	Group		Parent Company	
SEK M	2019/20	2018/19	2019/20	2018/19
Interest net				
Interest income	–63	–65	–219	–191
Interest expenses	213	156	175	173
Total	**150**	**91**	**–44**	**–18**
Other non-cash items				
Participations in profit/loss of associated companies, after tax	2	–6	–	–
Revaluation of prior interest in acquisition	–66	–	–	–
Write-down of shares in subsidiaries	–	–	199	–
Write-down of loan	–	5	–	5
Revaluation of participations in other companies	–	–	107	–
Result from divestments/disposals of fixed assets	1	–70	–	–48
Cost of incentive programs	–3	6	–1	6
Appropriations	–	–	–14	14
Group contribution	–	–	–	–138
Unrealized exchange rate effects	109	60	–22	49
Other items	11	26	17	61
Total	**54**	**21**	**286**	**–51**
Business combinations				
Purchase price	–290	–69	–	–
Contingent considerations	–2	–16	–	–
Unpaid part of purchase price	114	–	–	–
Total	**–178**	**–85**	**–**	**–**
Other investing activities				
Shareholders' contributions paid	–	–	–7	–44
Divestments of subsidiaries	–	92	–	92
Investments in associates	–	–6	–	–6
Investments in other shares	–343	–58	–343	–58
Investments in short term investments	–73	–	–2	–
Divestments of short term investments	47	38	47	38
Total	**–369**	**66**	**–305**	**22**

More information on business combinations is presented in Note 36.

NOTE 34 Cash flow statement, cont.

Changes in net liabilities related to financing activities 2019/20

SEK M	Opening balance	Cash flow	Non-cash changes: Restatement IFRS 16	Non-cash changes: Other	Non-cash changes: Foreign exchange movements	Closing balance
Bond loans	1,998	500	–	–2	–	2,496
Leases liabilities	6	–256	1,319	184	3	1,256
Liabilities to credit institutes	2,555	3,016	–	–2	37	5,606
Total	**4,558**	**3,260**	**1,319**	**180**	**40**	**9,358**

Changes in net liabilities related to financing activities 2018/19

SEK M	Opening balance	Cash flow	Non-cash changes: Restatement IFRS 16	Non-cash changes: Other	Non-cash changes: Foreign exchange movements	Closing balance
Bond loans	1,997	–	–	1	–	1,998
Leases liabilities	3	–	–	2	1	6
Liabilities to credit institutes	3,344	–938	–	3	145	2,555
Total	**5,344**	**–938**	**–**	**6**	**146**	**4,558**

NOTE 35
Related party transactions

Transactions between Elekta AB and its subsidiaries are shown in Notes 11, 13 and 27. These transactions are eliminated upon consolidation. Sales to associated companies amounted to SEK 57 M (32), receivables from associated companies amounted to SEK 42 M (43) and costs related to associated companies amounted to SEK 0 M (0).

None of the board members or any of the senior executives has, or has had, any direct or indirect involvement in any business transactions between themselves and Elekta. In addition to this, no other transactions with related parties have occurred. Remunerations and benefits to key personnel in management positions are presented in Note 7.

NOTE 36
Business combinations

2019/20

On February 14, 2020 Elekta acquired the remaining shares (67%) of PalabraApps, LLC after the strategic investment in April 2018. The preliminary acquisition price consisted of a fixed amount of approximately SEK 108 M and a maximum variable amount of approximately SEK 50 M, which is depending on the achievement of goals set-up for the transferred business. According to the purchase price allocation, goodwill and intangible assets amounted to approximately SEK 237 M based on the full variable acquisition price. The acquired goodwill is tax deductible. Elekta consolidates the PalabraApps, LLC business from February 14, 2020. The acquisition is expected to add 0 percent to Elekta's net sales on an annual basis and is expected to be accretive to Elekta's earnings per share (EPS). According to IFRS guidelines Elekta should value its interest in Palabra prior to obtaining the control to fair value and record the revaluation through the income statement as other operating income. The operating earnings was impacted positively by 66 MSEK due to the non-cash revaluation.

On August 29, 2019 Elekta announced the acquisition of 100 percent of the shares in ProKnow Systems, LLC, in order to expand its offering of cloud-based solutions for advanced radiation therapy. ProKnow's product portfolio enable clinics to standardize their treatment planning analytics by supporting oncology teams with analysis of collective, big data from patient groups. This solution can also streamline work-flow challenges and improve contouring accuracy and treatment plan quality. The preliminary acquisition price consisted of a fixed amount of approximately SEK 78 M and a maximum variable amount of approximately SEK 54 M, which is depending on the achievement of goals set-up for the transferred business. According to the purchase price allocation, goodwill and intangible assets amounted to approximately SEK 114 M based on the full variable acquisition price. The acquired goodwill is tax deductible. Elekta consolidates the ProKnows business from August 23, 2019. The acquisition is expected to add 0 percent to Elekta's net sales on an annual basis and is expected to be accretive to Elekta earnings per share (EPS). Transaction costs amounted to approximately SEK 1 M and were reported as other operating expenses in the consolidated income statement.

2018/19

On April 9, 2019, Elekta announced the acquisition of a minority stake (20%) in the German Company, iRT Systems GmbH, in order to improve its quality assurance (QA) offering to clinics and hospitals around the world. The acquisition price consisted of a fixed amount of approximately SEK 6 M.

Elekta announced on July 27, 2018, that it has acquired 100 percent of the Canadian quality assurance expert Acumyn, a stand-alone commercial spin-off of University Health Network, Toronto. This follows an exclusive agreement between Elekta and Acumyn, signed in 2014, to commercialize its integrated Quality Management System, AQUA®. The acquisition price consisted of a fixed amount of SEK 68 M. According to the purchase price allocation goodwill amounted to SEK 82 M based on the full variable amounted the acquisition price. Elekta will be able to enhance its Quality Assurance capabilities and offering for its oncology treatment solutions. The acquired goodwill is not tax deductible. Transaction costs amounted to approximately SEK 2 M and were reported as other operating expenses in the consolidated income statement. At the time of acquisition equity amounted to SEK –14 M.

On July 19, 2018, Elekta announced that it has sold its MEG business to York Instruments, a subsidiary of Croton Healthcare, LLC. This divestment follows Elekta's strategic decision to prioritize its treatment solutions and oncology informatics portfolio. The purchase price received amounted to SEK 92 M. Transaction costs amounted to approximately SEK 4 M.

An amount of SEK 16 M (45) of contingent considerations related to acquisitions in previous years has been paid out.

NOTE 37
Average number of employees

	Men		Women		Total	
	2019/20	2018/19	**2019/20**	2018/19	**2019/20**	2018/19
Parent Company	19	18	22	19	41	37
Subsidiaries:						
Sweden	155	153	87	82	242	235
USA	580	562	282	288	862	850
United Kingdom	532	493	184	159	717	652
China	517	416	224	185	741	601
The Netherlands	172	172	44	38	216	210
Poland	77	63	105	96	182	159
Germany	118	111	33	32	151	143
Japan	105	99	21	23	126	122
India	109	97	6	7	115	104
Canada	64	63	26	22	90	85
Italy	57	56	16	15	73	71
France	55	53	15	15	70	68
Australia	51	43	18	12	69	55
Brazil	38	41	11	13	49	54
Spain	42	40	7	9	49	49
Hong Kong	33	33	15	14	48	47
Turkey	42	13	15	34	57	47
Mexico	30	29	7	4	37	33
South Korea	21	19	4	4	25	23
Singapore	17	17	9	6	26	23
Austria	14	15	6	6	19	21
Russia	16	15	5	5	21	20
South Africa	12	10	4	3	16	13
Belgium	10	11	1	1	11	12
Greece	9	9	3	3	12	12
Czech Republic	6	8	3	3	9	11
Portugal	10	8	2	3	12	11
New Zealand (branch)	6	7	2	2	8	9
Algeria	8	1	2	8	9	9
Vietnam	8	7	1	1	9	8
Switzerland (branch)	3	3	2	2	5	5
Total average number of employees	**2,935**	**2,684**	**1,181**	**1,114**	**4,117**	**3,798**

Specification men/women among Board of Directors and executive management

During the fiscal year, the Board of Directors of Elekta AB consisted of 63 percent (56) men.
The executive management consisted of 81 percent (85) men.

NOTE 38
Events after the reporting period

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

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

Acquisition of Kaiku Health strengthens Elekta Digital offering with personalized remote digital health interventions.

NOTE 39
Effects from changed accounting standards

IFRS 16 is a new standard on accounting for leases which replaces IAS 17 and the associated interpretation statements IFRIC 4, SIC-15 and SIC-27. The new standard have affected the accounting for leases in the books of a lessee, whereas the accounting in all material aspects has remained unchanged for lessors. For Elekta, the major effect from implementing the new standard relate to operating leases for premises. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 and Elekta has applied the new standard from May 1, 2019.

The standard requires all lease arrangement to be recognized in the balance sheet with a few exceptions for short-term leases and low-value leases. This recognition is based on the view that the lessee has a right to use an asset for a specific period of time and a simultaneous obligation to pay for that right.

Elekta has applied IFRS 16 with the modified retrospective approach and as permitted by the standard the comparative period has not been restated, instead an adjustment on the opening balance has shown the cumulative effect. The lease liabilities have been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at transition date. The weighted average incremental borrowing rate used at transition date was 3.85 percent. Right-of-use assets have been recognized based on the amount equal to the related lease liability.

IFRS 16 permit to use some practical expedients. Elekta has applied the following practical expedients when applying IFRS 16 at transition date:

- Operating leases with a remaining lease term of less than 12 months as at May 1, 2019, have been accounted for as short-term leases. Short-term leases and operating leases of low-value have not been recognized on the balance sheet at transition date.
- Initial direct costs have been excluded from the measurement of the right-to-use asset at the date of initial recognition.
- Hindsight have been used in determining the lease term for contracts containing options to extend or terminate the lease.

Under the new standard the present value of lease obligations have been measured and reported as a non-current asset and interest-bearing liability in the Balance Sheet. The asset is adjusted with prepaid rents and received incentives. The incentives are currently reported as liabilities in the Balance Sheet and are accrued over the lease period.

In the Income Statement, lease payments previously reported as an operating expense within operating result have been replaced with depreciation and interest expenses. This change means that total assets and operating profit increase, which has affected various key indicators. The cash flow from operations increase related to the amortization of the lease liability, the amortization is instead shown in the cash flow from financing activities.

Effects from IFRS 16 on consolidated balance sheet

SEK M	Reported Apr 30, 2019	Adj. IFRS 16[1]	**Adjusted May 1, 2019**
Right-of-use asset	0	1,242	1,242
Other assets	24,064	–16	24,048
Deferred tax assets	0	7	7
Total assets	**24,064**	**1,234**	**25,298**
Total equity	7,779	–31	7,748
Long term lease liability	0	1,118	1,118
Short term lease liability	0	201	201
Other liabilities	16,285	–54	16,231
Total equity and liabilities	**24,064**	**1,234**	**25,298**

1) The effects from the initial application of IFRS 16 has been adjusted compared to previously disclosed figures.

According to the previous standard, IAS 17, a distinction was made between operating and finance lease arrangement, where operating leases were not recognized in the Balance Sheet. The value of undiscounted future lease fees is disclosed in note 17, amounted to SEK 1,459 M. The lease liability recognized in the Balance Sheet May 1, 2019 amounted to SEK 1,319 M. The difference is mainly related to the discounting effect of the liability as the liability is calculated as the net present value for the future payments, while the amount disclosed as of April 30, 2019 is not discounted in accordance with IAS 17, for more information see note 17. Increases of the payments due to index and extension and termination options included in the lease liability does also explain the difference, together with the exclusion of lease payments related to low-value assets and short-term leases from the Balance Sheet. Those payments are expensed on straight-line basis in the income statement.

Transition to IFRS 16

SEK M	
Future lease fees for operational leases as of April 30, 2019	1,459
Discount effect of incremental borrowing rate	–280
Short-term leases	–3
Low-value assets	–15
Adjustments due to index change and options to extend or terminate contracts	158
Lease liability as of May 1, 2019	**1,319**


PI
MRI Head Scan
Ex: 29942
Se: 8
Im: 9
PI
MRI Head Scan
Ex: 29942
Se: 8
Im: 10
L R
1 1
0 2
0 8
PI
MRI Head Scan
Ex: 29942
Se: 8
Im: 13
PI
MRI Head Scan
Ex: 29942
Se: 8
Im: 14
L R
1 1
0 2
0 8

The Board of Directors and the President and CEO certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Parent Company and the Group, and that the management report gives a fair review of the development and performance of the business, position and profit or loss of the Parent Company and the Group, and describes the principal risks and uncertainties that the Parent Company and the companies in the Group face.

The annual report also contains the sustainability report in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, see page 62, and the Sustainability Report in accordance with the Global reporting Initiative, GRI, see the GRI Index on page 59.

Stockholm July 6, 2020

Laurent Leksell
Chairman of the board

Caroline Leksell Cooke
Member of the board

Johan Malmquist
Member of the board

Tomas Puusepp
Member of the board

Wolfgang Reim
Member of the board

Jan Secher
Member of the board

Birgitta Stymne Göransson
Member of the board

Cecilia Wikström
Member of the board

Gustaf Salford
Acting President and CEO

Our audit report was submitted on July 10, 2020
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Auditor's report

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

This is a translation from the Swedish original.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Elekta AB (publ) for the financial year 2019-05-01–2020-04-30. The annual accounts and consolidated accounts of the company are included on pages 81–136 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of April 30, 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of April 30, 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

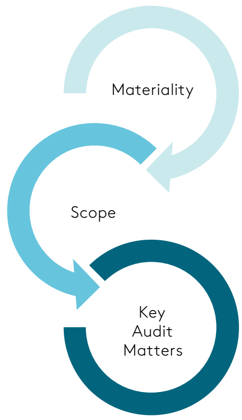
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its Parent Company or its controlled companies within the EU.

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

Other information

The audit of the annual accounts for the year 2018-05-01–2019-04-30 has been performed by another auditor which have provided an Auditor's report dated July 8, 2019 with unmodified opinion in Report on the annual accounts and consolidated accounts.

Other Information than the annual accounts and consolidated accounts



This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–80. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

REVENUE RECOGNITION

Description of the area

Elekta's revenue comes from the sale of machinery, software and services. Many of Elekta's products and services are sold independently, while others are part of so-called compound contracts, where equipment, software and services are covered by a single customer agreement. Revenue for each component is recognized in the contract (performance obligation) when the control is transferred to the customer.

Revenue recognition depends on management's assessments of the contract terms that govern when the control for each component passes to the buyer. Machines are installed in accordance with the installation date agreed with the customer and it is usually at this time that the revenue for the machine is reported. After technical approval has been received from the customer, the remaining part of the revenue is reported attributable to software and installation.

The transaction price, taking discounts into account, is allocated among the various performance commitments in the contract based on estimated stand-alone sales prices for the goods and services in the contract identified as performance commitments.

Due to the inherent complexity of revenue recognition and the nature of estimates and assessments from management, we have assessed revenue from the sale of systems as a particularly important area of the audit.

For accounting policies and disclosures, please refer to Note 6.

How this area was taken into account in the audit

In our audit, we have mapped and evaluated Elekta's processes and controls on revenue recognition to gain an understanding of how they work and where any errors could occur.

Our mapping has focused on the approval of new customer agreements, the model for allocating revenue to various components of the agreements and the company's controls to ensure that the revenue is accounted for in the right period. After our mapping, we have tested the controls and carried out, among other things, the following review measures:

- Performed trend and correlation tests using computerized analytical methods in order to identify fluctuations and to check that payment has been received for reported revenue.
- Randomly tested that revenue is accounted for in the correct period and at the right amount
- Reviewed a selection of new large contracts and sales against the terms of the contract and Elekta's guidelines for assessing revenue recognition.

We have also examined the accounting policies and notes provided in the annual report.

GOODWILL

Description of the area

Goodwill amounts to SEK 6,311 M as of April 30, 2020 and represents a significant proportion of Elekta's total assets. Goodwill amounts are allocated to the Group's cash-generating units (CGUs).

Impairment testing of goodwill and trademarks with an indefinite useful life is carried out annually, or more frequently if there are indications of a decline in value.

When the book value exceeds the estimated recoverable amount, the asset is impaired to the recoverable amount. The recoverable amount is the highest of a CGU's net realizable value and value in use, which corresponds to the discounted present value of future cash flows. Future cash flows are based on the forecast approved by management for the next five-year period. As described in Note 16, the calculations of utilization values assume that important assumptions are made regarding, among other things, growth rates, gross margin and discount rates.

Note 16 further describes the assumptions necessary for the calculation of value in use and contains a sensitivity analysis in the event of a change in assumptions. Due to the assessments and assumptions required to calculate the value in use, we have assessed that goodwill valuation is a particularly important area in our audit.

How this area was taken into account in the audit

Our review has included, among other things, the following review measures;

- Evaluation of the company's process for establishing and conducting impairment tests.
- Review of the Company's identification of cash-generating units (CGU)
- Evaluation using own valuation experts regarding used valuation methods and calculation models.
- Assessment of the plausibility of assumptions made.
- Analysis of the company's sensitivity analyses
- Analysis of the reliability of previous forecasts by comparing previous year's forecasts against actual outcomes.
- Examination of additional information provided in the Annual Report.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Elekta AB (publ) for the year 2019-05-01–2020-04-30 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the Parent Company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Ernst & Young AB was appointed auditor of Elekta AB by the general meeting of the shareholders on 22 August 2019.

Stockholm 10 July 2020

Ernst & Young AB

Signature on original auditors' report in Swedish[1)]

Rickard Andersson
Authorized Public Accountant

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

Glossary

Adaptive radiation therapy
A treatment technique that aims to customize each patient's treatment plan to patient specific variation by evaluating and characterizing the systematic and random variations through image feedback and including them in adaptive planning.

Benign
The term benign is used when describing tumors or growths that do not threaten the health of an individual. Benign is the opposite of malignant.

Brachytherapy
Is also known as internal radiation therapy, involves placing a radiation source in or near the treatment area. This allows very high tumor doses to be achieved, while limiting the impact on surrounding organs. The method is typically used to treat gynecological cancer and prostate cancer, but also breast cancer and certain types of skin cancer.

Cancer
Uncontrolled, abnormal growth of cells.

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

Cone beam CT (CBCT)
A CBCT system mounted to a linac or Gamma Knife creates images used for verifying or determining the location of the patient in relation to the treatment beam(s).

Computed tomography (CT)
A radiological method of imaging anatomical structures by means of layering, using computer technology.

Deep brain stimulation (DBS)
A brain 'pacemaker' is implanted to stimulate brain activity and block signals that cause unwanted symptoms present in functional neurological disorders, for example tremor.

Diffusion weighted imaging (DWI)
A method to evaluate the molecular function and micro-architecture of the human body.

Electronic brachytherapy
Type of brachytherapy that uses an X-ray tube to induce radiation. It can deliver radiation to the tumor with a high degree of precision whilst minimizing damage to healthy surrounding tissue. Due to the source of radiation used, electronic brachytherapy can be performed in a room with minimal shielding.

External-beam radiation therapy
The most common type of radiation therapy, in which the radiation source is produced by a linear accelerator and delivered by the radiation beam from the linear accelerator head rotated around the patient. By delivering the radiation from various angles, the radiation dose is distributed more evenly in the tumor without excess damage to surrounding healthy tissue.

Fraction
Part of the total radiation dose, delivered at a daily treatment.

Food and Drug Administration (FDA)
Is an agency of the US Department of Health and Human Services. The FDA is responsible for protecting and promoting public health through the regulation and supervision of for example medical devices.

Gamma Knife® radiosurgery
Stereotactic radiosurgery with Leksell Gamma Knife®.

Glioblastoma
The most common and most aggressive malignant primary brain tumor. They are usually highly malignant as a large number of tumor cells are reproducing at any given time and are supported by a large network of blood vessels. Glioblastoma often infiltrate with normal healthy brain tissue.

High dose radiation (HDR)
An amount of radiation that is greater than that given in typical radiation therapy. High-dose radiation is precisely directed at the tumor to avoid damaging healthy tissue, and may kill more cancer cells in fewer treatments.

Hypofractionation
A treatment schedule in which the total dose of radiation is divided into large doses and treatments are given once a day or less often.

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

Image guided radiation therapy (IGRT) with magnetic resonance imaging (MRI)
This provides high-quality images of tissue and tumors while treatment is in progress, and also enables adaptation of the radiation dose in real-time. The method is under development in the MR-linac consortium.

Intensity-modulated radiation therapy (IMRT)
IMRT is an advanced type of treatment that uses multiple very small beams of varying intensity rather than a single, large, uniform beam. The radiation can therefore be tailored to the size and shape of the tumor, allowing higher tumor doses while minimizing the impact on healthy tissue.

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

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

Linear accelerator (Linac)
Equipment for generating and directing ionizing radiation for treatment of cancer.

Magnetoencephalograph (MEG)
Equipment for real time mapping of the function in different parts of the brain, by measuring the magnetic field generated by brain cells activity.

Magnetic resonance imaging (MRI)
Technology used to visualize and differentiate organs and anatomical structures inside the body. It uses non-ionizing radiation and is thus harmless to the patient.

Malignant
Refers to cancerous cells that usually have the ability to aggressively spread, invade and destroy tissue. Opposite to benign.

Meningioma
A type of tumor that develops from the meninges, the membrane that surrounds the brain and spinal cord. Meningiomas are the most common type of primary brain tumors and are often benign.

Metastases
Secondary malignant tumors originating from primary cancer tumors in other parts of the body.

Multileaf collimator
An accessory to the linear accelerator, working like an aperture. With a large number of individually adjustable metal leaves, the treatment beam can be shaped to the size and shape of the target volume.

MR-Linac
See image guided radiation therapy (IGRT) with magnetic resonance imaging (MRI).

Neurology
The study of the nervous system and its disorders.

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

Oligometastases
A limited number of metastases.

Oncology
The study of tumor diseases.

Oncology information system (OIS)
All patient information is collected and accessible in an oncology information system, from diagnosis through treatment and follow-up, so that clinics can deliver the best possible care for every patient. MOSAIQ® is Elekta´s world leading oncology information system.

Parkinson's disease
Paralysis, with trembling and shaking as well as muscular rigidity, with a change in movements and posture by the patient.

Prevalence
The prevalence of a particular cancer can be defined as the number of persons in a defined population who have been diagnosed with that type of cancer, and who are still alive at the end of a given year, the survivors. Prevalence of cancers based on cases diagnosed within one, three and five are presented as they are likely to be of relevance to the different stages of cancer therapy, namely, initial treatment (one year), clinical follow-up (three years) and cure (five years). Patients who are still alive five years after diagnosis are usually considered cured since the death rates of such patients are similar to those in the general population.

Radiation therapy
Fractionated ionizing radiation treatment of cancer.

Radiosurgery
Non-invasive surgery in which a high, single dose of precise ionizing radiation replaces surgical instruments.

Stereotactic body radiation therapy (SBRT)
SBRT enables accurate delivery of radiation to a tumor and minimizes the radiation dose to surrounding tissue. This enables that small and medium-sized tumors can be treated with higher doses and fewer sessions, known as hypofractionation.

Stereotactic radiosurgery (SRS)
This is typically used to treat tumors and other disorders in the brain. The method involves the delivery of a single high dose, to small and critically located targets in the brain. The method offers very high precision, with a minimum impact on surrounding brain tissue.

Stereotactic radiation therapy (SRT)
Radiation therapy of cancer, where high precision and accuracy is achieved by delivering the radiation based on an external fixed-coordinate system.

Stereotaxy
A technique in which a fixed-coordinate system can determine the location of a point by specifying the coordinates in terms of height, depth and laterally.

Tesla (T)
MRI requires a magnetic field that is both strong and uniform. The field strength of the magnet is measured in teslas (T). The majority of systems operate at 1.5T, even though there are commercial systems available between 0.2–7T.

Treatment planning system
Treatment planning systems provide tools for multimodality image registration, organ and tumor contouring, treatment simulation and plan optimization. Monaco® is Elekta´s comprehensive treatment planning system that supports all major treatment techniques.

Tumor
An abnormal mass of tissue that results when cells divide more than they should or do not die when they should. Tumors may be benign (not cancer), or malignant (cancer). Also called neoplasm.

Volumetric modulated arc therapy (VMAT)
VMAT is a more advanced variant of intensity modulated radiation therapy (IMRT). VMAT enables the physician to control the radiation beam, dosage amount and speed of rotation around the patient, which enables faster and more accurate treatment.

Definitions

Average number of employees
Total annual number of paid working hours divided by number of standard working hours per year.

CAGR, compound annual growth rate
The mean annual growth rate over a specified period of time longer than a year.

Capital employed
Total assets less interest-free liabilities.

Capital turnover ratio
Net sales divided by average total assets.[1)]

Cash flow per share
Cash flow after investments in relation to the weighted average number of shares.

Contribution margin per region
Net sales less cost of products sold and expenses directly attributable to the respective region.

Days sales outstanding, DSO
The total of accounts receivables and accrued income less advances from customers and prepaid income in relation to twelve months rolling net sales divided by 365.

Earnings per share
Net profit for the year attributable to Parent Company shareholders in relation to the weighted average number of shares (excluding treasury shares).

EBITA
Operating result items plus amortization.

EBITDA
Operating result items plus depreciation and amortization.

Equity/Assets ratio
Total equity in relation to total assets.

Gross orders
Order intake during a period.

Interest cover ratio
EBITDA in relation to interest expenses (excl. interest expenses lease liabilities).

Items affecting comparability
Events or transactions with significant financial effect, which are relevant for understanding the financial performance when comparing income for the current period with previous period, including restructuring programs, expenses relating to major legal disputes, impairments and gains and losses for acquisitions or disposals of subsidiaries.

Net debt
Interest-bearing liabilities (excl. lease liabilities) less cash and cash equivalents.

Net Debt/EBITDA ratio
Net debt in relation to EBITDA.

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

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

Operating margin
Operating result in relation to net sales.

Profit margin
Profit before tax in relation to net sales.

Return on capital employed
Profit before tax plus financial expenses in relation to average capital employed.[1)]

Return on shareholders' equity
Net profit for the year attributable to Parent Company shareholders in relation to average shareholders' equity excluding non-controlling interests.[1)]

Shareholders' equity per share
Shareholders' equity excluding non-controlling interests in relation to the number of shares at year-end (excluding treasury shares).

Value added per employee
Operating profit plus salaries, other remuneration and social security costs and cost of incentive programs divided by average number of employees.

Working capital
Short-term interest-free assets less short-term interest-free liabilities, excluding current tax and derivatives.

1) Average based on the last five quarters.

Alternative performance measures

Reconciliation of non-IFRS measures

Alternative Performance Measures (APMs) are measures and key figures that Elekta's management and other stakeholders use when managing and analyzing Elekta's business performance. These measures are not substitutes, but rather supplements to financial reporting measures prepared in accordance with IFRS. Key figures and other APM:s used by Elekta are defined on page 143. See below for comments on how APM:s are used by Elekta and, when applicable, reconciliations to the IFRS financial statements.

Gross order intake

Gross order intake represents the new orders that have been booked during the period and this is in line with industry peers.

Net order intake

Up until 2015/16 Elekta reported net order intake. The difference between gross and net order intake are backlog adjustments and currency effects.

Order backlog

Order backlog represents all orders that have been booked but not yet revenue recognized. Elekta follows the maturity profile of the order backlog when forecasting revenue.

Order and sales growth based on constant exchange rates

Elekta's order intake and sales are, to a large extent, reported in subsidiaries with other functional currencies than SEK, which is the group reporting currency. In order to present order and sales growth on a more comparable basis and to show the impact of currency fluctuations, order and sales growth based on constant exchange rates are presented. The schedules below present growth based on constant exchange rates reconciled to the total growth reported in accordance with IFRS.

Gross order intake

	North and South America		Europe, Middle East and Africa		Asia Pacific		Total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
2019/20 vs 2018/19								
Change based on constant exchange rates	–6	–321	1	81	8	385	1	146
Currency effects	6	295	3	209	6	289	5	793
Reported change	**–1**	**–26**	**4**	**290**	**13**	**674**	**6**	**938**
2018/19 vs 2017/18								
Change based on constant exchange rates	–1	–40	18	977	6	282	8	1,219
Currency effects	8	369	7	373	8	342	7	1,084
Reported change	**7**	**329**	**25**	**1,350**	**14**	**624**	**16**	**2,303**

Net sales

	North and South America		Europe, Middle East and Africa		Asia Pacific		Total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
2019/20 vs 2018/19								
Change based on constant exchange rates	–6	–285	9	468	6	248	3	431
Currency effects	6	267	2	123	6	226	5	616
Reported change	**0**	**–18**	**12**	**591**	**12**	**474**	**8**	**1,047**
2018/19 vs 2017/18								
Change based on constant exchange rates	8	295	9	375	16	524	10	1,194
Currency effects	8	318	5	236	7	235	7	788
Reported change	**16**	**613**	**14**	**611**	**23**	**758**	**17**	**1,982**

Gross profit and gross margin

Gross profit is the difference between net sales and cost of products sold and is presented on a separate line in the income statement. Gross profit as a percentage of net sales represents gross margin. The Gross margin is used by management to review effects on the income statement from factors such as product mix and price development.

EBITDA

EBITDA is used for the calculation of the interest cover ratio and operational cash conversion.

EBITDA

SEK M	2015/16	2016/17	2017/18	2018/19	2019/20
Operating result/EBIT	423	598	1,845	1,696	1,657
Amortization:					
Capitalized development costs	326	380	408	664	746
Assets relating business combinations	143	119	116	117	119
Depreciation	165	156	151	162	410
EBITDA	**1,057**	**1,253**	**2,520**	**2,639**	**2,931**

Items affecting comparability

The classification of revenue or expenses as items affecting comparability is based on management's assessment of the characteristics and also the materiality of the item.

Operating income (EBIT) and operating margin

Operating income or EBIT (earnings before interest and taxes) is part of Elekta's long term financial ambitions. The measure is presented in the income statement as Elekta consider it to provide users of the financial statements with a better understanding of the Group's operating performance from a financial perspective. The operating margin shows the operating income as a percentage of net sales.

Capital employed

Capital employed represents the value of the balance sheet net assets that is the key driver of cash flow and capital required to run the business. It is also used in the calculation of return on capital employed.

Capital employed

SEK M	April 30, 2016	April 30, 2017	April 30, 2018	April 30, 2019	**April 30, 2020**
Total assets	19,441	20,950	23,760	24,064	28,411
Deferred tax liabilities	–690	–778	–511	–587	–545
Long term provisions	–140	–142	–158	–188	–235
Other long-term liabilities	–73	–33	–63	–55	–73
Accounts payable	–1,122	–1,000	–1,132	–1,427	–1,025
Advances from customers	–1,943	–2,531	–5,316	–4,883	–4,103
Prepaid income	–1,648	–1,874	–1,990	–2,170	–2,226
Accrued expenses	–1,817	–1,875	–1,662	–1,661	–1,703
Current tax liabilities	–93	–111	–107	–166	–246
Short-term provisions	–347	–231	–186	–188	–179
Derivative financial instruments	–50	–48	–46	–94	–105
Other current liabilities	–157	–281	–257	–308	–501
Capital employed	**11,360**	**12,046**	**12,331**	**12,337**	**17,472**

Return on capital employed

Return on capital employed is a measure of the profitability after taking into account the amount of total capital used unrelated to type of financing. A higher return on capital employed indicates a more efficient use of capital.

Return on capital employed

SEK M	2015/16	2016/17	2017/18	2018/19	2019/20
Profit before tax	189	340	1,681	1,580	1,454
Financial expenses	285	271	225	186	266
Profit before tax plus financial expenses	**474**	**611**	**1,905**	**1,766**	**1,720**
Average capital employed (last five quarters)	12,039	11,668	11,194	12,010	14,247
Return on capital employed, %	4	5	17	15	12

Return on shareholders' equity

Return on shareholders' equity measures the return generated on shareholders' capital invested in the company.

Return on shareholders' equity

SEK M	2015/16	2016/17	2017/18	2018/19	**2019/20**
Profit for the year	137	125	1,348	1,198	1,084
Average shareholders' equity excluding non-controlling interests (last five quarters)	6,587	6,541	6,015	7,167	7,967
Return on shareholders' equity, %	2	2	22	17	14

Interest cover ratio

The interest coverage ratio shows how much result that is available to pay interest on outstanding debt.

Interest cover ratio

SEK M	2015/16	2016/17	2017/18	2018/19	**2019/20**
EBITDA	1,057	1,253	2,520	2,639	2,931
Interest expenses	240	209	163	156	163
Interest cover ratio, multiple	4.4	6.0	15.5	16.9	18.0

Operational cash conversion

Cash flow is a focus area for management. The operational cash conversion shows the relation between cash flow from operating activities and EBITDA.

Operational cash conversion

SEK M	2015/16	2016/17	2017/18	2018/19	**2019/20**
Cash flow from operating activities	1,170	1,819	2,404	1,621	1,014
EBITDA	1,057	1,253	2,520	2,639	2,931
Operational cash conversion, %	111	145	95	61	35

Working capital

In order to optimize cash generation, management focuses on working capital and reducing lead times between orders booked and cash received. A reconciliation of working capital to items in the balance sheet is presented on page 95.

Days sales outstanding (DSO)

DSO is used by management to follow the development of overall payment terms to customers, which have significant impact on working capital and cash flow.

Days sales outstanding (DSO)

SEK M	2015/16	2016/17	2017/18	2018/19	**2019/20**
Accounts receivable	3,301	3,726	3,402	3,455	3,379
Accrued income	2,126	1,640	1,160	1,401	1,526
Advances from customers	–1,943	–2,531	–5,316	–4,883	–4,103
Prepaid income	–1,648	–1,874	–1,990	–2,170	–2,226
Net receivable from customers	**1,836**	**961**	**–2,744**	**–2,198**	**–1,424**
Net sales	11,221	10,704	11,573	13,555	14,601
Number of days	365	365	365	365	365
Net sales per day	31	29	32	37	40
Days sales outstanding (DSO)	60	33	–87	–59	–36

Net debt and net debt/EBITDA ratio

Net debt is important to understand the financial stability of the company. Net debt and net debt/EBITDA ratio is used by management to track the debt evolvement and to analyze the leverage and refinancing need of the Group.

Net debt

SEK M	2015/16	2016/17	2017/18	2018/19	**2019/20**
Long-term interest-bearing liabilities	3,065	5,272	4,369	3,558	7,101
Short-term interest-bearing liabilities	1,885	0	975	1,000	1,001
Cash and cash equivalents and short-term investments	–2,273	–3,383	–4,541	–4,119	–6,470
Net debt	**2,677**	**1,889**	**803**	**439**	**1,632**

Net debt/EBITDA ratio

SEK M	2015/16	2016/17	2017/18	2018/19	**2019/20**
Net debt	2,677	1,889	803	439	1,632
EBITDA	1,057	1,253	2,520	2,639	2,931
Net debt/EBITDA ratio, multiple	2.53	1.51	0.32	0.17	0.56

Equity/assets ratio

The equity/assets ratio gives an indication of the financial flexibility and independence to operate and manage variations in working capital needs as well as to capitalize on business opportunities.

Equity/assets ratio

SEK M	2015/16	2016/17	2017/18	2018/19	**2019/20**
Shareholders' equity	6,412	6,774	6,987	7,779	8,113
Total assets	19,441	20,950	23,760	24,064	28,411
Equity/assets ratio, %	33	32	29	32	29

Five year review and key figures

Income statement

SEK M	2015/16[1]	2016/17[1]	2017/18	2018/19	**2019/20**
Net sales	11,221	10,704	11,573	13,555	14,601
Operating expenses excl. amortization and depreciation	–10,164[2]	–9,451[3]	–9,053	–10,916	–11,670
Depreciation	–165	–156	–151	–162	–410
EBITA	**892**	**1,097**	**2,369**	**2,477**	**2,521**
Amortization	–469	–499	–524	–781	–865
EBIT/Operating result	**423**	**598**	**1,845**	**1,696**	**1,657**
Financial net	–234	–258	–164	–116	–203
Profit before tax	**189**	**340**	**1,681**	**1,580**	**1,454**
Taxes	–44	–214	–333	–382	–370
Profit for the year	**145**	**126**	**1,348**	**1,198**	**1,084**
Attributable to:					
Parent Company shareholders	137	125	1,348	1,198	1,084
Non-controlling interests	8	1	0	0	0

1) Calculation based on IAS18 2) Including items affecting comparability amounting to SEK –598 M 3) Including items affecting comparability amounting to SEK –518 M

Cash flow

SEK M	2015/16[1]	2016/17[1]	2017/18	2018/19	**2019/20**
Operating cash flow	709	767	2,357	2,256	2,526
Changes in working capital	461	1,051	47	–636	–1,512
Cash flow from operating activities	**1,170**	**1,819**	**2,404**	**1,621**	**1,014**
Continuous investments	–774	–774	–816	–658	–761
Cash flow after continuous investments	**396**	**1,045**	**1,589**	**962**	**252**
Short-term investments	–	–	–83	38	–26
Acquisition of operations	–12	–18	–58	–54	–511
Cash flow from investing activities	–786	–792	–957	–674	–1,298
Cash flow after investments	**384**	**1,027**	**1,447**	**946**	**–284**
Cash flow from financing activities	–1,303	–55	–367	–1,473	2,624
Cash flow for the year	**–920**	**972**	**1,080**	**–527**	**2,339**

1) Calculation based on IAS18

Balance sheet

SEK M	April 30, 2016[1]	April 30, 2017[1]	April 30, 2018	April 30, 2019	**April 30, 2020**
Intangible assets	8,210	8,704	9,175	9,301	9,469
Right-of-use assets	–	–	–	–	1,156
Tangible fixed assets	803	795	895	957	968
Financial assets	364	308	261	508	748
Deferred tax assets	281	375	350	402	504
Inventories	1,135	936	2,560	2,634	2,748
Receivables	6,375	6,450	5,978	6,144	6,348
Short-term investments	–	–	83	45	62
Cash and cash equivalents	2,273	3,383	4,458	4,073	6,407
Total assets	**19,441**	**20,950**	**23,760**	**24,064**	**28,411**
Shareholders' equity	6,412	6,774	6,987	7,779	8,113
Interest-bearing liabilities	4,950	5,272	5,344	4,558	8,102
Lease liabilities	–	–	–	–	1,256
Non interest-bearing liabilities	8,079	8,905	11,429	11,727	10,940
Total shareholders' equity and liabilities	**19,441**	**20,950**	**23,760**	**24,064**	**28,411**

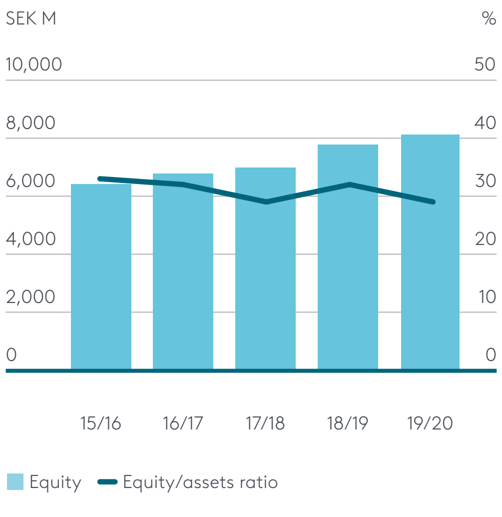
1) Calculation based on IAS18

Key figures

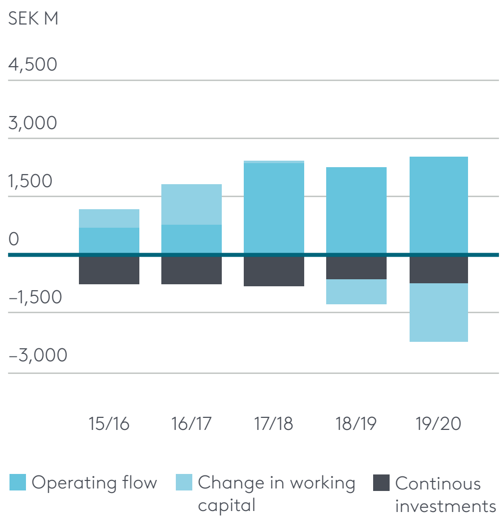
	2015/16[1]	2016/17[1]	2017/18	2018/19	**2019/20**
Gross order intake, SEK M	13,821	14,064	14,493	16,796	17,735
Net order intake, SEK M	12,880	n/a	n/a	n/a	n/a
Order backlog, SEK M	18,239	22,459	27,974	32,003	34,689
Operating margin, %	4	6	16	13	11
Profit margin, %	2	3	15	12	10
Shareholders' equity, SEK M	6,412	6,774	6,987	7,779	8,113
Capital employed, SEK M	11,360	12,046	12,331	12,337	17,472
Net debt, SEK M	2,677	1,889	803	439	1,632
Equity/Assets ratio, %	33	32	29	32	29
Net debt/EBITDA ratio, multiple	2.53	1.51	0.32	0.17	0.56
Interest cover ratio, multiple	4.4	6.0	15.5	16.9	18.0
Return on shareholders' equity, %	2	2	22	17	14
Return on capital employed, %	4	5	17	15	12
Investments in tangible and intangible assets, SEK M	874	681	861	660	761
Depreciation and amortization, SEK M	–634	–655	–675	–943	–1,275
Operational cash conversion, %	111	145	95	61	35
Average number of employees	3,677	3,581	3,702	3,798	4,117

1) Calculation based on IAS18

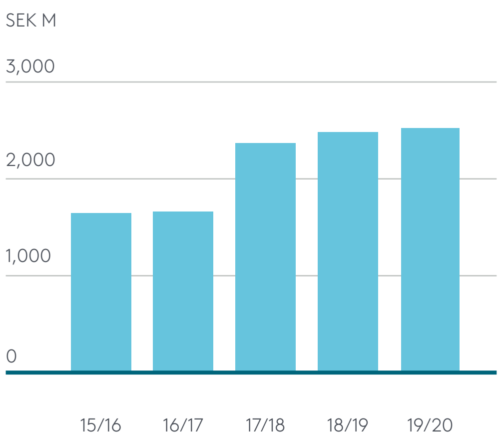
Equity and Equity/Assets ratio



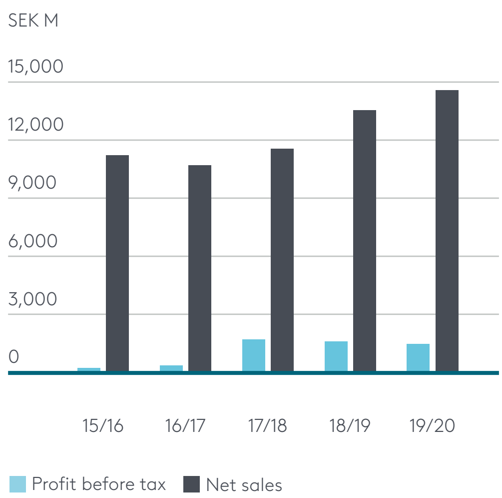
Cash flow after continuous investments



EBITA



Net sales and Profit before tax



Annual General Meeting (AGM) 2020

The AGM of Elekta AB (publ) will be held on Wednesday 26 August 2020. Due to the extraordinary situation as a result of the Covid-19 pandemic, the AGM will be held in a different way than usually. In order to reduce the risk of spreading the new coronavirus and having regard to the authorities' regulations and advice on avoiding public gatherings, the company has decided to carry out the AGM through advance voting (postal voting) pursuant to temporary legislation. No meeting with the possibility to attend in person or to be represented by a proxy will take place, i.e. the AGM will be held without physical presence.

Shareholders who wish to exercise their voting rights at the AGM shall be registered in the register of shareholders on Thursday 20 August 2020, and notify by casting its advance vote no later than Tuesday 25 August. This through a special form or electronically through BankID verification, both approaches handled via www.elekta.com. For other instructions see under the heading Advance voting in the Notice of the Annual General Meeting that will be published no later than four week prior to the AGM.

Since no AGM with the opportunity to attend in person or by proxy will be held, there will be no opportunity to ask questions at the AGM. Questions can instead be sent in advance by post to Elekta AB (publ), Attn Head of Investor Relations, P.O. Box 7593, 103 93 Stockholm, Sweden, or via e-mail to cecilia.ketels@elekta.com or by telephone +46 76 611 76 25, no later than on 17 August 2020. The Acting President & CEO will address questions from shareholders in a presentation that will be available digitally on www.elekta.com, on 26 August 2020.

AGM 2020

Last day for sending in potential questions to Acting President and CEO	17 Aug
Record date	20 Aug
Last day for voting	25 Aug
Final day of trading in Elekta shares including the right to the dividend	26 Aug
AGM	26 Aug
Record date for payment of dividends	28 Aug
Payment date for dividends	2 Sep

Financial calendar

Interim report, Q1 May–Jul 2020/21	Aug 26, 2020
Annual General Meeting	Aug 26, 2020
Interim report, Q2 May–Oct 2020/21	Nov 26, 2020
Interim report, Q3 May–Jan 2020/21	Feb 25, 2021
Year-end report 2020/21	May 27, 2021

Regulatory status of products
This document presents Elekta's product portfolio. Certain products or functionality described may be works in progress and/ or pending regulatory approval for certain markets.

Forward looking statements
This report may include forward-looking statements including, but not limited to, statements relating to operational and financial performance, market conditions, and other similar matters. These forward-looking statements are based on current expectations about future events. Although the expectations described in these statements are assumed to be reasonable, there is no guarantee that such forward-looking statements will materialize or are accurate. Because these statements involve assumptions and estimates that are subject to risks and uncertainties, results could differ materially from those set out in the statement. Certain of these risks and uncertainties are described further in the section Risks on page 30. Elekta undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or stock exchange regulation.

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