



# Annual Report 2000/01





*Together we help  
people fight  
serious diseases*

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## Annual General Meeting

The Annual General Meeting of shareholders in Elekta AB (publ) will be held on Thursday September 27, 2001 starting at 2:00 p.m. at Konferens Haga Forum, Annerovägen 4, Solna.

### Right to participate

To be entitled to participate in the Annual General Meeting, shareholders must be listed in the register of shareholders maintained by VPC AB (the Swedish Securities Register Center) not later than September 17, 2001 and notify the company of their intent to participate in the Meeting not later than September 24, 2001 at 4:00 p.m.

Shareholders whose shares are registered in the names of nominees in bank trust departments or other private stockbrokers must temporarily re-register the shares in their own names in order to participate in the Annual General Meeting. Such re-registration must be completed not later than September 17, 2001, which means that shareholders must notify their trustees in ample time before deadline.

### Notification

Shareholders who wish to participate in the Meeting may notify the company as follows. Utilization of the notification card enclosed with the Annual Report offers the simplest form of notification. Otherwise, in writing: Elekta AB (publ), Corporate Relations, Box 7593, SE-103 93 Stockholm, Sweden. By phone: +46 8 587 254 00. By fax: +46 8 587 255 00. By e-mail: susanne.adams@elekta.com.

Shareholders who otherwise notify the company of their intent to participate in the Meeting must state their name/company name, national registration/corporate registration number, address, daytime telephone and the number of shares held.

Shareholders are requested to notify the institution administering their accounts as to any changes of name and/or address.

### Financial information

Annual General Meeting .....	September 27, 2001
3-month Interim report .....	September 27, 2001
6-month Interim report .....	December 12, 2001
9-month Interim report .....	March 2002
Preliminary report .....	June 2002
Annual Report .....	September 2002

### Other information

For additional information please contact Lars Jonsteg, Vice President, Corporate Relations; Tel: +46 8 587 254 82. E-mail: lars.jonsteg@elekta.com

More information about Elekta can be found on [www.elekta.com](http://www.elekta.com)

# Summary of operations



## KEY FIGURES

Group	1999/2000	2000/01
Order bookings, SEK M	1,877	2,402
Net sales, SEK M	1,789	2,160
Operating profit/loss, SEK M	-37	92
Operating margin, %	-2	4
Return on capital employed, %	-3	12
Cash flow after investments, SEK M	42	226
Earnings per share, SEK	-4.24	2.21



Elekta is a leading international medical-technology company offering advanced and innovative clinical solutions and services for precision radiation treatment of cancer and non-invasive radiosurgery for brain diseases such as tumors and vascular disorders as well as diseases of the central nervous system such as epilepsy and Parkinson's. Elekta's solutions are clinically effective, cost-efficient and gentle on the patient.

Elekta was founded in 1972 by the late Professor of Neurosurgery at the Karolinska Hospital, Lars Leksell, and was introduced on the Stockholm Stock Exchange in 1994.

Sales in fiscal year 2000/01 amounted to SEK 2,160 M, with an average number of employees of 807.

More than 95 percent of Elekta's market is outside Sweden. The major markets for Elekta's products are in Europe and North America, followed by Japan and the rest of Asia. The head office is in Stockholm. There are regional offices in Crawley, UK; Atlanta, Georgia, US; Hong Kong, China and Kobe, Japan.

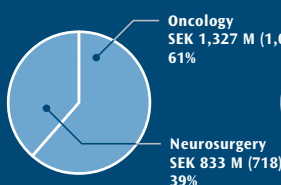
### Events during the year

- Operating profit amounted to SEK 92 M (loss: 37), an improvement of SEK 129 M.
- Order bookings remained strong and rose 33 percent to SEK 2,402 M (1,805) for comparable units. Neurosurgical products increased 34 percent to SEK 836 M (625) and oncology products rose 33 percent to SEK 1,566 M (1,180). Order bookings in Europe increased 43 percent. Among other factors, an extensive expansion and modernization of oncology care was carried out in Great Britain. Elekta was successful in the procurement of contracts and strengthened its market-leading position in the European market as a supplier of equipment for the radiation treatment of cancer.

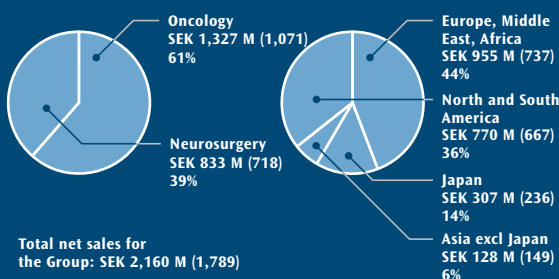
- Order backlog at April 30, 2001 reached an all-time high of SEK 2,122 M (1,714), an increase of 23 percent.
- Net sales rose by 21 percent to SEK 2,160 M (1,789). The weakening of the SEK against the USD and the JPY affected net sales positively by 8 percent. Net aftersales of products and services, rose 40 percent. The aftersales market accounts for 29 percent of net sales.
- Cash flow remained positive as a result of the reported profit and a reduction in working capital. Cash flow after investments and divestments amounted to SEK 226 M (42).
- Elekta's share price developed positively during the fiscal year. Elekta's share price increased 147 percent during the period January through April, 2001.
- After the close of the fiscal year, 98 percent of the outstanding debenture loan in a nominal amount of SEK 233 M was converted to B shares.

### NET SALES, MAY–APRIL 2000/01:

#### per product area



#### per geographic market



Total net sales for the Group: SEK 2,160 M (1,789)

# President's comments

Elekta has reversed a loss to achieve a profit during the fiscal year. Operating profit improved by SEK 129 M to SEK 92 M. Order bookings increased by 33 percent and the order backlog was the highest ever. Cash flow for the fiscal year was positive in an amount of SEK 226 M. After the close of the fiscal year, 98 percent of the outstanding debenture loan of SEK 233 M was converted. Elekta now has a practically debt-free balance sheet.

I am pleased to be able to report in my comments in this Annual Report that Elekta has successfully implemented the measures planned several years ago as part of our restructuring program. At that time, we were experiencing profitability problems as a result of the economic crisis in Asia, a major development project in image guided surgery and a heavy debt load on the balance sheet.

Now, within two years, we have reversed an operating loss of slightly more than SEK 200 M into a profit of SEK 92 M. We have a strong balance sheet and a positive cash flow. Our success in this regard is attributable to genuine teamwork. All of Elekta's employees, as well as the Board of Directors and the shareholders, have displayed patience and farsightedness in the common endeavor to restore Elekta to profitability.

Our customers and suppliers have also demonstrated their strong faith in Elekta during these years, for which I would like to thank all those involved, without exception.

## The year in brief

As we embarked on the 2000/01 fiscal year, the overriding goal for Elekta was to achieve growth and increase shareholder value. To what extent were we successful?

Net sales for comparable units increased by 26 percent and order bookings by 33 percent. Elekta's market value tripled – from SEK 607 M,

*“Elekta is now emerging from several years of restructuring and is entering a new phase in which we are placing a priority on profitable growth.”*

Laurent Leksell, President and CEO

based on a share price of SEK 21.80 on April 30, 2000, to SEK 1,727 M on April 30, 2001, when the share price was SEK 62. During the same period, the total market value of the companies on the Stockholm Stock Exchange's A-list declined by 26 percent.

Our priorities were to:

- Increase growth, market share and earnings from the US market.
- Increase demand for Leksell Gamma Knife® in Europe.
- Increase service and aftermarket sales.
- Improve productivity and cost-efficiency through better process control and investments in new information technology.

## US

The US is the world's largest market in the medical-technology field. Elekta opened an office in the US as early as 1983, marking the first international expansion of the company's operations. The US is Elekta's most important market in the areas of oncology (radiotherapy for cancer), radio-surgery using Leksell Gamma Knife and stereotaxy for minimally invasive neurosurgery. The US is the largest market for Leksell Gamma Knife, accounting for 66 installed units out of a total of 153 units at the end of April 2001. Elekta is the third-largest

supplier in the US in the oncology field, with an increasing market share.

The fiscal year began on a weak note for Elekta in the US market, and it was not until the last quarter of the fiscal year that a considerable improvement could be noted. The strengthening of management and reorganization of sales and service operations within the US subsidiary are now gradually beginning to yield results. Operations are ISO certified. A strong influx of orders during the fourth quarter of the fiscal year – representing an increase of 38 percent – contributed to an 18 percent increase in order bookings in the US for the full fiscal year.

## Europe

Substantially increased interest in Leksell Gamma Knife was noted in Europe. However, growth in sales of Leksell Gamma Knife remains slow due to the continuing unclear situation regarding reimbursement levels for the treatment of patients with Leksell Gamma Knife in the important UK, French and German markets. A total of 20 Leksell Gamma Knife units are installed in Europe, the lowest per-capita figure in the industrialized world. Today, there is one Leksell Gamma Knife unit installed per 20 million inhabitants in Europe, while the corresponding figure for the US and

Japan is four times higher, amounting to one Leksell Gamma Knife unit per 5 million inhabitants. However, a modest number of new orders and upgrades of previously installed systems to the new Leksell Gamma Knife C suggests that our intensified efforts to promote Leksell Gamma Knife in the European market will produce results in the future.

Total order bookings in the Europe region, which also includes the Middle East and Africa, were extremely positive, increasing by 43 percent. We are very pleased with the sales trend in the oncology area. Four years ago we had a market share of about 20 percent in the oncology area in Europe. Today, the company has increased its market share to more than 50 percent to become the European market leader by a clear margin.

Investment in cancer care in the Middle East and Europe increased

substantially during the past year. In the UK, the government funded a major expansion and modernization of cancer care facilities. Elekta was successful in this procurement process during the past fiscal year. More than half of all the radiotherapy systems ordered will be supplied by Elekta, which has strengthened its market-leading position in Europe while maintaining its margins.

### Japan

For many years, the Japanese market has been Elekta's second-largest individual market. Sales in Japan consist overwhelmingly of neurosurgery products, primarily Leksell Gamma Knife. The sales trend for Leksell Gamma Knife has been highly stable for the past few years, and has been supplemented by sales of magnetic encephalographs, which are distributed by Elekta. Magnetic encephalographs

are mainly used for research into brain disorders. The number of magnetic encephalographs sold can vary considerably between years. Total order bookings in Japan decreased somewhat during the fiscal year due to a decline in the number of magnetic encephalographs sold. Sales of other neurosurgery products remained stable, however.

Registration with the Japanese authorities as an approved supplier is required before a company can market radiotherapy equipment for cancer treatment in Japan. Elekta has obtained registration for its oncology products, and we now plan to focus our efforts on increasing sales of these products in Japan, where the company delivered its first radiotherapy system for cancer treatment during the fourth quarter of the fiscal year.

### Asia

The medical-care markets in Asia are gradually improving, in pace with economic recovery in the region. Elekta's order bookings in Asia developed positively, increasing more than threefold to SEK 285 M. The company's most important markets in Asia excluding Japan are China, South Korea and Taiwan. The trend in Australia, which is included in Elekta's Asia region, has also been positive, particularly for oncology operations.

Today, China is the world's third-largest market for medical technology. There is an enormous need for advanced medical care in China. Elekta has been present in the Chinese market since 1978. To date, the company has installed 14 Leksell Gamma Knife units in China, as well as a number of radiotherapy systems for the treatment of cancer.

To further strengthen its position in China, Elekta has established a majority owned company in Shanghai for the production, distribution and servicing of its products. A portion of the company's production will be



# President's comments

exported to markets outside China. Long term, part of the Group's purchases will also be made in China.

## Service and aftermarket

One of Elekta's priorities for the past year was to increase service and aftermarket sales. The prospects for achieving this objective were favorable, given the large installed base of systems and the new products developed over the past three years in both the neurosurgery and oncology areas.

Net aftersales of products and services increased by 40 percent. The aftermarket accounts for 29 percent of Elekta's net sales and constitutes an important base for profitable repeat sales and ongoing customer contacts.

Elekta's philosophy is to supply its customers with systems that can be upgraded and modernized by applying the new developments that are constantly under way within the company. Customers know that they can always obtain equipment that uses the very latest and best technology available in the market in terms of technical performance, clinical results and cost-effectiveness.

In the neurosurgery area, the new Leksell Gamma Knife C, first introduced one and a half years ago, has been a clear success. This product accounts for virtually all of the new systems installed today, and a number of older versions of Leksell Gamma Knife were upgraded to the new product generation during the past year of operations.

In the oncology area, Elekta's newly developed product platform, Elekta Precise Treatment System, was very positively received by the market. This product also has considerable aftermarket potential, since previously delivered units can be upgraded.

## Balance sheet

Before I conclude my comments on the past fiscal year and describe my

expectations for the future, I would like to highlight a few key points in the balance sheet – one of Elekta's major problems a few years ago.

Cash flow was improved sharply, due to positive earnings and a reduction of working capital. During the past two years, Elekta has made a major effort to reduce tied-up capital by paring down accounts receivable and inventories. The number of days during which accounts receivable remain unpaid has been sharply reduced and improved production and order controls have also substantially reduced inventories.

Elekta's convertible debenture loan in a nominal amount of SEK 233 M has, as earlier reported, to slightly more than 98 percent been converted to B shares prior to June 30, 2001. Accordingly, Elekta's equity/assets ratio improved – from 33 percent on April 30, 2001 to about 44 percent after conversion. Elekta now has a practically debt-free balance sheet.

## The future

Elekta can now focus all of its energy on profitable growth. The priorities during the coming year are to:

- Strengthen our market positions in the US
- Increase the market penetration of our neurosurgical products in Europe.
- Invest in the continued development of our service and distribution organization in Japan and China.
- Continue to increase aftermarket sales and improve the profitability of service and maintenance operations.
- Invest long-term in research and development into radiosurgery and intensity-modulated radiotherapy of cancer (IMRT).

## Financial objectives

Against the background of these priorities, we have established Elekta's

financial targets for the next three years.

Our financial objectives for the period from 2001 to 2004 are to achieve, on average:

- Revenue growth of 10–15 percent
- A return on capital employed in excess of 15 percent
- An operating margin of 6–8 percent
- An equity/assets ratio of about 40 percent.

Elekta is now emerging from several years of restructuring during which our focus was on restoring the company to profitability and growth was not prioritized in the short term. We are now entering a new phase in which we are placing a priority on profitable growth.

We have a newly developed, state-of-the-art product portfolio in both neurosurgery and oncology. We have a well-established international marketing organization. And we have a team of competent and loyal personnel. In the international medical-technology market, Elekta is a well-established and qualified player. We are one of the three leading suppliers in the world in our product areas. Elekta's market positions in the area of radiotherapy of cancer and radiosurgery of brain disorders are extremely strong. And last but not least, our financial position is stronger than it has been for many years.

Our future prospects look bright and we expect that net sales and operating profit for the 2001/02 fiscal year to be better than in 2000/01. Net sales during the first half of the year are expected to be lower than during the second half.

Finally, I would like once again to thank all our employees for their fine efforts during the past year.

STOCKHOLM, AUGUST 27, 2001



Laurent Leksell, PhD Econ.  
President and CEO



*Production of Elekta's linear accelerator for radiotherapy of cancer at Elekta's facilities in Crawley, UK. Leksell Gamma Knife is produced by subcontractors in Linköping, Sweden.*

Our mission is to help people fight serious diseases

Elekta's mission is to supply systems and clinical solutions for the treatment of two of the most serious diseases facing mankind – cancer and neurological diseases in the brain. The characteristic feature of Elekta's treatment methods is that they are based on radiation and that, as a result, the treatment is non-invasive and gentle on the patient.

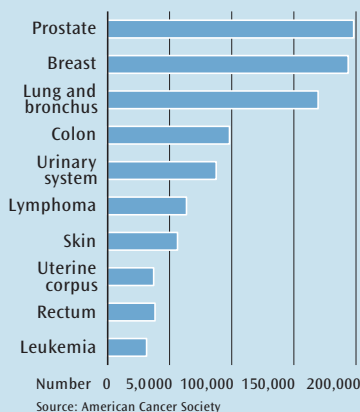
#### Diseases

Which major diseases can Elekta help to fight?

Cancer – everyone knows someone who...

Cancer is the second most common cause of death in the industrialized world, after cardiovascular diseases. One person in three has cancer at some point in their life. Cancer is an age-related disease – more than 70 percent of those affected by cancer are over 60.

ESTIMATED NUMBER OF NEW CANCER CASES, USA 2001



The incidence rate for cancer – the number of new cases – is increasing rapidly, due to a number of factors. On average, people live longer, and over the next 10–20 years the age-distribution pattern will change, with a higher proportion of elderly. Improved diagnostic methods is another factor, as more cases of cancer are discovered at an early stage, increasing the chances of successful treatment.

More than 10 million people contracted cancer during 2000, and the incidence of cancer in the industrialized world is growing by 2.5 percent annually. It has been estimated that there will be 15 million new cases a year by 2020.

The prevalence of cancer – the total number of cases at any given point in time – is also increasing, due to the increase in survival of treated patients. This, in its turn, results in a growing number of patients who risk suffering recurrence of the disease.

The most common forms of cancer are breast cancer, cancer of the prostate, lung cancer and colon cancer. They jointly account for more than half the total number of cancer cases.

Neurological diseases – sensitive organ Elekta's other major field is neurological diseases in the brain, such as tumors, vascular malformations and functional disorders.

Benign tumors include acoustic neuroma, meningioma and tumors of the pituitary gland. These benign

tumors are in many cases life-threatening.

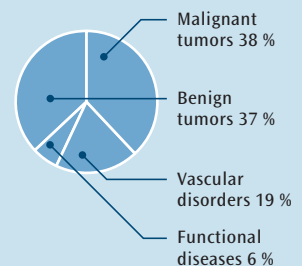
Primary brain tumors and secondary brain metastases originating in primary cancer tumors in other parts of the body affect about 850 people per million.

Vascular diseases are very common in modern societies. Vascular malformations in the brain may result in cerebral hemorrhage if they are not discovered and treated in time.

The most crucial functional diseases that Elekta is working on are facial pain, Parkinson's and epilepsy. Approximately 1 percent of human beings suffer from epilepsy, and about 70 percent of them respond positively to medication. Surgery or radiosurgery are promising alternatives for the remainder. In the long term, radiosurgery is an alternative to medication and surgery for Parkinson's disease, which mainly affects older people.

#### NEUROLOGICAL DISEASES

More than 150,000 patients have been treated by Leksell Gamma Knife. The treatments are divided between:





## Treatment methods

What methods are used by Elekta to combat neurological diseases and cancer?

### Neurosurgery

The development of modalities for neurological diseases that were as gentle on the patient as possible was the principle guiding the work of the late Lars Leksell, Elekta's founder and a professor of neurosurgery.

The alternative to his invention – Leksell Gamma Knife – is open

microsurgery, involving the risk of complications, such as infection. In addition, in many cases it is impossible to treat deep-seated tumors by surgical means, or tumors located

close to sensitive parts of the brain such as the spinal cord or the vision and acoustic centers. The risk of damaging other parts of the brain is excessive in such cases. Damaged brain cells cannot be replaced and, as a result, the effects may be permanent.

Leksell Gamma Knife permits the treatment of small, clearly defined targets in the brain with a high degree of precision by employing a high single dose of ionizing radiation. In principle, this is a surgical operation in which the radiation dose replaces open surgical measures. Leksell Gamma Knife treatment is non-invasive – in contrast with open surgery.

Professor Lars Leksell's initial development of the gentler and less risky brain surgery took place more than 50 years ago in the form of the Leksell Stereotactic System®, which is still employed today in most brain



Elekta's founder, Professor Lars Leksell



Leksell Stereotactic System in treatment with Leksell Gamma Knife.

surgery. The stereotactic Frame, which is attached to the patient's head, provides three-dimensional reference points that enable the surgeon to operate with greater precision and less invasively, thus benefiting the patient. The stereotactic system is also used in Leksell Gamma Knife treatments.

### Oncology

The current options for treating cancer are radiation, surgery and chemotherapy. Elekta offers clinical solutions for precision treatment employing ionizing radiation, so-called radiotherapy. Elekta applies its neurosurgery principles in this area too, offering a treatment which is clinically effective, cost-efficient and, last but not least, easier on the patient.

Radiation is now the most common and cost-efficient form of treatment, and is growing faster than the alternatives. Radiation is currently used for more than half the total number of cancer patients, either as the sole form of treatment or in combination with other methods. Surgery is twice as expensive as radiotherapy and chemotherapy costs four times as much.

Leksell Gamma Knife.



In recent years, new technologies and techniques have resulted in steady improvements in radiotherapy for cancer. The aim is to confine radiation to the actual cancerous growth as precisely as possible, with minimal exposure of the surrounding healthy tissue. New diagnostic methods based on MR (magnetic resonance), CT (computer tomography), PET (positron emission tomography) and image-based real-time technology have helped to determine the location of the cancer at an earlier stage, and with a greater degree of certainty.

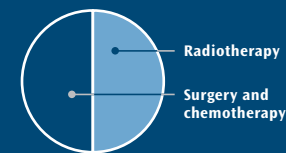
Once the position of the cancer has been established, there must be as little change as possible in the position of the tumor from one treatment to

the next. In the case of radiotherapy, the patient is treated for five or six weeks, five days a week. There are several ways of solving the problem of changes in the position of the tumor.

In the case of lung cancer, breathing apparatus can be used to automatically stop the patient's respiration at a predetermined position for a few

seconds while the patient receives a radiation dose.

Elekta has also developed a specially constructed referencing table to ensure that the body is in the same position in all treatment sessions. Taking pictures of the tumor and its position and controlling the radiation in real-time in relation to the current



Linear accelerator with iViewGT.



Stereotactic Body Frame keeps the patient position unchanged during treatment.

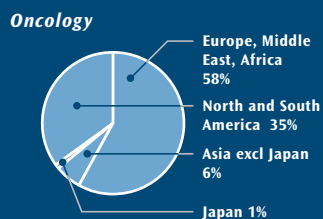
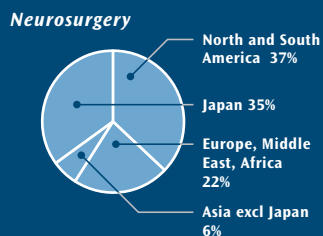
position is the latest development in this field.

Finally, the linear accelerator that produces the radiation needs to be increasingly dynamic and precise. Rapid progress is being made in this area too – the latest development is intensity modulated radiotherapy (IMRT). As in the case of radio-surgery, Elekta is pioneering development of state-of-the-art clinical solutions.

The bottom line is that if radiation can be confined to diseased tissue, the patient can receive a higher radiation dose without risking damage to healthy tissue. Higher radiation doses generally lead to more effective treatment results.

About 30 percent of all cancer cases can currently be cured by radiation, surgery and chemotherapy. This figure is expected to rise to 50 percent within the next 25 years. (Source: WHO, Developing a Global Strategy for Cancer.)

**MARKET PER PRODUCT AREA**



**Markets**

The total annual global market for Elekta's products for cancer radiotherapy is approximately USD 1 billion, and this figure is expected to grow by 5–10 percent annually. The most rapid growth is in Asia and the United States. Some European countries, particularly the UK, have made considerable efforts in recent years to improve their cancer care services.

The new, more precise radiotherapy technique, IMRT will also involve increased modernization of existing equipment.

The market is dominated by three international manufacturers, one of which is Elekta. Elekta is the dominant supplier in Europe, and is second worldwide.

Elekta also supplies radiotherapy equipment for cancer in Asia and Australia and has recently introduced these oncology products in Japan.

The global market for neurological surgery products, such as Elekta Leksell Gamma Knife and Leksell Stereotactic System, amounts to more than USD 400 M annually. There is considerable potential need for Leksell Gamma Knife since less than 20 percent of the patients who could benefit from Gamma Knife® Surgery currently have access to this form of treatment.

The United States and Japan have the largest number of Leksell Gamma Knife units, both in total and per capita terms. Europe has the lowest penetration rate in the industrialized world, with the lowest number of units per capita. The competition to Leksell Gamma Knife is conventional open surgery.

**NUMBER OF LEKSELL GAMMA KNIFE INSTALLATIONS WORLDWIDE**



Total number of units worldwide, April 2001 = 153



# Our vision is to always be the first choice

Elekta's vision is to be the company that patients, healthcare providers, employees and shareholders first think of when seeking treatment, a supplier, employment or investment opportunity.

## Patients

Today's patients are growing increasingly aware of which different treatment methods are available for their conditions among other channels through different patient associations. The development of the Internet has been partly responsible for making this possible. Elekta's treatment solutions, based on ionized radiation for both the treatment of cancer and brain diseases, have proven to provide very favorable clinical results and, in addition, are gentle for the patient.

In radiosurgery of the brain, Leksell Gamma Knife allows procedures to be performed entirely without the need for opening the skull. Normally, the patient is admitted the evening prior to the operation. The stereotactic frame is attached to the patient's head and the final images of the brain, used as the basis for the operation, are taken with the help of magnetic resonance (MR) or computer tomography (CT). The actual radiosurgery takes place the following day. The radiosurgery itself normally takes less than an hour and is carried out completely without anesthesia. After the treatment, the patient can quickly return to daily life. The alternatives to treatment with Leksell Gamma Knife are traditional surgery

or no treatment at all. Traditional surgery involves certain risks. The patient must also remain in hospital for a long time and the convalescence period may be several months. To date, more than 150,000 patients worldwide have been treated using Leksell Gamma Knife.

In radiotherapy, repeated radiation treatment of cancer, it is important for the patient to know that the treatment he or she is receiving is being carried out using modern radiation equipment employing the latest technical and clinical advances in a professional manner. Developments are providing increasingly precise treatment methods where the radiation dose targets the cancerous tissue as precisely as possible while

the surrounding tissue receives as little radiation as possible. This means that there is a greater chance that the treatment will be successful and that adverse side effects on healthy tissue are minimized.

Elekta's equipment for radiotherapy of cancer is state-of-the-art. As part of the most recent development, intensity modulated radiotherapy (IMRT), Elekta has, in collaboration with a number of prominent hospitals in the US and Europe, developed new and extremely promising clinical solutions involving IMRT in the treatment of, among other areas, breast cancer. In the case of radiation treatment for cancer, Elekta is able to offer patients advanced and professional solutions.

Leksell Gamma Knife C with APS.



## Healthcare sector

Healthcare budgets throughout the world, both public and private, have, during recent years, suffered from cutbacks. This began in Asia in conjunction with the economic crisis there 5–6 years ago. During the past years, the European countries have also been forced to make substantial cutbacks in their investments in healthcare in connection with the adaptation of their economies to EU requirements on national deficits, and participation in EMU, among other factors. Now, as it becomes necessary to update healthcare services, those responsible have become extremely conscious of cost.

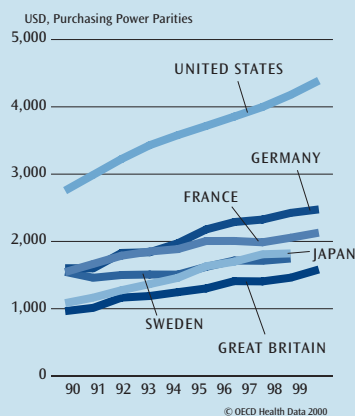


Control panel for Precise Table used for radiotherapy of cancer.

Clinical solutions are sought that are not only clinically effective and appropriate to their purpose but which are also cost-efficient. Patient demands for treatments, the arduousness of which is limited as far as possible, are also increasingly affecting decisions on the purchasing of medical-technology equipment.

Elekta's non-invasive treatment solutions, based on ionized radiation, fulfill these requirements. These treatments can be carried out on an outpatient basis without the need for expensive bed care in the hospital. Radiotherapy, radiation treatment of cancer and radiosurgery for the treatment of brain diseases, using Leksell Gamma Knife, have all shown

## HEALTHCARE EXPENDITURES PER CAPITA IN DIFFERENT COUNTRIES



extremely favorable clinical results. For certain brain disorders, there are currently no beneficial alternatives to radiosurgery. Radiotherapy is by far the most common form of treatment for cancer and is expected to become even more frequent in pace with the introduction of new clinical solutions based on the development of more precise radiation methods and improved diagnostic aids.

Elekta's clinical solutions are also

highly cost-effective. Treatment using Leksell Gamma Knife is far less expensive for healthcare institutions, society and, not least, the patient, than traditional surgery. The patient remains in hospital for only one or two days compared with several weeks for traditional surgery. In most cases, the convalescence period is extremely short while the corresponding period following surgery may extend several months. The initial investment for a Leksell Gamma Knife installation is relatively large – SEK 30–40 M – but the equipment normally pays for itself over a period of two to four years.

Comparing the three different possible treatments for cancer, radiotherapy, surgery and chemotherapy, a five-to six-week program of radiotherapy with treatment five days a week will cost approximately SEK 40,000 while surgery costs approximately twice that, SEK 75,000 to 80,000 and chemotherapy SEK 150,000. Even from a cost point of view, radiotherapy is thus the most effective alternative in the treatment of cancer.



Finally, it can be said that both radio-surgery for the treatment of brain diseases and radiotherapy for the treatment of cancer is less arduous for the patient and offers a more favorable quality of life before, during and after the procedure.

### Employees

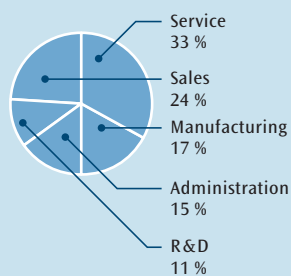
Elekta is a high-technology company, which invests heavily in research and development of new technologies, both hardware and software. It is also an extremely international company with operations throughout the world.

We work with large, long-term projects where professional know-how in engineering, medicine, production, economy, training, law, management and communications is of critical importance to the success of the company. Elekta can offer its employees, both old and new, stimulating tasks.

We are a medium-sized company where, short, rapid and informal paths in the decision-making process inspire delegated, responsible decisions. Our employees are also offered opportunities to work abroad during shorter or longer periods.

#### AVERAGE NUMBER OF EMPLOYEES 2000/01

Total for the Group: 807 persons, of which 108 in Sweden, 180 women and with the following distribution of activities:



## ELEKTA VALUES

Elekta's mission and guiding principle is to *help people fight serious diseases*. We have also jointly defined five values that characterize our daily operations:

- **Trust and Reliance**
- **Long-term Customers**
- **Careful with Resources**
- **Stretch Boundaries**
- **Speed and Performance**

### Trust and reliance

It is extremely important that our customers – and ultimately the patients – can have trust and confidence in the faultless performance of our equipment. It is also vital that in our internal work we can rely on all of those involved to fulfill their responsibilities and deliver their part of the total solution as agreed and at the right time.

### Long-term customers

Elekta cooperates very closely with its customers over long periods. The equipment we supply is required to function satisfactorily for decades. Elekta maintains regular contact with customers in connection with equipment overhaul and maintenance. Elekta also gives its customers the opportunity to upgrade equipment to ensure that it always produces the best possible treatment results.

### Careful with resources

All of our actions within Elekta are governed by our awareness of the importance of using various types of resources in a responsible manner. This applies not only to the more concrete expenses, but also to how we utilize our human resources as effectively as possible. Accordingly, we support healthcare community's increasing need and demand for cost-efficient solutions

### Stretch boundaries

Elekta is an innovative, high-technology company and we must be pioneers in everything we do. While this applies in particular to research and development activities, we must also find new and better solutions in other parts of our operations to remain competitive.

### Speed and performance

Elekta operates in competition with major international companies. Elekta is a medium-size, highly focused company for which rapid, informal decision-making channels are a key competitive factor. Moreover, customers can always have the product they want, which can be adapted to their requirements thanks to the modular design of all Elekta's products and the fact that they can be upgraded to keep pace with changes in customer needs.

## Shareholders

During the past three-year period, Elekta has carried out a substantial program of restructuring and has focused its operations on radiotherapy and radiosurgery. This has involved some financial difficulties but has, as planned, resulted in renewed profitability for the company. Profitability is to be further improved and the result for the 2001/02 fiscal year is expected to be better than for 2000/01.

During the 2000/01 fiscal year, the market value of the company rose by more than 185 percent from SEK 607 M to SEK 1,727 M by the end of April 2001. Elekta has had an increase in its share price of 147 percent from a share price of SEK 25.10 at the start of January 2001 to SEK 62 by the end of April 2001. Interest in

the Elekta share has increased considerably over the past year, primarily abroad and specifically in the US.

## Environment

Elekta has a fixed environmental policy approved by the Board of Directors. The company's vision is to be an environmentally responsible organisation, continuously reducing the environmental impact of its activities and products.

Elekta this year again was ranked in the best category of Swedish companies in the Folksam insurance company's environmental index ratings, Environmental Index 2000. Four indicators were measured – discharge of carbon dioxide, consumption of forest raw materials, use of ozone-reducing substances and consumption of fresh water.



# Our strategy is to provide...



## ...clinically effective and cost-efficient solutions and services for improved management of cancer and brain disorders – aimed at enhanced quality of life.

Elekta's treatment methods and clinical solutions have been developed in close cooperation with researchers in medicine and radiophysics and clinical users throughout the world since the company was founded in 1972. This means that the clinical solutions that have been produced for radiosurgery based on Leksell Gamma Knife are well established among users and physicians and are supported by extensive clinical results. More than 3,000 scientific articles have been published to document the results of radiosurgery using Leksell Gamma Knife.

### Scientific council

Elekta has established a scientific council and appointed two internationally renowned professors of neurosurgery and oncology as members. Consequently, Elekta receives continually advanced assessments of the clinical developments in each product area.

### Leksell Gamma Knife Society

A worldwide user group of neurosurgeons with practical experience of radiosurgery, Leksell Gamma Knife Society, has also been in existence for many years. The members meet on a regular basis to exchange information

and the minutes of their annual conferences are published. The distribution of such information is an important source of knowledge for both existing and potential users of Leksell Gamma Knife.

### IMRT consortium

In the same spirit, Elekta initiated the formation of an international oncology consortium for the development of intensity modulated radiotherapy (IMRT) as early as 1994. Today, the consortium consists of nine institutions in Europe and North America. Cooperation within the consortium has generated a significant number of scientific publications and has also provided Elekta with valuable know-how about how the new and highly advanced IMRT treatment methods should be designed.

### Cost-efficiency

It has also become increasingly important to ensure that the clinical solutions offered are cost-efficient. Elekta meets such demands in a variety of ways. The cost of the equipment itself is reduced through technical development and

production rationalization measures. In addition, Elekta's business philosophy is to ensure that all equipment delivered is capable of being upgraded. Existing installations can thus be furnished with the latest advances in technical and clinical development enabling them to remain optimally cost efficient and competitive. This ensures long-term security for our customers in their investment in Elekta's products.

### Rational planning

It is also important that all activities surrounding the actual clinical treatment are as rational as possible. Accordingly, Elekta provides different types of software, both its own and



externally purchased systems, which can easily be integrated with Elekta's treatment systems, such as patient data and time-planning. The latter is a particularly important factor in the treatment of cancer by radiation, since patients require frequent treatments during a period of many weeks.

In addition to the actual treatment system, Elekta provides a range of related services, such as training,





planning the marketing of specific treatments, service and maintenance and financial solutions.

### ...progressive and pioneering technology for precise radiation and minimally invasive techniques

Elekta invests an average of about 7 percent of its annual sales in research and development. Less than two years ago, Leksell Gamma Knife C, a new product generation, was introduced. Among other new features the upgrade offers a completely new function, Automatic Positioning System (APS).

#### Leksell Gamma Knife C

In radiosurgery with Leksell Gamma Knife, 201 radioactive cobalt-60 beams, which are distributed through a spherical metal helmet, are focused on the area in the brain to be treated. The point at which these beams converge is called isocenter, at which the intensity of the radiation dose becomes very high. The precision in pinpointing these isocenters is very high, within fractions of a millimeter.

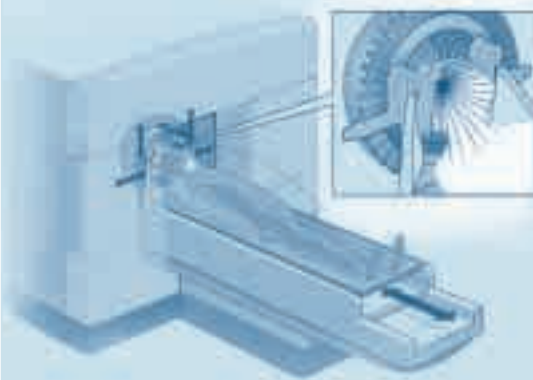
During each radiosurgery treatment with Leksell Gamma Knife, the patient normally receives several radiation doses. To treat the entire diseased area, a tumor or a vascular disorder, the isocenter of the beams is moved slightly between the radiation doses. Previously, this was done manually.

#### APS

In treatments with the new automatic patient positioning system, APS, these movements are carried out fully automatically in a computerized treatment program. APS provides unmatched precision in the radiosurgery treatment of neurological disorders. Through automation, APS also results in reduced treatment times, which

#### RADIOLOGY WITH LEKSELL GAMMA KNIFE

##### Treatment method for neurological diseases



Radiosurgery is non-invasive (bloodless) surgery for neurological diseases. The surgery does not require the skull to be opened for performance of the operation.

A large number of radioactive beams are focused on the area of the brain to be treated through a metal helmet, in which the patient's head is placed.

The patient is treated on one occasion with a high dose and can normally return home immediately after treatment.

increases patient flow and makes clinical treatment planning more simple and secure.

This newly developed generation of product has been very positively received. In accordance with Elekta's business philosophy, all previously installed Leksell Gamma Knife units can be upgraded and many customers have already invested in the modernization of their systems.

#### IMRT

In radiotherapy, radiation treatment of cancer, Elekta has made substantial investments in recent years in IMRT-based research and development and

today holds a strong position in this new and highly promising treatment field. This advanced technology, which increases the precision of radiotherapy in the treatment of cancer, has been developed by Elekta in close cooperation with several leading cancer hospitals in Europe and the US.

IMRT makes it possible to adjust the radiation dose to the three-dimensional shape of the tumor with greater precision. With the aid of increasingly better image-based diagnosis, the dose intensity to various parts of, for example, a brain tumor can be calculated more exactly to reach an optimal result. The various parts of a tumor

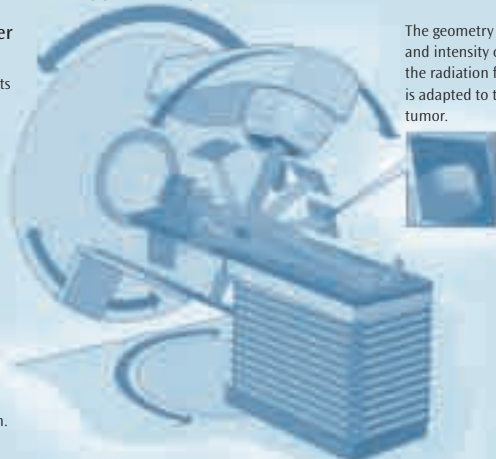
#### RADIOLOGY WITH LINEAR ACCELERATOR

##### Treatment method for cancer

Radiotherapy is the radiation treatment of cancer, in which patients are treated regularly once a day, five days a week for 5-6 weeks.

The radiation field from the head on the linear accelerator is moved around the patient at various angles so that the entire cancerous area receives the optimum dose of radiation.

Elekta's modern equipment also includes a registration system, which is placed under the transparent patient table. This registers, in real time, the position of the tumor relative to the radiation.



The geometry and intensity of the radiation field is adapted to the tumor.

## Our strategy is to supply...



conductor plate is placed under the transparent patient table and registers the radiation in real time that is delivered from the linear accelerator and which has passed through the patient. Normally, a conventional X-ray technique is used for this registration.

### **Breathing coordinator**

Another new item is Elekta's Active Breathing Coordinator. It offers a simple and safe technology to stop the patient's breathing during brief, repeated intervals.

One of the problems with the radiation treatment of cancer is that the radiated organs do not remain still, due to breathing, among other factors. With Active Breathing Coordinator, breathing is arrested for a short period during which the cancer is radiated. Consequently, the position of the organ being treated is more similar during each repeated dose of radiation and the treatment becomes more precise. To date, this method has been tested in radiation of the liver and spleen and in treating Hodgkins disease.

have different concentration of cancer cells and, consequently, different doses are required. As a result of being able to deliver doses to the diseased area with increasingly greater precision, treatment can be administered more

aggressively, without damaging healthy tissue, and with significantly improved results.

At the William Beaumont Hospital in the US, 250 breast cancer patients have been treated with IMRT, with very positive results and significantly reduced side effects, such as reddening of the skin.

Elekta has also presented a number of new products during the year in the area of cancer radiotherapy.

### **iViewGT**

iViewGT is a registration system based on semiconductor technology instead of X-ray film and during the entire radiation treatment the position of the tumor in relation to the radiation beam is registered in real time. The semi-



### ...excellence in customer service and support

An important competitive factor related to the delivery of advanced medical-technology equipment is to constantly provide good service and support to customers using products from Elekta.

#### Service

Significant investments are made to ensure that Elekta improves the service provided to customers. Naturally, this includes having the best possible geographic coverage and Elekta has now established a broad presence in all of its international markets. Today, however, many problems can also be resolved electronically, for example via the Internet. Elekta has delivered a number of units that are linked to the Elekta service center, through which it is possible to monitor customer installations remotely and implement the necessary preventive measures before a fault occurs.

Elekta also uses advanced IT solutions increasingly to improve the efficiency of its global service operations.

#### Training

A key factor in customer support is training. Elekta maintains five training centers in Europe and four in the US for instructing healthcare personnel in the use of Leksell Gamma Knife. External healthcare personnel, mainly neurosurgeons experienced with Leksell Gamma Knife, and experts from Elekta participate as teachers and instructors.

Normally, the training of personnel who work with Elekta's equipment for radiotherapy of cancer are trained at Elekta's facility in the UK. Training is provided in the maintenance of Elekta's equipment as well as in clinical implementation. Each year, a total of approximately 1,000 students receive training at Elekta.

#### Financing

Although Elekta's clinical solutions are highly cost-effective, lack of capital can sometimes make the necessary investment impossible. In such circumstances, Elekta can assist customers in finding different financial solutions for their purchases.

### ...operational proficiency based on Elekta Values

Elekta has a streamlined and strategically focused organization comprising two integrated product groups, neurosurgery and oncology, and four market regions.

Modern information technology has been introduced throughout the Group to enhance internal efficiency. The Internet and interactive websites facilitate faster and more efficient contact with customers, employees and shareholders.



# Financial risk management

## Financing and liquidity risks

Financing and liquidity risks are defined as the risk of not being able to meet current payment obligations due to insufficient liquidity or difficulties in raising external financing. Elekta strives to maintain liquid assets corresponding to a minimum of 10 percent of net sales. At April 30, 2001, available liquid assets amounted to SEK 304 M, which was higher than established goals. In addition to available liquid assets at April 30, 2001, Elekta had pledged SEK 130 M as securities for bank guarantees issued to the company.

At April 30, 2001, Elekta's gross debt amounted to SEK 273 M, including a convertible debenture loan of SEK 226 M. Since the close of the fiscal year, 98 percent of the debenture loan has been converted.

## Interest risks

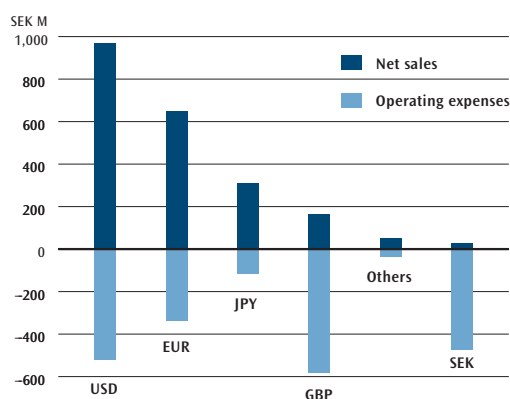
Elekta's operations generated a positive cash flow during the past fiscal year. At the end of the period, the liquid proportion of total assets was 21 percent. The liquid assets invested have generated a return that corresponds to the interest rate on government securities in Sweden's money market.

The convertible debenture loan, which accounts for 83 percent of gross debt, carries a fixed interest rate.

## Currency risks

As a result of its international operations and structure, Elekta is significantly exposed to currency rate fluctuations. This applies to flows in different currencies and to the translation of the earnings and net assets of foreign subsidiaries into SEK.

NET SALES AND OPERATING EXPENSES PER CURRENCY



## Transaction exposure

Sales of Group products are primarily in USD, JPY and EUR. Expenses are chiefly in GBP and SEK. Revenues and expenses reported by sales companies are mainly in local currencies. The Group's net sales and expenses per currency for 2000/01 are shown in the diagram below, which also illustrates the Group's long-term currency sensitivity.

Elekta's policy is to hedge the currency risk in commercial flows through options and forward contracts. The extent of the hedging is determined by Elekta's own risk assessments. Hedging is conducted on the basis of contracted net flows over a rolling 12-month period. Forward cover is applied to safeguard earnings on the order backlog on hand and to reduce the effects of short-term fluctuations in currency markets.

## Translation exposure

Elekta Group shareholders' equity is affected by currency translation differences. Since most borrowing consists of the convertible debenture loan, borrowing in foreign currencies is limited. In accordance with Elekta's financing policy, no equity is hedged through forward contracts or other derivative instruments, since these contracts impact the cash flow at renewal and thus increase financing and liquidity risks.

## Customer financing

Elekta's customers often require some form of financing solution when investing in capital-intensive equipment. As the market for medical-technology equipment has developed, Elekta has established various forms of cooperation with international leasing companies and other financiers. Elekta offers both traditional financing terms, for example through export credits, as well as various leasing products, including the more sophisticated "fee for use" arrangement. Elekta's considerable experience in this field means that the company is well positioned to take an active part in the development of different financing solutions.

Financial risk within Elekta is managed within the framework of a policy approved by the company's Board of Directors.

# Board of Directors' Report\*

## Operations

Elekta is a world-leading supplier of innovative clinical solutions and services for precision radiation treatment of cancer and for minimally invasive neurosurgical treatment of disorders of the brain. Elekta's solutions are clinically effective, cost-efficient and gentle on the patient. More than 95 percent of the Elekta's sales are outside Sweden.

Elekta is focusing on strengthening its market shares by increasing penetration of the Company's larger markets – notably, Europe, the United States and Japan – and by developing its presence in growth markets, including Asia, that have a great need for patient care in fields served by Elekta.

Elekta's installed systems and equipment constitute a base for service and after-market activities. This business, which is growing gradually, accounted for 29 percent of net sales.

## Market trend, order bookings and order backlog

Adjusted to reflect the sale of the IGS business in November 1999, Group order bookings amounted to SEK 2,402 M (1,805), an increase of 33 percent. Orders for neurosurgical products increased 34 percent, to SEK 836 M (625), and orders for oncology products rose 33 percent, to SEK 1,566 M (1,180).

The Group's order backlog increased 23 percent and amounted on April 30, 2001 to SEK 2,112 M (1,714), the highest ever.

## European market

Orders booked in Europe, the Middle East and Africa rose 43 percent, to SEK 1,103 M (772). Substantial investment and modernizing programs are being implemented in certain countries in Europe and the Middle East. Great Britain, among others, has expanded and modernized its cancer-care facilities substantially. Elekta has been successful in these procurement programs and has strengthened its position as a market leader in Europe while maintaining margins.

## American market

Order bookings in North and South America amounted to

ORDER BOOKINGS			
SEK M	2000/01	1999/2000	Change, %
Europe, Middle East, Africa	1,103	772	43
North and South America	748	634	18
Japan	266	320	-17
Asia excl Japan	285	79	261
Group	2,402	1,805	33

\* In addition to these pages, the Board of Directors' Report comprises the comments on the Group's results and financial position provided in the Comments on the Financial Statements and the Statement of Changes in Financial Position. (See pages 23, 25 and 27.)

SEK 748 M (634), an increase of 18 percent. Strengthening of the sales and service organization contributed to higher order bookings during the latter part of the fiscal year.

## Japanese market

Order bookings in Japan, which were lower than in the preceding year due to reduced orders for magnetic encephalographs, amounted to SEK 266 M (320). Sales in Japan consist predominantly of neurosurgical products. Registration of Elekta's oncology products has been obtained from the Japanese authorities and the first system for radiation treatment of cancer was delivered during the fourth quarter.

## Rest of Asia

Order bookings in Asia, which developed favorably, increased to SEK 285 M (79). The healthcare markets in Asia are improving gradually, parallel with the economic recovery in the region. Elekta has had successes during the fiscal year in China, South Korea, Taiwan and Australia, which is included in Elekta's Asia Region. A company in which Elekta is the majority owner was established in China. The company will manufacture and distribute Elekta products in that country. Part of the production will be exported. Establishment of the new company strengthens Elekta's market position in China and creates conditions for more cost-effective production.

## Net sales

The Group's net sales increased 21 percent, to SEK 2,160 M (1,789). Excluding operations divested during 1999/2000, the increase was 26 percent. The weakening of the Swedish krona, notably relative to the USD and JPY, affected net sales favorably by 8 percent.

Net sales of neurosurgical products rose to SEK 833 M (718) and sales of oncology products increased to SEK 1,327 M (1,071). The number of delivered systems used in neurosurgery and cancer care increased during the year. Net sales of products and services for the aftersales market, increased by 40 percent, to SEK 632 M (451).

## Results

Operating profit amounted to SEK 92 M, compared with an operating loss of SEK 37 M in the preceding fiscal year, an improvement of SEK 129 M. The improvement was attributable primarily to higher net sales and a favorable trend of foreign exchange rates. The operating margin was 4 percent, compared with a negative margin of 2 percent in the preceding fiscal year.

Net financial items amounted to an expense of SEK 23 M (32). Net interest expense amounted to SEK 35 M (56), of which SEK 25 M (45) pertained to the convertible debenture loan. The Group incurred a loss of

# Board of Directors' Report

SEK 1 M on participations in associated companies, as against income of SEK 3 M in the year-earlier period, and a gain of SEK 13 M (21) on foreign exchange differences.

Profit after financial items amounted to SEK 69 M, compared with a loss of SEK 69 M a year earlier, and profit for the year amounted to SEK 61 M, as against a loss of SEK 77 M in the 1999/2000 fiscal year.

Earnings per share amounted to SEK 2.21 compared with a loss of SEK 4.24 per share in the preceding fiscal year.

The return on shareholders' equity amounted to 10 percent (negative 22) and the return on capital employed was 12 percent (negative 3).

## Investments and depreciation

Investments in intangible and tangible assets amounted to SEK 50 M (57).

Amortization and depreciation of intangible and tangible assets amounted to SEK 74 M (78).

## Liquidity and financial position

The cash flow before investments was positive in the amount of SEK 268 M (11), due to a positive result and a reduction in working capital. The cash flow after investments and divestments amounted to SEK 226 M (42).

Liquid assets as of April 30, 2001 amounted to SEK 434 M, compared with SEK 249 M on the year-earlier date. SEK 130 M (119) of the Company's bank deposits was pledged, primarily for guarantees of customer advances received.

Of the outstanding convertible debenture loan in a nominal amount of SEK 233 M, SEK 229 M has been converted following the end of the fiscal year. The remaining SEK 4 M will be repaid on December 31, 2001.

Other interest-bearing liabilities declined to SEK 47 M, resulting in a negative debt/equity ratio of minus 0.23.

The equity/assets ratio increased to 33 percent (31). Conversion of the convertible debentures after the end of the fiscal year increased the equity/assets ratio by 11 percentage points.

## Sensitivity analysis

Elekta's gross margin, defined as revenues less costs of products sold, can vary greatly from one period to another, depending on the product mix. Leksell Gamma Knife has a much higher margin than the oncology products. Margins on products for which Elekta is just distributor, MEG and others are relatively low. Elekta had a gross margin of 35 percent, unchanged from the preceding fiscal year.

Elekta's net sales over the next 12-month period are determined mainly by the current order backlog. Delays in delivery dates arise but can be offset by orders with shorter

delivery dates that are received during the year.

The greater part of Elekta's costs are incurred in SEK and GBP, while revenues are denominated mainly in USD, JPY and EUR. A general change of one percentage point in the value of the SEK relative to the other currencies affects Group income by approximately SEK 5 M. Over the short-term the effect of foreign exchange movements is reduced through hedging with forward contracts.

## New tax accounting recommendation

The Swedish Financial Accounting Standards Council has released a new recommendation regarding income taxes. The recommendation is to be applied in fiscal years from and including January 1, 2001. The recommendation, which involves a change in accounting principles for Elekta, will be applied for the first time in the three-month interim report for the 2001/02 fiscal year. The change in accounting principles means that the new principle is applied retroactively and that information for comparable years is adjusted. Deferred tax liabilities and tax receivables are reported in the balance sheet, with the corresponding change in shareholders' equity. Elekta has large loss carryforwards in Sweden, the UK and US.

## Research and development

The objective of the R&D program is to confirm and advance Elekta's position as a leading player in minimally invasive neurosurgery, radiosurgery as well as radiation therapy. During the year SEK 127 M, equal to 6 percent of net sales, was invested in the following areas, among others:

- Develop minimally invasive and cost-efficient technologies for functional stereotaxy in the neurosurgery field. Transfer knowledge in stereotaxy and small field irradiation to the field of cancer care, where there are still good opportunities to make substantial progress.
- Develop products and methods in the oncology program that offer higher precision as well as improved clinical results, among others IMRT. This involves both software applications and new equipment. The objective is to achieve a more effective radiation of tumor tissue while shielding adjacent healthy tissue from damage.
- Within the R&D program is also clinical research conducted jointly with both external institutions and Elekta's customers in each area of research.

## Information Technology (IT)

Access to pertinent information is of critical importance for reaching the Group's growth and profitability targets. The objective is to further improve productivity and cost-efficiency through better process control and greater use of information technology.

The use of IT support is being increased in all operating areas. Elekta has continued its investment in established communications solutions in order to be able to handle these information needs. Communications systems are being expanded to meet the requirements imposed by today's competitive situation. Elekta's communications are being facilitated substantially since our information systems are integrated in the business processes.

#### **European Monetary Union (EMU)**

The work of meeting the requirements imposed by a total changeover to the euro is under way for companies in countries in the European Monetary Union. In May 2001 a large number of Elekta's European subsidiaries changed over to the euro as their basic currency. The other Group companies in the Monetary Union will gradually change over to the euro during 2001.

#### **Quality**

Elekta works determinedly to ensure the quality of all processes within the Group. The quality-control program also ensures that all requirements set by public authorities are met. All of Elekta's development and production units are certified in accordance with applicable ISO 9000 and EN 46000 standards. Elekta meets the requirements that various supervisory authorities have established for companies in the field of medical technology.

#### **Personnel**

The average number of employees in the Group was 807 (794). At the end of the fiscal year the Group had 854 employees, compared with 778 as of April 30, 2000.

On April 1, 2001 Håkan Bergström assumed the newly established position of Chief Financial Officer in the Group Executive Committee.

A proposal of the Board of Directors for another warrants program for managers and key persons was approved at the General Meeting of shareholders on September 29, 2000. The program comprises a maximum of 1,100,000 warrants to subscribe for Series B shares issued by Elekta AB (publ).

#### **Parent Company**

The Parent Company's operations consist of Group management and the handling of Group-wide functions, as well as treasury management. Income of the Parent Company, before taxes, amounted to SEK 25 M, compared with a loss of SEK 57 M in the preceding fiscal year. Figures for the 2000/01 fiscal year include a dividend of SEK 50 M from a subsidiary. Figures for the preceding fiscal year included a gain of SEK 18 M on the sale of the IGS

business. The average number of employees was 13 (14).

#### **Contingent liabilities**

Companies in the Elekta Group are currently party to a number of legal disputes. Continuous assessment of issues concerning damages is made, based on legal expertise, external counsel and Elekta's own opinion. In certain cases, the disputes involve alleged infringement of patents. If the counterparty's case were to prevail, this would have financial effect of some significance for Elekta. Elekta considers, however, that it has a strong case.

#### **Work of the Board of Directors**

Since the General Meeting of shareholders on September 29, when Per-Olof Mårtensson and Bjöm A Marklund left the Board of Directors, the Board has consisted of four members. A presentation of these members appears on page 43. Prior to a vote by the Annual General Meeting, the names of proposed candidates for membership on the Company's Board of Directors are being obtained through contacts between the Chairman of the Board and a number of the Company's larger shareholders.

At the organizational meeting of the Board of Directors on September 29, 2000, Akbar Seddigh was reelected Chairman of the Board. The Board held 10 (28) recorded meetings during the fiscal year. Among other matters, the Board has dealt with strategy and objectives, long-term financing and risk, the budget, the financial accounts and major investments. During the year representatives of Group management have participated in Board meetings to report on matters in their respective areas.

The Company's external auditors reported their observations from the annual audit in person and presented their views on the internal control level in the Elekta group.

In accordance with special instructions established by the Board, a committee of the Board deals with and decides the Company's compensation philosophy, bonus system and other similar forms of compensation. Compensation for the President is set by the committee but is subject to a vote of the Board. Akbar Seddigh was a member of the committee during the year.

#### **Future prospects**

Net sales and operating profit for the fiscal year 2001/02 as a whole are expected to be better than in the 2000/01 fiscal year. Net sales for the first half of the fiscal year are expected to be lower than in the second half.

#### **Proposed dividend**

The Board of Directors is not proposing that a dividend be paid for fiscal year 2000/01.

# Income statement

SEK M	Note	GROUP		PARENT COMPANY	
		2000/01	1999/2000	2000/01	1999/2000
Net sales	1	2,160	1,789	—	—
Cost of products sold		-1,402	-1,156	—	—
<b>Gross profit</b>		<b>758</b>	<b>633</b>	<b>—</b>	<b>—</b>
Selling expenses		-320	-294	—	—
Administrative expenses		-238	-256	-36	-51
R&D expenses		-127	-129	—	—
Items affecting comparability	2	—	19	—	18
Currency exchange differences in operations		19	-10	—	—
<b>Operating profit/loss</b>	21-23	<b>92</b>	<b>-37</b>	<b>-36</b>	<b>-33</b>
Income from participations in Group companies	3	—	—	50	-4
Income from participations in associated companies	4	-1	3	—	-1
Interest income	5	7	6	30	25
Interest costs and similar profit/loss items	5	-42	-62	-34	-66
Financial currency exchange differences		13	21	15	22
<b>Profit/loss after financial items</b>		<b>69</b>	<b>-69</b>	<b>25</b>	<b>-57</b>
Taxes	6	-10	-8	—	—
Minority shares		2	—	—	—
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>61</b>	<b>-77</b>	<b>25</b>	<b>-57</b>



## COMMENTS ON THE INCOME STATEMENT

### Net sales

The Group's net sales increased by 21 percent, to SEK 2,160 M. The number of systems delivered for neurosurgery and cancer care increased during the year. Net sales of products and services for the after sales market, increased by 40 percent, to SEK 632 M (451).

#### NET SALES

SEK M	2000/01	1999/2000	Change, %
Europe, Middle East, Africa	955	737	30
North and South America	770	667	15
Japan	307	236	30
Asia, excluding Japan	128	149	-14
Group	2,160	1,789	21
of which			
Oncology products	1,327	1,071	24
Neurosurgery products	833	718	16

#### OPERATING RESULT

	Net sales SEK M	Change %	Operating result, SEK M	Operating margin, %
1st quarter	394	14	-17	-4
2nd quarter	490	4	-5	-1
3rd quarter	568	31	47	8
4th quarter	708	31	67	9
Full year 2000/01	2,160	21	92	4

#### OPERATING EXPENSES AS A PERCENT OF NET SALES

%	2000/01	1999/2000
Cost of products sold	-65	-65
Selling expenses	-15	-16
Administrative expenses	-11	-14
R & D expenses	-6	-7
Items affecting comparability	0	1
Currency exchange differences	1	-1
Operating margin	4	-2

### Result

Operating results strengthened gradually during the year and increased by SEK 129 M, to SEK 92 M, compared with a loss of SEK 37 M in the preceding fiscal year. The operating margin was 4 percent, compared with a negative margin of 2 percent a year earlier. The improvement in results was attributable primarily to higher net sales and a favorable trend of foreign exchange rates.

Gross margin is affected to a high degree by the volumes of business and the product mix. The gross margin increased toward the end of the fiscal year – due primarily to a better product mix and higher utilization of capacity – and amounted to 35 percent for the full year, unchanged from the preceding fiscal year.

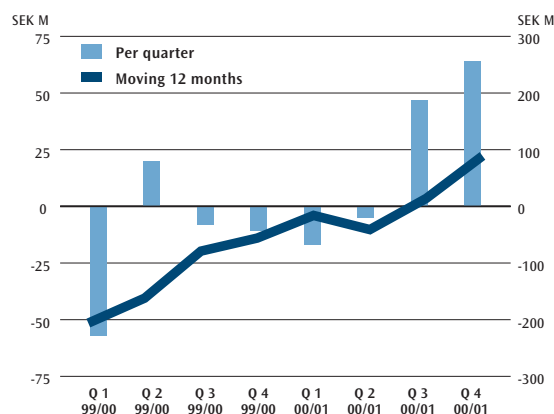
Elekta's neurosurgery products are produced on subcontract in Sweden. The core oncology products are produced by Elekta in England. Purchases of products, materials and consumables constitute the single largest cost item, accounting for 47 percent of the Group's total operating costs. Payroll costs rank second with 27 percent.

Investments in research and development amounted to SEK 127 M, compared with SEK 119 M, excluding IGS, in the preceding fiscal year. These investments, which are expensed as incurred, amounted to 6 percent (7) of net sales.

Net interest expense declined by SEK 21 M, to SEK 35 M (56), of which SEK 25 M (45) pertained to the convertible debenture loan.

Operating results after financial items improved by SEK 138 M, to SEK 69 M, compared with a loss of SEK 69 M in the preceding fiscal year. Tax expense amounted to only 14 percent, since Elekta has substantial loss carry-forwards in Sweden, England and the United States. See also page 20. Profit for the fiscal year amounted to SEK 61 M, compared with a loss of SEK 77 M a year earlier.

#### OPERATING RESULT EXCL. ITEMS AFFECTING COMPARABILITY



# Balance sheet

SEK M	Note	GROUP		PARENT COMPANY	
		2001-04-30	2000-04-30	2001-04-30	2000-04-30
<b>ASSETS</b>					
Intangible fixed assets	7	415	437	—	—
Tangible fixed assets	8	94	81	—	—
Financial fixed assets	9	12	17	957	1,259
<b>Total fixed assets</b>		<b>521</b>	<b>535</b>	<b>957</b>	<b>1,259</b>
Inventories	10	224	255	—	—
Receivables	11	883	797	266	52
Current investments	12	6	—	6	—
Cash and bank		428	249	41	49
<b>Total current assets</b>		<b>1,541</b>	<b>1,301</b>	<b>313</b>	<b>101</b>
<b>TOTAL ASSETS</b>		<b>2,062</b>	<b>1,836</b>	<b>1,270</b>	<b>1,360</b>
<b>SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>					
Share capital		139	139	139	139
Restricted reserves		1,042	1,007	727	775
Unrestricted reserves		-564	-493	—	5
Profit/loss for the year		61	-77	25	-57
<b>Total shareholders' equity</b>	13	<b>678</b>	<b>576</b>	<b>891</b>	<b>862</b>
<b>Minority</b>		<b>8</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Provisions</b>	14	<b>76</b>	<b>79</b>	<b>—</b>	<b>—</b>
Convertible debenture loan	15	226	216	226	216
Other interest-bearing liabilities	16	47	113	104	166
Interest-free liabilities	17	1 027	852	49	116
<b>Total liabilities</b>		<b>1,300</b>	<b>1,181</b>	<b>379</b>	<b>498</b>
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>		<b>2,062</b>	<b>1,836</b>	<b>1,270</b>	<b>1,360</b>
Assets pledged	18	887	849	1,135	784
Contingent liabilities	19	32	15	468	267

## COMMENTS ON THE BALANCE SHEET

### Assets and capital employed

The Group's total assets increased by SEK 226 M, to SEK 2,062 M. Investments for the fiscal year amounted to SEK 50 M. The Group's fixed assets at April 30, 2001 amounted to SEK 521 M (535). The decrease was due primarily to amortization of intangible assets.

Current assets, excluding liquid assets, increased by SEK 55 M, to SEK 1,107 M. Accounts receivable, accrued revenue for projects, and inventories increased by a total of 9 percent, due primarily to the greater demand for Elekta's products. Accounts receivable and accrued revenue for projects were equal to 99 (109) days' net sales. The value of the inventory relative to net sales declined to 10 percent (14).

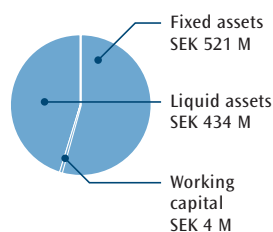
Liquid assets increased by SEK 185 M, to SEK 434 M, and amounted at the end of the fiscal year to 21 percent (14) of total assets. Of the Group's bank deposits, SEK 130 M (119) was pledged, primarily as guarantees for customer advances received.

The Group's capital employed amounted to SEK 959 M (905), an increase of 6 percent. The capital turnover ratio was 1.2 (1.0).

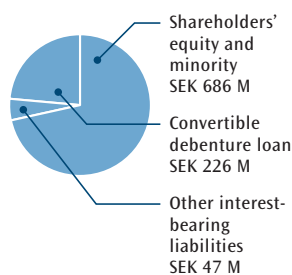
The amount of tied-up working capital has been reduced from SEK 121 M to SEK 4 M. Current receivables and inventories are being financed largely by means of interest-free liabilities and provisions.

### CAPITAL EMPLOYED AND ITS FINANCING

Capital employed amounted to SEK 959 M



Financing of capital employed, SEK 959 M



### Liabilities and shareholders' equity

The outstanding convertible debenture loan amounted to SEK 226 M (216). Other interest-bearing liabilities were reduced by SEK 66 M, to SEK 47 M. Gross debt amounted to SEK 273 M (329). Liquid assets were SEK 161 M larger than gross debt, compared with net debt of SEK 80 M as of April 30, 2000.

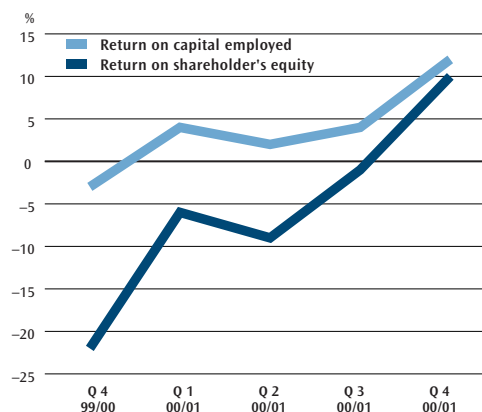
Interest-free liabilities increased by SEK 175 M, including advances of SEK 74 M from customers and accrued expenses of SEK 46 M in income recognized projects.

Minority interest of SEK 8 M pertained to the new company established in China.

As a result of profit for the year of SEK 61 M (loss: 77), a new issue of shares amounting to SEK 344 M in 1999/2000, option premiums of SEK 2 M (1) and foreign exchange gains of SEK 39 M (loss: 5), shareholders' equity increased to SEK 678 M (576) as of April 30, 2001.

At the end of the fiscal year the Group's equity/assets ratio amounted to SEK 33 percent (31).

### RETURN ON CAPITAL EMPLOYED AND SHAREHOLDERS' EQUITY



# Statement of changes in financial position

SEK M	GROUP		PARENT COMPANY	
	2000/01	1999/2000	2000/01	1999/2000
Profit/loss for the year	61	-77	25	-57
Depreciation and writedowns charged against these results	74	79	—	1
Participations in profit/loss of associated companies, after tax	0	-4	—	—
Capital gain on the sale of fixed assets	—	1	—	—
Capital gain on the sale of product area	—	-19	—	-18
Upward adjustment of convertible debenture loan	10	16	10	16
Minority shares	-2	—	—	—
Deferred taxes for the year	-3	-3	—	—
<b>Operating flows</b>	<b>140</b>	<b>-7</b>	<b>35</b>	<b>-58</b>
Increase (-)/decrease (+) in current receivables	-28	74	-211	-5
Increase (-)/decrease (+) in inventories	56	14	—	—
Increase (+)/decrease (-) in interest-free liabilities	107	-5	-70	-36
Increase (+)/decrease (-) in provisions	-7	-65	—	—
<b>Change in working capital</b>	<b>128</b>	<b>18</b>	<b>-281</b>	<b>-41</b>
<b>Cash flow before investments</b>	<b>268</b>	<b>11</b>	<b>-246</b>	<b>-99</b>
Increase (-)/decrease (+) in shares and participations	8	-3	-17	-118
Increase (-)/decrease (+) in long-term receivables	0	1	319	132
Investments in intellectual properties	-12	—	—	—
Investments in machinery and equipment	-38	-57	—	—
Sale of fixed assets	—	4	—	—
Sale of product areas	—	86	—	18
<b>Investments and divestments</b>	<b>-42</b>	<b>31</b>	<b>302</b>	<b>32</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>226</b>	<b>42</b>	<b>56</b>	<b>-67</b>
Increase (+)/decrease (-) in interest-bearing liabilities	-68	-299	-62	-232
New issues and warrant premiums	2	345	4	346
Minority	10	—	—	—
<b>External financing</b>	<b>-56</b>	<b>46</b>	<b>-58</b>	<b>114</b>
Change in liquid assets during the year excl. translation differences	170	88	-2	47
Translation difference on liquid assets	15	2	—	—
<b>Change in liquid assets during the year</b>	<b>185</b>	<b>90</b>	<b>-2</b>	<b>47</b>
Liquid assets at beginning of year	249	159	49	2
<b>Liquid assets at year-end</b>	<b>434</b>	<b>249</b>	<b>47</b>	<b>49</b>

## NET DEBT

SEK M	2000/01	1999/2000
Net debt, April 30, 2000	80	442
Upward adjustment of convertible debenture loan	10	16
Cash flow	-253	-177
Offset issue	—	-212
Translation differences	2	11
<b>Net debt, April 30, 2001</b>	<b>-161</b>	<b>80</b>

## COMMENTS ON THE STATEMENT OF CHANGES IN FINANCIAL POSITION

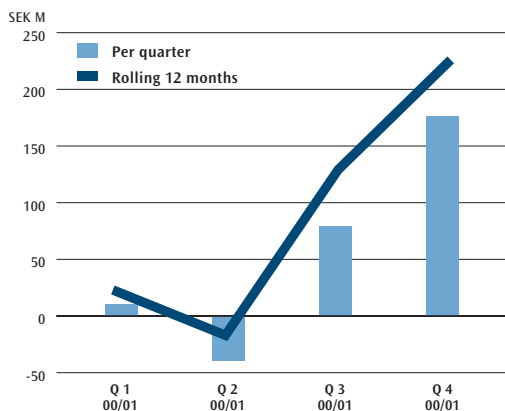
A statement of changes in financial position is designed to describe the ability of a business to generate funds. Elekta's cash flow is used primarily to finance market growth, strategic research projects and investments. Based on income statement and balance sheet items, the statement shows the net of the Group's flows during the year.

Elekta showed a strong favorable cash flow for the fiscal year. Profit for the year, adjusted for items that did not affect cash flow, resulted in a cash flow of SEK 140 M, an increase of SEK 147 M compared with cash flow in the preceding fiscal year.

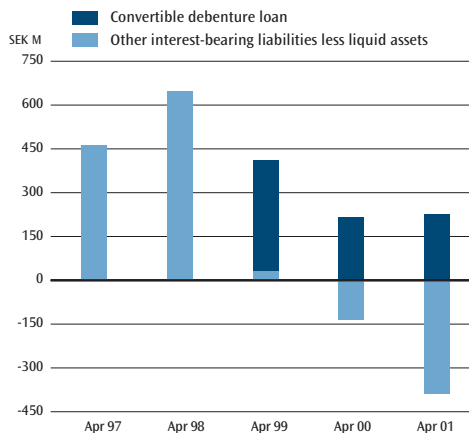
The amount of tied-up working capital was reduced by SEK 128 M, primarily as a result of an increase in advances from customers and accrued expenses, as well as a reduction in inventories. The cash flow before investments improved to SEK 268 M (11).

The cash flow from investments and divestments was negative in the amount of SEK 42 M, compared with a positive cash flow of SEK 31 M in the preceding fiscal year. The divestment of the IGS business affected the year-earlier cash flow favorably in the amount of SEK 86 M. The cash flow after investments amounted to SEK 226 M, an increase of SEK 184 M compared with the 1999/2000 fiscal year.

### CASH FLOW AFTER INVESTMENTS AND DIVESTMENTS



### NET DEBT



Primarily as a result of a continuing strong cash flow, net debt of SEK 80 M at the beginning of the fiscal year declined, and liquid assets at April 30, 2001 exceeded gross debt by SEK 161 M.

# Accounting principles

## Consolidated accounting

The Group accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation on consolidated accounting, and by applying the purchase method.

Income statements of foreign subsidiaries have been translated at average exchange rates during the fiscal year; balance sheets have been translated at the fiscal year-end rate. Translation differences have been credited/debited to Group shareholders' equity.

Long-term financing of subsidiaries is considered to represent an increase in the Parent Company's net investment in a subsidiary. In the consolidated accounts, taking the tax effect into account, exchange gains and losses in the Parent Company have been credited/debited to translation differences in shareholders' equity.

## Accounting for associated companies

Associated company accounting is applied for share investments in companies in which the Group owns more than 20 percent and less than 50 percent of the voting rights, or otherwise has a significant interest. Associated company accounting is applied in accordance with the equity method.

## Income recognition

Income from all Elekta products is recognized upon delivery of the products.

## Research and development

Research and development costs are expensed as incurred.

## Depreciation/amortization

Intangible rights, machinery and equipment in the Group are amortized/depreciated straight-line over their economic life of 3 to 10 years. Goodwill is amortized over five years, except for goodwill attributable to the acquisition of Philips Radiation Therapy, which is being amortized over 20 years. This acquisition is strategically important for the further development of Elekta's business in the areas of cancer treatment and neurosurgery. As a result of the acquisition, Elekta is the only company that can offer a complete range of advanced clinical solutions for both radiosurgery and radiation therapy.

## Inventories

Inventories have been valued at the lower of acquisition value and actual value.

## Receivables

Receivables are shown in the amounts expected to be received.

## Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency have been valued at the fiscal year-end exchange rates. Alternatively, the forward rate has been used for receivables and liabilities hedged by forward contracts.

## EXCHANGE RATES

Country	Currency	Average rate May–April		Fiscal year-end rate, April 30	
		2000/01	1999/2000	2001	2000
Switzerland	100 CHF	562.848	539.969	591.100	517.750
Euro	1 EUR	8.641	8.443	9.086	8.140
Great Britain	1 GBP	14.025	13.596	14.628	14.000
Hong Kong	1 HKD	1.227	1.087	1.308	1.145
Japan	100 JPY	8.553	7.694	8.235	8.390
United States	1 USD	9.569	8.449	10.195	8.928

# Notes

## NOTE 1 NET SALES

SEK M	GROUP	
	2000/01	1999/2000
<i>By product area:</i>		
Neurosurgery	833	718
Oncology	1,327	1,071
<i>By geographical market:</i>		
Europe, Middle East, Africa	955	737
North and South America	770	667
Japan	307	236
Asia, excl. Japan	128	149
<b>Total net sales</b>	<b>2,160</b>	<b>1,789</b>

## NOTE 2 ITEMS AFFECTING COMPARABILITY

SEK M	GROUP		PARENT COMPANY	
	2000/01	1999/2000	2000/01	1999/2000
Sale of IGS product area	—	19	—	18
<b>Total items affecting comparability</b>	<b>—</b>	<b>19</b>	<b>—</b>	<b>18</b>

## NOTE 3 INCOME FROM PARTICIPATIONS IN GROUP COMPANIES

SEK M	PARENT COMPANY	
	2000/01	1999/2000
Dividend from subsidiary	50	—
Cover of losses in subsidiaries	—	—4
<b>Result from participations in Group companies</b>	<b>50</b>	<b>—4</b>

## NOTE 4 INCOME FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

SEK M	GROUP		PARENT COMPANY	
	2000/01	1999/2000	2000/01	1999/2000
Income from participations in associated companies	4	7	—	—
Internal profit elimination for products sold	—5	—3	—	—
Writedown of participations in associated companies	—	—1	—	—1
<b>Result from participations in associated companies</b>	<b>—1</b>	<b>3</b>	<b>—</b>	<b>—1</b>

## NOTE 5 INTEREST INCOME, INTEREST EXPENSE AND SIMILAR PROFIT/LOSS ITEMS

SEK 29 M of the Parent Company's interest income of SEK 30 M was received from Group companies.

Parent Company's interest expense and similar profit/loss items amounted to SEK 34 M, of which SEK 7 M pertained to Group companies.

# Notes

## NOTE 6 TAXES

SEK M	GROUP	
	2000/01	1999/2000
Current taxes	-13	-11
Deferred taxes	2	3
Participations in taxes of associated companies	1	0
<b>Total taxes</b>	<b>-10</b>	<b>-8</b>

Tax loss carryforwards and other temporary differences not reported in the Balance Sheet amounted to approximately SEK 150 M in the Swedish companies. There are also unreported loss carryforwards in the US, the UK and Hong Kong.

## NOTE 7 INTANGIBLE FIXED ASSETS

SEK M	R&D operations	Patents & licenses	Goodwill	Total
Acquisition value, May 1, 2000	23	37	512	572
Purchases	—	—	12	12
Sales/disposals	-24	-8	-5	-37
Translation differences	1	3	11	15
<b>Acquisition value, April 30, 2001</b>	<b>0</b>	<b>32</b>	<b>530</b>	<b>562</b>
Accumulated amortization, May 1, 2000	-15	-32	-88	-135
Sales/disposals	24	8	5	37
Amortization for the year	-8	-4	-31	-43
Translation differences	-1	-3	-2	-6
<b>Accumulated amortization, April 30, 2001</b>	<b>0</b>	<b>-31</b>	<b>-116</b>	<b>-147</b>
<b>Residual value according to plan, April 30, 2001</b>	<b>0</b>	<b>1</b>	<b>414</b>	<b>415</b>

## NOTE 8 TANGIBLE FIXED ASSETS

SEK M	Machinery, etc. for production	Equipment, tools and installations	Financial lease equipment	Total
Acquisition value, May 1, 2000	34	287	24	345
Purchases	—	20	18	38
Sales/disposals	—	-24	—	-24
Transfers	—	-7	7	0
Translation differences	2	18	4	24
<b>Acquisition value, April 30, 2001</b>	<b>36</b>	<b>294</b>	<b>53</b>	<b>383</b>
Accumulated depreciation, May 1, 2000	-32	-221	-11	-264
Sales/disposals	—	24	—	24
Depreciation for the year	-1	-22	-8	-31
Translation differences	-2	-15	-1	-18
<b>Accumulated depreciation, April 30, 2001</b>	<b>-35</b>	<b>-234</b>	<b>-20</b>	<b>-289</b>
<b>Residual value according to plan, April 30, 2001</b>	<b>1</b>	<b>60</b>	<b>33</b>	<b>94</b>



## NOTE 9 FINANCIAL FIXED ASSETS

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2001	Apr. 30, 2000	Apr. 30, 2001	Apr. 30, 2000
Participations in Group companies	—	—	641	624
Receivables from Group companies	—	—	308	627
Participations in associated companies	7	12	8	8
Other long-term receivables	5	5	—	—
<b>Total financial assets</b>	<b>12</b>	<b>17</b>	<b>957</b>	<b>1,259</b>

## PARTICIPATIONS IN GROUP AND ASSOCIATED COMPANIES

SEK M	GROUP		PARENT COMPANY	
	Associated companies	Associated companies	Group Company	
Opening balance, May 1, 2000		12	8	624
Investments		—	—	17
Sales/repayments		-8	—	—
Participations in income of associated companies		0	—	—
Translation differences		3	—	—
<b>Closing balance, April 30, 2001</b>		<b>7</b>	<b>8</b>	<b>641</b>

## PARTICIPATIONS IN GROUP COMPANIES

Company	Corp. Reg. No.	Domicile	No. of shares & participations	Proportion of shares & votes, %	Book value
Elekta Instrument AB	556492-0949	Stockholm, Sweden	1,000,000	100.0	50
Elekta Instrument SA	3033/1984	Geneva, Switzerland	500	100.0	57
Elekta KK		Kobe, Japan	2,000	100.0	0
Elekta Ltd	2699176	Crawley, UK	20,609,695	100.0	243
Elekta Holdings US Inc.		Norcross, USA	6,020	100.0	221
Elekta Canada Inc.		Toronto, Canada	1	100.0	0
Elekta Asia Ltd	502 493	Hong Kong	81,022,160	100.0	13
Elekta IGS SA	383 379 880	Grenoble, France	352,380	100.0	17
Elekta GmbH	HRB 63500	Hamburg, Germany		100.0	5
Elekta S.A./N.V.	613 484	Zaventem, Belgium	350	100.0	1
Elekta BV		Best, Netherlands	40	100.0	0
Elekta Holding BV	33 292 546	Amsterdam, Netherlands	40	100.0	0
Elekta SpA	301 030	Monza, Italy	500,000	100.0	34
Elekta Pty		Pretoria, South Africa		100.0	0
<b>Total participations in Group companies</b>					<b>641</b>

## PARTICIPATIONS IN ASSOCIATED COMPANIES

Company	Corp. Reg. No.	Domicile	No. of shares & participations	Proportion of shares & votes, %	Book value
AB Motala Verkstad*	556031-3503	Motala, Sweden	29,960	49.9	4
Misc. participations					3
<b>Total participations in associated companies</b>					<b>7</b>

\* The book value in the Parent Company of AB Motala Verkstad is SEK 8 M.

## NOTE 10 INVENTORIES

SEK M	GROUP	
	Apr. 30, 2001	Apr. 30, 2000
Components	43	37
Work in progress	50	51
Finished goods	131	167
<b>Total inventories</b>	<b>224</b>	<b>255</b>

# Notes

## NOTE 11 RECEIVABLES

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2001	Apr. 30, 2000	Apr. 30, 2001	Apr. 30, 2000
Accounts receivable	568	520	3	3
Receivables from Group companies	—	—	253	34
Receivables from associated companies	2	2	2	2
Other receivables	57	53	1	1
Prepaid expenses and accrued income	247	210	3	7
<b>Maturities of less than 1 year</b>	<b>874</b>	<b>785</b>	<b>262</b>	<b>47</b>
Accounts receivable	—	2	—	—
Receivables from associated companies	4	5	4	5
Other receivables	5	5	—	—
<b>Maturities of more than 1 year</b>	<b>9</b>	<b>12</b>	<b>4</b>	<b>5</b>
<b>Total receivables</b>	<b>883</b>	<b>797</b>	<b>266</b>	<b>52</b>

The Prepaid expenses and accrued income item in the consolidated balance sheet includes accrued income of SEK 213 M (145) for projects.

Elekta purchases forward rate contracts to hedge contracted flows. The forward rate is used to translate hedged receivables and liabilities. The following forward contracts regarding the sale of USD, JPY and EUR are not revaluated in the balance sheet. The unrealized exchange rate difference compared with rates at April 30, 2001 is a deficit of SEK 6 M.

Currency	Amount	Maturity	Rate
MJPY/SEK	423	6–12 months	8.6692
MUSD/SEK	20	1–9 months	9.6983
MEUR/SEK	1	1 months	8.9070
MEUR/GBP	10	2–7 months	0.6346

## NOTE 12 CURRENT INVESTMENTS

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2001	Apr. 30, 2000	Apr. 30, 2001	Apr. 30, 2000
Currency options	6	—	6	—
<b>Total current investments</b>	<b>6</b>	<b>—</b>	<b>6</b>	<b>—</b>

## NOTE 13 SHAREHOLDERS' EQUITY

GROUP, SEK M	Share capital	Restricted reserves	Unrestricted reserves	Result for the year	Total
Opening balance, May 1, 2000	139	1,007	–493	–77	576
Treatment of loss approved by AGM	—	–52	–25	77	0
Option premiums	—	2	—	—	2
Translation difference	—	39	—	—	39
Transfer between restricted and unrestricted capital	—	46	–46	—	0
Income for the year	—	—	—	61	61
<b>Closing balance, April 30, 2001</b>	<b>139</b>	<b>1,042</b>	<b>–564</b>	<b>61</b>	<b>678</b>

The accumulated translation differences amount to SEK 82 M (44).

PARENT COMPANY, SEK M	Share capital	Premium reserve	Retained earnings	Result for the year	Total
Opening balance, May 1, 2000	139	775	5	–57	862
Treatment of loss approved by AGM	—	–52	–5	57	0
Option premiums	—	4	—	—	4
Income for the year	—	—	—	25	25
<b>Closing balance, April 30, 2001</b>	<b>139</b>	<b>727</b>	<b>0</b>	<b>25</b>	<b>891</b>

The total number of shares in Elekta AB (publ) is 27,653,617, of which 1,187,500 are Series A shares and 26,666,117 Series B shares. The par value of the share is SEK 5. One Series A share entitles the holder to 10 votes and one Series B share to one vote.

## NOTE 14 PROVISIONS

SEK M	GROUP	
	Apr. 30, 2001	Apr. 30, 2000
Provisions for pensions, etc.	7	8
Warranty provisions	32	20
Restructuring reserves	6	24
Other provisions	31	27
<b>Total provisions</b>	<b>76</b>	<b>79</b>

## NOTE 15 CONVERTIBLE DEBENTURE LOAN

In June 1998, an issue of convertible debentures with a nominal value of SEK 467 M, was carried out. The issue was sold at 85 percent of the nominal value. The loan is subject to interest at 5 percent of the nominal value. Conversion took place from July 31, 1998 up to and including June 30, 2001. If not converted previously, convertible debenture certificates will be redeemed at a nominal value of SEK 233 M on December 31, 2001. A convertible debenture with the nominal value of SEK 60.20 entitles the bearer to one Series B share in Elekta.

During May–June 2001, convertible debenture certificates at a nominal value of SEK 229 M, corresponding to 98 percent of the outstanding loan, were submitted for conversion. As a result, the number of Series B shares increased by 3,808,250.

Convertible debentures issued at 85 percent of their nominal value	397
Interest expense July–April 98/99 added to the loan*	15
Interest expense May–April 99/00 added to the loan*	16
Converted in connection with offset issue in February 2000	–212
Interest expense May–April 00/01 added to the loan*	10

**Convertible debenture loan, April 30, 2001** **226**

\* The difference between the issuing price and the nominal value is allocated as interest expense over the term of the loan and is added to the loan in a manner which ensures that it is equal to the nominal value on the maturity date.

## NOTE 16 OTHER INTEREST-BEARING LIABILITIES

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2001	Apr. 30, 2000	Apr. 30, 2001	Apr. 30, 2000
Liabilities to credit institutions	11	97	—	3
Liabilities to Group companies	—	—	104	163
Finance lease liabilities	36	15	—	—
Other liabilities	—	1	—	—
<b>Total other interest-bearing liabilities</b>	<b>47</b>	<b>113</b>	<b>104</b>	<b>166</b>

### Maturity term structure

SEK M	Apr. 30, 2001	Apr. 30, 2000	Apr. 30, 2001	Apr. 30, 2000
Within 1 year	21	101	104	166
1–5 years	22	12	—	—
After 5 years	4	—	—	—
<b>Total</b>	<b>47</b>	<b>113</b>	<b>104</b>	<b>166</b>

### Specification per currency

Currency	Apr. 30, 2001 Amount	Apr. 30, 2001 SEK M	Apr. 30, 2000 Amount	Apr. 30, 2000 SEK M
Swedish kronor, SEK M	0	0	18	18
Pounds sterling, GBP M	1	18	3	38
German marks, DEM M	2	11	—	—
US dollars, USD M	1	10	—	—
Japanese yen, JPY M	100	8	630	53
Other currencies	—	0	—	4
<b>Total</b>		<b>47</b>		<b>113</b>

# Notes

## NOTE 17 INTEREST-FREE LIABILITIES

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2001	Apr. 30, 2000	Apr. 30, 2001	Apr. 30, 2000
Advance payments by customers	329	255	—	—
Accounts payable	282	259	4	7
Liabilities to Group companies	—	—	21	84
Tax liabilities	13	8	—	—
Accrued expense and prepaid income	350	286	12	13
Other interest-free liabilities	53	44	12	12
<b>Total interest-free liabilities</b>	<b>1,027</b>	<b>852</b>	<b>49</b>	<b>116</b>

The Accrued expenses and prepaid income item in the Group's balance sheet includes a reserve of SEK 134 M (88) for additional project costs.

## NOTE 18 ASSETS PLEDGED

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2001	Apr. 30, 2000	Apr. 30, 2001	Apr. 30, 2000
<i>Liabilities to credit institutions:</i>				
Chattel mortgages, etc.	336	431	—	—
Shares in subsidiaries	421	299	576	572
Receivables from subsidiaries	—	—	519	175
<i>Collateral pledged for contingent liabilities:</i>				
Bank balances	130	119	40	37
<b>Total assets pledged</b>	<b>887</b>	<b>849</b>	<b>1,135</b>	<b>784</b>

The Group's collateral comprises the following commitments: loans, SEK 8 M (90), and guarantees, SEK 259 M (160).

## NOTE 19 CONTINGENT LIABILITIES

SEK M	GROUP		PARENT COMPANY	
	Apr. 30, 2001	Apr. 30, 2000	Apr. 30, 2001	Apr. 30, 2000
Guarantees	17	15	17	15
Guarantees for subsidiaries	—	—	451	252
Other	15	—	—	—
<b>Total contingent liabilities</b>	<b>32</b>	<b>15</b>	<b>468</b>	<b>267</b>

Companies in the Elekta Group are currently party to a number of legal disputes. Continuous assessment of issues concerning damages is made, based on legal expertise, external counsel and Elekta's own opinion. In certain cases, the disputes involve alleged infringement of patents. If the counterparty's case were to prevail, this would have financial effect of some significance for Elekta. Elekta considers, however, that it has a strong case.

**NOTE 20 NUMBER OF EMPLOYEES**

	AVERAGE NUMBER OF EMPLOYEES		OF WHOM WOMEN	
	2000/01	1999/2000	2000/01	1999/2000
Parent Company	13	14	7	7
Subsidiaries:				
Sweden	95	91	27	27
Belgium	8	7	1	1
UK	306	312	56	59
France	21	42	4	10
Hong Kong	10	9	3	3
Italy	23	20	4	4
Japan	37	32	6	6
Canada	5	5	—	—
China	38	22	15	9
Netherlands	12	13	1	2
Switzerland	4	4	1	1
Spain	15	13	3	2
South Africa	3	—	1	—
Germany	51	55	3	3
US	158	149	42	40
Austria	8	6	6	2
<b>Total average number of employees</b>	<b>807</b>	<b>794</b>	<b>180</b>	<b>176</b>

**NOTE 21 WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS**

SEK M	Salaries and remuneration to the Board and the President		Salaries and remuneration to other employees	
	2000/01	1999/2000	2000/01	1999/2000
Parent Company	3	3	8	9
Subsidiaries:				
Sweden	1	1	43	38
Belgium	1	1	3	2
UK	1	1	125	120
France	1	2	12	15
Hong Kong	5	3	7	8
Italy	1	1	8	7
Japan	2	2	29	25
Canada	—	—	2	2
China	1	—	4	2
Netherlands	1	1	4	7
Switzerland	0	0	3	2
Spain	1	1	5	5
South Africa	—	—	1	—
Germany	1	1	26	27
USA	11	8	106	85
Austria	1	1	3	2
<b>Total wages, salaries and other remuneration</b>	<b>31</b>	<b>26</b>	<b>389</b>	<b>356</b>
Pension costs, Parent Company	1	6	1	8
Pension costs, subsidiaries	1	1	23	19
Other social security costs, Parent Company	1	1	3	3
Other social security costs, subsidiaries	2	3	54	53
<b>Total wages, salaries, other remuneration and social security costs</b>	<b>36</b>	<b>37</b>	<b>470</b>	<b>439</b>

# Notes

## NOTE 21 CONT. WAGES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

Bonus payments included in the above Wages, salaries and other remuneration paid to the Boards and the Presidents of subsidiaries amounted to SEK 3 M (2).

### Wages, salaries and other remuneration

The total remuneration and other benefits for the President amounted to SEK 2,577,000. The Chairman received a fee of SEK 180,000 and other external members of the Board each received a fee of SEK 90,000. In addition, Björn A Marklund, who was a member of the Board, received fees in his capacity as the company's legal counsel.

The President is entitled to retire at the age of 60, with a 70 percent pension. This also applies to one other senior executive. Pension benefits are secured by insurance. In the event of termination of employment by the company, two senior executives, including the President, are entitled to severance pay amounting to three annual salaries, including pension and other benefits. In addition, the above executives are entitled to severance pay if they resign due to extensive changes in the company's ownership. Other senior executives have periods of notice of 6–12 months for termination of employment.

### Warrants

Warrants to subscribe for Series B shares in Elekta AB (publ) have been granted to managers and key personnel at Elekta.

The first phase involves 500,000 warrants. The subscription period is March 1, 2000–December 1, 2002, and subscription for new shares may be undertaken throughout the subscription period. The subscription price for the new shares is SEK 100 up to and including November 30, 2001, and SEK 50 after this date.

The second phase involves 1,100,000 warrants. The subscription period is January 1, 2001–September 30, 2003, and subscription for new shares may be undertaken throughout the subscription period. The subscription price for the new shares is SEK 49 up to and including September 30, 2002, and SEK 37 after this date.

### Loan to senior executive

Elekta Instruments Inc. has granted a loan to the President of this company. The loan amounts to USD 115,000 at an interest rate of 6.42 percent and due for repayment on August 22, 2002.

## NOTE 22 OPERATIONAL LEASING

The year's leasing costs amounted to SEK 35 M (30). Contracted leasing payments total SEK 31 M for the 2001/02 fiscal year, SEK 71 M for 2002/03–2005/06, and SEK 189 M for subsequent years.

## NOTE 23 FEES AND REMUNERATION TO AUDITORS

SEK M	GROUP		PARENT COMPANY	
	2000/01	1999/2000	2000/01	1999/2000
Audit fee Pricewaterhouse Coopers	2	5	—	2
Audit fee Arthur Andersen	6	—	2	—
Other remuneration to Pricewaterhouse Coopers	6	5	1	1
Other remuneration to Arthur Andersen	4	—	1	—
<b>Total</b>	<b>18</b>	<b>10</b>	<b>4</b>	<b>3</b>

# Appropriation of profit

The Parent Company's appropriatable equity amounts to:

Retained earnings	SEK	0
Profit for the year	SEK	25,219,612
Total appropriatable equity	SEK	25,219,612

The Board of Directors and the President propose that the unappropriated earnings of SEK 25,219,612 be carried forward.

STOCKHOLM, AUGUST 27, 2001

**AKBAR SEDDIGH**  
Chairman of the Board

**LAURENT LEKSELL**  
President

**CARL PALMSTIERNA**

**MAGNUS SCHMIDT**

## Auditor's Report

**TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF ELEKTA AB (PUBL),  
CORPORATE REGISTRATION NUMBER 556170-4015.**

We have audited the annual report, the consolidated financial statements and the accounts and also the administration of the Board of Directors and the President of Elekta AB (publ) for the fiscal year from May 1, 2000 to April 30, 2001. These accounts and the administration of the Company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the financial statements. We examined significant decisions,

actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any board member or the President or whether they have in some other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

In our opinion, the annual report and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act and provide a correct view of the Company's and Group's earnings and financial position in accordance with generally accepted accounting principles in Sweden.

We recommend that the income statements and the balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Board of Directors' Report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

STOCKHOLM, AUGUST 27, 2001

**Arthur Andersen AB**

**LARS SVANTEMARK**  
Authorized Public Accountant

# Five year review, key figures and definitions

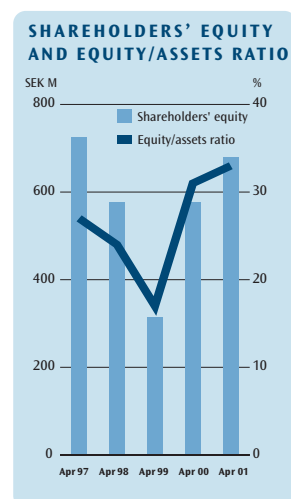
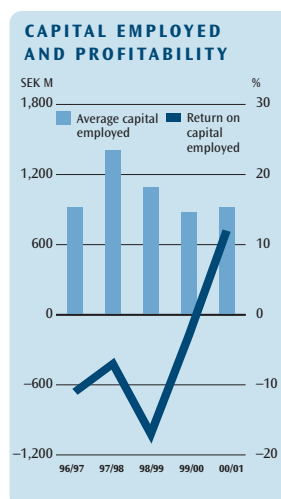
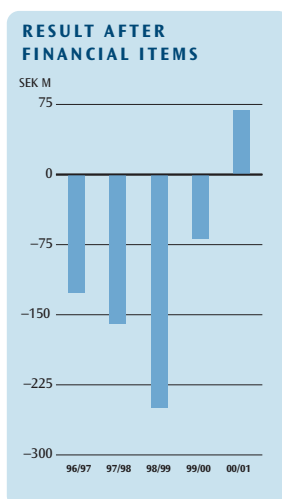
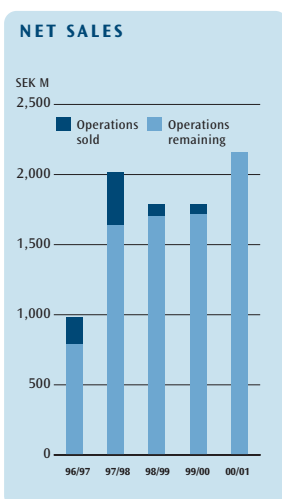
<b>INCOME STATEMENT (SEK M)</b>	1996/97	1997/98	1998/99	1999/2000	2000/01
Net sales	980	2,013	1,787	1,789	2,160
Operating expenses	-1,087	-2,151	-2,009	-1,845	-2,068
Items affecting comparability	—	34	14	19	—
<b>Operating result</b>	<b>-107</b>	<b>-104</b>	<b>-208</b>	<b>-37</b>	<b>92</b>
Financial net	-20	-51	-42	-32	-23
<b>Profit/loss after financial items</b>	<b>-127</b>	<b>-155</b>	<b>-250</b>	<b>-69</b>	<b>69</b>
Taxes	-3	-32	-6	-8	-10
Minority	—	—	—	—	2
<b>Profit/loss for the year</b>	<b>-130</b>	<b>-187</b>	<b>-256</b>	<b>-77</b>	<b>61</b>

<b>CASH FLOW (SEK M)</b>	1996/97	1997/98	1998/99	1999/2000	2000/01
Operating flows	-68	-48	-158	-7	140
Change in working capital	-24	-108	41	18	128
<b>Cash flow before investments and divestments</b>	<b>-92</b>	<b>-156</b>	<b>-117</b>	<b>11</b>	<b>268</b>
Investments and divestments	-840	-70	360	31	-42
<b>Cash flow after investments and divestments</b>	<b>-932</b>	<b>-226</b>	<b>243</b>	<b>42</b>	<b>226</b>

<b>BALANCE SHEET (SEK M)</b>	Apr. 30, 1997	Apr. 30, 1998	Apr. 30, 1999	Apr. 30, 2000	Apr. 30, 2001
Intangible fixed assets	648	616	465	437	415
Tangible fixed assets	325	292	88	81	94
Financial fixed assets	24	24	15	17	12
Inventories	472	425	265	255	224
Receivables	941	846	879	797	883
Liquid assets	240	176	159	249	434
<b>Total assets</b>	<b>2,650</b>	<b>2,379</b>	<b>1,871</b>	<b>1,836</b>	<b>2,062</b>
Shareholders' equity	724	576	313	576	678
Minority	—	—	—	—	8
Provisions	333	201	100	79	76
Convertible debenture loan	—	—	412	216	226
Other interest-bearing liabilities	701	823	189	113	47
Interest-free liabilities	892	779	857	852	1,027
<b>Total shareholders' equity, provisions and liabilities</b>	<b>2,650</b>	<b>2,379</b>	<b>1,871</b>	<b>1,836</b>	<b>2,062</b>





## KEY FIGURES

	1996/97	1997/98	1998/99	1999/2000	2000/01
Order bookings, SEK M	—	—	1,884	1,877	2,402
Order backlog, SEK M	1,448	1,288	1,539	1,714	2,112
Operating margin, %	-11	-5	-12	-2	4
Profit margin, %	-13	-8	-14	-4	3
Shareholders' equity, SEK M	724	576	313	576	678
Capital employed, SEK M	1,425	1,399	914	905	959
Net debt, SEK M	461	647	442	80	-161
Equity/assets ratio, %	27	24	17	31	33
Net debt/equity ratio, multiple	0.64	1.12	1.41	0.14	-0.23
Interest cover ratio, multiple	-4.2	-1.7	-2.9	-0.1	2.6
Return on shareholders' equity, %	-24	-29	-56	-22	10
Return on capital employed, %	-11	-7	-17	-3	12
Capital turnover ratio, multiple	0.6	0.8	0.9	1.0	1.2
Investments in tangible and intangible fixed assets, SEK M	934	73	35	57	50
Depreciation, SEK M	-59	-125	-90	-78	-74
Average number of employees	614	1 161	866	794	807

## DEFINITIONS

**Operating margin** Operating profit in relation to net sales.

**Profit margin** Profit after financial items in relation to net sales.

**Capital employed** Total assets less provisions and interest-free liabilities.

**Equity/assets ratio** Shareholders' equity in relation to total assets.

**Net debt** Interest-bearing liabilities less liquid assets.

**Net debt/equity ratio** Net debt in relation to shareholders' equity.

**Interest cover ratio** Profit after financial items plus financial expenses in relation to financial expenses.

**Return on shareholders' equity** Net profit for the year in relation to average shareholders' equity.

**Return on capital employed** Profit after financial items plus financial expenses in relation to average capital employed.

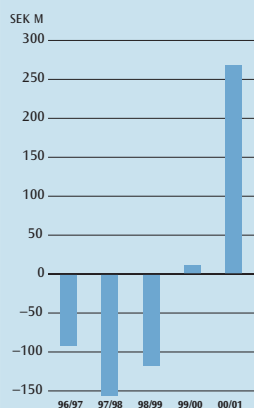
**Capital turnover ratio** Net sales divided by average total assets.

**Average number of employees** Average number of employees based on normal working hours per year.

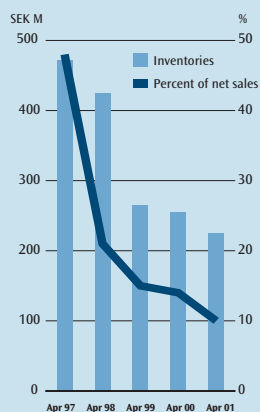
**Earnings per share** Net profit for the year in relation to the average number of shares.

**Shareholders' equity per share** Shareholders' equity in relation to the number of shares at year-end.

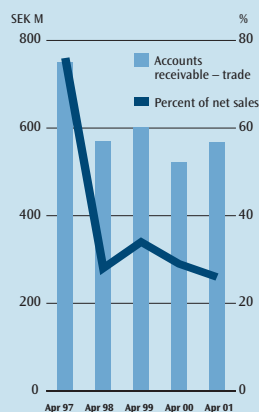
### CASH FLOW BEFORE INVESTMENTS



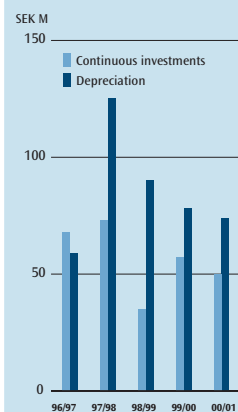
### INVENTORIES



### ACCOUNTS RECEIVABLE - TRADE



### CONTINUOUS INVESTMENTS AND DEPRECIATION



# The Elekta share

Elekta's share price has developed positively. During the period January–April 2001 Elekta's share price increased by 147 percent.

After conversion of the debenture loan in summer 2001, Elekta's share capital amounts to SEK 158,309,335 distributed among 1,187,500 Series A shares and 30,474,367 Series B shares. One Series A share entitles the holder to 10 votes and Series B shares to one vote each. All shares carry equal rights to participate in the Company's assets and profits. Each share has a par value of SEK 5. In accordance with Section 13 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. At a General Meeting, each shareholder is entitled

to exercise unlimited voting rights on the full number of shares that he/she owns or represents.

## Stock market trading

Elekta's Series B shares have been listed on the Stockholm Stock Exchange A List since 1994. Total trading in Elekta shares on the Stockholm Stock Exchange during the period May 1, 2000 –April 30, 2001 amounted to 27.4 million shares (15.9), corresponding to 98 percent (103) of the total number of shares. The average number of shares traded each day during the period amounted to 108,338 (62,436). The above trading information is based on transactions reported in the SAX system, which means actual trading in Elekta shares was probably higher. Market capitalization

### SHARE PRICE TREND



at April 30, 2001 amounted to SEK 1,727 M (607).

### Dividend policy

Elekta's overall goal is to provide shareholders with a favorable return and value growth over time. In view of the Group's current financial position and level of unrestricted shareholders' equity, the Board of Directors does not intend to propose any dividend. In the long term, Elekta expects to be able to distribute 25–35 percent of profit after tax.

### Convertible debenture loan

A convertible debenture loan in a nominal amount of SEK 467 M, with preferential rights to existing share-

holders, was issued in June 1998. After a fully subscribed offset issue in February 2000, the nominal balance of the loan amounted to SEK 233 M. During May–June 2001 subordinated debentures totaling SEK 229 M, or 98 percent, were submitted for conversion. The number of Series B shares was thus increased by 3,808,250. The remaining convertible debenture loan in a nominal amount of SEK 4 M will be repaid on December 31, 2001.

### Warrants

Warrants for new subscriptions to Series B shares in Elekta AB (publ) have been transferred to managers and key persons within the company. The first issue consists of a total of 500,000 warrants. The subscription period for

#### CHANGES IN SHARE CAPITAL

Year	Transaction	Total number of shares	Total share capital, SEK 000s
1993	Split 20:1	5,697,180	28,486
1994	New issue	7,397,180	36,986
1994	Exercise of warrants	7,897,180	39,486
1997	New issue	9,871,475	49,357
1997	New issue	10,497,451	52,487
1999	New issue	20,994,902	104,975
2000	Offset issue	27,853,617	139,268
2001	Conversion of debentures	31,661,867	158,309

#### PER SHARE DATA

	1996/97	1997/98	1998/99	1999/2000	2000/01
Earnings per share, before conversion SEK	-10.58	-12.53	-17.09	-4.24	2.21
Earnings per share, after conversion SEK	-10.58	-12.53	-8.13	-1.17	2.70
Shareholders' equity per share, before conversion SEK	48.43	38.49	20.96	20.68	24.33
Shareholders' equity per share, after conversion SEK	48.43	38.49	28.19	24.90	28.43
Dividend, SEK	—	—	—	—	—
Share price, Elekta Series B, April 30, SEK	157.57	51.94	20.85	21.80	62.00
Market capitalization, April 30, SEK M	2,357	777	312	607	1,727
Lowest share price, SEK	144.09	49.48	17.55	18.67	15.50
Highest share price, SEK	178.20	157.92	71.59	36.70	63.00
Average number of shares					
before conversion, 000s	12,297	14,957	14,957	18,263	27,854
after conversion, 000s	12,297	14,957	25,624	27,787	31,662
Number of shares, April 30					
before conversion, 000s	14,957	14,957	14,957	27,854	27,854
after conversion, 000s	14,957	14,957	25,624	31,662	31,662

Data after conversion pertains to that portion of the convertible loan converted prior to expiration of the conversion period. The options programs have not been taken into account since they do not result in any dilution of the key figures.

# The Elekta share

the warrants is March 1, 2000–December 1, 2002 and warrant holders may subscribe for new shares in Elekta at any time during the subscription period. The subscription price for the new shares is SEK 100 during the period up to and including November 30, 2001 and SEK 50 thereafter. The second issue consists of 1,100,000 warrants. The subscription period for the warrants is January 1, 2001–September 30, 2003 and holders may subscribe for new shares in Elekta at any time during the subscription period. The subscription price for the new shares is SEK 49 during the period up to and including September 30, 2002 and SEK 37 thereafter.

## WARRANTS PROGRAM 1999/2002

Warrants	500,000
Subscription period	March 1, 2000–December 1, 2002
Subscription price	until November 30, 2001 = SEK 100 thereafter SEK 50

## WARRANTS PROGRAM 2000/2003

Warrants	1,100,000
Subscription period	January 1, 2001–September 30, 2003
Subscription price	until September 30, 2002 = SEK 49 thereafter SEK 37

## DISTRIBUTION OF SHARES, JULY 31, 2001

Class of share	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Series A	1,187,500	11,875,000	3.8	28.0
Series B	30,474,367	30,474,367	96.2	72.0
<b>Total</b>	<b>31,661,867</b>	<b>42,349,367</b>	<b>100.0</b>	<b>100.0</b>

## OWNERSHIP STRUCTURE, JULY 31, 2001

Shareholding number of shares	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of share capital	Average number per shareholder
1 – 500	6,741	70.6	1,268,280	4.0	188
501 – 1,000	1,290	13.5	1,118,453	3.5	867
1,001 – 10,000	1,292	13.5	3,915,869	12.4	3,031
10,001 – 100,000	194	2.0	5,625,699	17.8	28,998
100,001 –	36	0.4	19,733,566	62.3	548,155
<b>Totalt</b>	<b>9,553</b>	<b>100.0</b>	<b>31,661,867</b>	<b>100.0</b>	<b>3,314</b>

## MAJOR SHAREHOLDERS, JULY 31, 2001

Shareholder	Number of shares	Percentage of votes	Percentage of capital
Laurent Leksell with family	2,989,048	32.3	9.4
Banque Carnegie Lux fonder	2,645,720	6.2	8.4
Skandia	1,616,431	3.8	5.1
Alecta	1,168,843	2.8	3.7
Per Lindberg	866,692	2.0	2.7
SEB Aktiefonder	741,000	1.7	2.3
Catella Aktiefonder	710,000	1.7	2.2
Others	20,924,133	49.5	66.2
<b>Total</b>	<b>31,661,867</b>	<b>100.0</b>	<b>100.0</b>

The proportion of institutional ownership was approximately 50 percent.

The proportion of foreign ownership amounted to approximately 43 percent.

Source: VPC

# Board of Directors, Auditor and Executive Committee

## BOARD OF DIRECTORS

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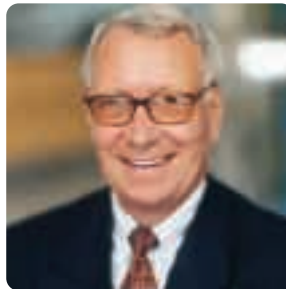
**AKBAR SEDDIGH**  
*Chairman of the Board, born 1943*  
Board member since 1998  
Holdings: —  
Working Vice Chairman, Ortivus AB  
Graduate Chemist, marketing specialist  
Other Board memberships:  
Chairman of the Board:  
Artimplant AB, Aracel, Neoventa Medical AB  
Board member:  
Affärstrategerna, Wireless Assets  
International US et al



**LAURENT LEKSELL**  
*President, born 1952*  
Board member since 1974  
Holdings: 1,187,500 A shares and  
1,801,548 B shares and 28,000 warrants  
(incl. via family and company)  
Doctor of Economics



**CARL PALMSTIERNA**  
*Born 1953*  
Board member since 1993  
Holdings: 91,617 B shares  
President, IDI AB  
MBA  
Other Board memberships:  
Pharmadule Emtunga AB, Abaris AB,  
HMS Industrial Networks AB,  
Pantherex Scandecor AB, CNS Systems AB,  
Acti AB, Acta AS et al



**MAGNUS SCHMIDT**  
*Born 1940*  
Board member since 1998  
Holdings: —  
International consultant  
MBA  
Other Board memberships:  
Upplands Motor Holding AB,  
TransFargo AB,  
Sydkraft Energi Trading AB,  
Acton Energy GmbH.

## AUDITOR

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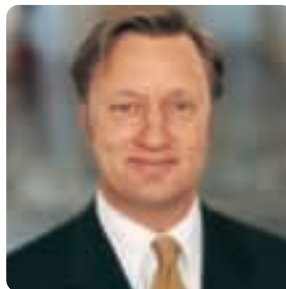
**LARS SVANTEMARK**  
*Authorized Public Accountant, born 1949*  
Arthur Andersen AB, Stockholm  
Company auditor since 2000

## EXECUTIVE COMMITTEE

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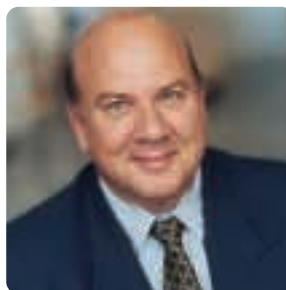
**LAURENT LEKSELL**  
*Born 1952*  
President  
Employed since 1974



**TOMAS PUUSEPP**  
*Born 1955*  
Neurosurgery and Market USA  
Employed since 1988  
Holdings: 4,290 B shares,  
42,100 warrants

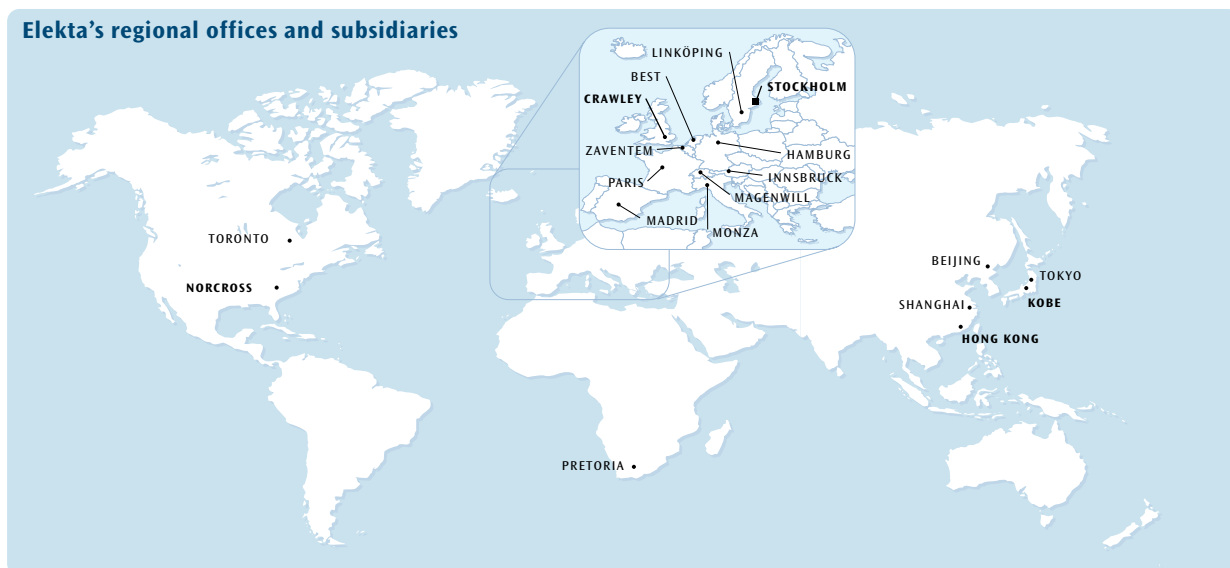


**VOLKER STIEBER**  
*Born 1943*  
Oncology  
Employed since 1997  
Holdings: 42,100 warrants



**HÅKAN BERGSTRÖM**  
*Born 1956*  
Chief Financial Officer  
Employed since 2001  
Holdings: 20,000 warrants

# Addresses



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# Products and glossary

## Elekta's products



**Leksell Gamma Knife®** Delivers single high dose high doses of ionizing radiation to selected, well-circumscribed targets in the brain. Used to treat vascular disorders, benign tumors, metastases and other malignant tumors and functional disorders such as epilepsy and Parkinson's disease.



**Digital Accelerator** Advanced linear accelerator. It has the flexibility to be able to deliver both conformal and conventional radiation in the treatment of tumors.



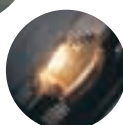
**PreciseSIM™** Simulates treatment frequencies in radiotherapy with the aid of X-ray technology with high-quality imaging.



**Precise Table** Patient table with patented, highly precise and silent lift mechanism that is used to position patients in connection with simulation and radiotherapy of cancer.



**iViewGT** Carefully checks by means of rapid, high-quality photography to ensure that radiation from the linear accelerator reaches the right spot relative to the location of the tumor.



**Integrated MLC** Computer-controlled guidance system with limiting leaves that aligns the shape of the linear accelerator's radiation field to the spreading of the tumor. This increases the precision of the radiation and reduces radiation of healthy tissue.



**Leksell Stereotactic System®** Three-dimensional stereotactic localization system used for biopsy, hemorrhage evacuation in the brain, endoscopic surgery and in treatment of functional disorders. It enhances diagnostic precision and reduces the need for invasive surgery.



**Stereotactic Guide** Guides diagnostic and therapeutic instruments to the target in the brain through a minimal burr hole on the skull. This method reduces the need for stereotactic frame and imaging.



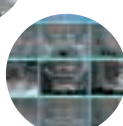
**Stereotactic Body Frame®** Frame for accurate localization and immobilization for radiotherapy of tumors in the abdomen, pelvis and chest.



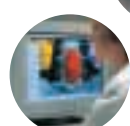
**Neuromag Vectorview™** Magnetic encephalograph measures and registers the location of extremely weak magnetic fields in the brain and is used for brain research and diagnosis of functional diseases such as epilepsy.



**Desktop** Patient management and control system that integrates the data prescription settings for the linear accelerator with the treatment program and patient data.



**Leksell SurgiPlan®** Computer-based simulation for planning and guidance in connection with neurosurgical intervention.



**PrecisePLAN™** Three-dimensional dose-planning system for radiotherapy of cancer with linear accelerator.



**Brain Atlas** Images from a standard brain atlas are positioned electronically over patient-specific images. Used by neurosurgeons in the treatment of such functional disorders as Parkinson's disease, epilepsy and pain.

## Frequently used terms

<b>APS</b>	Automatic positioning system used in treatment with the Leksell Gamma Knife C.
<b>Cancer</b>	Uncontrolled, abnormal growth of cells.
<b>Chemotherapy</b>	Treatment of cancer diseases with the aid of chemicals that eliminate diseased cells.
<b>CT/Computerized tomography</b>	A radiological method of producing anatomical structures by means of layering, using computer technology.
<b>Epilepsy</b>	Disorder characterized by repeated, sudden disturbances of brain function.
<b>IMRT</b>	Intensity modulated radiation treatment of cancer.
<b>Incidence</b>	The number of new cases of a disease in a population during a given period.
<b>Invasive</b>	A technique that penetrates the skin, skull, etc. The opposite of non-invasive (bloodless).
<b>Magnetic encephalograph</b>	A device that measures and records magnet fields in the brain cells.
<b>MRI/Magnetic resonance imaging</b>	Measures the difference in liquid content in various parts of the body with the aid of magnetic fields.
<b>Neurology</b>	Study of the nervous system and its disorders.
<b>Neurosurgery</b>	Surgery of the brain or other parts of the central nervous system.
<b>Oncology</b>	The study of tumors.
<b>Parkinson's disease</b>	Paralysis, with trembling and shaking as well as muscular rigidity, with a change in movements and posture by the patient.
<b>Prevalence</b>	The total number of cases of an illness in a population at a given time.
<b>PET/Positron emission tomography</b>	Obtaining a layered image of organs in the body by means of emitting positrons.
<b>Radiotherapy</b>	Treatment of diseases by means of ionizing radiation.
<b>Stereotaxy</b>	A technique in which a fixed-coordinate system can determine the location of a point in the brain by specifying the coordinates in terms of height, depth and laterally.
<b>Radiosurgery</b>	Non-invasive (bloodless) surgery in which high, single doses of precise ionizing radiation replace surgical instruments.
<b>Radiotherapy</b>	Repeated radiation treatment of cancer.

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