Elekta

Annual Report 2017/18

Focus where it matters.

ELEKTA 2017/18: STRONG ORDER GROWTH AND NET SALES DEVELOPMENT

2017/18 was a strong year for Elekta. Sustainable business processes were established as well as a solid platform for future profitable growth. Order intake increased by 5 percent based on constant exchange rates. The adjusted EBITA margin improved to 19 percent, while maintaining a low level of working capital and strengthening cash flow significantly.

Note that growth numbers until page 13 is generally based on constant exchange rates.

All regions reported growth in order intake for the year. Strong focus on execution as well as ongoing improvement activities ensured a growth of 9 percent in North and South America. Also, Europe saw good development with 4 percent growth, supported by Elekta Unity orders. In Asia Pacific, Elekta achieved growth of 2 percent in order intake.

We continue to have a positive view of the market moving forward in all regions.

Elekta Unity continued its positive trend with eight new orders booked in the fourth quarter of the fiscal year and 28 systems are booked in total. The project reached an important milestone with CE-marking in June 2018.

+5%

growth in gross order intake

+8%

growth in net sales

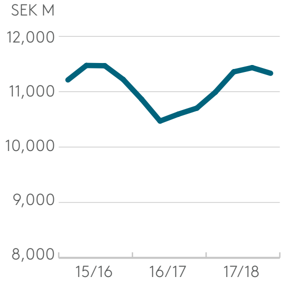
19%

EBITA margin 2017/18

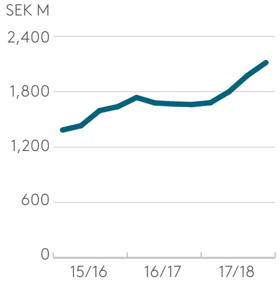
+6%

growth in installed base of treatment solutions

NET SALES
rolling 12 months

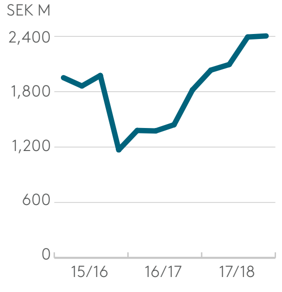


ADJUSTED EBITA
rolling 12 months[1)]



1) Before items affecting comparability and bad debt losses.

CASH FLOW
from operating activities
rolling 12 months



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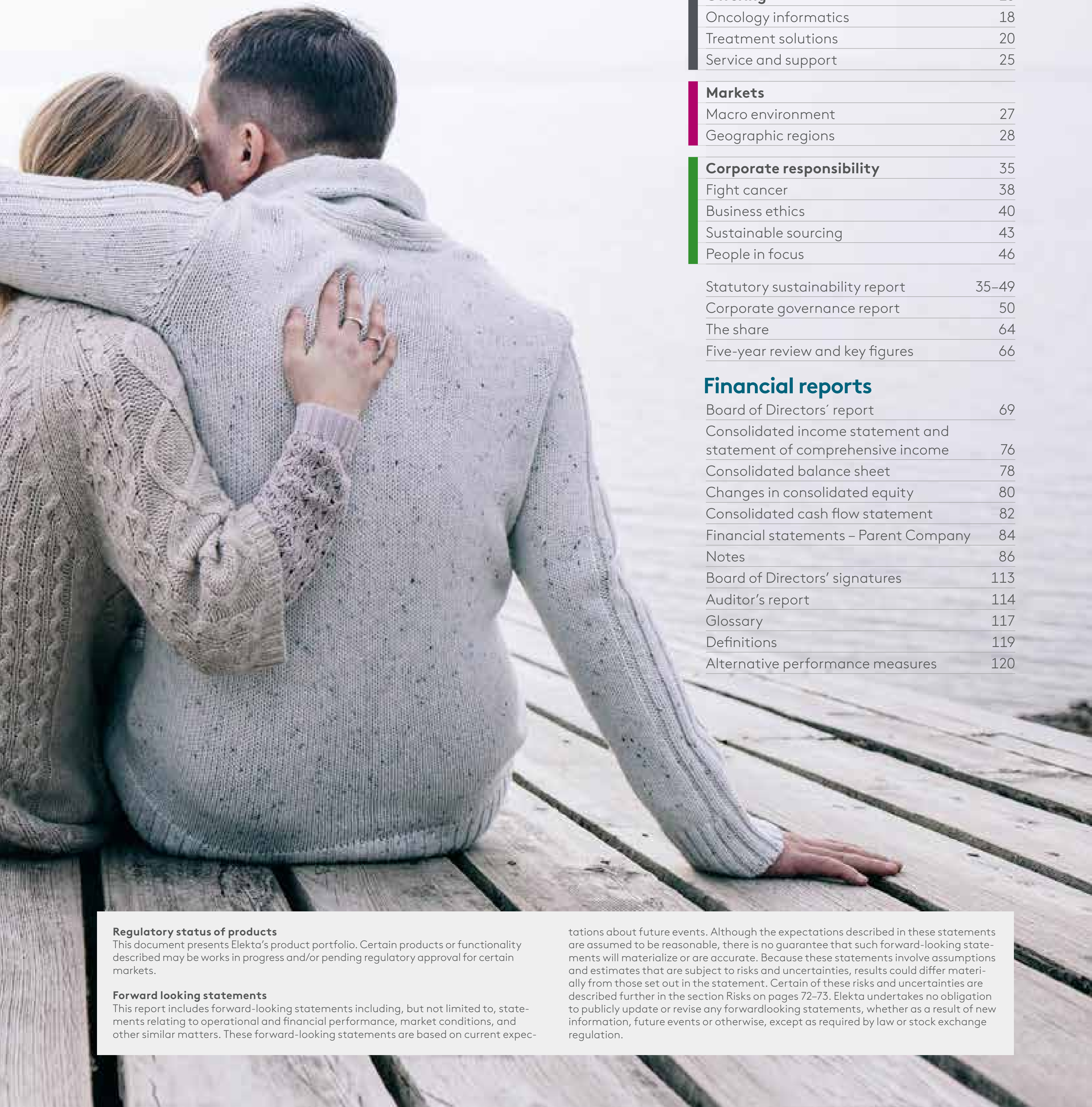


Regulatory status of products
This document presents Elekta's product portfolio. Certain products or functionality described may be works in progress and/or pending regulatory approval for certain markets.

Forward looking statements
This report includes forward-looking statements including, but not limited to, statements relating to operational and financial performance, market conditions, and other similar matters. These forward-looking statements are based on current expectations about future events. Although the expectations described in these statements are assumed to be reasonable, there is no guarantee that such forward-looking statements will materialize or are accurate. Because these statements involve assumptions and estimates that are subject to risks and uncertainties, results could differ materially from those set out in the statement. Certain of these risks and uncertainties are described further in the section Risks on pages 72–73. Elekta undertakes no obligation to publicly update or revise any forwardlooking statements, whether as a result of new information, future events or otherwise, except as required by law or stock exchange regulation.

Who we are

Pioneers in precision radiation medicine

We are driven by generating value for our customers and ultimately help clinics and hospitals to improve and save the lives of more patients. Our commitment is built on a combination of curiosity, innovation and proximity to our customers. We are proud that we are the leading innovator in precision radiation medicine.

120 sales in over 120 countries	**4,000** installed base of treatment systems
3,700 employees globally	**~12%** share of net sales invested in R&D year 2017/18

Our values

Elekta's corporate culture is based on openness, corporate responsibility and the company's values. Our values act as motivation and inspiration for our employees, managers and for the organization as a whole.

WE WORK AS ONE TEAM	We work collaboratively and inclusively together. Only then can we truly focus on getting things done for our customers.
WE DO WHAT WE SAY	We act with accountability and integrity, taking personal and collective responsibility to make the right things happen.
WE KEEP THINKING FORWARD	We believe things can always be more efficient and effective: our innovative spirit and resourcefulness keep us ahead of the game.

What we do

Our creation of value

Customer focus, innovation and efficient processes provide the basis to meet the expectations of customers, employees and society. This also forms the basis for Elekta's corporate social responsibility and value creation for shareholders.

GLOBAL MEGATRENDS
Individualized care, increasing digitalization, growing demands for efficiency and a rising number of cancer patients

STAKEHOLDER EXPECTATIONS
Customers, patients, shareholders, employees and other key stakeholders have high expectations for Elekta

Precision radiation medicine

- Act as an innovation leader
- Sustain a competitive cost-base
- Elevate the customer experience

Strategic enablers

- Continuously improve our processes
- Live our values

VALUE CREATED

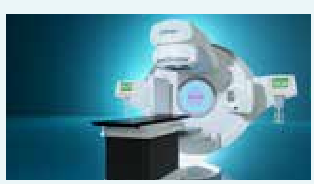
+37%
share price increase last twelve months

+8%
net sales growth

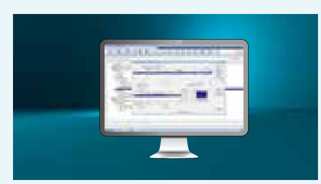
+3
ppts. adjusted EBITA margin improvement

World-class treatment solutions

Elekta's innovations, developed in close collaboration with researchers and clinics, have resulted in leading solutions for various forms of radiation therapy of cancer and treatment of neurological conditions, as well as information systems that optimize and individualize cancer care.

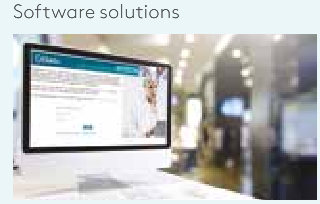

Linac portfolio


Neurosurgery portfolio


Software solutions


Brachytherapy portofolio


MR Radiotherapy


Service and support

Corporate responsibilities

Elekta's responsibilities include our sustainability initiatives, which ultimately aim to improve, extend and save more lives. We collaborate with strategic partners and pursue our responsibilities through four distinct focus areas for sustainable business.

Fight Cancer	Business Ethics
Sustainable Sourcing	People in Focus

Why it matters

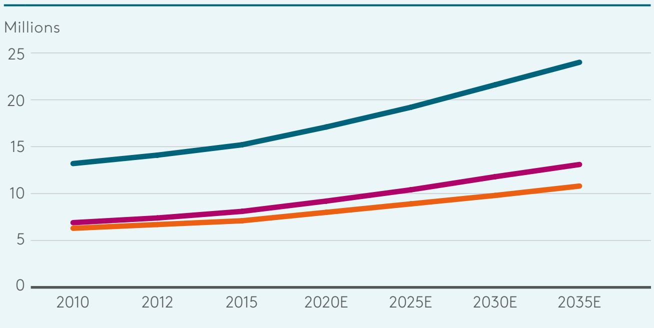
We help to save more lives

Elekta works strategically in the fight against one of the leading causes of death in the world, cancer. As one of the industry's principal global players, we are active in making a difference by helping more patients to live a better and longer life. In parallel, Elekta's long-term business strategy helps to create conditions for profitable and sustainable growth.

Every year, more than 15 million people are diagnosed with cancer[1]. At the same time, almost 9 million people die from their cancer disease, most in low and middle-income countries. As the total cost of the global cancer burden is estimated at an astronomical SEK 10,000 billion, it is difficult for the healthcare systems to offer everyone cost-effective and high-quality cancer care.

Progress that makes a difference
In many areas of the world, a cancer diagnosis no longer means the end of life. Modern tools for diagnosing and treating cancer are often both powerful and effective. For Elekta, the continued development of treatment solutions forms the core of everything we do. We look upon the fight against cancer as an integrated component of our business strategy and strive for continued growth for both business reasons and in order to help more people. We work actively to achieve a good balance between offering cost-effective care to as many people as possible, and the development of cutting-edge solutions for treating the most complicated forms of cancer.

NUMBER OF NEW CANCER CASES



Source: Globocan 2012

Together with others
Elekta has an important role to play in the fight against cancer. We do this together with others: political decision-makers, voluntary organizations, strategic partners and with society at large. Though we mainly achieve this together with the oncology clinics and the customers we cooperate with. We are therefore active in development projects that, together with leading clinics and the continuum of care's principal stakeholders, aim to create the best possible conditions for global cancer care.

As part of efforts to set targets for, systemize and structure our contribution to better global cancer care, Elekta is investing resources in the focus area Fighting Cancer, within the scope of the company's responsibilities. Read more about this work on pages 38–39.

1) World Health Organization, Factsheet 2018
http://www.who.int/mediacentre/factsheets/fs297/en/

Where we're going

CEO STATEMENT

High pace in innovation drives customer value and our growth

A strong 2017/18, with growing order intake and positive margin development, created a platform for long-term, profitable growth. The CE-marking of our revolutionary Elekta Unity system in Europe in June 2018 solidifies our position as the industry's leading innovator and pioneer in precision radiation medicine. I see this as the next generation radiation therapy system that will significantly improve the care for patients worldwide.

It is through committed employees, our focus on leadership and organization, and our sustained high pace of innovation that we ensure we can continuously develop our customer offering and strengthen our customer relationships. And in doing so, secure a strong company delivering long-term profitable growth.

We are operating in a market where global demand for radiation therapy solutions are increasing. Our net sales grew by a healthy 8 percent and the adjusted EBITA margin improved by 3 percentage points to 19 percent for fiscal year 2017/18. In parallel, we maintained a low level of working capital and achieved the strongest cash flow in Elekta's history. Our global installed base of treatment systems has grown by 6 percent year on year. This forms the basis for our service business, which provides stable and recurring revenues over time. I am also pleased to see that our share price has increased by 37 percent (growth from July 2017) as well as the proposed dividend by 40 percent.

Our employees execute on the strategy

The key to these strong results is our employees' decisiveness and ability to implement all of the crucial changes we have made to the company's processes and structure during the year. This includes cost awareness in our global teams, management of structural changes in the production and supply chain, and the capability to constantly improve our processes and operations. Through our values – we work as one team, we do what we say and we keep thinking forward – we have strengthened our organization while also investing in major innovations that enable our customers to improve and save the lives of 1.5 million patients per year. Our systems are sold in more than 120 markets around the world.

Vision for precision radiation medicine

An aging and growing global population is resulting in a steady long-term increase in the number of cancer cases. At the same time, technological progress is creating opportunities for increasingly precise, efficient and individualized cancer care. We always have the patient in focus in all our product development initiatives.

Elekta's inherent, innovative strength fuels the development of what I refer to as precision radiation medicine. This comprises two elements: the opportunity to target radiation therapy with extreme precision in a way that was previously impossible; and the ability to leverage the potential of enormous data volumes using intelligent automation, which improves the treatment processes, the ease of use, and in the end, the quality of life for patients.

Focus on corporate responsibility

As a company and as individuals, we act responsibly in everything we do. During the year, Elekta became a signatory to the UN Global Compact and Elekta's support of the Sustainable Development Goals is a matter of course. Internally, we have identified four focus areas that form the foundation of our sustainability strategy. Over the past year, we have conducted a comprehensive project aimed at defining our goals and how we can achieve them. This is important for Elekta and I know that whatever we measure will also be followed up and implemented.

Unity breaks new ground

In June, Elekta Unity was CE-marked in the European market. It is the only system in the world that integrates the superior, diagnostic quality of a high-field MRI system with an advanced system for precision radiation therapy. I am convinced that Elekta Unity will fundamentally revolutionize radiation therapy while confirming Elekta as the uncontested innovation leader in precision radiation medicine. I believe that our new system will help a large and growing number of patients to have a better and longer life. Elekta is an innovation company, distinguished by growth, and we will continue our substantial innovation initiatives. One-fifth of our employees work in research and development. Our concept of success is based on our innovation activities being conducted in close collaboration with our customers. I would therefore like to extend my appreciation to our partner clinics who have contributed their expertise and knowledge. Cooperation with our customers is a natural element of Elekta's strategy – today and in the future.

+7%

net sales growth target for year 2018/19

Growth in focus

We expect the conditions in our markets to remain favorable in the current year. We will focus on the commercialization of Elekta Unity in parallel with investment in new generations of software and treatment systems. We expect a total growth in net sales of around 7 percent, based on constant currencies, and an EBITA margin of around 20 percent for fiscal year 2018/19. In conclusion, I would like to say that I am very proud of the commitment shown by all of our employees and would therefore like to extend my sincere and warmest gratitude for all of their hard work over the past year. We have come a long way and achieved a great deal that will strengthen us on our journey of profitable growth. I look ahead with confidence to a year in which we can together become even stronger, continue to evolve as a company, develop even better solutions for our customers and ultimately help more patients live a better life.

Richard Hausmann
President and CEO

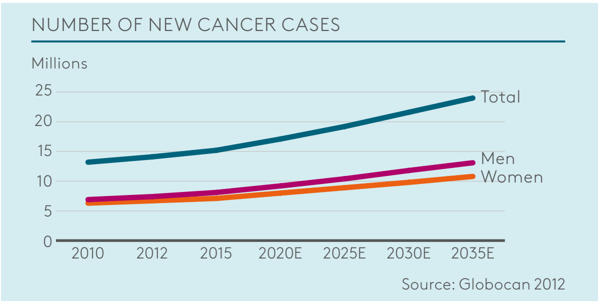
> I would like to thank my 3,700 colleagues around the world for the great results and achievements. We will continue to invest in our organization and together create profitable growth and help even more patients.

Richard Hausmann
President and CEO

Global megatrends that influence our future

How are healthcare systems affected by increasing demands from patients for individualized care? And how should we behave towards informed patients who have an opinion about what treatment options are relevant? Added to this are the global trends towards higher demands of

The rapid increase of cancer



Exponential digitalization

GLOBAL TRENDS:

EVERY YEAR more than 15 million new cancer cases are diagnosed, a figure that is expected to grow by 75 percent over the next 20 years. As the global population and average life expectancy increases, cancer care continues to be put under pressure. More people also now survive their cancer disease, which drives the demand of retreatments.

IMAGE GUIDANCE AND THE INTEGRATION of large data volumes are two main areas driving the increasing digitalization trend that characterizes the healthcare and medical care sector. The underlying reason is the growing need for improved highprecision treatments, utilizing available data as well as to drive cost effectiveness. Digitalization is developing exponentially and will, ultimately, impact all areas of healthcare systems worldwide.

HOW THIS AFFECTS ELEKTA:

THE BROAD INCREASE in demand is driving investments in new capacity, both in terms of advanced systems and standardized solutions. Global growth is expected to be at around 3–5 percent annually in the near future. Substantial population growth in emerging markets will also provide significant business opportunities in these markets. The growing cancer burden means Elekta must deliver products and services that meet highly varied needs, in different markets.

DIGITALIZATION CONTRIBUTES several opportunities to enhance efficiency in cancer care and influences how we develop tomorrow's information systems and treatment solutions. The current focus is on digital systems to automate image guidance processes, by using artificial intelligence available to the clinic's users who can work more efficiently. This will contribute to build our leadership in precision radiation medicine. As efficiency requirements increase, Elekta is providing digital solutions that improve clinical processes, are fully connected to the underlying systems, and provide secure and available data in real time. This development offers Elekta an opportunity to accelerate our integration of large data volumes, improve the treatment system's processing power and to develop artificial intelligence in our information systems. Increasing digitalization also affects how we continuously improve our own processes, for example in service and support activities.

more efficient care and the digitalization process facing the entire continuum of healthcare. One way is to understand the global megatrends that are currently transforming our world. For Elekta, this also provides the foundation for our long-term strategy.

Individualized care

Demands for increased efficiency

WITHIN ONCOLOGY, individualized care concerns a clinical effort to offer the patient the most suitable treatment option, based on insights into the genetic structure of the patient's cancer disease. Individualized care also encompasses the move toward patient-driven demand for different treatments and the individual's access to data and information.

THE CHALLENGE for national healthcare authorities is to ensure efficient and high-quality cancer care at a reasonable cost. At the same time, major players in the health insurance industry are developing incentive structures intended to drive value-based healthcare.

THE GLOBAL TREND toward more individualized healthcare affects Elekta and our customers in several ways, for instance how we should address patients who are informed with both their own and other available data, with a good understanding of their own health and treatment options. This requires treatment solutions and systems that are better and more precise than in the past. In the field of information systems, we integrate data-driven recommendations, in which details about a patient's health and disease are combined with information used to optimize treatment sessions.

AMONG CANCER PATIENTS TODAY, about 25 percent globally are treated using radiation therapy, although research suggests that the treatment would be beneficial for more than 50 percent of all cancer patients. Elekta and the radiation therapy industry are promoting advantages of radiation therapy as the most cost-effective treatment option, which is increasingly important considering higher demands from customers for increased efficiency at clinics. Elekta will continue to develop solutions that help clinics to streamline their workflows.

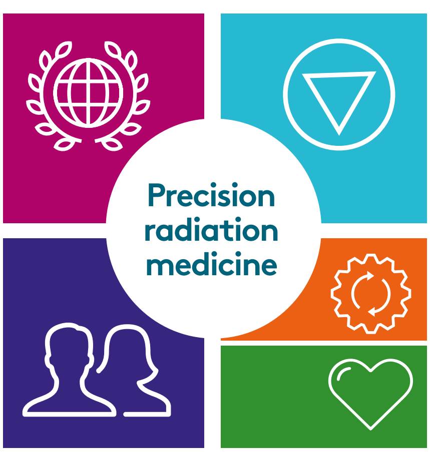
Strategy for sustainable and profitable growth

Elekta's strategy sets the direction for our operations and provides a basis for our business plan. The strategy focuses on three main areas – innovation, customer experience and cost base – and is complemented with two enablers. The strategy is adapted continuously to reflect changes in business conditions to keep it relevant.

New technology, advanced software solutions, demographics and financial factors create rising demand for more advanced, intelligent and cost-effective cancer care solutions. Global megatrends are impacting Elekta's business conditions as developments in the operating environment become increasingly fast moving.

The direction of these developments is no surprise, but is taken into account in Elekta's long-term strategy. Our response is manifested in robust and deeply rooted processes, the development of solutions and services that are attractive to our customers both today and tomorrow, and by ensuring a competitive cost base.

Over the past three years, Elekta has successfully executed on a transformation program to secure improvements of the financial performance and more efficient operations. At the end of the 2017/18 fiscal year, all of the activities have been implemented and Elekta is now a company with a stronger foundation. Elekta is delivering growth and is well equipped for the future, aiming to strengthen our presence in key markets. Several factors are contributing, among these Elekta's offering, which is evolving toward the smart integration of hardware and software solutions. Service and support operations will also continue to generate substantial value, both for us as a company and for our customers. The Unity system will also further develop Elekta's core business.



Strategic framework clarifies priorities

Elekta has a well-established and long-term strategic framework that comprises three central priorities and two enablers. Innovative capacity is key to our strategy. By strengthening customer experience and with a competitive cost base, we create the conditions for a highly efficient Elekta that delivers world-class cancer care solutions. The strategic framework contributes to our targets together with continuous improvements to our processes and a genuine focus on our values.

Act as an innovation leader

Our innovation efforts are essential if we are both to help clinics improve the lives of patients and be commercially successful. Elekta's success is founded on our ability to utilize innovative solutions to continuously improve the treatment of cancer and neurological conditions using radiation therapy. Elekta will continue to prioritize and invest in the development of advanced products and services that improve healthcare and strengthen our position in precision radiation medicine.

Elevate the customer experience

Elekta works with four main areas to strategically prioritize strong customer relationships. We secure that our customers receive a uniform experience, reliable deliveries, consistent behavior and genuine commitment. This enables us to help clinics and hospitals to improve and enhance the efficiency of their cancer treatments.

Elekta also views its value chain from a customer perspective. From our internal product development, supplier inspections and management, commercialization and testing of treatment systems in a clinical environment, to sales and day-to-day service and support.

Sustain a competitive cost-base

Elekta's strategic priorities are long term and ongoing. Ensuring a competitive cost base is therefore part of our corporate culture that pervades our day-to-day work.

Elekta has completed a period of transformation, with an aim to reduce the company's cost levels and improve internal processes. During this period, we have substantially strengthened cash flow and reduced working capital. Moving forward, we will work with continuous efficiency enhancements and improvements that create more scope for reinvestments in growth of our business and investments in research and innovation.

Continuously improve our processes

Elekta's focus on strong internal processes consists of action plans with both concrete activities and close ties to the corporate culture. Through regular, gradual improvements in individual processes and mechanisms in our business, employees are encouraged to think in new ways about how we work. This creates the prerequisites for strong and long-term value creation with a high degree of cost awareness.

Live our values

Our goal is that our values are firmly rooted and permeate everything we do. We work as a single team, we do what we say and we continue to think ahead. Through clear leadership, based on shared values, we contribute to a reduction in costs, sustainable growth and improved performance. Leadership is highly important to ensure that our values are reflected in everything we do. You can read more about Elekta's management philosophy on pages 46–47.

Market and external expectations

EXTERNAL DRIVERS

Elekta operates in a fast-paced external environment, with continuous development of global megatrends. Shifting demographics, digitalization, individualization and efficiency are areas primarily impacting our business.

The rapid increase of cancer

Exponential digitalization

Individualized care

Demands for higher efficiency

STAKEHOLDER EXPECTATIONS

Elekta aims to exceed our stakeholders' high expectations in everything we do. We continuously strive to improve patient care, thus creating stakeholder value. Continuous dialogue remains one of our principal tools for strengthened, sustainable relations. Our key stakeholders include:

Customers (clinics and hospitals)

Patients

Employees

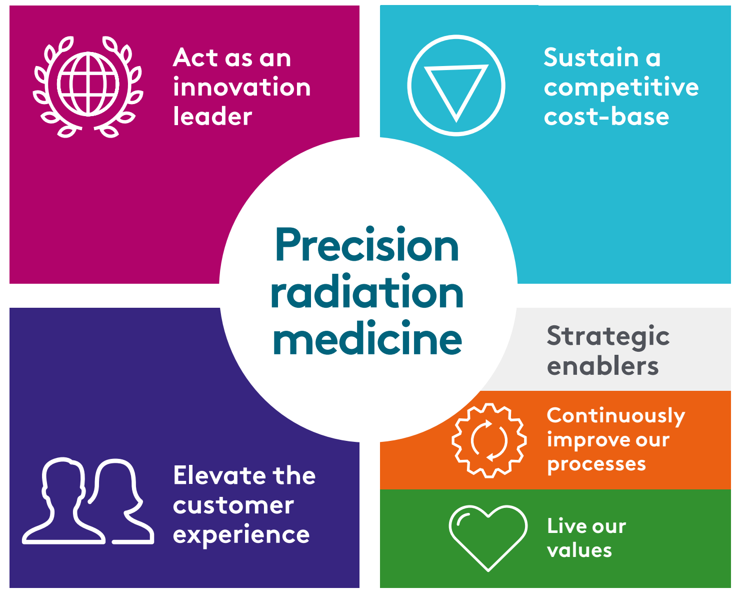
Shareholders

Suppliers

Regulators

Policy makers and NGO community

Elekta's strategic priorities



Elekta's strategy drives the critical areas of our operations. By focusing on what is truly essential, we combine long-term thinking with agility and a high degree of flexibility.

Read more on pages 10–11.

Corporate responsibility integral to Elekta's business strategy

As one of the leading medical technological companies globally, Elekta recognizes that we have an impact on stakeholders throughout our value chain. This is why we strive to integrate corporate responsibility as a natural part of our daily business operations.

Based on structured stakeholder dialogue, Elekta has identified four primary focus areas for our corporate responsibility:

- Fight Cancer – through an ecosystem of strategic partners
- Business Ethics – and prevention of corruption
- Sustainable Sourcing – human rights and environmental focus
- People in Focus – based on diversity and inclusion

Value created, and output generated

STAKEHOLDER VALUE

Based on thorough analysis and adaption to our external environment, Elekta generates multidimensional value through a sound business strategy. By focusing where it matters, Elekta strives for profitable growth whilst delivering significant value and output to our key stakeholders.

Shareholders

Share price and dividend growth

Orders, sales and profit

Cash flow generation

Capital employed

Customers (hospitals and clinics)

Innovations that improve quality and lower cost of care

Customer experience as measured by net promoter score

Long-term partnerships

Patients

Access to care

Clinical innovation for better treatment outcomes

Patient experience

Employees

Career opportunities and personal development

Organizational health

Adherence to compliance and a culture of integrity

Suppliers

Long-term partnerships

Create innovative ecosystem based on continuous improvement and innovation

Regulators

Ensure safety and efficacy of care

Contribute and adherence to international standards

Policy makers and NGOs

Cost-effectiveness

Awareness of radiation therapy

Access to radiation therapy in developing countries

Member of UN Global Compact

Results 2017/18

+8%
growth in net sales

+3
ppts. adjusted EBITA margin improvement

SEK 2.4 bn
cash flow from operating activities

+40%
growth of proposed dividends

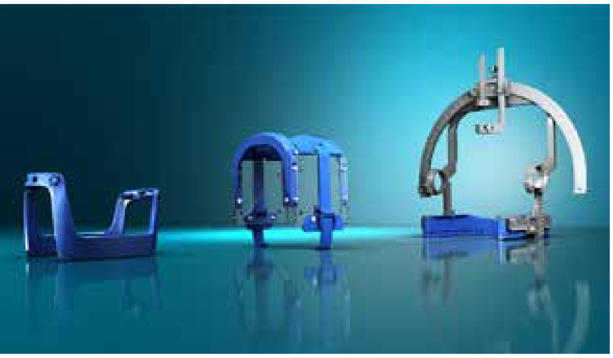
+6%
growth in installed base of treatment solutions

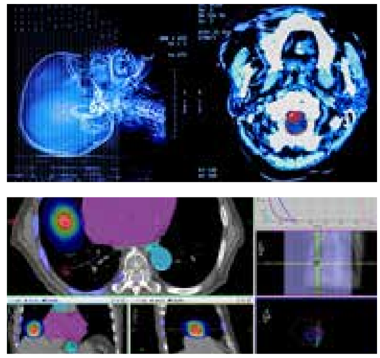
CE-marking
of Elekta Unity (in June 2018)

Elekta´s long-term financial ambitions

Elekta conducts its operations based on a long-term plan, which is regularly reviewed and evaluated by the board of directors. These financial objectives form the basis of the long-term planning. The objectives are under review and will be updated at a Capital Markets Day 2018.

- Organic sales growth exceeding 10 percent in local currency
- Operating result improvement rate to exceed sales growth in SEK
- Return on capital employed to exceed 20 percent
- Net debt-to-equity ratio less than 0.5





Strategic research and development

Continued investment in innovation

A high pace of innovation and research and development are business-critical elements of Elekta's operations and the foundation of long-term growth. We have reached an important milestone now that the revolutionary Unity system has been CE-marked in Europe. In parallel, we are continuing our innovation projects to consolidate our leading position in the development of radiation therapy solutions of the future.

Elekta represents a longstanding and strong tradition of innovation – and will continue to do so moving forward. Our innovation efforts are essential for us to both help clinics improve the lives of patients and so we can be commercially successful.

Innovation is strategically important
Our investments in the field of innovation are comprehensive and long-term. This high level of ambition is important for both us and our customers, and has resulted in investments totaling over SEK 6 bn over the past five years. For us at Elekta, innovation and development are strategically important. However, innovation has no intrinsic value, but is based on our genuine motivation to help customers to meet increasing demands for both better patient outcomes and efficiency.

Erasing boundaries between software and hardware
We are working with several parallel initiatives, with Elekta Unity as the latest proof of our innovative capacity. We are investing in the advancement of MR-linac technology and are also active in completely new fields of innovation. In line with rapidly increasing digitalization, the boundary between hardware and software has also become less clear. This is nothing new to Elekta, which has a long history of investing in the development of integrated systems and solutions. Automatically connected and intelligent sensors are a natural part of treatment systems that communicate with software solutions and information systems. Artificial intelligence is becoming more sophisticated through our investments in Elekta Digital, while our ability to automatically analyze large data volumes is continuously improving.

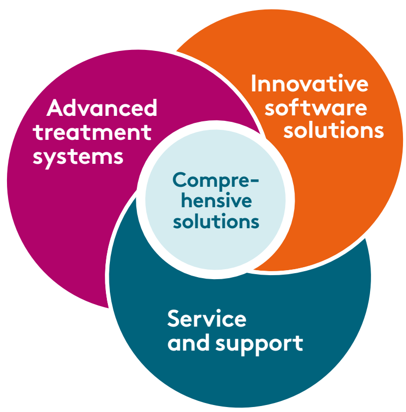
Elekta has an established organization and properly functioning processes for large-scale innovation work. At the same time, we remain open in our approach to collaboration with others. Elekta is currently part of several important strategic partnerships in development, both in the field of oncology information and in the development of the next generation of treatment systems.

It is through innovation that we can drive cancer care forward, create value for our customers, strengthen our market positions and generate value for our shareholders.

Integrated and patient-focused treatment solutions

Innovative software solutions for the entire care and treatment spectrum

Advanced treatment systems for high-precision radiation therapy



Product life cycle services with proactive service and support

Our offering is driven by our ability to develop cutting-edge treatment solutions and our profound understanding of how to conduct effective cancer care in a clinical environment.

Oncology informatics

Our services and systems in oncology information help clinics provide maximum value in a cost-effective manner.

Cancer cases are on the increase, at the same time as the number of treatable diagnoses is rising. This results in a greater workload for clinics, often within an unchanged economic framework. Elekta offers a range of advanced oncology information systems to create better conditions for continuous improvement in a clinic's efficiency, quality and care results.

Treatment solutions

Our treatment solutions are developed and optimized for effective cancer treatments with minimal damage to healthy tissue.

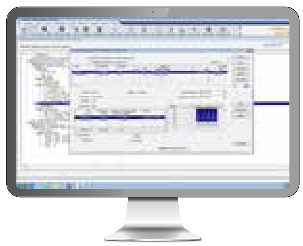
Elekta develops treatment systems for a wide range of cancer types and serious neurological conditions. In our endeavor to enhance efficiency and precision, Elekta is continuously developing its treatment systems to become even better and more gentle for patients, which improves quality of life also after treatment.

Comprehensive and tailored treatment solutions

Oncology informatics

Innovative software solutions for the entire care and treatment spectrum

From real-time analysis of relevant decision-making data with MOSAIQ® to seamless coordination of cancer care records in METRIQ®, Elekta offers a world-leading oncology information system, with individually-developed software solutions for a variety of applications. Customers employing Elekta's advanced informatics solutions can improve both patient outcomes and utilization of healthcare resources. Elekta's information systems are also developed using open APIs, which improves compatibility with different types of hardware. Artificial intelligence and automated processing of very large data volumes are other properties that are continuously integrated into and developed in Elekta's software solutions.



MOSAIQ® Oncology-Specific EMR

Elekta's popular comprehensive solution for clinical, operational and financial data for oncology departments.

Key characteristics: Important work processes are streamlined through the use of a single system to manage and improve clinical and operational efficiency. The system has built-in automated decision support, a high degree of interoperability and the widest connectivity in the industry.

MOSAIQ® Oncology Analytics

The analysis program that visualizes all stages of patient care.

Key characteristics: MOSAIQ® Oncology Analytics makes it possible to monitor clinical, operational and financial information in real time, and to understand and visualize patient care. The system is designed for a secure cloud environment and has the ability to handle large-scale use with the integration of substantial data volumes.

Treatment solutions

Advanced treatment system with high-precision radiation therapy

Elekta's treatment solutions are versatile and powerful, and are being continuously improved. As a field of radiation therapy evolves, we invest heavily in providing flexible, intelligent and needs-driven applications that strengthen and expand current treatment options.

Common to all of Elekta's linear accelerators and systems for stereotactic radiosurgery and brachytherapy, is that they provide effective treatment with a high degree of precision and minimal impact on the surrounding healthy tissue. With the new Elekta Unity, we are taking a step into the future, with a degree of precision in radiation therapy that was previously not possible.

MR Radiation therapy

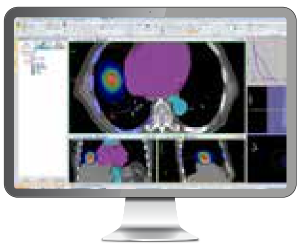
Elekta's recently CE-labelled flagship Unity, with the aim to enable significantly improved treatment of the most common types of cancer.

Key characteristics: The combination of a linear accelerator and magnetic resonance imaging (MRI) creates opportunities to monitor the radiation therapy in real time and adapt the treatment. Unity also provides an opportunity to reach tumors that have, until now, been difficult to treat.

Linac portfolio

Our established and high-performing portfolio of linear accelerators provide the most common form of radiation therapy.

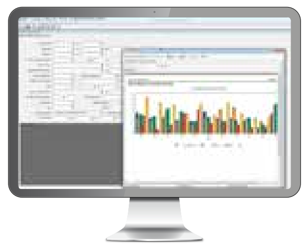
Key characteristics: A complete solution that can effectively treat a broad spectrum of cancers by precisely targeting a high dose of radiation to the tumors, while minimizing the dose to surrounding tissue with state of the art image guidance and dynamic delivery technologies.



MONACO® Treatment Planning

An advanced treatment planning solution which combines gold-standard accuracy and speed, ensuring the appropriate personalized plan for the external beam radiotherapy.

Key characteristics: Monaco® 5.11 offers a comprehensive, single box solution for treatment planning. Includes personalized packages to meet specific clinical needs, stereotactic treatment planning support and unique biological modeling capabilities.



METRIQ® Cancer Registries

Secure coordination and evaluation of multiple cancer programs and registry submissions.

Key characteristics: Highly detailed database with operational safety that provides insight into the overall patient outcomes. Also guarantees the quality of data for research and reporting.

Neurosurgery portfolio

Elekta's radiosurgery system, Leksell Gamma Knife®, enables non-invasive treatment of tumors and other serious neurological conditions.

Key characteristics: The stereotactic radiosurgery system focuses with extreme precision and is therefore particularly suitable for neurological conditions. Combined with advanced imaging and systems for positioning, the treatment is safe, effective and cost efficient.

Brachytherapy portfolio

Elekta's system for internal radiation therapy applied adjacent to the tumors, particularly effective in treating, for example, prostate cancer and cervical cancer.

Key characteristics: The brachytherapy systems delivers internal doses of radiation with high precision and reduced risk of damage to surrounding, healthy tissue.

Service and support

Extended product life cycle with proactive service and support

Elekta provides various types of life cycle support and life cycle service that offer our customers enhanced performance through better long-term planning of maintenance and modernization, greater product safety and reduced costs for the clinic as a whole. Our offering in service and support is built on proactivity, both in terms of the services we provide and how we organize our support activities.

With Elekta Care™ as the support hub, we provide local contact persons and specialist clinical expertise that is available 24 hours a day to support Elekta's customers throughout the treatment system's entire life cycle. Together with Elekta Care, we offer a broader ecosystem of service and support services:

- Predictive support with IntelliMax® provides integrated and connected sensors that proactively identify servicing needs in the treatment system
- Training services and guidance supports oncology nurses and the clinic's other key roles in system functionality and practical operation of the treatment system
- Logistics services and spare-part management for quick and flexible handling of any adjustments to the treatment system's components
- Field service with Elekta's certified technicians on site at the customer's facility and in the clinical environment

Oncology informatics

Delivering insights and workflow efficiency

In our efforts to help care providers improve efficiency, quality and outcomes, Elekta's software solutions provide a wide range of valuable functionality and applications. Strengthened automatic analysis, decision support tools and AI-capabilities are features that will solidify Elekta's leading position in oncology informatics.

Oncology informatics continues to play an increasingly important role in cancer treatment. Its necessity will also continue to grow as healthcare is becoming more personalized and demand for treatment efficiency remains high. Elekta is continuing to invest in the development of leading oncology informatics solutions, supporting both treatment systems and our customers' clinical workflow environments. As the number of treatable types of cancer continues to increase, its technical complexity follows. Utilizing the robust and versatile MOSAIQ platform, Elekta helps realize the potential in our customers' cancer clinic operations.

Elekta and IBM Watson in strategic partnership

With enormous volumes of data at their disposal, many clinics and oncology departments are facing the challenge of information overload. To address this issue, Elekta has recently formed a strategic partnership with IBM and its AI division to strengthen Watson for Oncology – a unique management engine for real-time clinical data. Delivering state-of-the-art decision support, based on automated analysis of global datasets including diagnostics and treatment, Watson for Oncology can assist both large and small clinics. For recently established oncology departments and smaller clinics, the decision support engine can help the clinician gain insights and experience from significant volumes of relevant data, utilizing fewer resources. You can read more about the Watson for Oncology initiative on page 33.

Simplifying advanced functionality
Elekta's vision of future cancer care, based on data-driven patient treatment, forms the basis for our focus on innovative and advanced software. Developed with user-centricity in focus, Elekta's MOSAIQ offers smart interface design while relying on advanced back-end algorithms and functionality. Our oncology information systems are also built to work independently, regardless of hardware used to treat the patient or the design of the clinical environment. Elekta therefore puts strong emphasis on testing and optimizing the integration of our solutions in a new clinical environment – ensuring our understanding of the care providers' needs are accurate and met. Once implemented, the customer receives a scalable solution for a secure, high-performance and reliable infrastructure, which is critical for safe healthcare with high patient volumes.

Feature-driven development
Elekta's MOSAIQ is specifically designed to support clinicians through the patients' entire oncology journey. It supports all activities in a cancer clinic and provides clinical and practice management tools, treatment planning software, delivery and assessment tools, as well as business intelligence applications. In Elekta's quest to bring together the people, the workflows, and the information clinics need to deliver quality, we are continuously adding features and capabilities to our software solutions.

Recent additions to the Elekta software portfolio includes redeveloped IQ Scripts, which help customers better define pathways and clinical protocols for their particular environment, strengthened analysis tools for large volumes of patient data in MOSAIQ, as well as improved imaging and visualization of its plan review software. Further, Elekta can now provide the market's leading automated speech integration software to reduce time needed for a multitude of clinical tasks, such as transcription and documentation.

Designed for the future
Elekta's software solutions are built to perform in today's digital environment, but also designed with the future in mind. The future of Elekta's application development depends on using automation and artificial intelligence (AI).

Connecting the metrics to the treatment planning will generate interesting possibilities. Combined with IntelliMax®, Elekta's solution for remote servicing of treatment systems, it will ultimately provide the oncology department with the ability to visualize clinical, operational and financial outcomes of every treatment with even higher precision.

To us at Elekta, management of large data volumes, automated analytics, AI and cloud computing continue to be the future for our development of software solutions for oncology.

MR Radiation therapy

Two worlds, one future Unlimited possibilities

A paradigm shift in radiation therapy. Elekta's Unity combines magnetic resonance imaging with the latest generation linear accelerator. Now CE-marked for clinical use in Europe, it sets a completely new standard in image-guided radiation therapy.

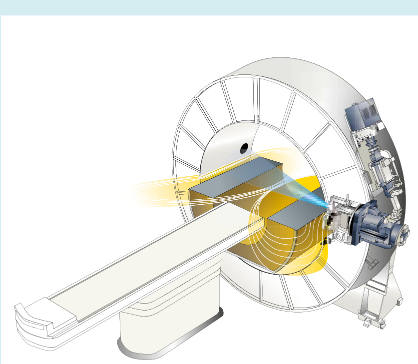
Elekta Unity is the only system that uses intelligent software to integrate a superior diagnostic quality high-field 1.5 Tesla magnetic resonance imaging system with an advanced linear accelerator for radiation therapy. The Unity system comprises a completely new platform, which can basically be described as providing high-quality images of tumors and surrounding tissue in real time during radiation therapy. This results in a more precise dose of radiation and an opportunity for new treatment areas while minimizing the impact on surrounding tissue.

CE-marked for clinical use in Europe
After careful testing and rigorous quality control, the Elekta MR-linac system Unity has now been CE-marked for clinical use in the European market. Interest in Elekta Unity is also substantial in other markets and to date orders for 28 systems have been placed.

A new standard in radiation therapy
When the two technologies are combined, unique opportunities are created to improve the level of treatment for the most common forms of cancer, which together account for a large share of mortality from all cancer disease worldwide. Elekta's Unity also has the potential to treat cancer indications that currently are not, or very rarely, treatable using radiation therapy. Moreover, the ability to create high-quality images, and the insight this provides into tissue biology, offers a major potential to provide better dosage. In practice, this means the oncologist can see how different parts of the tumor respond to the intensity of the treatment down to cell level.

For Elekta, the successful launch and reception of the Unity system means the expansion and strengthening of our family of linear accelerators. With its popular functions, there are many potential uses at oncology clinics worldwide. Most of Elekta's customers view Unity as an opportunity to further strengthen their positions as leading cancer treatment clinics when patients make greater demands and choose care providers based on the standard of technical equipment and patient outcomes.

Clinical treatment of first patient
After many years of research and development, the first patient was treated using Elekta's MR-linac research system in the Netherlands in 2017. The clinical tests confirmed the system's incredible precision, safety and the simplicity with which it can be integrated into other applications. The patient, with skeletal metastases in the spine, was treated with a high dose of radiation that was delivered with extreme precision. During treatment, the maximum deviation from the tumor was only 0.25 millimeters, which minimizes the risk of damage to healthy, surrounding tissue. Read more about the treatment on page 31.



How it works

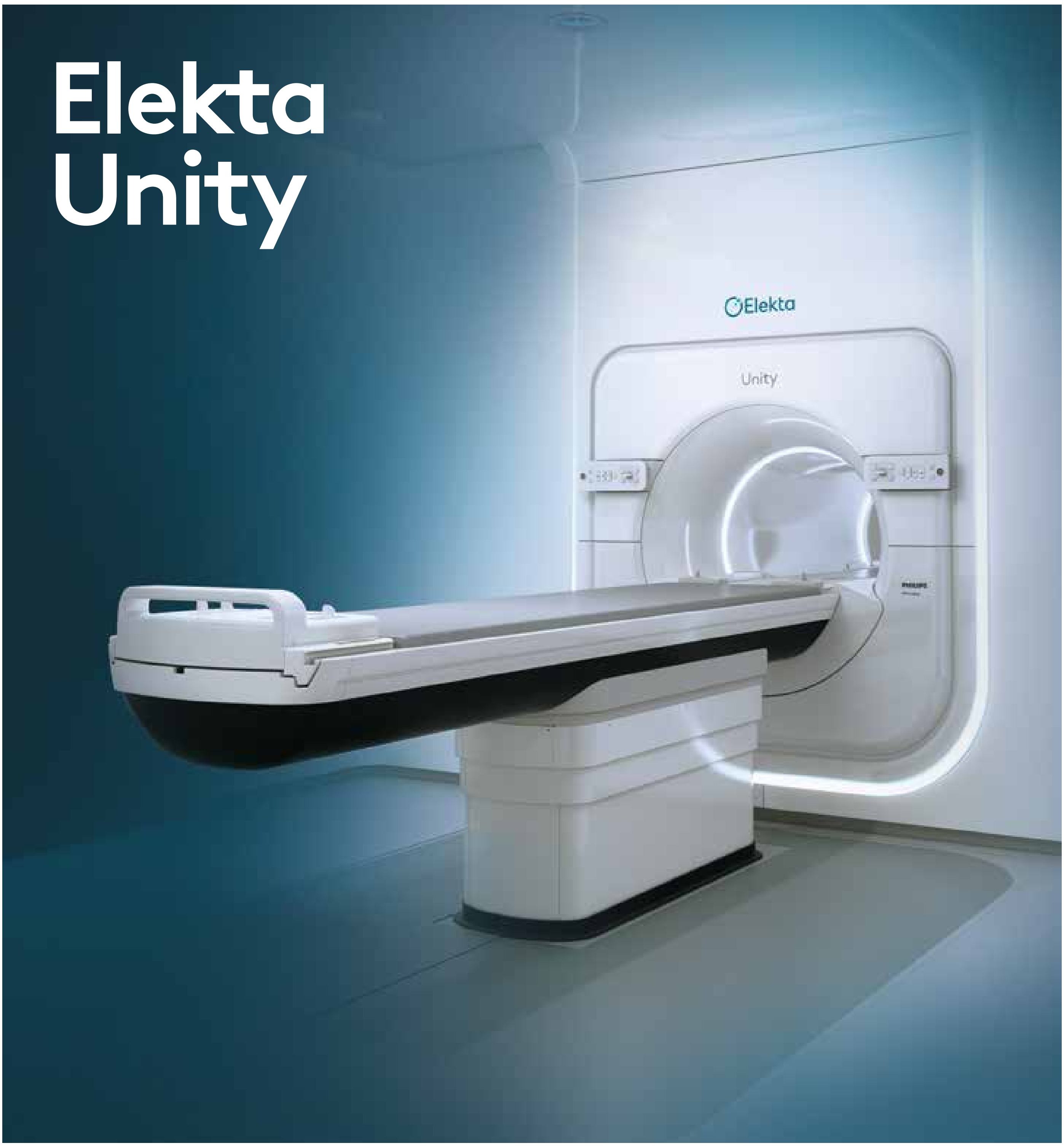
The MR-linac system is installed in a radiation-proof bunker environment and is carefully calibrated by radiation physicists from Elekta and the clinic. High-resolution MR images are generated before, during and after and are used as decision-making data to optimize the therapy. A precise and exact treatment combination with radiotherapy and MR offers the potential to deliver a high dose of radiation to the tumor while sparing, to a very large degree, the surrounding healthy tissue due to visualization of the tissue being treated.

Key features:

- Next generation linac
- 1.5T high-field MR imaging
- Slip ring technology
- Intelligent software
- Short, wide bore magnet

Read more at: unity.elekta.com

Elekta Unity



Linac portfolio

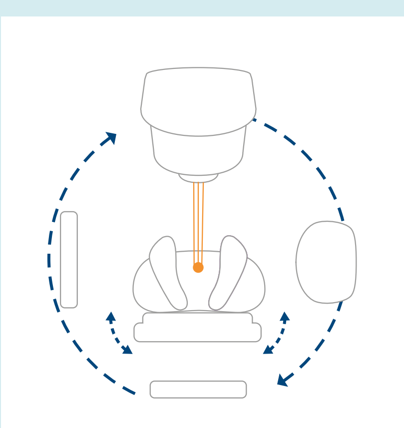
Versatile and effective treatment of several cancer types

Our family of linear accelerators offers radiation therapy systems that are effective for both patients and clinics. Versatility and high precision ensure more accurate treatments, shorter treatment times and the potential to treat a broad spectrum of tumor types.

As one of the market's principal innovators, Elekta helps to continuously drive developments in linac technology forward. Many indications and a wide range of tumor types can now be treated using a single linac system; for example brain and spine, head and neck, breast, lungs and prostate cancers. Together with advanced software systems, the treatment is optimized for both patients and clinics – while retaining precision.

Maximum effect using Elekta's comprehensive solutions
Elekta's innovation work is constantly advancing and we are continuously developing our portfolio of linear accelerators. We have taken another step forward through our most advanced Elekta Versa HD™ system, in combination with the proprietary beam shaping solution and Agility™ multileaf collimator. This combined solution provides a precise and high dose of radiation that can be used on several types of cancers, with a high degree of precision and effectiveness. Combined with the Monaco treatment planning solution, Versa HD™ is capable of High definition dynamic radiosurgery (HDRS). By packing up to 6 times more modulation capability, dose resolution is further optimized allowing safe escalation of doses and complex stereotactic treatments to be delivered in standard treatment slots of 15 minutes or less.

To further improve efficiency, Elekta offers a market-leading oncology information system that seamlessly integrates with the various units and treatment systems used in clinics. Elekta's comprehensive solutions also include Elekta Care with IntelliMax®, which is used to remotely read the system status and to update the functionality of the treatment system. Elekta's local service and support team also ensures continuous upgrading and optimizing of the treatment systems based on the prerequisites of each customer.



How it works

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

Neurosurgery portfolio

Precision treatment of the brain

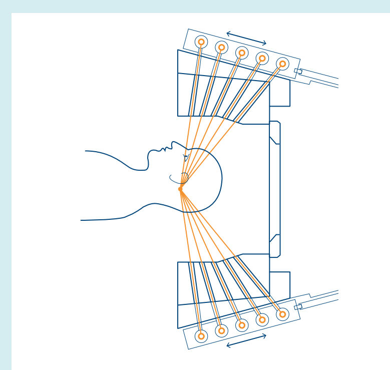
With more than a million patients treated, Elekta has confirmed its position as world-leader in stereotactic radiosurgery. Continuous development of our Leksell Gamma Knife offers a safe, efficient and cost-effective treatment of serious neurological conditions.

Within the field of neuroscience, Elekta develops highly precise solutions for both the diagnosis and treatment of neurological diseases. As the undisputed pioneer in this complex field, Elekta has developed radiotherapy treatments in the clinical environment since the end of the 1960s. Today, our customers treat some 80,000 new patients every year, distributed across 54 countries with more than 300 clinical Leksell Gamma Knife units.

Stereotactic radiosurgery is a non-invasive and very precise method, which makes it particularly suitable for neurological conditions, where surgery and chemotherapy are more difficult to perform. With Gamma Knife surgery, the patient can usually be treated and go home the same day, which makes it a very resource-efficient method.

50 years of continual improvement

The globally established, sixth generation of Leksell Gamma Knife®, the Icon™ is breaking new ground in gamma knife technology. Icon is built on the precision of earlier models with the addition of new technology, such as integrated imaging and a frameless alternative. Physicians can thereby offer more personalized treatment without sacrificing precision and accuracy. As Leksell Gamma Knife is celebrating its 50th anniversary, the technology is being made available to more patients, in more markets. For Elekta, our world-leading position in radiosurgery and stereotactic neurosurgery is a favorable starting point creating the prerequisites moving forward for even more sophisticated treatment of serious neurological conditions.



How it works

Stereotactic radiosurgery is specifically developed to inhibit neurological conditions. Elekta's Leksell Gamma Knife® Icon™ directs and focuses 192 precise beams into a single iso-center toward an area of the brain. Advanced imaging and a system for motion control enables real-time adaptive treatment. The accuracy offered by frame-based or frameless immobilization ensures that the dose of radiation hits the target volume to be treated.

Brachytherapy portfolio

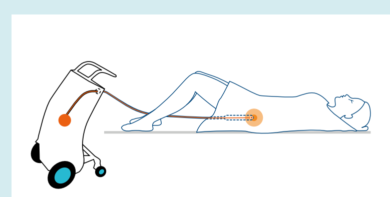
Highly effective treatment inside the tumor

Elekta is the world-leader in cancer treatment using small radiation sources that are placed inside the body, adjacent to a tumor. The method delivers localized radiotherapy with a high degree of precision.

Brachytherapy is an effective form of radiation treatment used to treat, for example, gynecological cancer, prostate cancer, breast cancer and skin cancer. The treatment system is small in size, versatile, cost effective and valuable for oncology clinics around the world.

Gentle and accessible to patients
Brachytherapy also offers substantial benefits to patients as it is associated with low risk for serious side-effects and short treatment times. The treatment requires specialist expertise, but can be performed as an out-patient procedure. This means the treatment can be made available to many patients, even for a relatively minor investment.

Leader in internal radiation
Elekta's brachytherapy system is under continuous development and is part of our leading radiotherapy portfolio. In total, Elekta has about 60 percent of the world market for high-dose brachytherapy and the product portfolio includes Esteya® for skin cancer, the Flexitron® treatment system, the treatment planning software Oncentra® and a large number of applicators for precise and simple treatment. Altogether, Elekta's brachytherapy system represents the market's most comprehensive offering in internal radiation.



How it works

A radioactive isotope, in the form of a very small seed (usually iridium-192), is carefully and temporarily placed inside or directly adjacent to the cancer tumor using the treatment system's afterloader. The radiation is high from the isotope, but this rapidly decreases, and with its short range the radiated area can be precisely limited. This makes it possible to deliver an effective dose of radiation that destroys cancer cells. Specifically developed software is used to plan the treatment and the radiation of the tumor.

Elekta services

Proactive support throughout the entire lifecycle

Elekta's global service and support solutions are built upon proactivity and are provided throughout the product lifecycle. By utilizing our economies of scale and local presence in key markets, we ensure maximum system availability and ease of use. Elekta is now aiming to further strengthen and grow its service and support operations.

The aftermarket is one important element of Elekta's operations, particularly in times of increased efficiency requirements and capacity increases in radiotherapy treatment. Elekta has proactive service and support operations and strives, in everything we do, to maintain the systems throughout their product lifecycle. Using continuous performance analysis, remote monitoring and updating, and opportunities to fine-tune and optimize the functionality of the treatment systems, we create conditions for the best possible patient care. In parallel, we create greater safety for our customers through better long-term planning of maintenance and modernization, greater product safety and reduced costs for the clinic as a whole.

Operations in 40 countries

Our service and support division is strong, and currently comprises about 40 percent of our total revenue. In total about 1,000 employees are employed in both strategic and operative work within the service organization. We operate two large-scale global call centers that handle support issues on an ongoing basis and ensure that our customers can talk to clinically trained support personnel around the clock, regardless of where they are. As part of work to further strengthen our availability, we are currently constructing a third center in Southeast Asia.

Elekta Care support hub

Through Elekta Care™ we provide local contact persons and specialist clinical expertise that is available 24 hours a day. In addition to basic service and support services, Elekta also provides integrated and connected sensors that proactively identify servicing needs, local training services and specialist training, logistics services and spare-part management, as well as field service by Elekta's certified technicians on site in the clinical environment.

A service transformation for the future

At Elekta, we are continuously working to improve our processes and to challenge ourselves. One result of this strategy is our initiative to further strengthen service and support activities. Organizational adjustments aim to improve our efficiency and raise the global quality of the support services. In somewhat simplified terms, this means we are leveraging global processes and tools and continuing to identify the key elements in our workflows that provide us with a greater degree of efficiency. Through Elekta's longstanding experience of delivering aftermarket services linked to advanced treatment systems, we know that certain processes and special methods are essential to a successful service and support. Elekta's priority is to further strengthen these.

Our product lifecycle philosophy also extends to other parts of Elekta's operations. We develop our products and their components to be service compatible through our designed-for-serviceability process, while ensuring that cost-savings are made in the right places, to avoid sacrificing quality. Elekta views the service transformation that is now beginning from a long-term perspective, with a focus on coordination to first establish and then adhere to key process structures. This is how we can continue to increase customer satisfaction and how we can ensure that the clinics can care for their patients in the best possible manner.

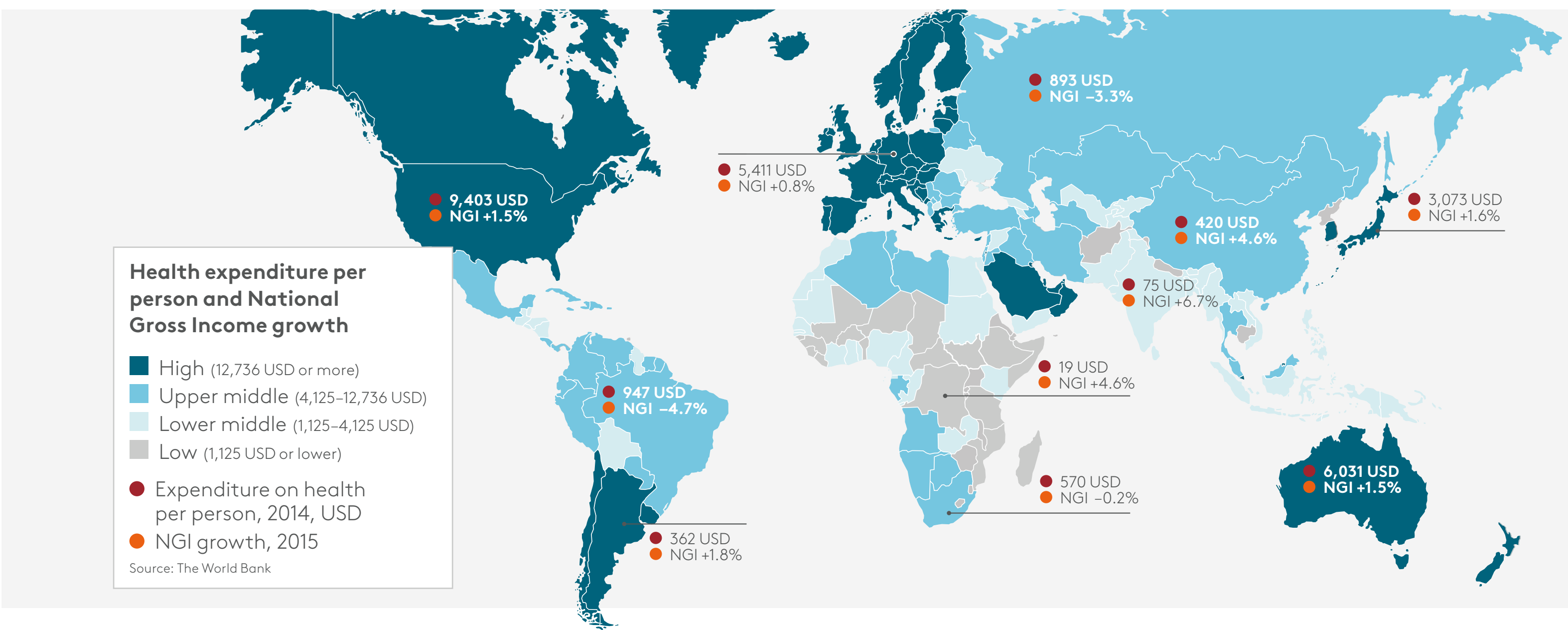
Pioneering facilities for quality execution. Key operations in Elekta's development of cancer treatment solutions is conducted in our new state-of-the-art Cornerstone Hub in Crawley, UK.

Macro environment

Potential in a growing market

The global market for radiation therapy is characterized by a significant demand for capacity, major regional differences and favorable underlying economic developments. With a stronger foundation Elekta is well positioned for continued long-term profitable growth.

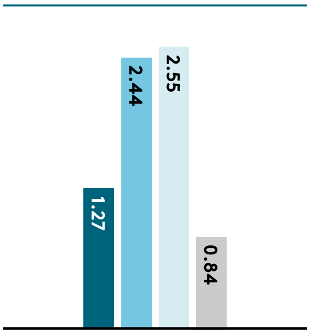
Elekta's three main regions are different in character and their underlying markets are characterized by varying conditions. Elekta, which supplies systems and treatment solutions in more than 120 markets, adapts to local business conditions at the same time as we benefit from our global reach and strength. The availability of radiation therapy and the prerequisites for investing in the expansion of cancer care vary considerably between different regions and local markets. In low-income countries, access to radiation therapy remains low and it is not unusual that less than 10 percent of the population has access to radiation therapy, while research confirms that the treatment method is suitable to use for more than 50 percent of cancer patients. According to Lancet Oncology, the leading global forum for design and developments in oncology, increased access to radiation therapy would save millions of lives at the same time as the global cost for cancer would be substantially reduced.



Increased average life expectancy

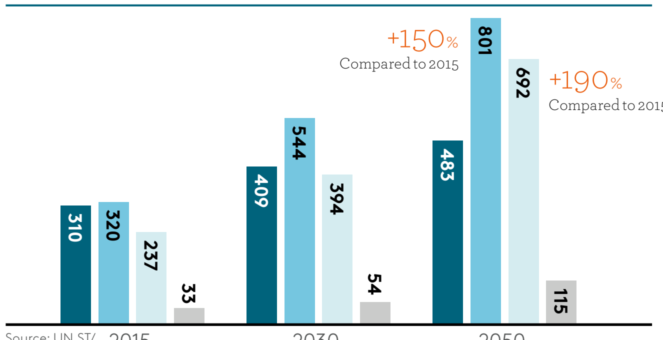
Most of the world's population lives today in countries where income levels are below average, which are also the countries where average life expectancy and the number of people over 60 is increasing fastest. As most of today's cancer clinics and linear accelerators are in high-income countries, there is a significant need to increase the installed base.

POPULATION 2013, BILLIONS



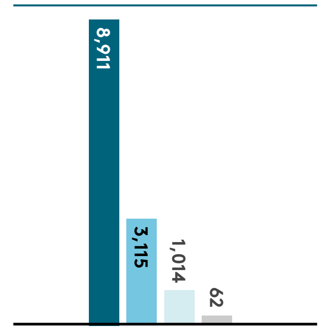
Source: UN,ST/ESA/SER.A/390

AGE 60+, EXPECTED NUMBER, 100 MILLIONS



Source: UN,ST/ESA/SER.A/390

TOTAL NUMBER OF INSTALLED LINEAR ACCELERATORS, 2013



Source: Lancet Oncology 2015; 16:1153-86

NORTH AND SOUTH AMERICA

Strengthened position in a dynamic market

Closing fiscal year 2017/18, Elekta has strengthened its position in the North American market. Organizational changes and improved process management has resulted in consecutive growth quarter by quarter.

Market

The North American market is the world's largest market for radiation therapy and it is characterized by a high penetration of treatment solutions, services and after-market business. However, there are still opportunities for long-term growth due to growing patient volumes, continued market consolidation and customer behavior shifting towards value-based healthcare.

The North American market is also relationship-driven, which means presence in key areas of the market is important. Further, the US has the world's highest healthcare cost per person, which is driving the need for increased efficiency. This in turn drives demand for new functionality and more comprehensive and integrated solutions.

As the South American market has a significant need for radiation therapy capacity, the long-term outlook remains positive. However, certain South American markets are facing geopolitical and macroeconomic challenges, yet the region as a whole is showing strong potential for appealing long-term growth.

ELEKTA'S MARKET POSITION

24%
market share of linear accelerator orders

NET SALES

Performance and activities

Our performance in the North American market has been strong and delivered organic growth throughout the year. Elekta has consequently stayed on course and fully anchored the organizational changes and adjustments in process management previously communicated. Order intake in the region increased by 5 percent for the year, corresponding to 9 percent based on constant exchange rates.

Elekta's South American performance for 2017/18 has improved, including important orders in the Brazilian, Peruvian, Bolivian and Mexican markets.

CHARACTERISTICS

NORTH AMERICA

- The US is the world's largest market for radiation therapy and it has the largest installed base of linear accelerators
- Predominately private healthcare providers
- The market is driven by replacement investments: renewing installed systems with new machines and enhanced functionality
- Around 60 percent of cancer patients are treated with radiation therapy
- The world's highest healthcare costs per person
- Increasing efficiency requirements create a demand for more integrated and comprehensive solutions
- Ongoing consolidation in the hospital market leads to independent clinics merging with hospitals and healthcare networks

SOUTH AMERICA

- Growing need for efficient and high-quality cancer care
- Rapidly aging population
- A combination of private and public care providers

EUROPE, MIDDLE EAST AND AFRICA

Solid performance in a growing market

Elekta continues to lead the EMEA market and has won several large tenders during the year. In June, Elekta's revolutionary MR-linac system, Unity, was CE-marked.

Market
Radiation therapy capacity in the region is insufficient. This holds true for both Western Europe and for the region's emerging markets. In developing countries, access to radiation therapy and other forms of advanced cancer treatment remains fragmented or scarce. Western European markets are investing in new radiation therapy capacity as the number of cancer cases increases and earlier diagnosis rates improve. Further, replacement orders and lifecycle support services provide a growth opportunity.

The Eastern European markets are showing positive signs of activity and investment. The resources for cancer treatment are less advanced and many countries rely on national programs to expand and modernize care. This means demand can fluctuate significantly over time.

In Africa, only a small percentage of the population have access to radiation therapy, implying significant long-term opportunities for growth.

ELEKTA'S MARKET POSITION

49%
market share of linear accelerator orders

NET SALES

Performance and activities
For 2017/18 as a whole, both Western Europe and developing markets across the region performed well. Order intake in the region increased by 6 percent for the year, corresponding to 4 percent based on constant exchange rates. Markets performing particularly well include the UK, spurred by a significant deal with the National Health Services (NHS) together with a contract covering five Elekta Unity systems from Proton Partners International. Further, Elekta has secured several important deals in Spain, Turkey and South Africa during the year.

CHARACTERISTICS

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

EASTERN EUROPE, MIDDLE EAST, AND AFRICA
- Generally, less developed resources for cancer care, even if many countries have national programs for expansion and modernization of radiation therapy
- Turkey: Growing emerging market mainly driven by private investments
- Russia: Widespread need for increased capacity, dependent on domestic economic conditions and political priorities
- Africa: Small proportion of the population have access to radiation therapy and advanced cancer care. Substantial long-term potential

ASIA PACIFIC

Continued demand for comprehensive solutions

The Asia Pacific market continues to be a fast-growing region. Elekta has a strong regional presence.

Market

The long-term need for increased cancer care will remain high in the region due to longer average life expectancy and greater economic prosperity. China still leads the region in terms of volume and pace of investments, whilst Asia Pacific markets predominately are characterized by the buildout of new treatment capacity. However, there is also an increasing percentage of older installed systems reaching the end of their lifecycles, driving demand for service and support as well as future replacement investments.

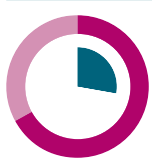
Market growth for the region as a whole proved favorable during the year. In China, numerous large cities and urban areas are adopting and expanding radiation therapy, contributing to significant business opportunities. For 2017/18, high-growth markets include India, South Korea, Australia and Thailand. The Japanese market, developing sluggishly, continued to be weak during the year.

ELEKTA´S MARKET POSITION

44%

market share of linear accelerator orders

NET SALES



Performance and activities

Elekta is the leader in China, which remains one of Elekta's principal markets. During the year Elekta received orders on multiple Unity research systems to the country. In addition, Elekta delivered solid results in India, Thailand, Australia and South Korea. Our performance in the Japanese market, also affected by subdued customer activity, did not live up to our expectations for the year. For the region as a whole, order intake decreased by 2 percent for the year, corresponding to an increase of 2 percent based on constant exchange rates.

Elekta's ability to combine leading innovation with durable and efficient treatment solutions provides us with an advantageous position to address the Asia Pacific markets. A significant number of clients are partnering with Elekta as we can deliver efficient high-capacity solutions, capable of treating large patient volumes.

As regional economic growth continues, capacity for large-scale investments increases.

CHARACTERISTICS

ASIA PACIFIC

- Includes 60 percent of the global population, but less than 30 percent of the world's linear accelerators. Rapidly increasing life expectancy, improving economic prosperity and more effective diagnostics are driving long term development of demand for specialized healthcare
- China: Elekta's second largest market after the US. Elekta is the clear market leader. Growth in both public and private sectors. Focus is primarily on expansion of capacity. However, replacement investments are becoming more prevalent in the future
- Japan: Mature and developed market, in areas oversaturated and focused on replacement investments. Slow market development during a number of years, but good long-term potential for increased use of radiation therapy as only 25–30 percent of cancer patients receive radiation therapy
- Australia, Hong Kong, Singapore, South Korea and Taiwan: well established healthcare systems with high capacity for cancer care. Quick to adopt new technology
- India: Radiation therapy and other types of specialized healthcare mainly offered in the private sector. Growing market still lacking significant capacity. Public sector investments expected to increase in the long term

Story 1

Elekta MR-linac

Elekta MR-linac successfully treats first patient

After intensive research and development, clinicians at University Medical Center (UMC) Utrecht, the Netherlands, used Elekta MR-linac to treat a cancer patient in a so-called first-in-man study. Elekta MR-linac is the only magnetic resonance radiation therapy (MR/RT) system that integrates a high-field 1.5 Tesla MR scanner with an advanced linear accelerator and intelligently-designed software.

This first-in-man study confirmed the technical accuracy and safety of the MR-linac system in the clinical setting.

Bas Raaymakers, Professor of Experimental Physics at UMC Utrecht, led the study and claimed that UMC Utrecht's successful treatment of a spinal metastases patient demonstrated the clinical benefits of Elekta's MR-linac technology. He said: "These first clinical treatments show an outstanding level of dosimetric and geometric accuracy of the online planning and the radiation delivery based on the 1.5T MRI guidance." The team was able to accurately deliver the dose within 0.25 mm, thereby reducing the exposure to healthy tissue.

UMC Utrecht is one of seven founding members of Elekta's MR-linac Consortium, a global collaboration of institutions focused on uniting leaders in radiation oncology, MR-imaging, physics and radiotherapists.

Elekta MR-linac is a work in progress and is not available for sale or distribution in all regions.

Story 2

Elekta chosen again to modernize UK's radiotherapy services

The UK's Cancer Strategy Implementation Plan has an important goal: to achieve the very best outcomes by providing modern, high-quality equipment and ensuring access to the best treatments possible. To meet this objective, the National Health Service (NHS) Supply Chain has chosen Elekta, in part, to transform radiotherapy services across England, the largest single modernization and upgrade of cancer treatment equipment for 15 years.

The order, announced in November, comprised Elekta Synergy® linacs with Agility™ multileaf collimators for high speed beam shaping and Elekta's MOSAIQ® oncology information system. The Synergy linacs include VMAT, which improves radiation therapy treatment speed and dose reduction to the patient.

In NHS England's progress report on the implementation plan, it states that "the new radiotherapy machines use leading-edge technology to target radiation doses more precisely and can reduce treatment time from weeks to days."

Steve Tomkins, Elekta's Business Unit Manager for the UK, says: "Elekta takes pride in our excellent relationship with NHS Supply Chain and our long-term commitment to radiotherapy in the UK. We are especially proud that this equipment, used to treat cancer patients in England and Wales, will come from our international linac manufacturing site in Crawley."

H.M. Prince William visits The Royal Marsden, one of the UK's leading cancer clinics. The clinic utilizes several Elekta linear accelerators.

IBM Watson Health

Story 3

Elekta and IBM Watson Health:

Super powers unite to enhance cancer care

Elekta has a legacy of using the potential of digitization and data to advance cancer patient care and management. Through Elekta Digital, we envision intelligent systems and machine learning as the next generation of oncology informatics: transforming big data into actionable intelligence that advances individualized care. We strengthened this vision in January 2018 through an agreement with IBM Watson Health to unite its 'Watson for Oncology' computing technology with Elekta's portfolio of digital solutions.

Developed in collaboration with Memorial Sloan Kettering Cancer Center (MSK) in New York, Watson for Oncology provides physicians with access to IBM's tools for clinical decision support, as well as access to the evidence-based library curated by MSK, top ranked for its oncology expertise. The system analyzes 40 million documents that MSK has curated in just 15 seconds processing time and is designed to facilitate decision making among tumor boards and other multi-disciplinary care teams.

This agreement positions Elekta as the first radiation therapy company to offer a solution that combines an oncology information system (MOSAIQ®) with artificial intelligence, deep learning algorithms and cognitive cloud computing.

Elekta will begin including Watson for Oncology as an integrated offering with Elekta treatment and software solutions during 2018.

Story 4

The future of Leksell Gamma Knife radiosurgery

2018 marks the 50th anniversary of the first patient treated with Leksell Gamma Knife® radiosurgery. Professor Lars Leksell strongly believed there must be a gentler, more targeted alternative to open surgery to treat many intracranial indications. His invention from 1967 has transformed the treatment of brain disorders around the world.

With pinpoint accuracy, Leksell Gamma Knife delivers up to thousands of low-intensity radiation beams to one or more targets in single or multiple sessions. Now in its sixth generation, with Leksell Gamma Knife® Icon™, the gold standard technology continues to evolve. Although Leksell Gamma Knife radiosurgery is a mature technology, it remains relevant and modern because of our collaborative approach to its development with researchers, clinicians, patients, and industry organizations.

"Leksell Gamma Knife is a perfect example of a disruptive technology that, through continuous upgrades over the years, is now considered a sustaining innovation," says L. Dade Lunsford, MD, Distinguished Professor of Neurological Surgery at the University of Pittsburgh.

Through sustained investment and collaboration with its partners, Elekta expects Gamma Knife radiosurgery to continue enabling the treatment of new indications, better prognoses for patients, and the potential to save lives.

Integrating corporate responsibility throughout our value chain

As one of the leading medical technology companies globally, we recognize our impact on stakeholders throughout the value chain. This is why we strive to integrate corporate responsibility as a natural part of our daily business operations.

Long-term goal and materiality

Our long-term goal is to maximize our societal impact while securing continued profitable growth. We do this by implementing effective governance systems, having an increasingly proactive approach and a greater awareness of what it means to be a truly responsible company.

Listening to stakeholders plays a crucial role in fulfilling this mission. Our materiality assessment is based on internal risk assessment exercises and dialogues with our investors. In 2017, as part of our work to formulate our new corporate responsibility approach, we engaged in close dialogue with large institutional investors. In addition, our business operations maintain close dialogue with customers. We also conduct customer and employee engagement surveys to evaluate our performance and impact as a supplier and employer. Moving forward, our aim is to enhance the scope of our materiality assessment by engaging a broader group of different key stakeholders, including suppliers, NGOs, local communities and stakeholders potentially affected by our operations. This is crucial in order for us to understand and identify our full impact as a company and corporate citizen. Our aim is also to eventually produce a report following GRI Standards.

At Elekta, four focus areas drive our commitment to corporate responsibility:

Fight Cancer through an ecosystem of strategic partners	**Business Ethics** and prevent corruption
Sustainable Sourcing human rights and environmental focus	**People in Focus** based on diversity and inclusion

These four areas represent the most material corporate responsibility risks and opportunities that Elekta is facing throughout our value chain. It is also an integral part of our value creation and business model, described on pages 12 and 15–17. Read more about our approach and performance in each focus area in the coming sections.

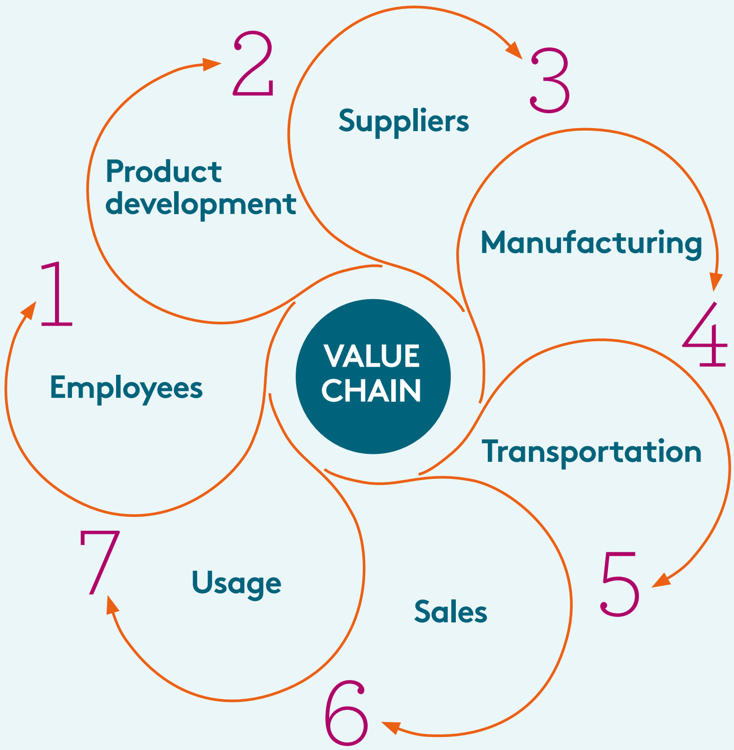
CEO Statement: Sustainable long term commitment

At Elekta, we believe acting responsibly is a key factor for long-term success and continued profitability. This report shows our stakeholders how we meet stringent requirements and expectations, as well as our strategy and targets.

Caring for life is how we define our way of acting, our way of doing business. Elekta's corporate responsibility strategy mirrors this by focusing our efforts where it matters and ensuring that we act responsibly throughout our business operations. Being a responsible company means we do what we say and act with integrity in all situations, ensuring zero tolerance of corrupt behavior or misconduct, requiring our business partners to adhere to the same high ethical standards, and enabling our own people to grow. This is our clear and unwavering commitment. As a member of the UN Global Compact I would also like to reiterate Elekta's ongoing commitment to the principles. This report is our annual Communication on Progress.

Richard Hausmann
President and CEO

Responsibility across the entire value chain



1 Employees

- 3,700 employees operating in 40 countries.
- Diverse company in terms of nationality, but challenge to increase representation of women at Group management level and to leverage diversity.
- New leadership development programs are strongly focused on diversity and inclusion.

2 Product development

- Safety aspects, from installation to handling and use, comprise an integral part of the development process.
- Focus moving forward is continued development of innovative and energy-efficient products, which help clinics reduce energy consumption.

3 Suppliers

- Elekta currently procures direct materials from about 600 suppliers.
- Most salient risks are labor related and sourcing of conflict minerals.
- New Sustainable Sourcing Program focused on identifying and mitigating risks.

4 Manufacturing

- Elekta has three production units of our own: one in China, one in the Netherlands and one in the UK.
- All facilities are certified in accordance with the ISO 14001 environmental management system.
- Health and safety risks are continuously managed by local Environmental Health and Safety Specialists.

5 Transportation

- Transport and travel account for a significant portion of Elekta's environmental impact.
- A Group-wide logistics platform is used to reduce the volume of transportation and packaging and to streamline the delivery of spare parts.

6 Sales

- Working with external distributors and agents means strict demands on internal strategies and processes to counter the risk of corruption.
- Increased need for robust procedures when dealing with healthcare professionals and public authorities.
- Elekta has implemented a compliance program, educating, ensuring due diligence and monitoring of agents and distributors.

7 Usage

- Our core business directly contributes to the Sustainable Development Goals by providing better access to cancer treatments.
- It is crucial that the products provide a high level of safety during use. Elekta offers in-depth training on how the products work and should be used.
- Elekta's linear accelerators currently use about 30 percent less energy than comparable devices in the market.

Our sphere of influence

Elekta's radiation therapy solutions are used by a vast number of healthcare providers around the world, treating millions of patients. Our products and services are produced in close collaboration with selected suppliers of components and raw material, and sold through a large global network of distributors. Employees play a key role in this process, as do strategic partners. Without the ecosystem in which we operate, we would be unable to succeed as a company and create value for our owners, investors and other stakeholders.

Our impact

The environment and our environmental footprint are just as important as our stakeholders. Elekta's environmental impact mainly comprises indirect upstream emissions caused by purchasing components used in our products, the transportation of these goods, and business travel. However, we also have a direct footprint from heating and electricity at our premises.

For Elekta, this impact on stakeholders and the environment means we have a clear responsibility. Our aim is to minimize our negative impact and maximize value creation throughout our value chain.

Our approach to corporate responsibility

Elekta's responsibility engagements is based on commitment to the leading global corporate responsibility and sustainability initiatives. We have been a signatory of the United Nations Global Compact since 2017. We also follow the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights and aim to contribute to the Sustainable Development Goals.

The Elekta Code of Conduct summarizes the ethical principles applying to all our employees globally, as well as external stakeholders doing business or interacting with Elekta.

To clarify certain aspects of the Code of Conduct, we have adopted specific policies and procedures within different business functions. For more information, see each specific section of the Corporate Responsibility Report.

In order for stakeholders to report violations of the Code of Conduct, or any other policy or procedure, Elekta has established a global whistleblower tool through which suspected violations can be anonymously reported. Our Internal audit function provides support in the form of internal investigations based on needs. In the event of a confirmed breach, the company decides on corrective actions.

Elekta's Compliance and Integrity function, headed by the Senior Vice President Chief Compliance and Integrity Officer, is responsible for developing the company's corporate responsibility program. This program extends beyond legal compliance, ensuring wider organizational integrity and culture of compliance. Goal setting is carried out in close collaboration with business operations based on identified corporate responsibility aspects. This strategic model aligns risk, responsibility and integrity, ensuring meaningful sustainability factors are built into senior decision-making. In 2018 the Senior Vice President Chief Compliance and Integrity Officer also became part of the Executive Management team.

Our approach as a responsible company is also echoed through our corporate values (see page 2). These values summarize our DNA as a company and the culture we are nurturing.

Contributing to the Sustainable Development Goals

The business community has a key role to play in working to achieve the 17 global Sustainable Development Goals – the Agenda 2030. Based on our own analysis, we have specific potential to contribute to the highlighted goals[1].

Our impact is most notable in strengthening Good health and well-being. Our focus to improve, prolong and save the lives of people with cancer and brain disorders enables us to contribute in particular to target 3.4 (By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being).

1) The targets of specific relevance under each goal are: 3.4, 5.1, 5.5, 8.5, 8.7, 9A, 9B, 12.4, 12.5, 12.6, 12.7, 16.5, 17.6, 17.9, 17.16, 17.17.

Fight Cancer

through an ecosystem of strategic partners

Turning innovation into cutting-edge solutions

Innovation and providing access to cancer treatments globally are crucial to fight cancer on a broader scale. Every year, close to 1.5 million patients are treated worldwide with an Elekta solution. With our new MR-linac, Unity, we are ready to take cancer treatments to the next level.

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

▶ Identified opportunities

Our main opportunities to contribute to sustainable development through our core business include building global partnerships, enabling better access to health care – including in developing countries – and ensuring quality and safety of our products.

Based on experience, we know that the most valuable innovations occur in clinics and among physicians and physicists treating patients. Building relationships with strategic partners is therefore a cornerstone for future innovation.

As a global provider of medical equipment, we know that the prerequisites in cancer care might differ considerably among various markets. In emerging markets, with limited resources, adapting systems to local needs is crucial.

Quality and safety of products and services is a basic prerequisite for any supplier, especially for providers of advanced medical equipment. Radiation therapy solutions involve the delivery of high doses of radiation, which could cause serious harm if not performed correctly.

▶ Our management approach

Collaboration through consortiums and partnerships

Around 20 percent of Elekta's global workforce is dedicated to research and development. The Vice President Research and Innovation works with an international team to coordinate and manage research across the globe. With a systematic approach, we are actively engaging in the global ecosystem of cancer clinics and researchers, collaborating through consortiums and partnerships.

One example is Elekta's MR-linac Consortium – an industrial-academic partnership that Elekta founded in 2012 with seven centers and our technology partner, Philips. The aim was to provide an evidence-based introduction of the MR-linac, and to support the advancement of the technology. The result of their work is a new cutting-edge radio therapy system known as Elekta Unity. This is the only radiation therapy delivery system that integrates precision radiation dosing with high-field, 1.5 Tesla magnetic resonance imaging. This enables more precise and less invasive treatments, tailored to each patient's specific needs.

28

Elekta Unity systems ordered

To lower the entry barrier for deploying new innovations and technologies, we strive to involve the users at an early stage. Testing and piloting the system was a central part of the consortium work throughout the development phase. Naturally, we offer extensive training programs and support processes for the full range of Elekta's offerings, supporting our users globally.

Tailoring systems to local needs

Countries with limited resources deal with specific challenges, such as limited access to premises, electricity and lack of space. In those situations, it is crucial to adapt systems to local needs in order to provide access to treatments for all patients. Elekta Compact™ is one example. A radiation therapy system with low energy consumption and operational simplicity, which can be used in smaller spaces. We also offer financial solutions, training and collaborate with various organizations to strengthen cancer care in growth regions.

Quality and safety of products and services

Safety of products and services refers to everything from ensuring the right radiation dosage at the right place and time, to information management. A good example is our Monaco treatment planning system – a system supporting all major types of treatment modalities utilizing a Monte Carlo algorithm longer than any treatment planning system. This algorithm enables the most accurate dose calculation available. Elekta's nearly 40 years of experience in treatment planning have enabled ongoing refinements in this algorithm to ensure the highest possible standard for planning accuracy.

> "20 percent of Elekta's workforce is dedicated to research and development."

Quality in business operations as well as offerings is key to our long-term success. Elekta's global quality management system is ISO 9001 compliant and provides the guidance and tools needed to ensure that the products and services we offer consistently meet customer needs. Naturally, we also comply with the ISO 13485 standard, which specifies the requirements for providing medical devices and related services.

▶ Activities in 2017/2018

Elekta Unity

Celebrating CE mark

During the year, ten new members joined the MR-linac consortium, laying the foundation for future innovations. The Elekta Unity radiation therapy system was officially launched in the market in June 2018 as the final CE marks were received.

We are continuing to enable better access to training globally through the Elekta Care Learning Centers in Cape Town, Beijing, and Atlanta, offering training to professionals and enabling easier access to training in the regions. During the year, 942 participated in training sessions at the centers.

Furthermore, in 2018 we were part of establishing the first radiotherapy site in Rwanda. Previously, we participated in launching the first radiotherapy sites in Laos, Gabon, and Mali, as well as the first Linac-based radiotherapy site in Ghana.

▶ Performance and outlook

Customers rate Elekta highly for product quality and product safety, however remains a focus for both customers and Elekta alike. To ensure continuous improvement in these areas Elekta is investing in proactive and predictive support. In the last year we have developed a new predictive support model for our Oncology Informatics platform and we expect to have over 500 customers taking advantage of this innovation by the end of the year. The positive impact experienced by our customers is that we can predict, and resolve, a system issue before it has any chance to interrupt the clinical schedule.

3 questions to:

William Hall

MD Assistant Professor,
Radiation Oncology
Medical College
of Wisconsin

In what capacity do you collaborate with Elekta?

I am an academic radiation oncologist, representing the Medical College of Wisconsin in the MR-Linac Consortium. As part of the Consortium, I am clinical coordinator, coordinating the seven medical colleges who are members of the Consortium.

How can Unity contribute to sustainable development through access to health care?

Unity provides us with unique opportunities to understand responses to cancer treatment, and thereby evaluate how radiation treatment is provided. The unique imaging technology of Unity allows us to personalize treatments. All patients respond differently to radiation and this new technology will provide a less toxic treatment with fewer side effects. Overall, Unity will enable improved access to efficient and less invasive cancer treatments.

What are the implications, from an access-to-healthcare point of view, of MOMENTUM?

MOMENTUM is a comprehensive clinical development program enabled by a Multi-institutional Prospective Observational Cohort Study, allowing us to leverage outcomes of each individual treatment. The MOMENTUM databases will be accessible to all participants in the program, which will improve our understanding of the effectiveness of different approaches and enable optimization of future treatments. In this way, we are using MOMENTUM to create a transformative treatment paradigm that will be accessible to as many patients as possible.

Corporate Giving

Elekta's approach to corporate giving is to engage in initiatives that put the patient in focus and involve our employees. Throughout the year we have participated in a wide range of initiatives globally. One example is the Cerebral Palsy Alliance in Australia, a charity event challenging people to take 10,000 steps a day for 28 days. Every raised dollar goes back to help people with cerebral palsy. We also partner with a wide range of organizations such as the Swedish Cancer Society and Radiating Hope, with the aim of advancing global cancer research. Moreover, in 2018 we will donate a linac to Jordan's Al Bashir Hospital, reinforcing Jordan's ability to care for refugees who have or will develop cancer in the coming years.

Business Ethics

and prevent corruption

Compliance program preventing corruption, strengthening business ethics

Business ethics is a key focus area in our compliance program. Robust processes are vital, as non-compliance with laws and regulations and poor business ethics lead to distrust among stakeholders and the general public, undermine the morale and engagement of employees and could ultimately lead to fines.

Combating corruption and bribery has been a top priority for Elekta for a number of years now. Our aim is to avoid any situation that could potentially entail violation of laws or the guiding principles in our global industry agreements. We implement best-practice anti-bribery and corruption programs with emphasis on values and conduct. Understanding the underlying factors that influence employees to behave ethically or unethically is essential to efficiently prevent unethical conduct. We also join forces with peers in leading industry associations to develop a binding framework for ethical interactions with healthcare professionals.

▶ Identified risks

The healthcare sector is particularly vulnerable to corruption due to the close interaction with those in charge of government funds. A high level of interaction with healthcare professionals calls for detailed guidelines on business practices that need to be free from even the suggestion of improper influence. We cooperate with a variety of business partners selling our solutions to customers in more than 120 countries, many of which are considered to be at high risk of corruption. Working with distributors and agents places a large responsibility on us to select partners that uphold a high standard of ethical conduct and to develop and maintain efficient compliance programs.

▶ Our management approach

Policies and procedures

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

Corporate policies

The Code is available in 11 languages and is further elaborated by a number of corporate policies emanating from the Board of Directors and the President and CEO. These include the following:

- Conflicts of Interest
- Fair Competition
- Privacy
- Confidential Information
- Export Control

The updated Code of Conduct was launched in 2015 and has since been revised to include a new CEO statement tying the letter and spirit of the Code to our corporate values.

The corporate policies are supplemented by specific procedures and instructions explaining how the principles stated in the policies should be implemented.

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

An important part of the Anti-Corruption Policy is dedicated to managing third-party representatives such as distributors and agents. We place strict demands in relation to adherence to our automated Compliance Desktop® process, which includes risk-based due diligence of business partners. The selection and evaluation of business partners and a thorough review of the commercial context are effective means to reduce compliance risks.

"500 employees received face-to-face Code of Conduct and Ethical Blindness training during 2017."

The Board of Directors has overall responsibility for the implementation of an effective anti-bribery and corruption compliance program. Senior Vice President Chief Compliance and Integrity Officer, reporting to the Board at least four times a year, develops the compliance program and puts forward a long-term anti-bribery and corruption plan for the Board's yearly endorsement. For more information on the Compliance function and its interaction with the Board of Directors, see the Corporate Governance Report on page 56.

Training and e-learning

We strive to make Code of Conduct training as relevant and engaging as possible for employees and business partners. Our Code of Conduct training includes ethical dilemmas and real-life case scenarios.

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

Elekta Integrity Line

To facilitate employee reporting of any violations of the Code of Conduct, Elekta has established a global whistleblower tool that can be used to anonymously report any suspected violations. All cases reported are followed up internally by the Senior Vice President Chief Compliance and Integrity Officer and reported to the Board at regular intervals.

In 2017/2018, 11 cases of alleged violations of law or our Code of Conduct were reported through the Elekta Integrity Line, directly to our specific Compliance e-mail address or through other channels. The majority of cases reported were related to conflicts of interest or fraud against Elekta. All relevant cases have been investigated and followed up with appropriate remediation measures and sanctions that included termination of contract.

3 questions to:

Habib Nehme
Vice President,
Middle East and Africa

From your perspective, working in the region, what are the main corruption risks?
The risk is ever-present stemming from dealing with independent third parties to operating in a war-torn as well as politically and economically unstable region. We need to take extra care when participating directly in public procurement, making sure who the end users of our products are and where the money is coming from in order not to contribute to money laundering or deal with entities on international watch lists. One of our main focuses is ensuring that all our distributors have the same ethical approach as Elekta.

What are the main challenges on the horizon?
Lack of transparency and bureaucracy in the public sector and conflicts of interest remains the highest challenge in these markets, despite the fact that the market is shifting to more private healthcare services. Access to the decision makers in the public sector is a challenge that we can overcome by having direct contact and access to the ministries of health and decreasing the number of middle companies.

How do we ensure that our employees care about ethical behavior and compliance?
We can never communicate this enough. We need to constantly remind ourselves of our Code of Conduct and doing business in the right way. We must also live our values, and that starts by making sure we have the right people with the right mindset. Our leaders should show the way and lead by example. It is crucial to build our capacity for dealing with corruption by providing training using real-life cases so that the organization has an opportunity to speak up. Furthermore, open reporting should be possible without the fear of retaliation.

Compliance program: preventing corruption whilst strengthening business ethics

2 Risk Assessment

Actions: During the year, we held anti-bribery and corruption risk assessment workshops in the North America and Eastern Europe Regions.

Targets: Our goal is to conduct the same workshops in the Middle East and Africa, and China Regions during 2018/2019. The aim is also to conduct a competition law risk assessment during 2019.

5 Communication and Training

Actions: 100 percent of all employees in a customer-facing sales role have received Code of Conduct and Ethical Blindness training as part of the sales excellence training program.

500 employees received face-to-face Code of Conduct and Ethical Blindness training during 2017, which means that 2,500 employees have now received this training since the updated Code of Conduct was launched in 2015. 90 percent of employees and consultants completed Part 1 of the Code of Conduct e-learning course over a five-month period.

Anti-Corruption and Bribery training was provided to the Elekta AB Board of Directors and parts of the executive management team during 2017/2018. Code of Conduct and Anti-Corruption training for our distributors and agents was conducted in six of eight regions.

Targets: 90 percent of all employees will have received Code of Conduct and Ethical Blindness training in 2018/2019.

90 percent of employees and consultants will complete Part 2 of the Code of Conduct training in 2018/2019.

E-training for distributors will be rolled out in 2018/2019.

6 Third Party Risk Management

Actions: To date, we have implemented our due diligence tool, Compliance Desktop®, and performed commercial evaluations and integrity due diligence of 100 percent of third parties under Phase 1 – distributors, sales agents and service partners. This was completed across all regions.

Targets: For Phase 2, we aim to achieve the same level of due diligence and evaluation of governmental official intermediaries and non-sales intermediaries.

8 Detect and Respond

Actions: This year, we launched the Elekta Integrity Line in new markets with Elekta sales offices: Russia, Algeria and Vietnam, enabling employees to anonymously report violations of our Code of Conduct via a system hosted by a third party.

An ethics survey was sent out to all employees to measure employee perception of Tone at the Top and culture of compliance and integrity. We will have the results of this survey later this year.

We have also integrated soft controls (e.g. request confirmation of knowledge of and compliance with policies and procedures) into our existing internal control program. The main goal is for local management to provide assurance concerning the implementation of policies in their organizations and to assess the level of risk awareness.

Targets: Moving forward we will integrate compliance and integrity audits into our internal audit procedures, as well as assess the effectiveness of Elekta's Reporting Violations Policy.

Sustainable Sourcing

human rights and environmental focus

Building sustainable supply chains

Elekta pursues a responsible procurement policy consistent with internationally proclaimed human rights, business ethics, respect for fundamental workers' rights, and environmental standards – all of which are key conditions for doing business with Elekta.

As a first step, we have decided to focus our sustainable sourcing efforts on suppliers of direct materials representing 90 percent of the purchasing value, corresponding to 96 suppliers. Of these, 19 are located in China, while the remainder have production facilities in Europe, North America and Japan.

▶ Identified risks

Based on external and internal expertise, Elekta conducted a risk assessment of its supply chain in 2017/2018. The risk assessment drew upon information such as country-specific risks, risks prevalent in the medical technology industry and our current impact. Since most of our suppliers of direct materials do not operate in high-risk countries, the most severe human rights risks are located further upstream in our supply chain. Elekta therefore places a strong emphasis on suppliers to ensure suppliers and sub-suppliers comply with the requirements of the Supplier Code of Conduct.

Elekta identifies the following categories as the most salient human rights risks: labor rights in manufacturing; and sourcing of conflict minerals.

Risks related to labor rights in manufacturing consist of excessive overtime, lack of freedom of association, forced labor, rights of children of migrant workers and low wages. Notwithstanding the good work being done in these fields by many of our suppliers in China, we are aware that it is a business environment that is particularly prone to such issues. To support our suppliers in China in dealing with these risks, they will be prioritized with regard to on-site audits in the first phase of the Sustainable Sourcing Program.

We use several metals and minerals crucial for our products. The two minerals used in our products subject to the most severe risks of adverse human rights impacts connected to their extraction are cobalt and tungsten. Both of these minerals are, to a large extent, mined in high-risk areas.

The identified risks are the result of an initial risk assessment that will be updated annually to reflect results from the Sustainable Sourcing Program.

From an environmental viewpoint, our most prominent risks are suppliers who specialize in heavy manufacturing processes, coating systems, chemical deposition and metallurgical casting resulting in potential waste and hazardous chemical disposal.

For more information on our environmental impact, refer to our Carbon Emission Report published on the Elekta website.

▶ Our management approach

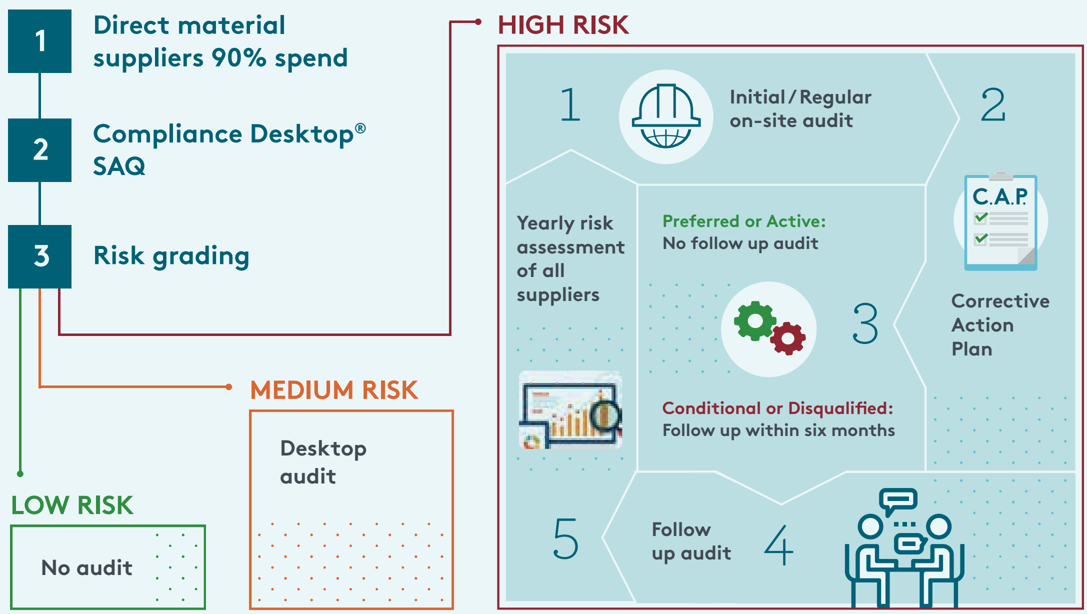
In November 2017, Elekta adopted a new Supplier Code of Conduct. The Code applies to all Elekta suppliers in all markets and jurisdictions.

The Supplier Code of Conduct includes requirements on human rights, labor rights, sourcing of conflict minerals, business ethics, and environmental protection. The procurement function is responsible for implementing the Supplier Code of Conduct and the Sustainable Sourcing Program, with support from the Global Sustainability Manager.

Sustainable Sourcing Program

2017/2018 heralded the commencement of Phase 1 of the Elekta Sustainable Sourcing Program, signifying the onboarding of global direct material suppliers within 90-percent spend. The supplier onboarding adopts a risk-based approach to ensure a focused due diligence effort is implemented. Each supplier will be provided access to the

Sustainable Sourcing Program



Elekta Compliance Desktop® web-based application portal requesting completion of the supplier onboarding questionnaire, based on their understanding of, and compliance with, the Elekta Supplier Code of Conduct.

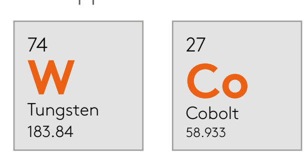
Where supplier responses are found to suggest further investigation is warranted, the supplier is enrolled on the Sustainability Audit Program. The audit program focuses on compliance with the Supplier Code of Conduct. During 2017/2018, and over the course of next year, our attention is on conducting audits of all identified high-risk suppliers, and resolving potential issues. To date, 18 high-risk suppliers have been identified and will undergo the audit process with the assistance of our third-party audit partner. As we progress to Phase 2, the remaining number of direct material suppliers will be onboarded to the program.

As disclosed in our updated Modern Slavery and Human Trafficking Statement, the Sustainable Sourcing Program will also function as our due diligence procedure to identify and mitigate risks related to modern slavery and human trafficking in our supply chain.

Activities in 2017/2018

Launching the Sustainable Sourcing Program and adopting a Supplier Code of Conduct have been our main areas of focus over the past year.

We have also placed strong emphasis on dealing with risks related to sourcing of conflict minerals. To date, we have traced the supply chain of cobalt and tungsten and ensured that the minerals are sourced from smelters certified by the Responsible Minerals Initiative. Due to complex supply chains, we have yet to determine source countries of minerals used in our products. Achieving this is a prioritized focus area for 2018/2019 and dialogue with relevant suppliers has been initiated.



In order to get all direct material suppliers in Phase 1 up to speed and enable us to initiate the audit process, we are currently working on updating supplier contracts with a new clause referencing the Supplier Code of Conduct. Our initial focus is on suppliers in China.

As part of our effort to strengthen Elekta's focus on sustainable sourcing, a global sustainability procurement specialist was appointed during the year, responsible for coordination in the procurement function and working closely with the Global Sustainability Manager.

We believe that forming close relationships with relevant third-party vendors is a crucial step to accelerate and support the implementation of the Sustainable Sourcing Program. We are therefore collaborating with Red Flag Group (providing the web-based Compliance Desktop® application) and Intertek (acting as third-party auditor).

Moreover, we are also cooperating with Normative, helping us compile and analyze our carbon emissions.

"Launching a Supplier Code of Conduct and adopting the Sustainable Sourcing Programme have been our main areas of focus over the past year."

Performance and outlook

Elekta sets out to update supplier contracts with reference to the Supplier Code of Conduct for all Phase 1 suppliers and conduct on-site audits of all high-risk suppliers in Phase 1. We will also expand the Sustainable Sourcing Program to all direct material suppliers, and eventually indirect material suppliers.

With regard to sourcing of conflict minerals, we will become members of the Responsible Minerals Initiative, enabling us to take a more systematic approach to traceability. Moreover, we aim to map the supply chains of all minerals and metals used in Elekta products to determine countries of origin.

In order to fully embed the Sustainable Sourcing Program across our organization, we will conduct training of relevant functions within procurement on sustainable sourcing, including modern slavery and trafficking.

We see great potential in introducing a take-back program for Elekta products, in order to reuse and recycle materials, including packaging. Over the coming year, we will conduct a feasibility study to determine viability of introducing such a program.

The absolute majority of Elekta's environmental impacts are comprised of Scope 3 emissions, mainly indirect upstream emissions caused by purchasing components used in our products, transportation of these goods, and business travel. Over 90 percent of our total Scope 3 emissions come from purchased components and amount to a total of 319,904 tons of CO_2. Through implementation of our Environmental Policy we aim at reducing our impact by for example managing resource consumption during production, reducing emissions to air and water and, as far as possible, avoiding the use of environmentally hazardous materials.

For more information on our environmental impact, refer to our Carbon Emission Report published on the Elekta website.

3 questions to:

Anna-Karin Thorsander
Head of Procurement
Sweden

How is sustainable sourcing integrated in Elekta's overall procurement strategy?
Our procurement strategy focuses on Total Cost of Ownership, including all cost elements during the product lifecycle. To reduce total cost, we strive to reduce or remove factors, such as transportation and waste. For example, we reduce transportation by locating main suppliers close to us or the main market. Regarding waste, the ultimate way to reduce it is by recycling materials and, where possible, reusing components. Moreover, the Supplier Code of Conduct is now part of all new supplier contracts and adherence to the Code is a prerequisite for doing business with Elekta.

What is the principle focus in sustainable sourcing?
An area on which we intend to focus more is the reuse of materials and components, a major element of the circular economy approach. All disposed radioactive cobalt sets from Elekta sites are returned to the supplier and are reused in gamma sterilization of other products. Old products, which cannot be resold due to age, are sold as scrap to recycling companies, ensuring that materials are properly taken care of. Taking back tungsten collimators and electronic components for reuse in new products is something we want to explore further. We will also investigate reusing packaging materials.

Looking forward, how can Elekta strengthen its sustainable sourcing efforts?
I believe we need to think more in terms of sustainability at the product design phase, increasingly choosing materials that are possible to reuse and recycle. With assistance from our supply chain, we can invest in sustainable efficiency from 'cradle to cradle'.

People in Focus

based on diversity and inclusion

Fostering a culture based on diversity and inclusion

Our employees are our most important assets. As an employer, we strive to build a sustainable workplace that supports professional and personal growth and wellbeing. Our global People Agenda aims to leverage the full potential of our employees.

Identified risks

Attracting and retaining qualified employees, as well as managing talent and competence development, are crucial for our capabilities as an innovator of cancer treatments. Lack of competences could jeopardize our long-term success as a provider of medical equipment.

We want to attract employees from a wide range of backgrounds and cultures, fostering a culture of diversity and inclusion.

From a health and safety perspective, our production sites involve operating heavy machinery and handling radioactive materials, which could cause serious damage if not carried out correctly.

Our management approach

Building a responsible workplace

The Human Resources function, headed by the Executive Vice President, Human Resources, formulates the global People Agenda in collaboration with executive management. The agenda applies to all business operations and is based on the overall strategy for the company. Local HR functions are responsible for implementing the agenda, as well as addressing local HR issues based on national regulations and laws or specific needs.

Our company values were formed together with employees in 2016. These values summarize how we want to act as a company and toward each other. Learn more on page 2.

Elekta has an anchored People Policy that sets out how we will meet our commitment to promoting and maintaining a culture of diversity and equal opportunity. As of this year, a Diversity and Inclusion Procedure is also included under the People Policy, clarifying our commitment to creating and maintaining a diverse and inclusive workplace. To support our approach to diversity and inclusion, we focus on five key areas: gender, age, sexual orientation, disability, and nationality, ethnicity and culture.

Naturally, Elekta complies with national labor legislation in all markets. All employees have the right to join a trade union and to bargain collectively in accordance with local laws and applicable conventions. We are aware of the challenges this approach poses in countries where collective bargaining is not applied. In China, we have engaged in dialogue with local authorities.

We strive to nurture an open corporate climate where discussions and interaction among employees are part of daily work, for instance via our social media tools provided through our intranet. We also hold quarterly townhall meetings at our local operations, organized by different corporate functions. The townhall meetings held by our CEO are broadcasted globally to all Elekta employees. Furthermore, we strive toward building a culture of continuous daily dialogue between employees and managers.

Competence and talent development

As part of the global performance management process, each employee shall have a development plan to help address development needs. The plan is updated in connection with yearly performance reviews.

Diversity and inclusion

Elekta strives to achieve a workplace free from any kind of discrimination, ensuring that all employees are treated equally, irrespective of age, race, gender, religion, sexual orientation, disabilities, marital status, social origin, political opinion or ethnic background.

Health, wellbeing and safety of employees
We are committed to ensuring a safe work environment throughout our operations, preventing workplace accidents, injuries and illnesses. Local Environmental, Health & Safety Specialists are responsible for continuous monitoring and mitigation of health and safety risks at our manufacturing sites.

▶ Activities in 2017/2018

Our leaders play an essential role in driving our continued transformation as a company. In 2017, a new Leadership Development Program was launched providing support to our managers in developing their capabilities to drive change and encourage strong commitment among employees. The program also aims to strengthen cross-functional cooperation. This is a customized one-year program, in partnership with several leading international business schools. This ensures an international outlook to support managers, developing their intercultural skills and sensitivities. To date, 16 Elekta managers have participated and each are paired with a member of the executive management team as a mentor. Another 20 managers started in May 2018.

36
managers currently engaged in our LDP

Our global People Agenda

In 2017, Elekta launched a global People Agenda. The aim is to leverage the full potential of the employees in executing our overall company strategy. This agenda is based on four cornerstones:

- **Leadership** – our leaders' capability of driving the development of a sustainable corporate culture where all units cooperate to create the best solutions for the company.
- **Sustainable people pipeline** – actively developing and growing our people to evolve the business, and a talent pipeline to secure future growth of the organization.
- **Reward** – implementing reward systems that support achievement of our corporate goals and the desired leadership behavior.
- **Organizational capability** – identify required capabilities to realize our corporate strategy.

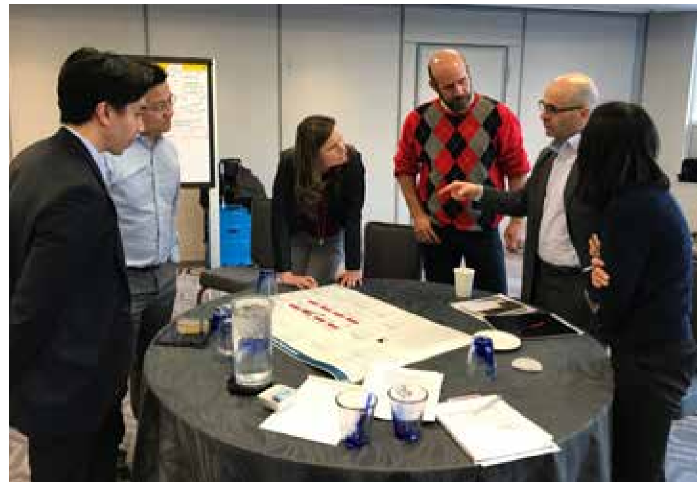
To secure the pipeline of future leaders, we also launched a Next Generation Elekta Leader Program. This is a three-month program, including similar elements featured in the one-year leadership program, such as desk training and mentorship opportunities. Moreover, participants take part in driving action learning projects (ALPs), solving real business challenges for Elekta. Altogether, 30 future leaders took part in the first round, and were assigned mentors who were participants in the Leadership Development Program.

Health and Safety at Elekta's Beijing manufacturing site

Elekta's Beijing manufacturing site has approximately 200 employees and primarily assembles, tests and performs quality assurance. The main health and safety risks at our manufacturing sites are radiation hazards when testing accelerators, as well as general safety risks in a factory environment when dealing with heavy machinery.

These risks are managed daily through implementation of health and safety policies, rigorous safety procedures and continuous training of all employees. An Environmental, Health and Safety Specialist is responsible for performing regular risk assessments together with employees who are exposed to the risks. Elekta has implemented an idea scheme for employees to provide suggestions on health and safety and other efficiency improvements. Approximately 200 suggestions have been made over the past three years, with more than 90 percent being implemented.

Last year, Elekta's Beijing facility was selected by the government authorities as one of ten companies in the local region, out of a total of 500, at the forefront when it comes to implementation of national health and safety laws and regulations. To date, the site has not had any serious work-related accidents and regularly passes rigorous government inspections with zero non-conformities.

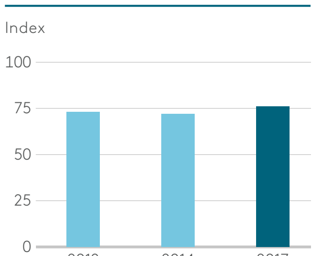
An important initiative in our focus on people is the Elekta Leadership Development Program. Here, talents from our global organization are given the opportunities to grow and further develop their skills, ultimately strengthening Elekta from within.

In selecting participants for both leadership programs, a balanced gender and geographical representation is a key component.

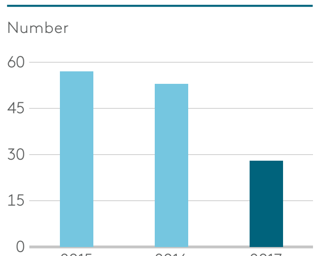
In 2018, we held our second Elekta Together Day, a global event for all employees to collaborate, build connections and together look at what we need to do to make Elekta a great place to work. Elekta employees participated in workshops to discuss what Elekta offers its employees as well as how further progress can be made.

During 2017, Elekta Limited in the UK conducted a gender pay gap review of comparable roles within the company, in accordance with UK regulations. The results indicate that our mean gender pay gap is 9.84 percent. This gap is believed to be largely attributed to the higher proportion of males versus females who work in engineering professions. However, we are continuing to work hard to further narrow this gap. Our efforts include focused activities to encourage more women to join the engineering profession. We anticipate that balancing the ratio of women to men will, over time, reduce the gender pay gap. For more information, refer to our Gender Pay Gap Statement published on the Elekta website.

EMPLOYEE ENGAGEMENT



WORKPLACE ACCIDENTS



▶ Performance and outlook

Employee experience

Evaluating employee experience is key in order to understand our impact as a company and employer. Elekta conducts a Group-wide employee engagement survey on a regular basis. This survey includes a range of indices, measuring the company's employer brand and employees' loyalty. Other measurements are evaluation of key leadership skills, employee engagement, and cooperation and efficiency in teams.

2,962

employees participated in our engagement survey

The latest survey was conducted in December 2017. Compared to the previous survey, Elekta's employer brand has somewhat weakened, although there are differences among various functions within the company. One reason for this trend could be the transformation and restructuring activities of recent years, which may have caused a sense of uncertainty among some employees. We aim to improve this in the year ahead.

The share of employees that are strongly engaged in their job was higher than in the past, although energy levels are low in parts of the organization. Engagement among managers shows the same trend. The latest survey also shows that communication needs to be strengthened throughout the organization.

"Our global People Agenda aims to leverage the full potential of our employees."

Diversity and inclusion

Given Elekta's geographical diversity and spread, it is natural that there is ethnical and cultural diversity among our employees. Currently, 30 percent of all employees are women. Women accounted for 19 percent of top managers and 23 percent of succession candidates. These figures show that improving the gender balance in management positions needs to be a prioritized issue at Elekta. We also see potential for better utilization of the diversity of our work force.

Going forward, Elekta plans to increase its focus on diversity and inclusion. The new leadership programs are a step in the right direction to ensure a more diverse gender representation at management level in the future. Moreover, we also need to have an executive management team that mirrors our global workforce. As of today, members of executive management are mostly European. These issues are included in our yearly succession planning.

Health, wellbeing and safety of employees

The health and wellbeing of our employees is measured in several ways. Workplace accidents are followed up by collecting data from production sites involving manual manufacturing work. In 2017, we reported 27 workplace accidents, all of which occurred at our main production site in Crawly. All of these accidents were minor, not resulting in any type of serious injury. Although this is a lower number compared with the previous year (52), we are concerned and will continue to work toward minimizing workplace accidents.

3 questions to:

Denise Lau
Vice President,
Order Fulfillment,
Region Asia Pacific

What was your experience from the Elekta Leadership Development Program?
Participating in the program provided a unique opportunity to work together and learn from each other. Not only focusing on how to be a diverse and inclusive company in theory, but also learning practical skills needed for collaboration and understanding our differences. As part of the program, we were also each assigned a global project to lead.

Has it changed your approach to leadership?
The program has helped me to develop an even more inclusive leadership style. One part of our training was mentoring a participant of the Next Generation Elekta Leaders Program. As a global company, we at Elekta need to utilize our strength in diversity. By involving and engaging all team members, as well as external stakeholders, we can overcome barriers of geographical distances and cultural differences. Ultimately, this will enable us to establish a strong foothold in the medical industry in every corner of the world.

What challenges does Elekta face from the perspective of diversity and inclusion?
To be a successful global company, we must focus on diversity and inclusion. If we do not understand and value the cultural differences of our own employees, our customers and ultimately patients, we will not succeed in the global market. I believe that implementing the new leadership programs is a crucial step in creating a more diverse and inclusive company culture.

Auditor's report on the statutory sustainability report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year the financial year 1 May 2017 – 30 April 2018 on pages 12,15–17, 35–49 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Stockholm, July 9, 2018
PricewaterhouseCoopers AB
Signature on original auditors' report in Swedish[1)]

Johan Engstam
Authorised Public Accountant

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

Corporate governance report 2017/18

Elekta AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm. Elekta considers good corporate governance, including risk management and internal control, to be an important element of a successful business operation since it provides opportunities for maintaining confidence among customers, patients, shareholders, authorities and other stakeholders. Elekta's corporate governance report 2017/18 was prepared by the Company's board of directors, in accordance with the annual accounts act and the Swedish corporate governance code, as a separate report from the board of directors' report, and it has been reviewed by the Company's external auditor.

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

Elekta has implemented and complied with the Swedish corporate governance code (the corporate governance code) with one exception during the fiscal year of 2017/18. Elekta's nomination committee resolved to appoint the chairman of the board of directors, Laurent Leksell, as chairman of the nomination committee. This was motivated by the fact that Laurent Leksell, in his capacity as the major shareholder, is well suited to effectively lead the work of the nomination committee in order to achieve the best result for the Company's shareholders. According to point 2.4 of the Corporate Governance Code, the chairman of the board of directors is not to be the chairman of the nomination committee.

Chairman's comments 2017/18

Elekta is a global medical technology company pioneering significant innovations and clinical solutions, which are at the forefront in treating cancer and brain disorders. Our primary purpose is to help clinicians improve patients' lives and Elekta's clinical solutions contribute to treatment of close to 1.5 millions patients annually, all around the world. Thus, we have a major responsibility towards our customers and their patients.

As a manufacturer of medical devices, Elekta's operations are governed by requirements, regulations and standards established by regulatory authorities in various countries, as well as by our own policies and procedures, including our Code of Conduct. Elekta is furthermore listed on Nasdaq Stockholm and has an international shareholder base, which contributes to the high demands we set on Elekta's governance, including risk management and internal control. The board emphasizes its work with Elekta's strategy and international development, as well as corporate governance.

The purpose of Elekta's governance framework is to create, preserve, and realize value for our shareholders as well as to provide and secure sustainable, long-term development of our operation.

During the past few years, Elekta has therefore implemented and strengthened our internal control framework, and reinforced group functions for risk, regulatory compliance and quality management further. This enables us to manage and mitigate risks in a more structured manner. Elekta has zero tolerance towards all actions that do not comply with or follow regulations, our Code of Conduct and other business policies. We strive for, and expect, the highest ethical business standard.

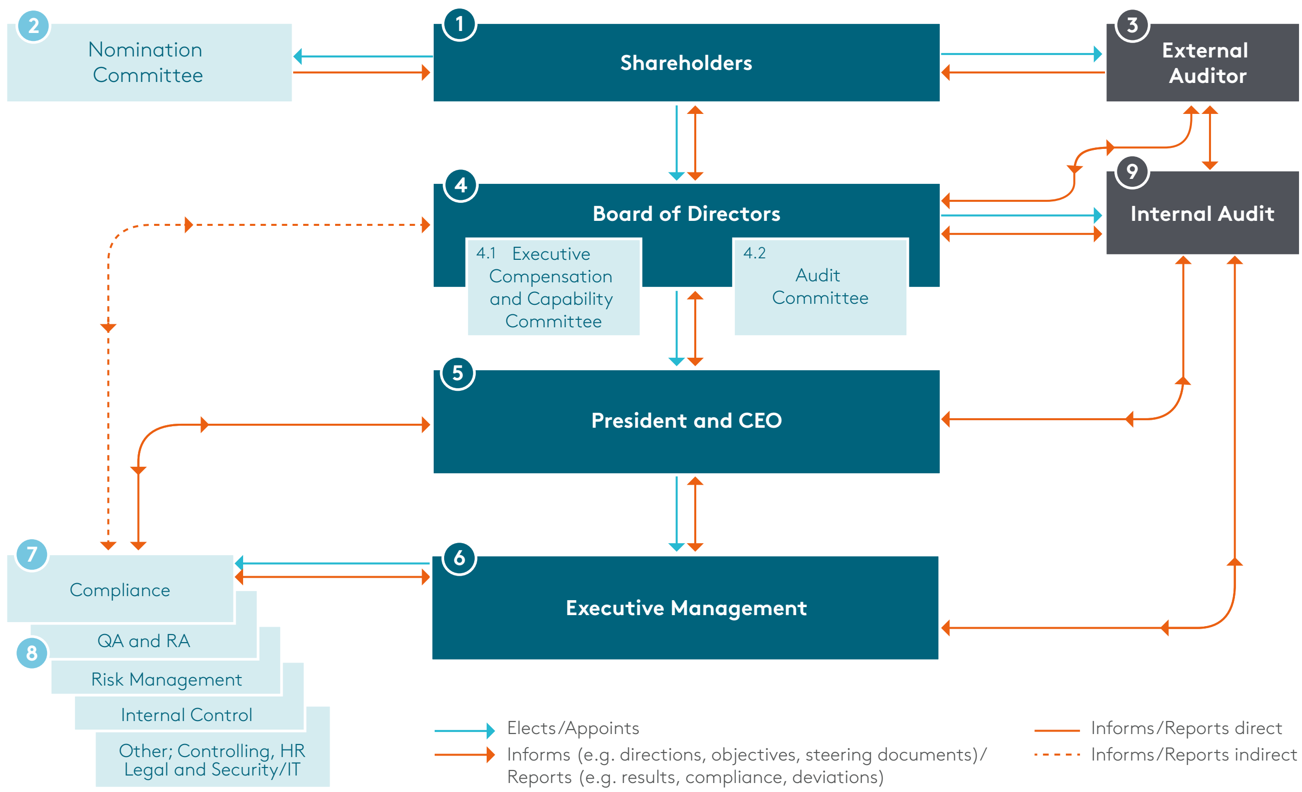
The Board of Directors continue to support and monitor the company to ensure that we reach our strategic and financial objectives. We are fully confident that the initiatives and actions that are being pursued and implemented by executive management will contribute to a positive future, and the further development of Elekta.

July 9, 2018

Laurent Leksell
Chairman of the board

Elekta's governance structure

As per April 30, 2018



1 Shareholders

Ownership structure

At the end of the fiscal year, Elekta AB had 23,632 shareholders, of whom 50 percent were domiciled in Sweden. At April 30, 2018, the largest shareholder was Laurent Leksell with companies, with 30.7 percent of the votes. Read more about the share and shareholders on pages 64–65.

Shares and votes

Elekta AB's B share is listed on Nasdaq Stockholm. On April 30, 2018, the total number of registered shares in Elekta AB was 383,568,409 divided between 14,980,769 Series A shares and 368,587,640 Series B shares. At the general meetings of shareholders, which is the forum in which shareholders may exercise influence, Series A shares entitle the holder to 10 votes, while Series B shares carry one vote each. Read more about the share and shareholders on pages 64–65.

Dividend policy

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

General meeting of shareholders

The general meeting of shareholders is Elekta AB:s highest decision-making body. In addition to the annual general meeting of shareholders (ordinary general meeting of shareholders), extraordinary general meetings of shareholders may be held at the discretion of the board of directors or, if requested by the external auditor or by shareholders holding at least 10 percent of the shares. Decisions are normally made by a simple majority, and in elections, the person receiving the most votes is deemed elected. The Swedish companies act requires certain decisions, such as amendments of the articles of association and the transfer of shares to employees participating in equity-based long-term incentive programs, to be made by a qualified majority. Disclosures on direct or indirect shareholdings in Elekta AB representing at least one-tenth of the voting rights, and information about authorizations by the general meeting of shareholders for the board of directors to decide upon acquisition of own shares are set out on page 64.

Annual general meeting of shareholders

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

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

2017 annual general meeting of shareholders

The 2017 annual general meeting of shareholders was held in Stockholm on August 23, 2017. The meeting was attended by 321 shareholders, either personally or by proxy, corresponding to approximately 66 percent of the votes in the Company. All members of the board of directors were present at the meeting save for Caroline Leksell Cooke who was elected new member of the board of directors at the meeting. The 2017 annual general meeting of shareholders resolved on the following:

- A dividend payment of SEK 1.00 per share to shareholders to be divided into two separate payments of SEK 0.50 each
- Discharge of the members of the board of directors, the President and CEO Richard Hausmann and former President and CEO Tomas Puusepp, respectively, from liability for management in the 2016/17 fiscal year
- Adoption of fees to the board of directors totaling SEK 5,010,000 (4,295,000), of which SEK 1,130,000 (1,075,000) to the chairman of the board of directors and SEK 485,000 (460,000) to each of the other external members of the board of directors, as well as remuneration for board committee work of a total SEK 755,000 (770,000), of which SEK 110,000 (90,000) to the chairman of the executive compensation and capability committee and SEK 75,000 (50,000) to each of the other members of the committee, and SEK 225,000 (200,000) to the chairman of the audit committee and SEK 135,000 (110,000) to each of the other members of the committee
- Re-election of members of the board of directors Luciano Cattani, Annika Espander Jansson, Laurent Leksell, Johan Malmquist, Tomas Puusepp, Wolfgang Reim, Jan Secher and Birgitta Stymne Göransson. Caroline Leksell Cooke was elected new member of the board of directors. Laurent Leksell was re-elected chairman of the board of directors
- Re-election of PwC as external auditor, with authorized public accountant Johan Engstam as the auditor in charge
- Adoption of guidelines for remuneration of senior executives
- Adoption of equity-based long-term incentive program, Performance Share Plan 2017, to encompass 11 key employees of the Group
- Authority for the board of directors for acquisition and transfer of own shares

Further information regarding the annual general meeting 2017, including the minutes, is available at www.elekta.com. No other general meetings of shareholders were held during the 2017/18 fiscal year.

2018 annual general meeting of shareholders

The 2018 annual general meeting of shareholders will be held in Stockholm, Sweden, at Moderna Museet on August 30, 2018 at 2:00 pm. More information regarding the 2018 annual general meeting of shareholders is available at www.elekta.com.

2 Nomination committee

Procedure for appointment of nomination committee

The 2017 annual general meeting of shareholders resolved that the nomination committee for the 2018 annual general meeting of shareholders would be appointed through a procedure whereby the chairman of the board of directors, before the end of the second quarter of the fiscal year, would contact the four largest shareholders in terms of voting rights, besides the shareholder or shareholders the chairman of the board of directors may represent as of the last banking day of September. These shareholders would be given the opportunity to appoint one person each who, together with the chairman of the board of directors, would constitute the nomination committee. The chairman of the nomination committee would, unless the nomination committee unanimously decides otherwise, be the member of the nomination committee appointed by the largest shareholder in terms of voting rights. No remuneration would be paid to the members of the nomination committee.

Composition of the nomination committee for the 2018 annual general meeting of shareholders

The composition of the nomination committee for the 2018 annual general meeting of shareholders was announced in a press release on November 22, 2017. The nomination committee for the 2018 annual general meeting of shareholders comprises:

- Laurent Leksell, chairman of the board of directors and representing his own and related parties' holdings

The work of the board of directors including some important agenda items in 2017/18

2017 | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER

One board meeting
- Year-end report
- Meeting with auditors and review of external audit report for the full year
- Report from the audit committee
- Review and approval of budget fiscal year 2017/18 incl. financial targets

One board meeting
- Adoption of annual report (including all reports included therein)
- Adoption of notice and final proposals to the AGM
- Approval of the board's reasoned statement regarding share repurchase and statement with respect to dividend

Two board meetings
- Interim report Q1
- AGM
- Inaugural board meeting
- Adoption of working instructions for board, committees and the President and CEO
- Report from the audit committee
- Review of the company's marketing organization
- Update and discussion on the business operations in region North and South America
- Final review of the company transformation program

One board meeting
- Facilities tour in Crawley
- Review of strategy plan

- Per Colleen – appointed by the Fourth Swedish National Pension Fund
- Tomas Flodén – appointed by AMF and AMF Fonder
- Magnus Henjeby – appointed by Nordea Investment funds
- Åsa Nisell – appointed by Swedbank Robur Fonder

The nomination committee has appointed Laurent Leksell as chairman of the nomination committee. The assignment for the nomination committee is valid until the end of the next annual general meeting of shareholders, or, where applicable, until a new nomination committee has been appointed.

Preparation for the 2018 annual general meeting of shareholders

The role of the nomination committee ahead of the annual general meeting of shareholders includes: Proposing a chairman of the annual general meeting of shareholders, chairman of the board of directors, members of the board of directors, auditor, fees to the board of directors and fees to the auditor and the procedure for appointing the nomination committee.

The nomination committee held five meetings prior to the 2018 annual general meeting of shareholders. For the composition of the board of directors, the nomination committee paid particular attention to the Company's strategy, operations, stage of development and other conditions. The nomination committee has applied the corporate governance code, section 4.1, as diversity policy when preparing its proposal for board composition. The purpose of the policy is that the proposed board of directors shall be characterized by versatility and breadth as regards competence, experience, background and gender balance. The nomination committee believes that the proposed composition fulfills the target of versatility and breadth as regards the competency, experience and background of the board members. Out of the nine proposed board members, four are women and five men, meaning that the percentage of women is 44 (33) percent.

Annually an evaluation of the board of directors' work, expertise, composition and independence of its members is initiated by the chairman of the board of directors, partly to assess the preceding year, partly to identify areas for development for the board of directors. The evaluation is performed with support from an evaluation form and by discussions as well as by individual interviews of the board members performed by the chairman of the board. The conclusion is presented to the nomination committee by the chairman of the board. The nomination committee has through the audit committee's chairman obtained the audit committee's recommendation as regards election of auditor.

The nomination committee's complete proposals for the 2018 annual general meeting of shareholders and reasoned statement is published in the notice convening the 2018 annual general meeting of shareholders, which is available at www.elekta.com

3 External auditor

Appointment of the external auditor

The external auditor of Elekta AB is appointed by the annual general meeting of shareholders for a period until the end of the next annual general meeting of shareholders.

External auditor and auditor in charge

The 2017 annual general meeting of shareholders re-elected PwC as external auditor with Johan Engstam as auditor in charge. PwC has been the external auditor of Elekta AB since the 2012 annual general meeting of shareholders.

Johan Engstam was born in 1966 and is an authorized public accountant. During the year, he was also the auditor in charge of MedCap AB, Tobii and Astra Zeneca AB. He has no assignments in any other company that affect his independence as the auditor in charge of Elekta AB.

Responsibility

The audit engagement includes the audit of the annual report and consolidated accounts of Elekta AB, the proposed appropriations of the Company's profit or loss and the administration of the board of directors and the President and CEO of Elekta AB. The audit engagement also includes reviewing whether the guidelines for remuneration of senior executives adopted by the annual general meeting of shareholders have been complied with. The audit engagement also includes a review of the interim report for the second quarter as well as a statutory examination of the corporate governance and the Corporate Responsibility Report.

One board meeting
- Interim report Q2
- Report from the executive compensation and capability committee
- Report from the audit committee
- Update and discussion regarding the business in China
- Long-term financing

NOVEMBER | DECEMBER | 2018 | JANUARY | FEBRUARY | MARCH | APRIL

One board meeting
- Market overview and financial update
- Approval of direction in the budget directive

One board meeting
- Interim report Q3
- Report from the executive compensation and capability committee
- Report from the audit committee
- Software strategy

Two board meetings
- Market overview and financial update
- General review of Company's M&A process

Work during the year

PwC has performed the audit of Elekta for the 2017/18 fiscal year, based on a risk-based external audit plan, resulting in the unqualified auditor's report and statement, which are available on pages 114–116 and at www.elekta.com.

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

Non-audit services procured from the external auditor during the 2017/18 fiscal year adhered to the guidelines established and comprised tax consultancy and other services such as consultancy work related to internal control and accounting principles.

The fees to the external auditor for the 2017/18 fiscal year are reported in Note 10.

4 Board of directors

Appointment of the board of directors

The board of directors of Elekta AB ("the board") is appointed by the annual general meeting of shareholders for a period until the end of the next annual general meeting of shareholders. According to the articles of association of Elekta AB, the board is to have between three and ten members with no more than five deputy members. There are no other rules in the articles of association concerning the appointment or removal of members of the board.

Composition and independence of the board of directors

The board of directors comprises nine members. The members of the board are Laurent Leksell, who is also the chairman of the board, Luciano Cattani, Annika Espander Jansson, Caroline Leksell-Cooke, Johan Malmquist, Tomas Puusepp, Wolfgang Reim, Jan Secher and Birgitta Stymne Göransson. There are neither deputy board members nor employee representatives on the board.

The general counsel serves as secretary for the board.

The composition of the board meets applicable independence requirements as six of the nine members of the board have been deemed independent in relation to the Company, the executive management and major shareholders. These six members are: Luciano Cattani, Annika Espander Jansson, Johan Malmquist, Wolfgang Reim, Jan Secher and Birgitta Stymne Göransson.

Attendance at board meetings is shown on pages 60–61.

Responsibility

The board's work is regulated by the Swedish Companies Act, the articles of association, the corporate governance code and the working instructions for the board of directors.

The board is responsible for the organization of Elekta AB and the management of the Company's operations in the interest of the Company and all shareholders. This includes appointing a President and CEO who is responsible for managing the day-to-day operations in accordance with instructions from the board. The responsibilities for the board also include:

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

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

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

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

Risk management

Risk management, internal governance and internal control are key components of Elekta's strategy and management processes. Elekta's board of directors assumes the overall responsibility for establishing an efficient risk management, internal governance and internal control system. The responsibility for maintaining the system is delegated to the President and CEO, who is assisted by the executive management and specifically established committees, functions and employees. Functions that are responsible for risk management, internal governance and internal control continuously report on the status directly to the board of directors and/or the audit committee.

Elekta's risk work focuses on assessing and managing strategic risks, operating risks, legal and regulatory risks, market and external risks and financial risks. A risk assessment is performed continuously in order to identify the risks related to the achievement of established objectives, compliance with laws and regulations, and financial reporting. The board of directors also manages subjects for decision that include risk management in, for example, Elekta's strategy and management processes and business decisions. Find out more about risk management in the board's report on risk management and internal control over financial reporting on pages 58–59.

Work during the year

During the 2017/18 fiscal year, the board held ten minuted meetings. Attendance at board meetings is shown on pages 60–61. These meetings are normally held at Elekta's head office in Stockholm, but are at times held at other locations where Elekta has offices or facilities. Representatives from the executive management and other senior managers regularly attend board meetings to report on matters within their respective area of responsibility.For ordinary board meetings, an agenda with decision supporting material is available ahead of the meetings. The work of the board including important agenda items in 2017/18 is on page 52–53.

4.1 Executive compensation and capability committee

Appointment of the executive compensation and capability committee

The board shall appoint an executive compensation and capability committee ("the executive compensation and capability committee" or "ECCC"), which shall consist of at least two members of the board. The chairman of the board of directors may be chairman of the committee. Other members appointed by the general meeting of shareholders shall be independent of the Company and its executive management.

Composition

The executive compensation and capability committee consists of three members appointed by the board at the first board meeting following the election of the board by the annual general meeting of shareholders for a term of one year. The members of the committee are Laurent Leksell, who is also the chairman of the committee, Luciano Cattani and Johan Malmquist. Attendance at committee meetings and independence are shown on pages 60–61. The President and CEO also attends the committee's meetings and the Executive Vice President Human Resources serves as secretary for the committee.

Responsibility

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

Work during the year

During the 2017/18 fiscal year, the executive compensation and capability committee held six minuted meetings. Attendance at committee meetings is shown on pages 60–61. The most important agenda items at the meetings were:

- Remuneration review including variable remuneration of the executive management
- Preparation and decision on new overall short-term incentive program for 2018/19
- Evaluation and update of Elekta's performance share plan for the executive management
- Preparation and proposal for a new long-term incentive program for 2018/19 for key individuals not included in the executive management
- Follow-up of compliance with the guidelines for remuneration of senior executives approved by the annual general meeting of shareholders
- Evaluation of update of Elekta's benchmarking system, global performance management
- Succession planning and reviews of management succession plans for senior management levels and other Group-critical positions
- Preparation of the board's recommendations regarding guidelines for remuneration of senior executives for the next annual general meeting of shareholders

4.2 Audit committee

Appointment of the audit committee

The board shall appoint an audit committee, which shall consist of at least two members of the board with at least one having accounting or audit competency. The majority of the committee members are to be independent of the Company and its executive management. The committee's members cannot be employed by the Company. At least one member of the committee who is independent of the Company and its executive management shall also be independent of the Company's major shareholders.

Composition

The audit committee consists of three members, who were appointed by the 2017 annual general meeting of shareholders for the period until the next annual general meeting. The members of the committee are Birgitta Stymne Göransson, who is also the chairman of the committee, Jan Secher and Annika Espander Jansson. Participation at committee meetings as well as independence of the members are shown on pages 60–61.

The President and CEO, the CFO and the Chief Audit Executive also attend the committee's meetings as well as the external auditor as applicable. The associate general counsel serves as secretary for the committee.

Responsibility

The objective of the audit committee is to monitor the Group's financial reporting and the effectiveness of the Group's internal control, internal audit and risk management. The objective is also to keep itself informed about the external audit of the annual report and consolidated report of Elekta AB as well as to review and monitor the impartiality and independence of the external auditor, and pay particular attention if the external auditor provides the Group with services other than audit services. Furthermore, the objective is to assist the nomination committee in preparing the proposal to the annual general meeting of shareholders regarding election of external auditor. The committee works in accordance with working instructions for the audit committee adopted by the board. The committee keeps the board regularly informed and prepares matters to the board for decision.

Work during the year

During the fiscal year 2017/18, the audit committee held four minuted meetings. Attendance at committee meetings is shown on pages 60–61. The most important agenda items at the meetings were:

- Review of interim reports, year-end report and annual report 2017/18
- Review of accounting principles
- Balance sheet review and cash flow analyses
- Monitoring of the global internal control project
- Review of the finance organization
- Review of charter for the internal audit function
- Approval of internal audit plan
- Review of internal audit reports
- Review of compliance reports
- Review of external audit plan
- Review of external audit reports
- Evaluation of the external audit
- Evaluation and update of guidelines for permissible non-audit services

5 President and CEO

Appointment of the President and CEO

The board appoints Elekta AB's President and CEO.

Richard Hausmann is President and CEO of Elekta AB. More information about Richard Hausmann is provided in the presentation of the executive management on page 62. Remuneration of the President and CEO is described in Note 7.

Responsibility

The President and CEO is responsible for the day-to-day management of the Company in accordance with applicable laws and regulations as well as internal steering documents including the working instructions for the Chief Executive Officer adopted by the board and other instructions from the board. The President and CEO also represents the Group in various contexts, leads the work of the executive management and makes decisions in consultation with the members of the executive management.

6 Executive management

Appointment of the executive management

The President and CEO appoints the members of the executive management following approval by the board of directors.

Composition

As of April 30, 2018, Elekta's executive management comprised the President and CEO, the Chief Financial Officer ("CFO"), the Chief Operating Officer ("COO"), Chief Marketing and Sales Officer ("CMSO"), Chief Strategy Officer ("CSO"), Chief Technology Officer ("CTO"), the Execute Vice President Global Services, the Executive Vice President Region North and South America, the General Counsel and Executive Vice President, the Executive Vice President Human Resources and the Executive Vice President Corporate Communications and Investor Relations. During the 2017/18 fiscal year, the roles Chief Commercial Officer and Chief Marketing Officer have been replaced with the new role Chief Marketing and Sales Officer as per August 23, 2017. A presentation of the current executive management is provided on page 62. Remuneration of the executive management is described in Note 7.

Responsibility

The President and CEO is responsible for and leads the work and meetings of the executive management. The executive management makes joint decisions following consultation with various parts of the Group.

Work during the year

The executive management meetings are normally held each week by telephone and with regular intervals in conjunction with visits to the Group's various offices and facilities.

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

7 Compliance

Appointment

The Compliance and Integrity function is headed by the Elekta Group's Chief Compliance and Integrity Officer.

Responsibility

The compliance function's responsibilities are to review and evaluate compliance issues within the organization and ensure that management and employees of the Group are in compliance with the rules and ethical regulations in the most significant risk areas such as anti-corruption and interactions with healthcare professionals, export control and competition law. The compliance function also monitors the implementation of the program to ensure compliant personal data processing within the Group. In addition, Compliance is responsible for the overall strategy and coordination of the areas of sustainability which are material for Elekta. Elekta's Chief Compliance Officer reports functionally to the CEO but functions as an independent and objective body ensuring compliance concerns are being appropriately resolved and reported to the board of directors.

Work during the year

Focus areas during the year included the following:

- Further strengthening the compliance program to prevent corruption and clarifying regulations for Elekta's interaction with healthcare professionals
- Continuously updating the Compliance and Integrity function
- Identifying risks and proposing action plan for the processing of personal data
- Training employees in Elekta's code of conduct and steering documents according to the long-term plan and the goals established by the board
- Ensuring program efficiency and risk-based due diligence of parties, including business partners and distributors and agents, are implemented within the Group in accordance with the goals established by the board
- Advising on matters that falls within the scope of responsibility of the Compliance and Integrity function
- Internal investigations including the preparation of proposed measures in consultation with management and the board of directors
- Appointment of a Sales Compliance Committee as a decision making body for questions relating to business ethics and anti-corruption
- Continuing Elekta's sustainability work with four distinct focus areas as well as in close cooperation with the responsible directors identifying risks and setting targets

Reporting to the board

It is necessary to have regular information about how the Company manages and prevents compliance risks. It is important that the board is well informed of both the preventive measures and any weaknesses in order to ask the right questions and remain a critical auditor of the operations.

Elekta's Chief Compliance and Integrity Officer presents the progress of the risk-based compliance program at each quarterly meeting of the board of directors, and reports on any incidents and the status of ongoing investigations. A written compliance report is submitted at every information meeting. The audit committee constantly monitors, on behalf of the board, any matters that may require greater focus and Elekta's Chief Compliance and Integrity Officer is present at each ordinary meeting with the audit committee.

In addition to continuous reporting, the board has during the year evaluated and approved the long-term plan for preventive anti-corruption efforts with clear goals for the coming fiscal year. The long-term plan is drawn up based on risk analyses and the best international practise.

8 Quality assurance and regulatory affairs

Appointment

The quality assurance (QA) and regulatory affairs (RA) functions are headed by Vice President Quality Assurance and Vice President Regulatory Affairs respectively, after a division of the quality and regulatory affairs (Q&RA) function during the 2016/17 fiscal year.

Responsibility

The functions' responsibilities include supporting management in its efforts to comply with regulatory requirements for products, quality systems and market entry. The functions provide transparency and interact with management and external regulatory bodies. The functions are responsible for the quality system infrastructure and compliance, radiation safety and security, product clearances and approvals and post market vigilance and recall reporting. The functions are also responsible for and conduct internal audits of the quality system and regulatory compliance. Vice President Quality Assurance reports to Chief Operating Officer and Vice President Regulatory Affairs reports to the Executive Vice President and General Counsel.

Work during the year

- Ensuring product approval for regulatory market entry
- Implementation of internal audits
- Managing inspections from different authorities and organizations, resulting in continuing certification
- Interacting with authorities in different regulatory forums and representation in different industry associations in discussions with authorities worldwide

9 Internal audit

Appointment

The internal audit function is appointed by and reports to the audit committee and the board of directors.

Responsibility

The internal audit function is under the supervision of the Chief Audit Executive. The internal audit function is an independent and objective assurance and consulting activity. Elekta's Chief Audit Executive reports functionally to the audit committee, and administratively to the Chief Financial Officer (CFO). The scope of the internal audit function encompasses the examination and evaluation of the adequacy and effectiveness of Elekta's governance, risk management and internal control processes as well as the quality of performance in carrying out assigned responsibilities to achieve the Group's objectives as part of the assurance activity. It also encompasses consulting activities and advisory support in relation to Elekta's governance, risk management, and internal control processes.

The internal audit function works in accordance with the guidelines for the internal audit function adopted by the board.

Work during the year

- Preparation and review of risk map as a basis for the internal audit plan
- Establishment of an internal audit plan
- Internal audit of risk and control matrices for processes encompassed by the global internal control project
- Internal audit of the Group's and subsidiaries' various processes based on a risk-based internal audit plan
- Special investigations
- Member of program management office for the global internal control project
- External audit co-ordination
- Audit committee meeting planning and administration
- Internal audit reports to the executive management, the audit committee and the board of directors

Elekta´s process for risk management and internal control

The board and its committees assume the overall responsibility for establishing effective governance of Elekta including risk management and internal control. The responsibility for designing, implementing and conducting effective governance including risk management and internal control is delegated to the President and CEO, who is assisted by the executive management, other operational managers and personnel, the so-called "first line of defense".

In addition, specifically established functions such as compliance, quality assurance, regulatory affairs, internal control, etc. provide guidance and assessments on governance, risk management and internal control related to their areas of expertise, the so-called "second line of defense,". The internal audit function, the so-called "third line of defense", provides independent and objective assurance and advisory support to management on governance, risk management and internal control.

Elekta has defined risk management and internal control as a process, affected by the board and its committees, the President and CEO, the executive management and other managers and personnel, and designed to provide reasonable assurance regarding the achievement of objectives relating to:

Operations

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

Reporting

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

Compliance

- Adherence to applicable laws and regulations, and internal steering documents

Risk management and internal control over financial reporting is a sub-set of the risk management and internal control process. The risk management and internal control process is applicable to all Elekta operations, including business areas, regions, functions, management, people, processes and technology.

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

Internal governance and control environment

Elekta's internal governance and control environment comprise its values, code of conduct, risk strategy, organization, roles and responsibilities, delegation of authority, and policies and procedures. Policies and procedures clarify certain important aspects of the control environment such as board independence from management, a commitment to attract, develop and retain competent individuals as well as performance measures, incentives and rewards to drive accountability for performance.

Elekta has adopted a number of steering documents at group-wide level:

- Working Instructions for the board of directors, working instructions for the Chief Executive Officer, instructions regarding financial reporting for the board of directors, working instructions for the audit committee, a directive for the executive compensation and capability committee and a charter for the internal audit function
- Values
- Code of conduct, anti-corruption policy, whistle-blowing procedure and competition policy
- Elekta financial guide

To govern the operations, Elekta has established a business management system with internal steering documents. The most important elements of this system are:

- The organizational structure with defined roles and responsibilities and delegation of authority
- Other policies and procedures such as the communication policy, quality policy, environmental policy, IT policies and HR policies
- Processes and work instructions, for example, the strategy and management processes, the main business processes (product lifecycle management, customer relationship management and supply chain management), as well as supporting processes

In addition to group-wide steering documents and the business management system, operations are also governed by external laws, regulations, rules and guidelines, such as the Swedish companies act, NASDAQ Stockholm rule book for issuers, Swedish corporate governance code, and requirements and standards from supervisory authorities in the field of medical technology.

The board of directors' report on risk management and internal control over financial reporting

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

Objective

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

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

Control environment

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

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

Risk assessment

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

Control activities

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

Control activities are aimed at preventing errors and irregularities from occurring and/or detecting errors and irregularities that may have occurred. Control activities can be manual or automated, such as authorizations and approvals, verifications, reconciliations, and business performance reviews, or a combination of the two.

Control activities comprise the following areas and processes:

- Entity level controls – over the control environment
- General IT controls – over IT system components, processes and data for a given IT environment including logical access, program change management, back-up and recovery
- Process controls – over processes such as order recognition, order to cash, revenue recognition, purchase to pay, inventory, payroll and financial statement close.

The globally defined minimum internal control requirements over financial reporting comprise entity level controls that are regulated through Elekta's steering documents at Group-wide level, the business management system and internal control frameworks of standard controls that include general IT controls and uniform process controls for all Elekta companies and locally defined controls where necessary. The controls included in the internal control framework are documented in RACM:s as standard models for all entities and then specifically for each individual entity. All controls in the internal control framework are based on risk assessments of financial flows that impact the financial reporting in general and more specifically for the individual entities.

Monitoring

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

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

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

Special evaluations may be performed through:

- Periodic reviews of whether risk management and internal control are operating as intended by financial managers and general management at local, regional, business area and Group level as applicable
- Control self-assessment (CSA), a tool for local management to report on the current status of effective design and operating effectiveness of the globally defined minimum internal control requirements over financial reporting documented in RACM:s
- Internal audit according to the internal audit plan

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

Information and communication

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

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

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

- Interim reports, year-end reports and annual reports
- Press releases on news and events that may significantly affect the Group's valuation and future prospects
- Presentations and telephone conferences for financial analysts, investors and media representatives on the day of publication of interim reports and year-end reports and in conjunction with the release of important news and events
- Capital market days arranged by the Group at one of its major entities or in conjunction with major scientific conferences
- Information on the Elekta website: www.elekta.com, including reports, press releases and presentations

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

Activities in the fiscal year 2017/18

During the fiscal year 2017/18, the implementation of the global internal control project, comprising the internal control framework for financial reporting, proceeded and was completed according to plan. The implementation has been validated by the internal control function. Independent reviews of implementation and operational compliance were performed at a selection of implemented entities. The project is administered by a program management office with representatives from the internal audit function and the internal control function. Development and implementation of additional controls to be included in the global internal control project have been prepared during the fiscal year. Continuous information relating to the results of the independent reviews were addressed at the meetings of the audit committee and subsequently has been followed up by the board. The review of the company's internal steering documents as a basis for the company's control environment proceeded as planned during the fiscal year.

Activities in the fiscal year 2018/19

During the 2018/19 fiscal year, the plan is to expand the global internal control framework through implementation at a few smaller entities currently not in scope for the internal control framework. Independent reviews at a selection of entities for operational compliance will be carried out during the fiscal year. Final implementation of the prepared controls to be included in the global internal control framework will be completed during the fiscal year. Administration and support of the control framework as well as the identification and management of improvement measures will be carried out throughout the year. The review of the company's internal steering documents as a basis for the company's control environment will continue as planned during the fiscal year.

The internal audit plan will, based on a risk perspective, have its main focus on financial reporting, operating processes, and on specific risk areas.

Board of directors




	Laurent Leksell	Luciano Cattani	Annika Espander Jansson	Caroline Leksell Cooke
First elected:	1972	2008	2015	2017
	■ Board chairman ■ Chairman of the executive compensation and capability committee	■ Member of the board ■ Member of the executive compensation and capability committee	■ Member of the board ■ Member of the audit committee	■ Member of the board
Attendance:	■10/10 ■6/6	■10/10 ■6/6	■10/10 ■3/4[1]	■6/10[2]
Total fees:	■1,130,000 ■110,000	■485,000 ■75,000	■485,000 ■135,000	■485,000
Year of birth:	1952	1945	1964	1981
Education:	MBA and PhD from Stockholm School of Economics, Sweden	Master of Science in Economics from the University of Rome, Italy	Bachelor of Science in Chemistry from Uppsala University/University of Michigan, and MBA in International Business Management from Uppsala University, Sweden	BSc Degree Stockholm University, studied marketing at Wharton School at the University of Pennsylvania and at Columbia Business School
Independence:	Independent of the Company and the executive management, not independent of major shareholders	Independent of the Company and the executive management and independent of major shareholders	Independent of the Company and the executive management and independent of major shareholders	Independent of the Company and the executive management, not independent of major shareholders
Other board assignments:	Board chairman: Leksell Social Ventures and Stockholm School of Economics Board member: International Chamber of Commerce (ICC)	–	Board member: Lifco AB, Esperio AB and Asperia AB	Board chairman: Bonit Invest S.A./N.V Board member: Leksell Social Ventures' investment committee
Holdings in Elekta AB: (own and closely related parties)	14,980,769 A-shares 8,056,624 B-shares	30,000 B-shares	8,000 B-shares	182,308 B-shares
Principal work experience and other information:	Founder of Elekta and Executive Director from 2005 to 2013. Former President and CEO of Elekta during the years from 1972 to 2005. Among others, Assistant Professor and Faculty member of Stockholm School of Economics, IFL and Insead Fontainebleau, and Visiting Scholar at Harvard Business School	President for EMEA at Stryker Corporation from 2001 to 2004, Group President International at Stryker Corporation from 2005 to 2008, and Executive Vice President International Public Affairs at Stryker Corporation from 2008 to 2010. CEO of Eucomed (European MedTech Industry Trade Association) in 2012	25 years' experience as an advisor and investor, as well as from executive positions within the financial markets, among others from Handelsbanken, Enskilda Securities, and Catella. Operational experience from the pharmaceutical industry (Pharmacia)	Extensive experience in the areas of digital strategy, communication and technology and is currently responsible for major international business in the role as industry manager at Google

1) Elected as new member of the audit committee in connection with the AGM 2017 and has thereafter participated in 3 out of 3 committee meetings

2) Elected as new board member in connection with the AGM 2017 and has thereafter participated in 6 out of 7 board meetings





Johan Malmquist	**Tomas Puusepp**	**Wolfgang Reim**	**Jan Secher**	**Birgitta Stymne Göransson**
2015	2013	2011	2010	2005
■ Member of the board ■ Member of the executive compensation and capability committee	■ Member of the board	■ Member of the board	■ Member of the board ■ Member of the audit committee	■ Member of the board ■ Chairman of the audit committee
■ 10/10 ■ 6/6	■ 10/10	■ 10/10	■ 10/10 ■ 4/4	■ 10/10 ■ 4/4
■ 485,000 ■ 75,000	■ 485,000	■ 485,000	■ 485,000 ■ 135,000	■ 485,000 ■ 225,000
1961	1955	1956	1957	1957
BSc Degree Stockholm School of Economics, Sweden	Electrical Engineer, studies in Physics at the Royal Institute of Technology in Stockholm and at the University of Stockholm and Management (IEP) at IMD in Lausanne	Master of Sciences and Doctor of Physics from ETH Zurich	Master of Science in Industrial Engineering and Management from Linköping University, Sweden	MBA from Harvard Business School and Master of Science in Chemical Engineering and Biotechnology from the Royal Institute of Technology in Stockholm, Sweden
Independent of the Company and the executive management and independent of major shareholders	Not independent of the Company and the executive management, independent of major shareholders	Independent of the Company and the executive management and independent of the major shareholders	Independent of the Company and the executive management and independent of the major shareholders	Independent of the Company and the executive management and independent of the major shareholders
Board chairman: Tingstad AB and Arjo AB Board member: Mölnlycke Health Care AB, Dunker-stiftelserna, Chalmers University of Technology Foundation, Stena Adactum AB, Trelleborg AB, and Getinge AB	Board chairman: Global Medical Investments GMI AB Board member: The Swedish American Chamber of Commerce in New York, Permobil AB and Sectra AB	Board chairman: Ondal Medical Systems GmbH and DORC B.V. Board member: GN Store Nord A/S, Klingel GmbH and Medlumics S.L.	Board chairman: Peak Management AG Board Member: The European Chemical Industry Council and IKEM (Innovation and Chemical Industries in Sweden)	Board member: Pandora AS, Capio AB, Rhenman & Partners Asset Management AB, Midsona AB, and Sportamore AB Board chairman: BCB Medical Oy
20,000 B-shares	600,000 B-shares	17,500 B-shares	18,800 B-shares	6,100 B-shares
Extensive experience from the medical technology industry, among others as president and CEO for Getinge AB between 1997 and 2015. Before that, various positions within the Getinge group and Electrolux group	CEO at Investest AB. Various positions at the Research Institute for Nuclear Physics, Scanditronix and Ericsson before being employed by Elekta in 1988. Since then, he has held various management positions within the Company, including head of Elekta's neurosurgery operations, President of Elekta's subsidiary in North America, global head of Elekta's sales, marketing and service operations, and President and CEO of Elekta during fiscal years 2005/06 to 2013/14, and during 2015/16	CEO at DORC B.V. from March 2017 until August 2017. Previously, independent consultant focusing on the medical technology industry. Until the end of 2007, CEO of Drager Medical AG. At Siemens from 1986 until 2000, as President of the Special X Ray Products Division and CEO of the Ultrasound Division among other positions	President and CEO of Perstorp AB from September 2013. Previously President and CEO of Ferrostaal AG from 2010 to 2012, operating partner of the US private equity fund Apollo in London from 2009 to 2010, CEO of Clariant AG in Basel from 2006 to 2008 and CEO of SICPA in Lausanne from 2003 to 2005. Before he held various leading positions in the ABB Group during the years from 1982 to 2002	President and CEO of Memira Group 2010 to 2013. CEO of Semantix Group 2005 to 2009, and COO/CFO of Telefos 2001 to 2005. Before that, various management positions, including Åhléns AB, Gambro and McKinsey & Co

Executive management

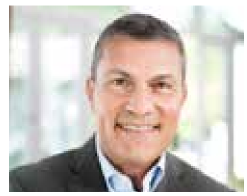
Richard Hausmann
Year of birth: 1960
Role: President and CEO
Employed since: 2016
Holdings[8]**:** 29,000 B-shares
Education: Doctorate in Physics from Regensburg University, Germany

Gustaf Salford[1]
Year of birth: 1977
Role: Chief Financial Officer (CFO)
Employed since: 2009
Holdings[8]**:** 2,100 B-shares
Education: MSc in Business Administration, Stockholm School of Economics

EXECUTIVE MANAGEMENT BUSINESS FUNCTIONS

Maurits Wolleswinkel
Year of birth: 1971
Role: Head of Portfolio and Chief Strategy Officer (CSO)
Employed since: 2011
Holdings[8]**:** 5,000 B-shares
Education: MSc in Mechanical Engineering from Delft University of Technology, and MSc in General Management from Nyenrode University

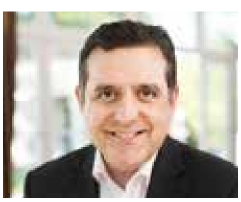
John Lapré
Year of birth: 1964
Role: Chief Technology Officer (CTO)
Employed since: 2011 (Nucletron 2009)
Holdings[8]**:** 5,250 B-shares
Education: MSc in Human Nutrition and Physiology, and PhD in Toxicology from Wageningen University



Steve Wort
Year of birth: 1963
Role: Chief Operating Officer (COO)
Employed since: 1991
Holdings[8]**:** –
Education: Senior Executive Programme, London Business School; Post Graduate Diploma in Management, Southbank University, London

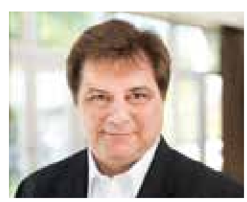
Paul Bergström[2]
Year of birth: 1974
Role: EVP Global Services
Employed since: 2017
Holdings[8]**:** –
Education: MSc Electrical Engineering, Royal Institute of Technology, Stockholm

EXECUTIVE MANAGEMENT REGIONS

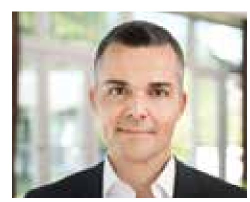


Ioannis Panagiotelis[3]
Year of birth: 1972
Role: Chief Marketing and Sales Officer (CMSO)
Employed since: 2017
Holdings[8]**:** –
Education: MSc in Medical Physics and a PhD in Biomedical Physics and Bioengineering from the University of Aberdeen, and MBA from IESE Business School in Barcelona

Anming Gong
Year of birth: 1964
Role: EVP Region China
Employed since: 2009
Holdings[8]**:** –
Education: MSc Biomedical Engineering, Huazhong University of Science and Technology, Wuhan, China



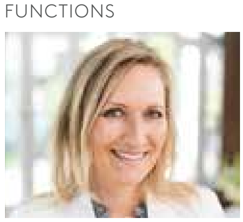
Peter Gaccione[4]
Year of birth: 1959
Role: EVP Region North and South America
Employed since: 1997
Holdings[8]**:** –
Education: BS Electronic Engineering



Renato Leite[5]
Year of birth: 1972
Role: EVP Region Europe
Employed since: 2018
Holdings[8]**:** –
Education: MSc Biomedical Engineering, COPPE/UFRJ, Rio de Janeiro; BSc Mechanical Engineering, Federal University of Rio de Janeiro; Advanced Business Management, Babson College, Massachusetts

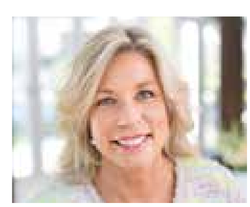
EXECUTIVE MANAGEMENT SUPPORT FUNCTIONS

Jonas Bolander
Year of birth: 1966
Role: EVP and General Counsel
Employed since: 2001
Holdings[8]**:** 200 B-shares
Education: Master of Laws from Stockholm University



Caroline Mofors[6]
Year of birth: 1972
Role: SVP Chief Compliance and Integrity Officer
Employed since: 2014
Holdings[8]**:** –
Education: Master of Laws (LLM) and a Master Degree in Litigation, Arbitration and Alternative Dispute Resolution from University of Paris II, Panthéon-Assas, France

Oskar Bosson[7]
Year of birth: 1976
Role:EVP Corporate Communications and IR
Employed since: 2018
Holdings[8]**:** 525 B-shares
Education: MSc Molecular Biotechnology Engineering and Bachelor Business and Economics, Uppsala University



Karin Svenske Nyberg
Year of birth: 1966
Role: EVP Human Resources
Employed since: 2017
Holdings[8]**:** –
Education: MSc Chemical Engineering, Royal Institute of Technology, Stockholm, and Behavioural Science, Stockholm University

Auditor's report on the corporate governance statement

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

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year the financial year May 1, 2017 – April 30, 2018 on pages 50–62 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Stockholm, July 9, 2018

PricewaterhouseCoopers AB
Signature on original auditors' report in Swedish[1)]

Johan Engstam
Authorized public accountant

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

1) Gustaf Salford assumed the role as Chief Financial Officer on July 1, 2017, succeeding Håkan Bergström
2) Paul Bergström assumed the role of EVP Global Services on October 16, 2017
3) Ioannis Panagiotelis assumed the role of Chief Marketing and Sales Officer on August 23, 2017
4) Peter Gaccione assumed the role as EVP Region North America on June 1, 2017, succeeding Bill Yaeger
5) The EVP Region Europe became a member of the executive management on June 1, 2018
6) The SVP Chief Compliance and Integrity Officer became a member of the executive management on June 1, 2018
7) Oskar Bosson assumed the role of EVP Corporate Communications and IR on February 12, 2018
8) Own and closely related parties

Strong share price performance

Elekta B-shares have been listed on the NASDAQ Stockholm since 1994. Total number of registered shares on April 30, 2018 was 383,568,409 whereof treasury shares amounted to 1,541,368 series B-shares. Total trading in Elekta shares on NASDAQ Stockholm during the period May 1, 2017 – April 30, 2018 amounted to 374.1 million shares (327.1), corresponding to 98 percent (85) of the total number of shares. Market capitalization on April 30, 2018 amounted to SEK 36,660 M (34,076), an increase by 8 percent.

DISTRIBUTION OF SHARES APRIL 30, 2018

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

See Note 25 for more information on Elekta's share capital.

Dividend and proposal to repurchase shares

Elekta's goal is to provide shareholders with a favorable return and value growth. The policy is to distribute at least 30 percent of profit for the year in the form of dividend, repurchase of shares or comparable measures. A dividend decision is based on Elekta's financial position, earnings trend, growth potential and investment needs. For 2017/18, the board proposes, in accordance with the Company's dividend policy, a total dividend of SEK 1.40 (1.00) per share. Total dividend amounts to approximately SEK 535 M (382) and 49 (306) percent of net profit for the year. The board also proposes the dividend to be divided into two payments. See page 74 for more information on dividend.

The board intends to propose to 2018 Annual General meeting to renewal of the Board's authorization to repurchase shares in Elekta AB. The proposal limits the number of shares to be repurchased to a maximum of 10 percent of the number of shares outstanding in Elekta AB.

Share program

The annual general meetings in 2009–2017 have resolved to adopt share programs, called performance share plans. Performance share plan 2014/17, resolved by the annual general meeting in 2014, was concluded during the year. Outstanding programs as per April 30, 2018 were performance share plan 2015/18, 2016/19 and 2017/20 respectively. The resolutions entailed that the conditions and the guidelines stated in the respective plans shall form the basis for the receipt of shares by key employees of Elekta upon fulfillment of certain performance requirements during the periods 2015/16–2017/18, 2016/17–2018/19 and 2017/18–2019/20, respectively. The scope of performance share plans 2015/18, 2016/19 and 2017/20 are summarized in the tables below. See Note 7 for more information on the plans.

SHARE PROGRAM

	2015/18	**2016/19**	**2017/20**
Originally designated number of shares	289,284	280,386	272,379
Share price used for calculation of theoretical value, SEK	56	77	84
Allotment of share	2018-09-16	2019-09-14	2020-09-14
Number of shares as of April 30, 2018	216,963	249,232	272,379

Under the performance share plan 2015/18, the performance targets are measured and earned by one-third each financial year from 2015/16 until 2017/18. The results for the 2015/18 financial year, as disclosed in the table below, did not meet the minimum performance level to deliver any performance shares.

OUTCOME OF SHARE PROGRAM 2015/18

	2017/18			Allocation of performance shares
Financial target	**Minimum,%**	**Maximum,%**	**Actual, %**	**Outcome, %**
Average annual percentage growth in earnings per share	32	41	26	0
Total allocation of performance shares				**0**

OWNERSHIP STRUCTURE APRIL 30, 2018

Shareholding, No. of shares	**No. of shareholders**	**Percentage of shareholders**	**No. of shares**	**Percentage of share capital**	**Average No. per shareholder**
1–500	14,538	61.5%	2,338,915	0.6%	161
501–1,000	3,284	13,9%	2,702,509	0.7%	823
1,001–10,000	4,857	20.6%	14,540,533	3.8%	2,994
10,001–100,000	656	2.8%	19,555,941	5.1%	29,811
100,001–	297	1.2%	344,430,511	89.8%	1,159,699
Total	**23,632**	**100.0%**	**383,568,409**	**100.0%**	**16,231**

Source: Euroclear Sweden

MAJOR SHAREHOLDERS APRIL 30, 2018

		Percentage of	
Owner	**No. of shares**	**capital**	**votes**
Laurent Leksell and companies[1)]	24,037,393	6.3%	30.7%
JP Chase NA[2)]	27,425,215	7.2%	5.3%
Fjärde AP-fonden	23,798,565	6,2%	4.6%
Nordea Investment Funds	21,844,410	5.7%	4.2%
AMF Pensionsförsäkringar and AMF Fonder	19,507,284	5.1%	3.8%
Swedbank Robur Fonder	18,425,050	4.8%	3.6%
Alecta	12,000,000	3.1%	2.3%
Andra AP-fonden	11,425,715	3.0%	2.2%
Handelsbanken fonder	6,898,611	1.8%	1.3%
State Street Bank & Trust Com. Boston[2)]	6,688,907	1.7%	1.3%
Other	211,517,259	55.1%	40.7%
Total	**383,568,409**	**100.0%**	**100.0%**

Source: Euroclear Sweden and Finansinspektionen

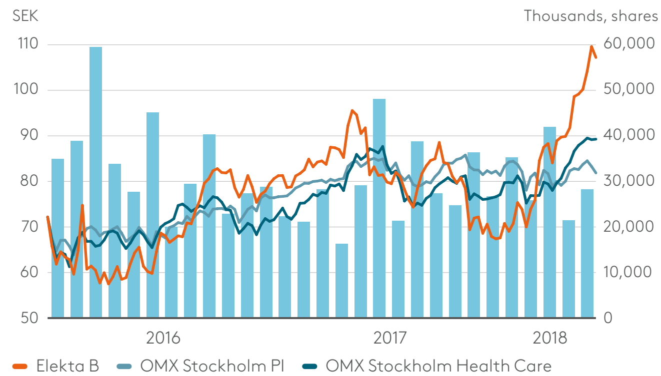
1) In June 2018 1,000,000 shares were sold.
2) Custodian,the holding include several smaller shareholders, none of which has declared holdings above 5 percent

The table above lists the 10 largest known shareholders in Elekta AB as of April 30, 2018. Foreign ownership was approximately 50 (44) percent. Foreign holdings which are held by trustees may include other large shareholders with undisclosed holdings, even if no other foreign shareholder has declared holdings above 5 percent.

CHANGE IN SHARE CAPITAL UNTIL APRIL 30, 2018

Year	Transaction	Total number of shares	Total share capital
1994	New issue	7,397,180	36,985,900
1994	Exercise of warrants	7,897,180	39,485,900
1997	New issue	10,497,451	52,487,255
2000	New issue	27,853,617	139,268,085
2001	Conversion of debentures	31,661,867	158,309,335
2001	Exercise of warrants	31,678,867	158,394,335
2002	Exercise of warrants	32,181,742	160,908,710
2003	Exercise of warrants	32,647,067	163,235,335
2003	Conversion of debentures	32,781,267	163,906,335
2003	Exercise of warrants	32,953,967	164,769,835
2003	Redemption of shares	31,066,254	155,331,270
2004	Exercise of warrants	31,567,454	157,837,270
2005	Exercise of warrants	31,596,236	157,981,180
2005	Bonus issue	31,596,236	189,577,416
2005	Split 3:1	94,788,708	189,577,416
2005	Cancellation of repurchased shares	94,114,008	188,228,016
2005	Exercise of warrants	94,194,372	188,388,744
2006	Exercise of warrants	94,451,456	189,902,912
2006	Redemption of shares	93,649,756	187,299,512
2006	Exercise of warrants	93,741,598	187,483,196
2007	Exercise of warrants	93,880,090	187,760,180
2007	Conversion of debentures	93,900,016	187,800,032
2007	Exercise of warrants	92,272,445	187,806,632
2007	Cancellation of repurchased shares	93,903,316	184,544,890
2008	Exercise of warrants	93,075,863	186,151,726
2008	Cancellation of repurchased shares	92,124,563	184,249,126
2009	Exercise of warrants	92,237,944	184,475,888
2010	Exercise of warrants	94,188,044	188,376,088
2011	Exercise of warrants	94,769,763	189,539,526
2012	Exercise of warrants	95,701,670	191,403,340
2012	Split 4:1	382,806,680	191,403,340
2012	Conversion of convertible loan	382,807,329	191,403,665
2013	Conversion of convertible loan	382,828,114	191,414,057
2014	Conversion of convertible loan	382,828,765	191,414,383
2015	Conversion of convertible loan	382,829,045	191,414,523
2016	Conversion of convertible loan	382,829,047	191,414,524
2017	Conversion of convertible loan	383,568,409	191,784,205

THE ELEKTA SHARE



Source: SIX Financial Information

DATA PER SHARE

	2013/14	2014/15	2015/16	2016/17	2017/18
Earnings per share					
before dilution, SEK	3.01	1.45	0.36	0.33	2.88
after dilution, SEK	3.00	1.45	0.36	0.33	2.88
Cash flow per share					
before dilution, SEK	1.31	1.78	1.00	2.69	3.79
after dilution, SEK	1.24	1.78	1.00	2.69	3.79
Shareholders' equity per share					
before dilution, SEK	16.39	17.41	16.79	17.73	20.87
after dilution, SEK	20.32	17.41	16.79	17.73	20.87
Dividend, SEK	2.00[1)]	0.50	0.50	1.00	1.40[2)]
Share price, Elekta series B, April 30, SEK	91.00	78.00	58.70	92.45	99.46
Market capitalization, April 30, SEK M	34,697	29,740	22,382	34,076	36,660
Lowest share price, SEK	82.10	66.10	51.60	57.50	66.12
Highest share price, SEK	115.60	95.05	78.70	93.15	99.74
Average number of shares					
before dilution, 000's	381,277	381,287	381,288	381,306	382,027
after dilution[3)], 000's	400,686	381,287	381,288	381,306	382,027
Number of shares, April 30[4)]					
before dilution, 000's	381,287	381,287	381,288	382,027	382,027
after dilution, 000's	400,696	381,287	381,288	382,027	382,027

1) Ordinary dividend 1,50 SEK and extra dividend 0,50 SEK
2) Proposed dividend
3) Number of shares used in the calculation of earnings per share in accordance with IAS 33
4) Number of registered shares at closing excluding treasury shares (1,541,368 per April 30, 2018)

Financial calendar

Three-month interim report May–July 2018/19	August 30, 2018
Annual general meeting	August 30, 2018
Six-month interim report May–October 2018/19	November 29, 2018

Five year review and key figures

INCOME STATEMENT

SEK M	2013/14	2014/15	2015/16	2016/17	2017/18
Net sales	10,694	10,839	11,221	10,704	11,333
Operating expenses excl. amortization, depreciation and items affecting comparability	–8,393	–9,221	–9,417	–8,887	–9,066
Depreciation	–118	–146	–165	–156	–151
EBITA before items affecting comparability and bad debt losses	**2,183**	**1,472**	**1,639**	**1,661**	**2,116**
Bad debt losses	– [1]	-166	–149	–46	–53
Amortization	–295	–366	–469	–499	–524
EBIT before items affecting comparability	**1,888**	**940**	**1,021**	**1,115**	**1,538**
Items affecting comparability	–161	–3	–598	–518	–
Operating result	**1,727**	**937**	**423**	**598**	**1,538**
Financial net	–225	–221	–234	–258	–164
Profit before tax	**1,502**	**716**	**189**	**340**	**1,374**
Taxes	–350	–158	–44	–214	-276
Profit for the year	**1,152**	**558**	**145**	**126**	**1,099**
Attributable to:					
Parent Company shareholders	1,148	552	137	125	1,099
Non-controlling interests	4	6	8	1	0

1) Data not available for bad debt losses.

CASH FLOW

SEK M	2013/14	2014/15	2015/16	2016/17	2017/18
Operating flow	1,692	1,299	709	767	2,054
Changes in working capital	–417	524	461	1,051	351
Cash flow from operating activities	**1,275**	**1,823**	**1,170**	**1,819**	**2,404**
Continuous investments	–781	–956	–774	–774	–816
Cash flow after continuous investments	**494**	**867**	**396**	**1,045**	**1,589**
Short-term investments	–	–	–	–	–83
Acquisition of operations	4	–188	–12	–18	–58
Cash flow from investing activities	–777	–1,144	–786	–792	–957
Cash flow after investments	**498**	**679**	**384**	**1,027**	**1,447**
Cash flow from financing activities	–888	186	–1,303	–55	–367
Cash flow for the year	**–390**	**865**	**–920**	**972**	**1,080**

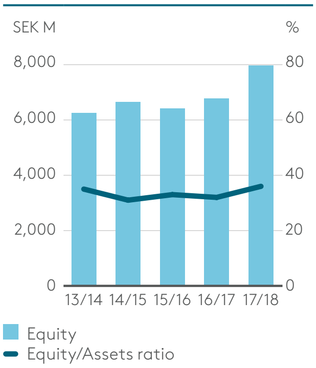
BALANCE SHEET

SEK M	2014-04-30	2015-04-30	2016-04-30	2017-04-30	2018-04-30
Intangible assets	6,845	8,174	8,210	8,704	9,175
Tangible fixed assets	624	881	803	795	895
Financial assets	359	371	364	308	261
Deferred tax assets	143	224	281	375	267
Inventories	1,078	1,297	1,135	936	1,121
Receivables	6,596	6,972	6,375	6,450	6,197
Short-term investments	–	–	–	–	83
Cash and cash equivalents	2,247	3,265	2,273	3,383	4,458
Total assets	**17,892**	**21,184**	**19,441**	**20,950**	**22,457**
Shareholders' equity	6,257	6,646	6,412	6,774	7,975
Interest-bearing liabilities	4,486	6,033	4,950	5,272	5,344
Interest-free liabilities	7,149	8,505	8,079	8,905	9,138
Total shareholders' equity and liabilities	**17,892**	**21,184**	**19,441**	**20,950**	**22,457**

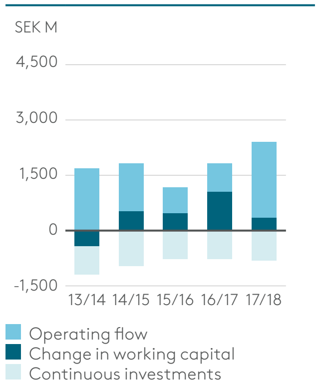
KEY FIGURES

	2013/14	2014/15	2015/16	2016/17	2017/18
Gross order intake, SEK M	n/a	12,825	13,821	14,064	14,493
Net order intake, SEK M	12,253	11,907	12,880	n/a	n/a
Order backlog, SEK M	13,609	17,087	18,239	22,459	24,675
Operating margin, %	16	9	4	6	14
Profit margin, %	14	7	2	3	12
Shareholders' equity, SEK M	6,257	6,646	6,412	6,774	7,975
Capital employed, SEK M	10,743	12,678	11,360	12,046	13,319
Net debt, SEK M	2,239	2,768	2,677	1,889	803
Equity/Assets ratio, %	35	31	33	32	36
Net debt/Equity ratio, multiple	0.36	0.42	0.42	0.28	0.10
Interest cover ratio, multiple	10.6	6.7	4.4	6.0	13.6
Return on shareholders' equity, %	21	9	2	2	16
Return on capital employed, %	17	9	4	5	13
Investments in tangible and intangible assets, SEK M	726	982	874	681	861
Depreciation and amortization, SEK M	–414	–512	–634	–655	–675
Operational cash conversion, %	60	126	111	145	109
Average number of employees	3,631	3,679	3,677	3,581	3,702

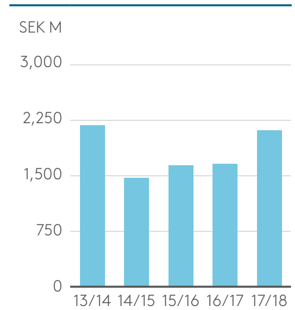
EQUITY AND EQUITY/ASSETS RATIO



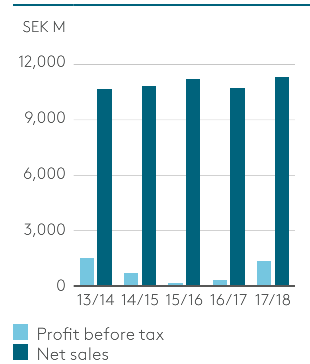
CASH FLOW AFTER CONTINUOUS INVESTMENTS



EBITA BEFORE ITEMS AFFECTING COMPARABILITY AND BAD DEBT LOSSES



NET SALES AND PROFIT BEFORE TAX



Content

Board of Directors' Report

The Board of Directors and the CEO of Elekta AB (publ.), corporate identity number 556170-4015 and registered office in Stockholm, hereby submit the consolidated financial statements and annual report for the fiscal year 2017/18, covering the period May 1, 2017 – April 30, 2018. Amounts in parentheses indicate values for the previous fiscal year. Elekta AB (publ.) is referred to as "Elekta AB" or "the Parent Company" and the Elekta Group, which includes Elekta AB and its subsidiaries, is referred to as "Elekta" or "the Group".

Elekta's operations

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

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

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

Market

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

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

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

Competition

The main competitor in the global market, with a comprehensive product range and overlap with Elekta, is Varian Medical Systems. Elekta is overall one of the largest suppliers of radiation therapy solutions. For the emerging markets, Elekta is the largest supplier.

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

Long-term financial ambitions

Elekta's aim is to achieve sustainable profitable growth. Elekta conducts its operations based on a long-term plan which is regularly reviewed and evaluated by the Board of Directors. The following financial objectives form the basis of long-term planning:

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

The objectives are currently under review and new objectives will be presented at a Capital Markets Day in 2018.

The financial year 2017/18

- Gross order intake was SEK 14,493 M (14,064), an increase of 3 percent or 5 percent based on constant exchange rates
- Net sales increased 6 percent to SEK 11,333 M (10,704), or 8 percent based on constant exchange rates
- EBITA before items affecting comparability and bad debt losses amounted to SEK 2,116 M (1,661)
- Items affecting comparability was SEK 0 M (–518) and bad debt losses SEK –53 M (–46)
- Operating result was SEK 1,538 M (598)
- Profit for the year amounted to SEK 1,099 M (126)
- Earnings per share amounted to SEK 2.88 (0.33) before/after dilution
- Cash flow from operating activities amounted to SEK 2,404 M (1,819), representing an operational cash conversion of 109 percent (145)
- Cash flow after continuous investments amounted to SEK 1,589 M (1,045)
- The Board of Directors proposes a dividend of SEK 1.40 (1.00) per share for 2017/18 to be divided into two payments

Order intake and order backlog

Gross order intake increased by 3 percent and 5 percent based on constant exchange rates. The order backlog was SEK 24,675 M on April 30, 2018, compared with SEK 22,459 M on April 30, 2017. Orders that are cancelled or not expected to materialize as planned are removed from the order backlog. The order backlog was affected by adjustments of SEK –1,444 M (–441) and translation differences of SEK 493 M (1,295) relating to the revaluation of the order backlog at closing rates. The order backlog adjustments were mainly related to new arrangements with McLaren Health Care USA and New Karolinska Solna, Sweden.

GROSS ORDER INTAKE

SEK M	2017/18	2016/17	Change, %
North and South America	4,720	4,516	5%
Europe, Middle East and Africa	5,389	5,078	6%
Asia Pacific	4,384	4,470	–2%
Group	**14,493**	**14,064**	**3%**

Market comments

North and South America

Gross order intake in the region increased by 5 percent to SEK 4,720 M (4,516), corresponding to a 9 percent increase based on constant exchange rates. North America had a strong year with good growth both in US and in Canada. Latin America, Brazil and distributor markets in South America showed an increased demand. Net sales decreased by 6 percent to SEK 3,878 M (4,147), corresponding to a decrease of 2 percent based on constant exchange rates. Latin America showed growth in the year with increased deliveries to Brazil. North America was down as the growth in orders have not yet converted into higher revenue. The contribution margin in the region amounted to 36 percent (37).

The US market growth is primarily driven by service and software and replacement investments of currently installed linear accelerators. Hospital consolidation continues and is driving the market towards more comprehensive solutions and larger projects, as well as longer lead times for purchasing decisions. South America has a significant need for high-quality, cost-effective cancer care. At the same time, economic development has been volatile for a number of years, resulting in low investments in new equipment.

See page 28 for more information on region North and South America.

Europe, Middle East and Africa

Gross order intake in the region increased by 6 percent to SEK 5,389 M (5,078) and increased by 4 percent based on constant exchange rates. The increase was mainly related to good order growth in UK, Italy and Romania. Net sales increased by 24 percent to SEK 4,280 M (3,444), corresponding to an increase of 22 percent based on constant exchange rates. We saw an increase in deliveries to markets such as Germany, Spain and Austria. The contribution margin in the region amounted to 34 percent (31). The increase compared to the previous year mainly relates to the strong increase in revenues.

During the year, Elekta signed a number of significant orders, with National Health Services Supply Chain in UK, Cork University Hospital in Ireland, Ministry of Health in Romania, Ministry of Health in Egypt and five Elekta Unity to Proton Partners International in UK.

Emerging markets had a mixed year with Russia benefitting from the newly established direct sales and support hub and Turkey showing good growth, while Africa had a slower year.

See page 29 for more information on region Europe, Middle East and Africa.

Asia Pacific

Gross order intake in the region decreased by 2 percent to SEK 4,384 M (4,470), corresponding to a 2 percent increase based on constant exchange rates with strong growth in Australia, Hong Kong and South Korea. Net sales increased by 2 percent to SEK 3,175 M (3,114), corresponding to an increase of 7 percent based on constant exchange rates. The increase was mainly related to strong revenue growth in China and India. The contribution margin in the region amounted to 31 percent (30).

The Chinese market continues to grow and Elekta is the market leader in China. The South East Asia markets are growing fast while the Japanese market continued to be weak.

See page 30 for more information on region Asia Pacific.

Net sales

Net sales increased by 6 percent to SEK 11,333 M (10,704), equivalent to an increase of 8 percent based on constant exchange rates. The increase was mainly driven by strong growth in China, Western Europe and emerging markets.

NET SALES

SEK M	2017/18	2016/17	Change, %
North and South America	3,878	4,147	–6%
Europe, Middle East and Africa	4,280	3,444	24%
Asia Pacific	3,175	3,114	2%
Group	**11,333**	**10,704**	**6%**

Earnings

Gross margin was 42 percent (41). Operating expenses increased by 5 percent as result of increased investments in Elekta Unity. Selling and administrative expenses amounted to SEK 2,156 M (2,093), corresponding to 19 percent (20) of net sales.

EBITA before items affecting comparability and bad debt losses amounted to SEK 2,116 M (1,661). Items affecting comparability amounted to SEK 0 M (–518) with prior year items mainly referring to costs related to legal disputes and costs for severance, efficiency initiatives and external support within the transformation program. The effect from changes in exchange rates was approximately SEK 160 M (315), including hedges.

Operating result was SEK 1,538 M (598), corresponding to an operating margin of 14 percent (6).

Net financial items amounted to SEK –164 M (–258). The improvement was mainly related to lower interest rates as result of a refinancing in the previous year. Profit before tax amounted to SEK 1,374 M (340). Tax amounted to SEK –276 M (–214). The tax rate of 20 percent is mainly explained by effects of lower statutory tax rate in the US. Profit for the year amounted to 1,099 M (126).

Earnings per share amounted to SEK 2.88 (0.33) before/after dilution. Return on shareholders' equity amounted to 16 percent (2) and return on capital employed amounted to 13 percent (5).

Investments and depreciation

Continuous investments were SEK 861 M (682). Investments in intangible assets amounted to SEK 642 M (541) and were mainly related to ongoing R&D programs. The increase was related to the Elekta Unity project. Investments in tangible assets amounted to SEK 219 (140) and the increase was mainly related to a new office building in the UK. Amortization of intangible assets and depreciation of tangible fixed assets amounted to a total of SEK 675 M (655).

Research and development

Elekta conducts research and development (R&D) aimed at strengthening and enhancing its position as technology leader. R&D expenditure, before capitalization of development costs, increased by 13 percent (12) and amounted to SEK 1,347 M (1,196), equal to 12 percent (11) of net sales. Costs related to the R&D function amounted to SEK 1,095 M (1,018). Capitalization and amortization of development costs in the R&D function amounted to a net of SEK 252 M (178). Capitalization amounted to SEK 637 M (534) and amortization to SEK 385 M (356). The increase in capitalization is related to Elekta Unity.

Cash flow

Cash flow from operating activities improved by SEK 585 M to SEK 2,404 M (1,819). Cash flow after continuous investments increased to SEK 1,589 M (1,045). Operational cash conversion was 109 percent (145). The cash flow improvement was mainly due to higher earnings and continued decrease of working capital.

See pages 82–83 for more information on the consolidated cash flow.

Financial position

Cash and cash equivalents and short-term investments amounted to SEK 4,541 M (3,383) and interest-bearing liabilities amounted to SEK 5,344 M (5,272). Thus, net debt amounted to SEK 803 M (1,889). Equity amounted to SEK 7,975 M (6,774). Net debt/equity ratio was 0.10 (0.28).

On June 29, 2017, Elekta AB entered into a new five-year revolving credit facility of EUR 200 M, primarily intended to be used as a back-up financing. The previously existing EUR 175 M revolving credit facility with maturity in May 2018 was cancelled in conjunction with the signing of the new facility.

The balance sheet has been affected by changes in exchange rates. The exchange rate effect of the translation of cash and cash equivalents amounted to SEK –4 M (138). The translation difference in interest-bearing liabilities amounted to SEK 54 M (207). Shareholder's equity was affected by exchange rate differences amounting to SEK 499 M (364).

See pages 78–79 for more information on the consolidated balance sheet.

Employees

The average number of employees during the year was 3,702 (3,581). The number of employees on April 30, 2018 totaled 3,716 (3,681). Value added per average employee amounted to SEK 1,365 T (1,140).

Significant events during the year

Changes to the Executive Management team

Peter Gaccione was appointed Executive Vice President for North America on June 1, 2017, succeeding Bill Yaeger.

Gustaf Salford was appointed Chief Financial Officer effective July 1, 2017. He succeeded Håkan Bergström.

Ioannis Panagiotelis was appointed Chief Marketing and Sales Officer (CMSO) effective August 23, 2017. All Elekta markets report to the CMSO except China and North America; who report directly to the CEO.

Steven Wort was appointed Chief Operating Officer effective September 1, 2017. He is an Elekta veteran and succeeded Johan Sedihn.

Paul Bergström was appointed Executive Vice President Global Services, effective November 1, 2017.

Oskar Bosson was appointed Executive Vice President Corporate Communications and Investor Relations, effective February 12, 2018.

The Executive Management team is presented on page 62.

New humediQ legal dispute

As earlier reported an arbitration tribunal in London issued an award in the dispute between two Elekta group companies and humediQ GmbH in May 2016. humediQ GmbH has now initiated a new arbitration against the same Elekta group companies and arising out of the same agreement as the previous arbitration. Elekta believes that the claims are meritless and will vigorously defend itself.

Investigation in Italy

As communicated in November 2015, Elekta's subsidiary in Italy and some former employees are suspected of interfering with public procurement processes. Elekta provided all requested information to the Italian authorities during the investigation which closed in August 2016. Elekta has zero tolerance for any deviation from its code of conduct and have clear corporate policies and procedures in place. The Judge of the Milan Court declared on July 3, 2017 lack of jurisdiction and the case is referred to the Prosecution Office of Monza.

McLaren Health Care and Elekta mutually terminate long-term agreement

Michigan-based McLaren Health Care and Elekta have mutually agreed to terminate their business agreement from December 2013. McLaren Health Care and Elekta will continue their business relationship, but on a smaller scale.

Elekta MR-linac functionality and CE mark update

On November 10, 2017, Elekta announced that the company extended the final stage of the development and testing of Elekta Unity in order to finalize and validate the linac control system, as well as ensure that customers can make use of the full potential of high-field functional MRI imaging from day one. On June 18, 2018, Elekta Unity received CE mark. For further information, refer to Significant events after year-end below.

Significant events after year-end

CE mark received for Elekta MR-linac

On June 18, 2018, Elekta Unity magnetic resonance radiation therapy (MR/ RT) system has received CE mark, clearing the technology for commercial sales and clinical use in Europe.

Changes to the Executive Management team

Renato Leite joined Elekta on June 1, 2018, as Executive Vice President Region Europe and member of the Executive Management team.

As of June 1, 2018, Caroline Mofors, Senior Vice President Chief Compliance and Integrity Officer, is a member of the Executive Management team.

The Executive Management team is presented on page 62.

Sustainability

Elekta AB has prepared a Corporate Responsibility Report in accordance with Chapter 6 Section 11 of the Swedish Annual Accounts Act. The Corporate Responsibility Report is attached to this Annual Report and is presented on pages 12, 15–17 and 35–49.

Quality

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

IT

Elekta IT has continued to focus on improving Elekta's efficiency through our progressive portfolio of integrated business solutions. By exploiting our investment in global IT platforms, we are able to use common technologies for a range of business activities and deploy them consistently around the world. This approach has allowed Elekta to consolidate operational responsibility for our processes into Elekta Business Services in Warsaw, where the team now run a wide range of remote services in support of the Elekta Regions and Global Functions. This digitalization of business processes has enabled the first introduction of robotic process automation in our accounting activities to improve the speed and quality of transactional processing through the elimination of human error. Plans are now in place to extend the use of robotic automation in our IT environment to improve the control and efficiency in our business operations.

In common with most businesses, the introduction of stronger privacy standards associated with GDPR has created a great deal of focus on cyber security and data protection. At Elekta, we have welcomed the new standards and, together with the compliance function, the global IT function has been leading a programme of work to ensure that our systems and processes fully meet the demands of the new legislation. This preparation work has seen Elekta introduce new technology to strengthen further our system access controls and the reporting and monitoring necessary to meet the new standards. By also including technologies to prevent the potential loss of data, we are proactively mitigating the risk and have successfully deployed "tokenization", where particularly sensitive data, or data being accessed in sensitive parts of the world, is substituted by random encrypted characters to render any information useless in the event of an intrusion.

By continuing to invest in progressive IT Platforms such as Microsoft Azure, we have been able to efficiently use the same cloud-based infrastructure for purposes as diverse as administering the classroom facilities in the Elekta Regional Training Centres, providing on-demand computing services to our software engineers, and centrally managing the big data requirements for the LINAC beam modelling, where we have substantially reduced the time required for pre-clinical calibration. Elekta will continue its commitment to the Salesforce.com platform, on which we run all of the customer facing business operations. By extending the use of this system, we have recently implemented a new Customer Portal, which allows us to connect with our customers for them to gain access to support services from Elekta and manage their installed base of clinical equipment. In the first month of service, over 9,000 customers accessed the system to collaborate with Elekta in this exciting new way.

Risks

Elekta's presence in a large number of geographical markets leave it open to potential exposure to political and economic risk on a global scale and in individual countries or regions. United Kingdom's decision to leave the European Union, as an example, might lead to economic uncertainty that may impact Elekta since an important part of the business is located in the United Kingdom. In some markets weak economic development and strained finances may mean less availability of financing for private customers and reduced future health care spending by governments.

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

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

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

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

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

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

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

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

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

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

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

Elekta's delivery of treatment equipment relies on customers' capability to receive the delivery on site. Depending on contractual terms a delay can result in postponed invoicing and also affect the timing of revenue recognition. The Group's credit risks are normally limited, since customer operations are, to a large extent, financed either directly or indirectly by public funds. See also Note 2 and Note 22 for more information on credit risk and credit exposure.

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

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

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

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

International regulations governing the global tax environment are also subject to regular changes. Due to the uncertainty related to which of the final tax regulations under consideration will be enacted Elekta cannot predict the impact, if any, that these changes could have on the business.

Elekta's operations within research and development, production, distribution, marketing and administration depend on a large number of advanced IT systems and IT solutions. Routines and procedures are applied in order to protect the hardware, software and information against damages, manipulations, loss or incorrect use. If these systems and solutions should be affected by any interference resulting in loss of information it might have a negative impact on Elekta's operations, result and financial position.

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

Sensitivity analysis

Elekta's operation is bound to projects the basis of consists of relatively big deliveries to customers. The lead time from delivery to installation can therefore vary from period to period. Quarterly variations of delivery volumes occur, which has a high impact on net sales and net income each quarter. Elekta's gross margin can also vary from period to period depending on product and geographic mix and currency movements. During the year, Elekta had a gross margin of 42 percent (41).

As a result of its international operations and structure, Elekta has a significant exposure to exchange rate fluctuations. This pertains primarily to expenses in SEK and GBP against revenue in USD and EUR. Based on the year's income, expense and currency structure a general change of 1 percentage point in the SEK exchange rate against other currencies would affect the Group's operating profit by approximately +/– SEK 36 M (13). In the short term, the effect is reduced through hedging.

Based on the balance sheet structure at year-end a general change of 1 percentage point in the interest on borrowings and investments would affect the Group's profit before tax by approximately +/– SEK 14 M (4).

Parent company

The Parent Company of the Group, Elekta AB, conducts no operating activities but provides group management, joint group functions and financial management. Profit for the year amounted to SEK 598 M (91) inclusive of dividends from subsidiaries of SEK 725 M (271). Total assets amounted to SEK 12,044 M (11,445) of which shares in subsidiaries amounted to SEK 2,239 M (2,222) and receivables from subsidiaries amounted to SEK 5,879 M (6,549). Cash and cash equivalents and short-term investments at year-end amounted to SEK 3,708 M (2,479). Shareholders' equity amounted to SEK 2,823 M (2,606). Interest-bearing liabilities amounted to SEK 9,118 M (8,649), of which SEK 3,793 M (3,381) constituted liabilities to subsidiaries. The average number of employees during the year was 36 (30). The number of employees on April 30, 2018 was 36 (31). For further information refer to the Parent Company's financial reports and the accompanying notes.

Shares

The total number of registered shares on April 30, 2018 was 383,568,409 divided between 14,980,769 A-shares and 368,587,640 B-shares. One series A-share entitles the holder to 10 votes and series B-shares entitle the holder to one vote for each share. All shares carry equal rights to participate in the Company's assets and profits. In accordance with Section 12 of the Articles of Association, series A-shares are subject to right of first refusal. All A-shares are owned by Laurent Leksell via companies, also the only shareholder representing more than 10 percent of total votes. On April 30, 2018, treasury shares amounted to 1,541,368 (1,541,368) equivalent to 0.4 percent (0.4) of the total number of outstanding shares as well as of share capital. Regarding treasury shares, par value is 0,50 SEK per share and average cost is 49,70 SEK per share.

See pages 64–65 for more information on Elekta's share.

Dividend and proposal to repurchase shares

For 2017/18, the Board proposes a dividend of SEK 1.40 (1.00) per share to be divided into two payments. Total proposed dividend amounts to approximately SEK 535 M (382) and 49 percent (306) of net profit for the year. The Board intends to propose to the 2018 Annual General Meeting a renewal of the Board's authorization to decide on the acquisition of a maximum number of own shares so that, after the acquisition, the company holds no more than 10 percent of the total number of outstanding shares in Elekta AB.

APPROPRIATION OF PROFIT

Amounts in SEK	April 30, 2018
Distributable shareholders' equity of the Parent Company	
Premium reserve	656,609,561
Retained earnings	1,219,817,210
Profit for the year	598,240,232
Total	**2,474,667,003**
The Board of Directors and the President and CEO propose:	
to be distributed to the shareholders, a total dividend of SEK 1.40 per share[1)]	534,837,857
and that the remaining amount be carried forward	1,939,829,146
Total	**2,474,667,003**

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

The Board's statement on the proposed dividend

In making this proposal for dividend, the Board has taken into account the The Parent company's dividend policy, solidity as well as its general financial position, whereby the Parent company's ability to fulfill existing and foreseeable payment obligations in a timely manner, as well as potential acquisitions and other investments. The Parent Company's equity includes SEK 105 M pertaining to assets and liabilities measured at fair value in accordance with Chapter 4 Section 14 a of the Swedish Annual Accounts Act. The equity ratio and liquidity is reassuring, under the assumption that the Parent company and the Group continue to be profitable. The impact of the proposed dividend on the Group's reported equity/assets ratio of 36 percent (32), will be marginal. Concerning the Parent company's and the Group's result and position in general, refer to the statements of income, statements of comprehensive income, balance sheets and statements of cash flow and notes.

It is the assessment of the Board of Directors that the proposed dividend neither prevents the Parent company, and other companies within the Group, from fulfilling their obligations, nor from making the necessary investments. The proposed dividend can therefore be justified in respect of Chapter 17, section 3, paragraphs 2 and 3 of the Swedish Companies Act (the prudence rule).

Articles of association

The Articles of Association state that board members are appointed and dismissed by the Annual General Meeting. The Articles of Association contain no specific regulations regarding changes to the Articles of Association.

Guidelines for remuneration to executive management

The Board of Directors proposes that the Annual General Meeting on August 30, 2018 approve the following guidelines for remuneration and other terms of employment for the executive management of the Group. The guidelines will be valid for employment agreements entered into after the Annual General Meeting and for any changes made to existing employment agreements thereafter. It is proposed that the Board be given the ability to deviate from the below-stated guidelines in individual cases where specific reasons or requirements exist. The guidelines in the following proposal are unchanged compared to the guidelines which were proposed by the Board of Directors and approved by the Annual General Meeting in 2017, but the sections 'Variable salary' and 'Annual Incentive' have been consolidated and clarified.

Guidelines

It is of fundamental importance to Elekta and its shareholders that the guidelines for remuneration and other terms of employment for the executives of the Group attract, motivate and retain competent employees and managers, both in the short and long-term. To achieve this goal, it is important to ensure fairness and internal equity, while maintaining market competitiveness in terms of the structure, scope and level of executive compensation within Elekta. Employment conditions for executive management should comprise a balanced mix of fixed salary, a variable salary component, annual incentive, long-term incentives, pension and other benefits, as well as notice and severance payments, where applicable.

Total target cash compensation

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

Compensation components

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

Fixed salary

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

Variable salary

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

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

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

If performance related financial goals within the variable salary plan exceeding 100 percent of the target, there is the opportunity for additional compensation for over performance. The annual incentive entails a potential to earn a maximum of 200 percent of the target variable salary component. Accordingly, the maximum payout level for the sum of the variable salary component is capped at a 200 percent of the original target for variable compensation. The plan also contains a minimum performance level or threshold under which no variable salary or annual incentive will be paid out at all.

Equity-based long-term incentive programs

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

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

Retention measures

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

Pensions

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

Other benefits

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

Notice periods and severance agreements

Periods of notice in Elekta follow local labor legislative requirements in the geographies in which they are based. Senior executives generally have notice periods of between 6 and 12 months and, during specific circumstances, to be entitled to severance payment equal 6–12 months employment. In the event of a material change of control, the President and CEO shall be entitled to an extra severance payment equal to 18 months employment.

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

Preparation and decision process

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

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

Consolidated income statement

SEK M	Note	2017/18	2016/17
Net sales	6	11,333	10,704
Cost of products sold		–6,584	–6,277
Gross profit		**4,748**	**4,427**
Selling expenses		–1,208	–1,165
Administrative expenses		–948	–928
R&D expenses		–1,095	–1,018
Exchange rate differences		42	–201
Operating result before items affecting comparability		**1,538**	**1,115**
Items affecting comparability		–	–518
Operating result	5–11	**1,538**	**598**
Income from participations in associates	13	–7	–17
Financial income	13	67	31
Financial expenses	13	–225	–271
Exchange rate differences	13	1	–1
Profit before tax		**1,374**	**340**
Income taxes	15	–276	–214
Profit for the year		**1,099**	**126**
Profit attributable to:			
Parent Company shareholders		1,099	125
Non-controlling interests		0	1
Earnings per share:			
Earnings per share before dilution, SEK		2.88	0.33
Earnings per share after dilution, SEK		2.88	0.33
Average number of shares before dilution, thousands		382,027	381,306
Average number of shares after dilution, thousands		382,027	381,306

Consolidated statement of comprehensive income

SEK M	Note	2017/18	2016/17
Profit for the year		**1,099**	**126**
Other comprehensive income			
Items that will not be reclassified to the statement of income:			
Remeasurements of defined benefit pension plans	27	–19	1
Tax	15	5	0
Total items that will not be reclassified to the statement of income		**–14**	**1**
Items that subsequently may be reclassified to the statement of income:			
Revaluation of cash flow hedges	3	–5	34
Translation differences from foreign operations		499	364
Tax	15	2	–7
Total items that subsequently may be reclassified to the statement of income		**496**	**391**
Other comprehensive income, net		**482**	**392**
Total comprehensive income		**1,581**	**518**
Comprehensive income attributable to:			
Parent Company shareholders		1,581	517
Non-controlling interests		0	1

Comments on the consolidated income statement

In the income statement presented on the previous page items affecting comparability have been separately recognized. Items affecting comparability amounted to SEK 0 M (–518) and mainly refer to costs related to legal disputes and costs for severance, efficiency initiatives and external support within the transformation program. The table below presents the income statement down to operating result before and after items affecting comparability with items affecting comparability allocated by function.

		2017/18				2016/17			
SEK M	Note	Excluding items affecting comparability	Restructuring costs	Costs related to legal disputes	Including items affecting comparability	Excluding items affecting comparability	Restructuring costs	Costs related to legal disputes	Including items affecting comparability
Net sales	6	11,333	–	–	11,333	10,704	–	–	10,704
Cost of products sold		–6,584	–	–	–6,584	–6,277	–23	–	–6,300
Gross profit		**4,748**	**–**	**–**	**4,748**	**4,427**	**–23**	**–**	**4,404**
Selling expenses		–1,208	–	–	–1,208	–1,165	–5	–	–1,170
Administrative expenses		–948	–	–	–948	–928	–231	–235	–1,394
R&D expenses		–1,095	–	–	–1,095	–1,018	–24	–	–1,042
Exchange rate differences		42	–	–	42	–201	–	–	–201
Operating result	5–11	**1,538**	**–**	**–**	**1,538**	**1,115**	**–283**	**–235**	**598**

Net sales

Net sales increased 6 percent to SEK 11,333 M (10,704), corresponding to 8 percent increase based on constant exchange rates.

	Net sales, SEK M	Change, %[1]	Operating result, SEK M
Q1	2,169	12	38
Q2	2,802	19	365
Q3	2,747	7	366
Q4	3,614	0	769
Full year 2017/18	**11,333**	**8**	**1,538**

1) Compared to last fiscal year based on constant exchange rate

Earnings

Gross margin was 42 percent (41). EBITA before items affecting comparability and bad debt losses amounted to SEK 2,116 M (1,661). The effect from changes in exchange rates was approximately SEK 160 M (315) including hedges.

Operating result increased by 158 percent and amounted to SEK 1,538 M (598). Operating margin was 14 percent (6).

Research and development expenditures before capitalization of development costs increased 13 percent to SEK 1,348 M (1,196) equal to 12 percent (11) of net sales. Capitalization of development costs and amortization of capitalized development costs amounted to net SEK 229 M (155), of which SEK 252 M (178) relates to the R&D function. Capitalization within the R&D function amounted to SEK 637 M (534) and amortization to SEK 385 M (356).

The change in unrealized exchange rate effects from effective cash flow hedges amounted to SEK –5 M (34) and is reported in other comprehensive income. Closing balance of unrealized exchange rate effects from effective cash flow hedges in shareholders' equity was SEK 33 M (36) exclusive of tax. According to Elekta's currency hedging policy, anticipated sales in foreign currency may be hedged up to 24 months.

Net financial items amounted to SEK –164 M (–258). The improvement was mainly related to lower interest rates as a result of refinancing in the previous year.

Income before tax amounted to SEK 1,374 M (340). Tax expense amounted to SEK –276 M (–214) or 20 percent (63). The decrease of the tax-rate was mainly due to the increased earnings before tax and the US tax reform. Profit after tax amounted to SEK 1,099 M (126).

RESULT OVERVIEW

SEK M	2017/18	2016/17
Operating result/EBIT before items affecting comparability	**1,538**	**1,115**
Bad debt losses	53	46
Amortization:		
Capitalized development costs	408	380
Assets relating business combinations	116	119
EBITA before items affecting comparability and bad debt losses	**2,116**	**1,661**

Consolidated balance sheet

SEK M	Note	April 30, 2018	April 30, 2017
ASSETS			
Non-current assets			
Intangible assets	16	9,175	8,704
Tangible fixed assets	17	895	795
Shares in associated companies	19	42	22
Other financial assets	3, 20	219	285
Deferred tax assets	15	267	375
Total non-current assets		**10,598**	**10,181**
Current assets			
Inventories	21	1,121	936
Accounts receivable	22	3,402	3,726
Accrued income		1,601	1,640
Current tax assets	15	177	191
Derivative financial instruments	3	170	92
Other current receivables	23	846	802
Short-term investments	24	83	–
Cash and cash equivalents	24	4,458	3,383
Total current assets		**11,858**	**10,769**
Total assets		**22,457**	**20,950**
EQUITY AND LIABILITIES			
Equity			
Parent Company shareholders:			
Share capital	25	192	192
Contributed funds		812	812
Reserves		1,096	600
Retained earnings		5,876	5,171
Parent Company shareholders, total		**7,975**	**6,774**
Non-controlling interests		0	0
Total equity		**7,975**	**6,774**
Non-current liabilities			
Long-term interest-bearing liabilities	26	4,369	5,272
Deferred tax liabilities	15	693	778
Long-term provisions	27	158	142
Other long-term liabilities	3	63	33
Total long-term liabilities		**5,283**	**6,224**
Current liabilities			
Short-term interest-bearing liabilities	26	975	0
Accounts payable		1,132	1,000
Advances from customers		2,575	2,531
Prepaid income	28	2,053	1,874
Accrued expenses	29	1,854	1,875
Current tax liabilities	15	107	111
Short-term provisions	27	201	231
Derivative financial instruments	3	46	48
Other current liabilities		257	281
Total current liabilities		**9,199**	**7,952**
Total equity and liabilities		**22,457**	**20,950**

For information about assets pledged and contingent liabilities see Note 31 and 32 respectively.

Comments on the consolidated balance sheet

The Group's consolidated balance sheet has been affected by changes in exchange rates. The balance sheets of the foreign subsidiaries are translated at the closing rate as per the closing date. The exchange rates used for translation as per 30 April 2018 and 30 April 2017 respectively are presented in the table on page 87.

Assets and capital employed

The Group's total assets increased by SEK 1 507 M to SEK 22,457 M (20,950). Fixed assets totaled SEK 10,598 M (10,181) of which goodwill amounted to SEK 5,607 M (5,388).

Current assets, excluding cash and cash equivalents and short-term investments, decreased by SEK 69 M to SEK 7,317 M (7,386). Accounts receivable, accrued income and inventories decreased by 3 percent (4). Inventory value in relation to net sales was 10 percent (9).

Cash and cash equivalents and short-term investments increased by SEK 1,158 M to SEK 4,541 M (3,383) at year-end, totaling 20 percent (16) of total assets. Of total bank balances SEK 8 M (12) were pledged primarily for commercial guarantees.

The Group's capital employed increased to SEK 13,319 M (12,046).

Liabilities and shareholders' equity

Interest-free liabilities and provisions increased by SEK 234 M to SEK 9,138 M (8,904). Interest-bearing liabilities totaled SEK 5,344 M (5,272). Net debt amounted to SEK 803 M (1,889). Total equity was SEK 7,975 M (6,774). Return on shareholders' equity amounted to 16 percent (2) and return on capital employed amounted to 13 percent (5). Net debt/equity ratio was 0.10 (0.28) and equity/assets ratio was 36 percent (32).

Working capital

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

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

Accounts receivable amounted to SEK 3,402 M (3,726) as per 30 April, showing a decrease of 9 percent in SEK. The majority of non-due accounts receivable are normally due within 90 days.

In a limited number of customer projects, Elekta is providing financing through extended payment terms. Such receivables amounted to SEK 170 M (185) as per 30 April and are included in "Other financial assets" in the balance sheet and specified as "Contractual receivables" in Note 20.

Customer advances represent projects for which invoiced amounts exceed revenue recognized. Advances from customers amounted to SEK 2,575 M (2,531) as per 30 April, an increase of SEK 45 M.

WORKING CAPITAL

SEK M	April 30, 2018	April 30, 2017
Working capital assets		
Inventories	1,121	936
Accounts receivable	3,402	3,726
Accrued income	1,601	1,640
Other operating receivables	846	802
Sum working capital assets	**6,970**	**7,104**
Working capital liabilities		
Accounts payable	1,132	1,000
Advances from customers	2,575	2,531
Prepaid income	2,053	1,874
Accrued expenses	1,854	1,875
Short-term provisions	201	231
Other current liabilities	257	281
Sum working capital liabilities	**8,071**	**7,792**
Net working capital	**–1,101**	**–688**
Percent of net sales	–10%	–6%

Net working capital amounted to SEK –1,101 M (–688) at year-end, corresponding to –10 percent (–6) of net sales.

Changes in consolidated equity

SEK M	Note	Share capital	Other contributed capital	Translation reserve	Hedge reserve	Retained earnings	Elekta AB:s owners, total	Non-controlling interests	Total equity
Opening balance May 1, 2016		**192**	**740**	**210**	**–2**	**5,262**	**6,402**	**10**	**6,412**
Profit for the year		–	–	–	–	125	125	1	**126**
Remeasurements of defined benefit pensions plans		–	–	–	–	1	1	–	**1**
Cash flow hedges		–	–	–	34[1)]	–	34	–	**34**
Translation differences from foreign operations		–	–	364	–	–	364	–	**364**
Tax relating to components of other comprehensive income	15	–	–	–	–7	0	–7	–	**–7**
Other comprehensive income		0	0	364	27	1	392	0	**392**
Total comprehensive income		**0**	**0**	**364**	**27**	**126**	**517**	**1**	**518**
Acquisition of non-controlling interest		–	–	–	–	–31	–31	–1	**–32**
Dividend		–	–	–	–	–191	–191	–10	**–201**
Incentive programs		–	–	–	–	5	5	–	**5**
Tax effect incentive programs		–	–	–	–	0	0	–	**0**
Conversion of convertible loan		0	72	–	–	–	72	–	**72**
Transactions with the shareholders, total		**0**	**72**	**0**	**0**	**–217**	**–145**	**–11**	**–156**
Closing balance April 30, 2017		**192**	**812**	**574**	**26**	**5,171**	**6,774**	**0**	**6,774**
Opening balance May 1, 2017		**192**	**812**	**574**	**26**	**5,171**	**6,774**	**0**	**6,774**
Profit for the year		–	–	–	–	1,099	1,099	0	**1,099**
Remeasurements of defined benefit pensions plans		–	–	–	–	–19	–19	–	**–19**
Cash flow hedges		–	–	–	–5[1)]	–	–5	–	**–5**
Translation differences from foreign operations		–	–	499	–	–	499	–	**499**
Tax relating to components of other comprehensive income	15	–	–	–	2	5	7	–	**7**
Other comprehensive income		–	–	499	–3	–14	482	–	**482**
Total comprehensive income		**–**	**–**	**499**	**–3**	**1,085**	**1,581**	**0**	**1,581**
Dividend		–	–	–	–	–382	–382	–	**–382**
Incentive programs		–	–	–	–	2	2	–	**2**
Tax effect incentive programs		–	–	–	–	0	0	–	**0**
Transactions with the shareholders, total		**–**	**–**	**–**	**–**	**–380**	**–380**	**–**	**–380**
Closing balance April 30, 2018		**192**	**812**	**1,073**	**23**	**5,876**	**7,975**	**0**	**7,975**

1) Of which transferred to the income statement in 2017/18: SEK –90 M (–185)

Comments on changes in consolidated equity

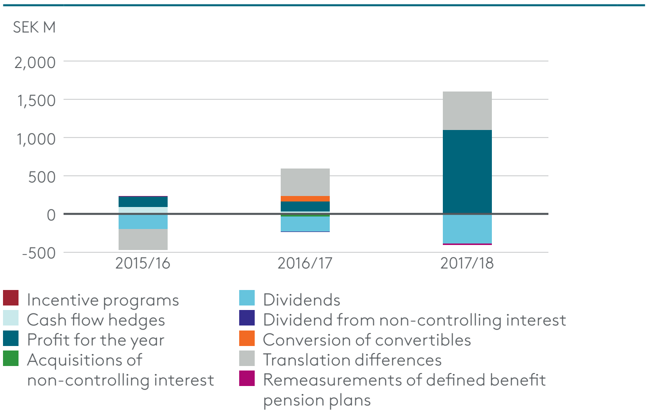
In 2017/18 Elekta paid a total dividend of SEK 382 M. The dividend payment has affected equity through a reduction of retained earnings.

The total number of shares in Elekta as of April 30, 2018, amounted to 383,568,409 of which 14,980,769 A-shares and 368,587,640 B-shares. See Note 25 for more information on share capital.

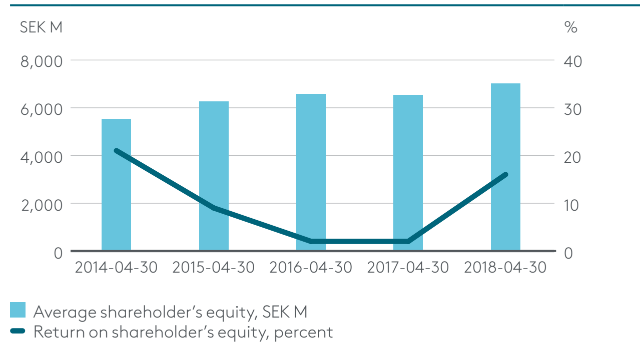
Total equity includes equity of foreign subsidiaries. Translation is performed at closing rate and the translation difference is reported in the translation reserve via other comprehensive income. The translation difference amounted to SEK 499 M (364) in 2017/18. Shareholders' equity in foreign currency is hedged when it is deemed appropriate in individual cases. The translation reserve includes all exchange rate differences arising in conjunction with the translation of foreign operations that have prepared their financial reports in a currency other than that used in the group's financial reports. In addition, the translation reserve consists of exchange rate differences arising from the translation of liabilities raised as a hedging instrument for a net investment in foreign operations. The translation reserve amounted to SEK 1,073 M (574) at year end.

Cash flow hedges are reported in the hedge reserve via other comprehensive income. Elekta hedges its currency risk in line with the policy established by the Board. The scope of this hedging is determined by the Company's currency risk assessment. Currency hedging is defined on the basis of the expected sales in foreign currency over up to 24 months. Hedging is done to reduce the effects of short-term fluctuations on the currency markets. The hedge reserve includes the effective portion of the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet occurred. During 2017/18 the change in the hedge reserve was SEK –3 M (27) after tax and the closing balance of the hedge reserve was SEK 23 M (26).

CHANGES IN CONSOLIDATED EQUITY



CONSOLIDATED EQUITY AND RETURN



Consolidated cash flow statement

SEK M	Note	2017/18	2016/17
Operating activities			
Profit before tax		1,374	340
Non-cash items:			
Depreciation	8, 16, 17	675	655
Interest net	33	97	178
Other non-cash items etc.	33	257	50
Operating cash flow before interest and tax		2,403	1,222
Interest received		67	31
Interest paid		–165	–219
Income taxes paid	15	–250	–268
Operating cash flow		2,054	767
Increase (–)/decrease (+) in inventories		–136	231
Increase (–)/decrease (+) in operating receivables		404	158
Increase (+)/decrease (–) in operating liabilities		83	662
Change in working capital		351	1,051
Cash flow from operating activities		**2,404**	**1,819**
Investing activities			
Investments in intangible assets	16	–642	–633
Investments in machinery and equipment	17	–212	–141
Sale of fixed assets		38	0
Increase in long-term receivables		0	0
Decrease in long-term receivables		0	0
Continuous investments		–816	–774
Cash flow after continuous investments		**1,589**	**1,045**
Business combinations	33, 35	–45	–24
Short-term investments		–83	–
Investments associates		–17	–
Repayments from partnerships	19	4	6
Cash flow from investing activities		**–957**	**–792**
Cash flow after investments		**1,447**	**1,027**
Financing activities			
Borrowings	33	15	1,996
Repayment of debt	33	–	–1,829
Acquisition of non-controlling interest		–	–21
Dividend		–382	–201
Cash flow from financing activities		**–367**	**–55**
Cash flow for the year		**1,080**	**972**
Change in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		3,383	2,273
Cash flow for the year		1,080	972
Exchange rate differences		–4	138
Cash and cash equivalents at the end of the year	24	**4,458**	**3,383**

Comments on the consolidated cash flow statement

The cash flow statement describes the ability of the operations to generate cash and cash equivalents. Elekta's cash flow is used primarily to finance market growth, strategic research projects and investments. Based on the income statement and balance sheet translated at the average exchange rate, the statement shows the Group's net flows during the year.

Elekta's project-based operations affect cash flow through movements in working capital. Payment flows from projects generally occur in connection with order receipt, delivery and acceptance – mostly not coinciding with revenue recognition – thus generating fluctuations in working capital levels. See also comments on working capital on page 79.

The operating cash flow (cash flow from operating activities exclusive of change in working capital) amounted to SEK 2,054 M (767), an increase of SEK 1,287 M compared with the preceding year.

Cash flow from operating activities increased to SEK 2,404 M (1,819). The cashflow improvement was mainly due to higher earnings and continued decrease of working capital.

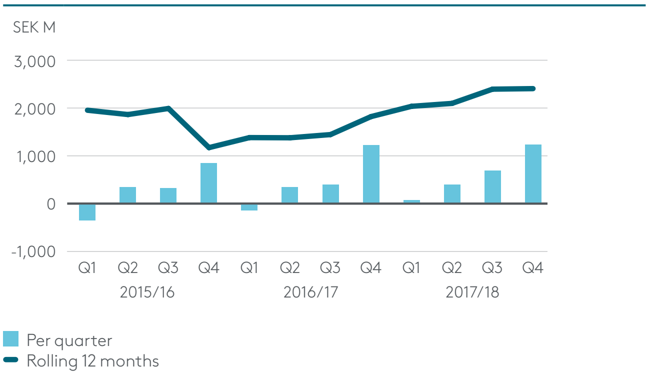
Cash flow from investing activities amounted to SEK –957 M (–792) including investments in intangible assets of SEK –642 M (–633).

Cash flow after continuous investments increased by SEK 544 M to SEK 1,589 M (1,045).

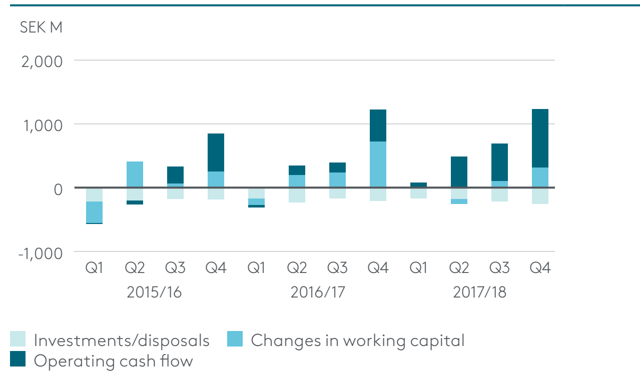
Cash flow after investments amounted to SEK 1,447 M (1,027), including payments relating to business combinations of SEK –45 M (–24).

Cash flow from financing activities amounted to SEK –367 M (–55).

CASH FLOW FROM OPERATING ACTIVITIES



SPECIFICATION OF CASH FLOW AFTER CONTINUOUS INVESTMENTS



Financial statements – Parent Company

Income statement – Parent Company

SEK M	Note	2017/18	2016/17
Administrative expenses		–86	–108
Operating result before other items affecting comparability	7, 9, 10	**–86**	**–108**
Other items affecting comparability		–	–11
Operating result		**–86**	**–119**
Income from participations in Group companies	12	725	268
Income from participations in associated companies	13	–14	–30
Interest income and similar items	14	212	153
Interest expenses and similar items	14	–177	–222
Exchange rate differences		1	7
Profit before tax		**661**	**58**
Income taxes	15	–63	33
Profit for the year		**598**	**91**

Statement of comprehensive income – Parent Company

SEK M	2017/18	2016/17
Profit for the year	**598**	**91**
Other comprehensive income		
Items that subsequently may be reclassified to the statement of income:		
Hedge of net investment	–	–
Tax	–	–
Other comprehensive income, net	**–**	**–**
Total comprehensive income	**598**	**91**

Balance sheet – Parent Company

SEK M	Note	April 30, 2018	April 30, 2017
ASSETS			
Non-current assets			
Intangible assets	16	68	75
Shares in subsidiaries	18	2,239	2,222
Shares in associated companies	19	–	–
Receivables from subsidiaries		2,411	2,679
Other financial assets	20	14	26
Deferred tax assets	15	0	63
Total non-current assets		**4,732**	**5,065**
Current assets			
Receivables from subsidiaries		3,468	3,870
Other current receivables	23	137	31
Short-term investments	24	83	–
Cash and cash equivalents	24	3,625	2,479
Total current assets		**7,312**	**6,380**
Total assets		**12,044**	**11,445**
EQUITY AND LIABILITIES			
Equity			
Share capital	25	192	192
Statutory reserve		156	156
Restricted equity		**348**	**348**
Premium reserve		657	657
Retained earnings		1,818	1,601
Unrestricted equity		**2,475**	**2,258**
Total equity		**2,823**	**2,606**
Untaxed reserves		**–**	**–**
Long-term provisions	27	**9**	**36**
Long-term interest-bearing liabilities	26	4,366	5,268
Long-term liabilities to subsidiaries	26	39	39
Total long-term liabilities		**4,405**	**5,307**
Current liabilities			
Short-term interest-bearing liabilities	26	959	–
Short-term liabilities to subsidiaries	26	3,754	3,342
Short-term provisions	27	0	30
Other current liabilities	30	94	123
Total current liabilities		**4,807**	**3,495**
Total equity and liabilities		**12,044**	**11,445**

Cash flow statement – Parent Company

SEK M	Note	2017/18	2016/17
Operating activities			
Profit before tax		661	58
Interest net	33	–48	47
Other non-cash items etc.	33	–245	168
Interest received		211	153
Interest paid		–162	–229
Income taxes paid	15	0	–20
Operating cash flow		**417**	**176**
Increase (–)/decrease (+) in operating receivables		234	459
Increase (+)/decrease (–) in operating liabilities		–24	–83
Change in working capital		210	376
Cash flow from operating activities		**627**	**552**
Investing activities			
Investments in subsidiaries	33	–74	–84
Short-term investments	24	–83	–
Increase (–)/decrease (+) in long-term receivables		786	–4
Cash flow from investing activities		**629**	**–88**
Cash flow after investments		**1,256**	**464**
Financing activities			
Borrowings		412	2,587
Repayment of debt		–	–1,887
Conversion of convertible loans		–	72
Dividend		–382	–191
Cash flow from financing activities		**30**	**582**
Cash flow for the year		**1,286**	**1,046**
Change in cash and cash equivalents during the year			
Cash and cash equivalents at the beginning of the year		2,479	1,499
Cash flow for the year		1,286	1,046
Exchange rate differences		–140	–66
Cash and cash equivalents at the end of the year	24	**3,625**	**2,479**

Changes in equity – Parent Company

	Restricted equity		Unrestricted equity		
SEK M	Share capital	Statutory reserve	Premium reserve	Retained earnings	Total equity
Opening balance May 1, 2016	**192**	**156**	**585**	**1,698**	**2,631**
Profit for the year	–	–	–	91	**91**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	**–**	**–**	**–**	**91**	**91**
Dividend	–	–	–	–191	**–191**
Incentive programs	0	–	0	2	**2**
Conversion of convertible loan	0	–	72	–	**72**
Transactions with the shareholders, total	**0**	**–**	**72**	**–189**	**–117**
Closing balance April 30, 2017	**192**	**156**	**657**	**1,601**	**2,606**
Opening balance May 1, 2017	**192**	**156**	**657**	**1,601**	**2,606**
Profit for the year	–	–	–	598	**598**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income	**–**	**–**	**–**	**598**	**598**
Dividend	–	–	–	–382	**–382**
Incentive programs	–	–	–	1	**1**
Transactions with the shareholders, total	**–**	**–**	**–**	**–381**	**–381**
Closing balance April 30, 2018	**192**	**156**	**657**	**1,818**	**2,823**

Notes

Note 1 Essential accounting principles

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

This annual report, including the consolidated financial statements, was signed and approved for publication by the board of directors of Elekta AB on July 9, 2018. The statements of income and the balance sheets, for the Parent Company and the Group, included in the annual report and the consolidated financial statements, are subject to adoption by the annual general meeting on August 30, 2018.

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

Basis for preparation

Elekta's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) on April 30, 2018, the Swedish Annual Accounts Act and standard RFR 1 of the Swedish Financial Reporting Board. The Parent Company's financial reports have been prepared in accordance with the Swedish Annual Accounts Act and standard RFR 2 of the Swedish Financial Reporting Board.

Measurement basis

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

New and revised IFRS applied from May 1, 2017

The following amended standards were effective January 1, 2017 and have been applied from May 1, 2017.

- Amendments to IAS 7 Statements of Cash Flows: Disclosure Initative.
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses.

None of the amendments above have had a material impact on the financial statements.

New and revised IFRS not yet applied

The following new standards have been issued by the IASB but are not yet effective for the year ended April 30, 2018. The new standards will be applied as described below. See also Note 38 for estimated effects from the implementation of IFRS 9 and IFRS 15

- IFRS 9 Financial Instruments
  IFRS 9 is a new standard on accounting for financial instruments and replaces IAS 39. The standard comprise classification, valuation and impairment of financial instruments as well as hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018 and Elekta will implement the new standard as of May 1, 2018, for more information see Note 38.
- IFRS 15 Revenue from Contracts with Customers
  IFRS 15 Revenue from Contracts with Customers is a new revenue recognition standard replacing IAS 18 Revenue and IAS 11 Construction contracts. The standard is effective for annual reporting periods beginning on or after January 1, 2018 and Elekta will implement the new standard as of May 1, 2018, for more information see Note 38.
- IFRS 16 Leases
  IFRS 16 Leases will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC15 and SIC 27. The new standard will affect the accounting for leases in the books of a lessee, whereas the accounting will in all material aspects remain unchanged for lessors. With the new standard there will no longer be a distinction between operating and finance lease. All leases, with the exception of short-term leases and those of minor value, will be recognized in the balance sheet. Depreciation of lease assets must be separately recognised from interest on lease liabilities in the income statement. The evaluation of the effect on the financial statements of the Elekta Group is ongoing. The initial assessment is that the major effect from implementing the new standard will relate to operating lease agreements for offices, factories and warehouses. The standard is effective for annual reporting periods beginning on or after January 1, 2019 and Elekta will implement the new standard as of May 1, 2019.

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

Consolidated accounts

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

The acquisition method

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

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

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

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

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

Income statement

Elekta presents its income statement classified by function where the operating expenses are allocated to cost of products sold, selling expenses, administrative expenses and R&D expenses. Exchange rate differences and items affecting comparability are reported on separate lines within the operating result. These items have been identified as important to distinguish from operating revenue and costs directly related to functions in order to ease comparability over time. Items affecting comparability are events or transactions with significant financial effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including restructuring programs, expenses relating to major legal disputes, impairments and gains and losses from acquisitions or disposals of subsidiaries.

Transactions and balances in foreign currency

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

Cash flow statement

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

EXCHANGE RATES

		Average rate		Closing rate	
Country	**Currency**	**2017/18**	**2016/17**	**April 30, 2018**	**April 30, 2017**
Australia	AUD	6.429	6.546	6.556	6.606
Canada	CAD	6.495	6.610	6.746	6.473
China	CNY	1.262	1.289	1.368	1.282
Euroland	EUR	9.811	9.518	10.509	9.630
United Kingdom	GBP	11.103	11,314	11.942	11,439
Hong Kong	HKD	1.062	1.120	1.104	1.136
Japan	JPY	0.075	0.080	0.079	0.079
USA	USD	8.302	8.694	8.664	8.840

The parent company

The Group's Parent Company, Elekta AB, carries out group management and provides joint group functions and financial management. The Parent Company's revenues consist mainly of dividends from subsidiaries. The most material balance sheet items are shares in subsidiaries, intra-group balances and external loans.

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and standard RFR 2 of the Swedish Financial Reporting Board. RFR 2 requires the Parent Company, in its annual accounts, to apply all the International Financial Reporting Standards (IFRS) as endorsed by the EU in so far as this is possible within the framework of the Annual Accounts Act and with regard to the relationship between accounting and taxation. RFR 2 states what exceptions from, and additions to, IFRS should be made.

Revenues
The Parent Company's revenues consist mainly of dividends from subsidiaries. Dividends are recognized when the right to receive payment is judged to be firm.

Shares in subsidiaries and shares in associates
Shares in subsidiaries and shares in associates are accounted for at cost less any accumulated impairment losses. Acquisition-related transaction costs are included in the cost of the shares. The recoverable amount of shares in subsidiaries or shares in associates is calculated whenever there is an indication of a reduction in value. Impairment is performed if the recoverable amount is lower than the carrying value. Impairment losses are recognized in the financial net in the income statement.

Note 1 Essential accounting principles, cont.

Financial instruments

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

Group contributions

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

Note 2 Financial risk management

Accounting principles

See note 3 for accounting principles relating to financial instruments.

Financial risk factors

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

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

Market risk

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

Currency risk

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

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

Hedging is carried out in order to reduce the effects of short-term fluctuations in currency markets. The Parent Company's direct and indirect holdings in foreign operations entail that net assets in the foreign operations are exposed to currency risk. Such net investments in foreign currency are hedged when viewed as appropriate on an individual basis.

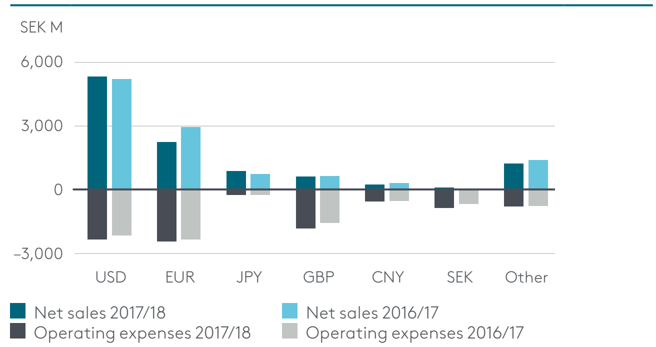
Based on the year's income, expense and currency structure (transaction exposure) a general change of one percentage point in the SEK exchange rate against other currencies would affect Group net profit and shareholders' equity by approximately +/– SEK 28 M (10), exclusive of hedging effects. The table below shows the impact on net income from a 1 percent weakening of the Swedish krona (SEK) in relation to the major currencies.

IMPACT ON OPERATING RESULT OF A 1 PERCENT WEAKENING OF SEK, SEK M

Currency	April 30, 2018	April 30, 2017
USD	31	28
EUR	6	–4
JPY	5	6
GBP	–9	–17
CNY	–2	–4
Other currencies	5	3

The Group's net sales and operating expenses by currency for 2017/18 are shown in the following diagram.

NET SALES AND OPERATING EXPENSES PER CURRENCY



Interest-rate risk

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

Elekta's policy is to reduce the interest-rate risk through the use of loans, investments and derivatives. The Group's finance department analyzes exposure to interest-rate risk, whereby refinancing, turnover of existing positions, alternative financing and hedging are taken into account. Based on this, the effect on earnings that a certain change in the interest rate would have is calculated, in which the total change in the interest rate is used for all currencies.

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

Based on the balance sheet structure at year-end and under the assumption that all other variables were constant, a general change in the interest rate on loans and investments by one percentage point would affect the Group's net result and shareholders' equity by +/– SEK 11 M (3), excluding hedging effects. The impact on the result is mainly attributable to lower/higher interest expense for loans at variable interest rate.

On April 30, 2018, interest-bearing liabilities totaled SEK 5,344 M (5,272), of which SEK 3 M (4) pertained to financial leasing. The average fixed interest term was 1.1 years (1.6) and the weighted average interest rate, taking interest rate derivatives into account, was 2.5 percent (2.5). See Note 26 for more information on interest-bearing loans.

Credit risk

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

Financial credit risk

Elekta's finance policy includes special counterparty regulations in which the maximum credit exposure and the lowest credit rating for various counterparties are specified. Only banks and financial institutions that have received the credit rating from Standard & Poor's of – A (long) and A1+ (short) or higher – are accepted. Elekta's liquidity is invested in accordance with the determined policy, with the goal of maintaining high liquidity combined with a low credit risk.

Credit risk in accounts receivable

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

A continuous assessment is made of the credit risk in receivables outstanding and at the end of the financial year 2017/18 the provision for bad debts amounted to SEK 152 M. See Note 22 for an analysis of credit exposure in accounts receivable and provision for bad debts.

Liquidity risk

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

Excess liquidity in operating Group companies is transferred centrally and is managed by the Group's financial function. Investments are made primarily in interest-bearing accounts, term-limited borrowing, money market instruments, money market funds and tradable securities, depending on which instrument is viewed as having an appropriate term or sufficient liquidity to meet the particular situation. In order to reduce the liquidity risk, Elekta endeavors to maintain readily available funds equal to at least 10 percent of net sales. On April 30, 2018, available cash and cash equivalents and short-term investments amounted to SEK 4,533 M (3,371), or 40 percent (31) of net sales. In addition, Elekta had SEK 2,100 M (1,685) in unutilized credit facilities.

The table below shows the Group's liquidity risk through a maturity analysis regarding financial liabilities (including interest payments as applicable) and derivatives recognized as financial liabilities. The amounts noted in the table are contractual, undiscounted cash flows classified on the basis of the term on the balance sheet date that remains to the agreed maturity date.

MATURITY ANALYSIS: FINANCIAL LIABILITIES

	April 30, 2018					April 30, 2017[1)]				
SEK M	**< 1 yr**	**> 1 yrs < 3 yrs**	**> 3 yrs < 5 yrs**	**> 5 yrs**	**Total**	**< 1 yr**	**> 1 yrs < 3 yrs**	**> 3 yrs < 5 yrs**	**> 5 yrs**	**Total**
Loans (Note 26)	1,098	1,185	3,018	444	5,745	131	2,156	3,044	476	5,807
Finance leases (Note 26)	0	3	–	–	3	4	–	–	–	4
Accounts payable	1,132	–	–	–	1,132	1,000	–	–	–	1,000
Derivative financial instruments – outflow, gross	5,452	207	–	–	5,659	4,587	71	–	–	4,658
Derivative financial instruments – inflow, gross	–2,057	–201	–	–	–2,258	–3,140	–70	–	–	–3,210
Other liabilities	257	63	–	–	320	281	33	–	–	314
Total	**5,882**	**1,257**	**3,018**	**444**	**10,601**	**2,863**	**2,190**	**3,044**	**476**	**8,573**

1) Comparatives have been adjusted for interest payments.

Capital management

The primary objective of the Group's capital management is to secure a going concern through maintaining a high creditworthiness and a well-balanced capital structure with the aim of generating return to shareholders and benefits for other stakeholders, and to keep down the costs of capital.

In order to maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

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

NET DEBT/EQUITY RATIO

	Note	April 30, 2018	April 30, 2017
Interest-bearing liabilities	26	5,344	5,272
Cash and cash equivalents and short-term investments	24	–4,541	–3,383
Net debt		803	1,889
Total equity		7,975	6,774
Total capital		**8,778**	**8,663**
Net debt/Equity ratio		**0.10**	**0.28**

The net debt/equity ratio was 0.10 compared to 0.28 to prior fiscal year. See Note 26 for more information on interest-bearing liabilities.

Note 3 Financial instruments

Accounting principles

A financial asset or a financial liability is reported in the balance sheet when the Company becomes party to the contractual terms and conditions of the instrument. A financial asset is removed from the balance sheet when the contractual rights are realized, fall due, or the Company loses control of them. Spot acquisitions or sales of financial assets are reported on the settlement date, which is the date on which the asset is delivered. Accounts receivable are reported in the balance sheet when the invoice is dispatched.

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

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

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

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

Financial assets measured at fair value through profit or loss

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

Loan receivables and accounts receivable

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

Accounts receivable

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

Cash and cash equivalents

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities measured at amortized cost

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

Loan liabilities

Loan liabilities are initially reported at fair value, net of transaction costs, and subsequently at amortized cost according to the effective interest method. Loan liabilities carrying a fixed rate of interest that are reported under hedge accounting in line with the method for fair value hedging are valued at market in respect of the interest component. Changes in market value are off-set with changes in value of the hedge instrument in net financial items.

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

Hedging of net investments

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

Accounts payable

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

Accounting for derivatives used for hedging purposes

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

The result of a revaluation of derivatives used to hedge fair value is reported in the income statement along with changes in the fair value of the receivable or liability exposed to the hedged risk.

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

FINANCIAL INSTRUMENTS PER CATEGORY

		April 30, 2018		April 30, 2017	
SEK M	**Note**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
FINANCIAL ASSETS					
Financial assets measured at fair value through profit or loss:					
Derivative financial instruments – non-hedge accounting		111	111	44	44
Short-term investments	24	83	83	–	–
Loan receivables and accounts receivable:					
Other financial assets	20	219	219	285	285
Accounts receivable	22	3,402	3,402	3,726	3,726
Other receivables	23	371	371	355	355
Cash and cash equivalents	24	4,458	4,458	3,383	3,383
Derivatives used for hedging purposes:					
Derivative financial instruments – hedge accounting		59	59	63	63
FINANCIAL LIABILITIES					
Financial liabilities at fair value through profit or loss:					
Derivative financial instruments – non-hedge accounting		27	27	20	20
Other liabilities (contingent considerations)		20	20	77	77
Financial liabilities measured at amortized cost:					
Long-term interest-bearing liabilities	26	4,369	4,372	5,272	5,322
Short-term interest-bearing liabilities	26	975	975	0	0
Accounts payable		1,132	1,132	1,000	1,000
Other liabilities		300	300	237	237
Derivatives used for hedging purposes:					
Derivative financial instruments – hedge accounting		26	26	28	28

Note 3 Financial instruments, cont.

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

DISTRIBUTION BY LEVEL WHEN MEASURED AT FAIR VALUE

	April 30, 2018				April 30, 2017			
SEK M	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS								
Financial assets measured at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	–	111	–	111	–	44	–	44
Short-term investments	83	–	–	83	–	–	–	–
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	–	59	–	59	–	63	–	63
Total financial assets	**83**	**170**	**–**	**253**	**–**	**107**	**–**	**107**
FINANCIAL LIABILITIES								
Financial liabilities at fair value through profit or loss:								
Derivative financial instruments – non-hedge accounting	–	27	–	27	–	20	–	20
Contingent considerations	–	–	20	20	–	–	77	77
Derivatives used for hedging purposes:								
Derivative financial instruments – hedge accounting	–	26	–	26	–	28	–	28
Total financial liabilities	**–**	**53**	**20**	**73**	**–**	**48**	**77**	**125**

Financial instruments, level 1

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

Financial instruments, level 2

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

Financial instruments, level 3

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

MOVEMENTS FINANCIAL INSTRUMENTS LEVEL 3

SEK M	**2017/18**	**2016/17**
Contingent considerations		
Opening balance May 1	77	104
Business combinations	–	13
Payments	–45	–24
Reversals	–13	–6
Revaluations	1	–10
Translation differences	0	0
Closing balance April 30	**20**	**77**

Outstanding derivative financial instruments

The Group's derivative financial instruments outstanding at April 30 are presented with nominal amounts and fair values in the table below. The total amount of fair values of assets and liabilities respectively are equivalent to the carrying values recognized in the balance sheet.

DERIVATIVES OUTSTANDING

	April 30, 2018				April 30, 2017			
SEK M	**Nominal**	**Asset**	**Liability**	**Hedge reserve after tax**	**Nominal**	**Asset**	**Liability**	**Hedge reserve after tax**
Currency derivatives:								
Cash flow hedges	1,899	59	26	23	1,898	63	28	26
Non-hedge accounting	4,694	111	27	–	3,737	44	20	–
Currency derivatives, total	**6,593**	**170**	**53**	**23**	**5,635**	**107**	**48**	**26**

The table below presents detailed information regarding the Group's outstanding cash flow hedges. Realized results from cash flow hedges have been recognized on the line "Currency rate differences" in the operating result and amounted to SEK –90 M (–185) during the year, of which SEK 1 M (1) was related to the ineffective portion.

CASH FLOW HEDGES OUTSTANDING

	April 30, 2018				April 30, 2017			
Currencies	Currency	Amount	Term	Exchange rate	Currency	Amount	Term	Exchange rate
EUR/GBP	EUR	2 M	9 mon	0.914	EUR	–	–	–
EUR/SEK	EUR	29 M	4–24 mon	10.113	EUR	2 M	6 mon	9.588
JPY/GBP	JPY	800 M	6–18 mon	0.007	JPY	1,100 M	3–18 mon	0.007
JPY/SEK	JPY	900 M	5–21 mon	0.075	JPY	300 M	6–12 mon	0.082
USD/GBP	USD	132 M	2–18 mon	0.752	USD	172 M	2–18 mon	0.785
USD/SEK	USD	34 M	3–14 mon	8.354	USD	28 M	3–21 mon	8.770

The hedged transactions in foreign currency are estimated to take place in the coming 24 months. Results from the forward exchange agreements recognized in the hedge reserve in other comprehensive income on 30 April 2018, will be accounted for in the income statement in the periods when the hedged transactions will affect the income statement. The estimated future effect from outstanding cash flow hedges are presented in the table below.

OUTSTANDING CASH FLOW HEDGES' ESTIMATED EFFECT ON THE INCOME STATEMENT

	2018/19				2019/20			
SEK M	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Expected result from cash flow hedges	17	25	4	0	0	–2	–3	–1

Offsetting of financial assets and financial liabilities

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

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	2017/2018					2016/2017				
SEK M	Gross amount	Amounts set off in the balance sheet	Net amounts in the balance sheet	Amounts covered by netting agreements but not set off	Net amount	Gross amount	Amounts set off in the balance sheet	Net amounts in the balance sheet	Amounts covered by netting agreements but not set off	Net amount
Financial assets	170	–	170	–43	127	107	–	107	–42	64
Financial liabilities	53	–	53	–43	10	48	–	48	–42	6

In the case of financial assets and liabilities that are subject to legally binding offsetting agreements, each agreement between the company and the counterparties permit net deduction of the relevant financial assets and liabilities if both parties elect to apply net deduction. If both parties are not in agreement regarding net deduction, gross deduction is applied. In the event that one party defaults, the other party is entitled to deduct on a net basis.

Note 4 Estimates and assessments

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

- revenue recognition, see Note 6
- valuation of accounts receivable, see Note 22
- calculation of deferred taxes, see Note 15
- impairment testing of goodwill, see Note 16
- calculation of provisions, see Note 27

Estimates and assessments are continually reassessed.

Note 5 Segment reporting

Accounting principles

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

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

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

Information on other non-current assets (intangible assets) per country cannot be disclosed as the necessary information is not available. See Note 16 for information on goodwill per region. For information regarding tangible fixed assets per country see Note 17.

Note 5 Segment reporting, cont.

SEGMENT REPORTING

	North and South America		Europe, Middle East and Africa		Asia Pacific		Other/ Group-wide[2)]		Group total	
SEK M	**2017/18**	**2016/17**	**2017/18**	**2016/17**	**2017/18**	**2016/17**	**2017/18**	**2016/17**	**2017/18**	**2016/17**
Net sales[1)]	3,878	4,147	4,280	3,444	3,175	3,114	–	–	11,333	10,704
Operating expenses	–2,476	–2,600	–2,807	–2,365	–2,184	–2,174	–	–	–7,467	–7,139
Contribution margin	**1,401**	**1,547**	**1,473**	**1,079**	**992**	**940**	**–**	**–**	**3,865**	**3,565**
Contribution margin, %	36%	37%	34%	31%	31%	30%				
Global costs							–2,327	–2,450	–2,327	–2,450
Items affecting comparability								–518	–	–518
Operating result	**1,401**	**1,547**	**1,473**	**1,079**	**992**	**940**	**–2,327**	**–2,968**	**1,538**	**598**
Income participations in associated companies							–7	–17	–7	–17
Financial income							67	31	67	31
Financial expenses							–225	–271	–225	–271
Exchange rate differences							1	–1	1	–1
Income before tax	**1,401**	**1,547**	**1,473**	**1,079**	**992**	**940**	**–2,491**	**–3,226**	**1,374**	**340**
Income tax							–276	–214	–276	–214
Profit for the year	**1,401**	**1,547**	**1,473**	**1,079**	**992**	**940**	**–2,767**	**–3,440**	**1,099**	**126**
Net sales per product type										
Solutions[3)]	1,823	2,075	2,735	2,006	2,126	2,130	–	–	6,683	6,211
Service	2,055	2,072	1,545	1,438	1,050	984	–	–	4,650	4,494
Total	**3,878**	**4,147**	**4,280**	**3,444**	**3,175**	**3,114**	**–**	**–**	**11,333**	**10,704**
Depreciation/Amortization	–194	–245	–440	–377	–41	–33	–	–	–675	–655
Investments	369	328	451	323	41	30	–	–	861	681

1) Which of net sales, internal SEK 6,138 M (5,476)
2) Within other/group-wide are costs that can not be allocated by segment such as global costs and items affecting comparability. Allocations by segment are not done for financial items and tax
3) The product type solutions includes hardware and software combined as it better reflects the business follow-up

Note 6 Net sales

Accounting principles

Elekta's revenue is derived primarily from the sales of hardware and software products, as well as service contracts and services to these products. The revenue is valued at the fair value of the consideration received or receivable, and represents the amounts received for sold products and services, net of sales discounts, returns and value added tax. Revenue from the sale of products is recognized when all of the following conditions are satisfied:

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

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

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

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

The timing of revenue recognition often does not coincide with invoicing and payments from customers. Payment terms or conditions for projects differ between regions. In some markets, partial payments will be due upon certain events such as order receipt, delivery and acceptance. In other markets, the entire payment is due upon completion of implementation or acceptance. Amounts invoiced are reported as accounts receivable while revenue recognized amounts not yet invoiced are reported as accrued income.

Hardware products

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

Software products

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

Service contracts

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

Estimates and assessment

One of the conditions for revenue recognition is that revenue from the sale of products is recognized when the risks and rewards of ownership of the goods has been transferred to the buyer. The assessment of when these risks and rewards are transferred requires that each contract is examined of the circumstances affecting the transaction. The risk and rewards related to hardware products are usually taken as transferred to the customer upon shipment or delivery depending on the contracted shipment terms. Thus, the main part of revenue is normally recognized upon either shipment or delivery. The timing of revenue recognition often does not coincide with invoicing and payments from customers. Therefore, the assessment of the conditions for revenue recognition being satisfied often forms the basis for amounts recognized as either accounts receivable or accrued income. Amounts invoiced are reported as accounts receivable while revenue recognized amounts not yet invoiced are reported as accrued income. Net sales for the year amounted to SEK 11,333 M (10,704). Accrued income amounted to SEK 1,601 M (1,640). Accounts receivable amounted to SEK 3,402 M (3,726). For more information on accounts receivable see Note 22.

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

NET SALES BY COUNTRY

SEK M	2017/18	2016/17
Sweden	43	80
USA	3,080	3,436
China	1,084	953
Japan	744	888
Germany	592	412
United Kingdom	555	557
France	408	341
Italy	388	348
India	387	347
Canada	300	240
Spain	287	145
Australia	261	258
Other countries	3,203	2,699
Total	**11,333**	**10,704**

Note 7 Salaries, other remuneration and social security costs

Accounting principles

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

Share-based compensation

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

Accounting for equity-settled share-based compensation programs entails that the instrument's fair value at grant date is recognized in the income statement over the vesting period, with a corresponding adjustment to equity. This leads to an estimated cost, corresponding to the earned portion of the estimated share value at allotment, being charged to profit and loss over the vesting period. At each closing in the vesting period the expected number of vested shares is revised and the impact of any changes over the original estimates are recognized in the income statement, with a corresponding adjustment to equity.

In addition, provisions are made for estimated employer contributions related to the share programs. Calculations are based on a theoretical market valuation where the market value is calculated using Black & Scholes based on the share price on the closing date. For allotted shares, social security expenses are paid on the basis of the market value on the allotment date.

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

	Group		Parent Company	
SEK M	**2017/18**	**2016/17**	**2017/18**	**2016/17**
Salaries and remunerations:				
Board and Managing directors	127	131	33	17
Other employees	2,808	2,797	26	37
Total salaries and other remunerations	**2,935**	**2,928**	**59**	**54**
Social security costs:				
Pension costs	231	225	12	13
Other social security costs	348	330	20	18
Total social security costs	**579**	**555**	**32**	**31**
Total salaries, other remuneration and social security costs	**3,514**	**3,483**	**91**	**85**

Bonuses included in the above salaries and other remunerations paid to the Boards and the Managing directors of subsidiaries amounted to SEK 38 M (34), and SEK 4 M (1) in the Parent Company. Total pension costs amounted to SEK 231 M (225) of which SEK 14 M (15) concern defined benefit pension plans. Pension costs in the Parent Company amounted to SEK 12 M (13) of which the total amount related to defined contribution pensions plans. For further information regarding defined benefit pension plans see Note 27.

Note 7 Salaries, other remuneration and social security costs, cont.

Remuneration to the board of directors

The AGM resolved the adoption of fees to the board of directors totaling SEK 5,765,00 (5,065,000), of which 5,603,000 (5,065,000) were paid. The fees were distributed in accordance with the table below.

FEES FOR THE BOARD OF DIRECTORS

	April 30, 2018			April 30, 2017		
SEK Thousands	**Regular remuneration**	**Remuneration compensation committee**	**Remuneration audit committee**	**Regular remuneration**	**Remuneration compensation committee**	**Remuneration audit committee**
Chairman:						
Laurent Leksell	1,130	110	–	1,075	90	–
Members:						
Luciano Cattani	485	75	–	460	50	–
Siaou-Sze Lien	–	–	–	460	50	–
Tomas Puusepp[1)]	323	–	–	–	–	–
Wolfgang Reim	485	–	–	460	–	110
Jan Secher	485	–	135	460	–	110
Birgitta Stymne Göransson	485	–	225	460	–	200
Annika Espander Jansson	485	–	135	460	–	110
Johan Malmqvist	485	75	–	460	50	–
Caroline Leksell Cooke	485	–	–	–	–	–
Total	**4,848**	**260**	**495**	**4,295**	**240**	**530**

1)Tomas Puusepp did not receive any remuration during his period as president and CEO.

Remuneration to executive management

The guidelines for remuneration to the executive management, which are proposed by the board of directors for the AGM on August 30, 2018 are presented on pages 74–75. The proposed guidelines are unchanged compared to those proposed by the board of directors and approved by the AGM on August 23, 2017. The executive management for 2017/2018 was comprised of a total of eleven people, of whom six are located in Sweden and the other five in the Netherlands, the UK, and China. The tables below display remunerations and other benefits to the executive management in 2017/18 and 2016/17 respectively.

In fiscal year 2016/17, two members of Elekta's executive management team was offered, and accepted, to participate in an individual performance based incentive scheme extending to 2016/17 and 2017/18. The agreements have been terminated during fiscal year 2017/18 and no new schemes have been offered. Reported expenses for the scheme was SEK – M (3.1) excluding social security costs. The requirements for fulfilling the objectives for the scheme, and the related progressive payouts, are regulated in an agreement that has been approved by Elekta's executive compensation and capability committee, ECCC.

REMUNERATION AND OTHER BENEFITS TO EXECUTIVE MANAGEMENT DURING THE YEAR 2017/18

SEK Thousands	**Fixed remuneration**	**Variable remuneration**	**Severance pay**	**Share-based compensation**	**Other benefits**	**Pension costs**	**Total**
President and CEO – Richard Hausmann	6,720	4,035	–	808	545	2,712	**14,820**
Other senior executives resident in Sweden (4)[1)]	10,940	4,046	461	382	744	2,648	**19,220**
Other senior executives resident abroad (7.5)[1)]	20,190	8,917	7,484	1,549	1,517	2,181	**41,838**
Total senior executives	**37,850**	**16,998**	**7,945**	**2,739**	**2,806**	**7,541**	**75,879**
Member of the board/Previous President and CEO – Tomas Puusepp	5,077	–	–	–	87	1,590	**6,754**

1) Average number of persons receiving renumeration during the year. More information about changes to the executive management team are presented on page 62.

REMUNERATION AND OTHER BENEFITS TO EXECUTIVE MANAGEMENT DURING THE YEAR 2016/17

SEK Thousands	**Fixed remuneration**	**Variable remuneration**	**Severance pay**	**Share-based compensation**	**Other benefits**	**Pension costs**	**Total**
President and CEO – Richard Hausmann[1)]	6,072	2,779	–	1,003	136	1,750	**11,740**
President and CEO – Tomas Puusepp[1)]	425	21	–	–	7	99	**552**
Other senior executives resident in Sweden (4)	10,459	6,776	3,252	1,531	699	2,083	**24,800**
Other senior executives resident abroad (6)	25,109	11,098	4,460	2,059	1,037	1,261	**45,025**
Total senior executives	**42,065**	**20,674**	**7,713**	**4,593**	**1,879**	**5,194**	**82,119**
Member of the board/Previous President and CEO – Tomas Puusepp	4,674	234	6,191	–	79	1,093	**12,272**

1) Richard Hausmann was appointed as President and CEO effective June 10th 2016. He succeeded Tomas Puusepp

Variable remuneration pertains to the bonus for the 2017/18 and 2016/17 fiscal years respectively, partly paid quarterly during each fiscal year and partly paid in the year after.

Share based payment

As per April 30, 2018, Elekta has three outstanding share programs. The share program performance share plan 2014/17, which was outstanding as per April 30, 2017, has expired during the year.

The total number of shares that may be allotted under the share programs is 738,574 (1,237,043) B-shares. The share programs are secured by delivery of shares already held or repurchased by Elekta and, consequently, no new shares will be issued under the share programs. Share programs awarded to employees have a potential dilution effect. However, certain performance targets must be met for dilution to occur and this was not the case at the closing date.

The share-related incentive programs are reported in accordance with IFRS 2 Share-based payments. The recognized costs related to the share programs amounted to SEK 2 M (6), whereof social security amounted to SEK 0 M (1). See page 64 for more information.

Share programs

The AGM has for a number of years resolved to adopt share programs called performance share plans. Performance share plan 2014/17, resolved by the AGM in 2014, expired during the year. For information on the program see the annual report 2016/17 page 93. Outstanding programs as per April 30 2018 were performance share plan 2015/18, 2016/19 and 2017/20 respectively. The performance share plans cover approximately 10 (2015/18), 8 (2016/19) and 11 (2017/20) key employees of the Group respectively. The performance share plans entitle the participants to obtain, free of charge, B-shares in Elekta upon fulfillment of certain performance requirements.

The main terms of the performance share programs are:

- A performance share award shall entitle a participant to receive, subject to the terms and conditions set forth in the performance share plans 2015, 2016 and 2017 and applicable award agreements, a number of B-shares based upon the attainment of performance targets over a three year performance period
- Each performance share award shall be subject to forfeiture in the event of termination of employment due to a reason other than death, disability or retirement or failure to attain performance targets over the applicable performance period
- Performance share awards shall be settled through the delivery of shares unless otherwise decided by the board
- The number of shares to be allotted will depend on the degree of fulfillment of financial targets

The financial targets for performance share plan 2015 are defined as average annual percentage growth rate in earnings per share (EPS) during the fiscal year 2015/16 until the fiscal year 2017/18, versus EPS for the fiscal years 2014/15. Under performance share plan 2015/18 the maximum number of shares will be allotted if the annual average EPS growth is at or exceeds 41 percent, no allotment of shares will occur if the annual average EPS growth is below 32 percent and allotment of shares between annual average EPS growth 32 and 41 percent is linear.

The financial targets for performance share plan 2016 are defined as average annual percentage growth rate in earnings per share (EPS) during the fiscal year 2016/17 until the fiscal year 2018/19, versus EPS for the fiscal years 2015/16. Under performance share plan 2016/19 the maximum number of shares will be allotted if the annual average EPS growth is at or exceeds 132 percent, no allotment of shares will occur if the annual average EPS growth is below 103 percent and allotment of shares between annual average EPS growth 103 and 132 percent is linear.

The financial targets for performance share plan 2017 are defined as average annual percentage growth rate in earnings per share (EPS) during the fiscal year 2017/18 until the fiscal year 2019/20, versus EPS for the fiscal years 2016/17. Under performance share plan 2017/20 the maximum number of shares will be allotted if the annual average EPS growth is at or exceeds 154 percent, no allotment of shares will occur if the annual average EPS growth is below 109 percent and allotment of shares between annual average EPS growth 109 and 154 percent is linear.

The terms of the performance share programs 2015, 2016 and 2017 further state that:

- The performance targets may be adjusted should an event occur that affects the operations of the Company or the number of outstanding Elekta shares or otherwise affecting the performance targets and deemed relevant by the board
- The performance targets will be finally evaluated at the end of the applicable performance period and each participant will receive the number of shares he/she is entitled to according to the participant's award agreement depending on the attainment of the applicable performance targets over the performance period
- The value that a participant can receive in settlement of the performance share award is maximized at 400 percent of the value of the shares at the date of grant of the performance share award
- Potential allotments of shares will take place September 16, 2018, September 14, 2019 and September 14, 2020, respectively

Participants shall at allotment of shares receive compensation for any cash dividends paid during the respective three year performance period.

Before the number of shares to be allotted is finally determined, the board shall examine whether the allotment is reasonable, taking into consideration the Company's financial results and position, conditions on the stock market and other circumstances, and if not, as determined by the board, reduce the number of shares to be allotted to the lower number of shares deemed appropriate by the board. Delivery of shares and dividend compensation in settlement of the performance share award shall be made as soon as practicable following the lapse of the performance period.

The conditions of the share programs state that the right to performance share awards may be settled in other ways than through the delivery of shares. As per April 30, 2018, there were no material obligations to settle in any other way than through shares.

SHARE PROGRAM

	2014/17	2015/18	2016/19	2017/20
Originally designated number of shares	976,726	289,284	280,386	272,379
Share price used for calculation of theoretical value SEK[1]	75	56	77	84
Allotment of shares	2017-09-21	2018-09-16	2019-09-14	2020-09-14
Number of shares as of April 30, 2017	691,480	265,177	280,386	–
Granted during the year	–	–	–	272,379
Cancelled/Expired during the year	–691,480	–48,214	–31,154	–
Released during the year	–	–	–	–
Number of shares as of April 30, 2018	**–**	**216,963**	**249,232**	**272,379**

1) Average closing share price of the Elekta class B share on the exchange NASDAQ Stockholm during a period of ten trading days before the day the participants are offered to participate in the program

Note 8 Depreciation/amortization

	Group	
SEK M	**2017/18**	**2016/17[1]**
Cost of products sold	52	50
Selling expenses	137	139
Administrative expenses	62	72
R&D expenses	424	394
Total	**675**	**655**

1) Comparatives have been adjusted due to updated allocations

Note 9 Operating leases

Accounting principles

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

Lease of assets, for which the lessor, for all practical purposes, is considered the owner, is classified as operating lease. The lease fee is expensed on a straight-line basis over the lease period. The Group has mainly operating lease. There are few finance leases. See Note 17.

	Group	
SEK M	**2017/18**	**2016/17**
Leasing fees paid during the year	229	212
Nominal value of agreed future leasing fees:		
Due for payment within 1 year	238	221
Due for payment after 1 year but within 5 years	585	581
Due for payment after more than 5 years	613	658
Total	**1,436**	**1,460**

Leasing fees paid by the Parent Company during the year amounted to SEK 585 K (455). Future leasing fees due for payment within one year amount to SEK 396 K (260), after 1 year but within 5 years SEK 342 K (176).

The operating lease contracts are mainly contracts for premises where the business is conducted.

Note 10 Remunerations to auditors

	Group		Parent Company	
SEK M	**2017/18**	**2016/17**	**2017/18**	**2016/17**
Group auditor (PwC)				
Audit engagements	12	12	5	4
Audit-related services	1	0	0	0
Tax consultancy	1	4	–	0
Other services	0	2	0	1
Total Group auditor	**14**	**18**	**5**	**5**
Other auditors				
Audit engagements	0	0	–	–
Tax consultancy	7	1	1	–
Other services	0	0	–	–
Total other auditors	**7**	**1**	**1**	**–**
Total	**21**	**19**	**6**	**5**

Audit engagements refers to remuneration to auditors for work related to the statutory audit, including audit of the annual report and the accounting records, the administration of the board of directors and the CEO as well as audit consultancy work directly linked to the audit assignment. Audit-related services comprises quality assurance services, including consultancy work driven by observations made in the audit engagement. Other services refers to other services/consultancy work which are not covered by any of the other categories above, e g consultancy work related to internal control and acquisitions.

Of fees for audit engagements SEK 5 M pertains to PwC Sweden, of other work related statutory assignments SEK 0 M pertains to PwC Sweden, of fees for tax consultancy SEK 0 M pertains to PwC Sweden, and of other services SEK 0 M pertains to PwC Sweden.

Note 11 Expenses by nature

In the income statement costs are broken down by function. Operating expenses amount to SEK 9,793 M (10,107). Below, operating expenses are broken down by nature:

	Group	
SEK M	**2017/18**	**2016/17**
Products, materials and consumables	4,149	3,958
Personnel costs	3,566	3,482
Depreciation and amortization (Notes 8, 16 and 17)	675	655
Operating lease fees (Note 9)	229	212
Other expenses	1,174	1,800
Total	**9,793**	**10,107**

Note 12 Income from participations in Group companies

	Parent Company	
SEK M	**2017/18**	**2016/17**
Dividends from subsidiaries	410	271
Group Contribution	315	–
Divestment of shares in subsidiaries	–	–3
Total	**725**	**268**

Note 13 Net financial items

	Group	
SEK M	**2017/18**	**2016/17**
Income from participations in associates	7	13
Write-down shares in associates	–	-30
Write-down loan in associates	-14	–
Income from participations in associates	**–7**	**–17**
Interest income, external	66	31
Other financial income	1	–
Financial income	**67**	**31**
Interest expenses, convertible loan	–	–67
Interest expenses, other external loans	–163	–142
Other financial expenses	–62	–62
Financial expenses	**–225**	**–271**
Exchange rate differences on financial instruments	**1**	**–1**
Net financial items	**–164**	**–258**

Note 14 Interest income, interest expense and similar items

	Parent Company	
SEK M	**2017/18**	**2016/17**
Interest income from subsidiaries	159	140
Interest income, external	53	13
Interest income and similar items	**212**	**153**
Interest expenses to subsidiaries	–10	–5
Interest expenses, convertible loan	–	–67
Interest expenses, other external loans	–153	–128
Other financial expenses	–14	–22
Interest expenses and similar items	**–177**	**–222**

Note 15 Taxes

Accounting principles

The tax expense in the income statement includes all tax that is to be paid or received for the current year, adjustments relating to previous years' current tax, and changes in deferred tax. Deferred tax is calculated and reported in accordance with the balance sheet method. In accordance with this method, deferred tax is calculated on the basis of the temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred tax assets relating to loss carry-forwards and other future tax credits are recognized to the extent it is probable that deductions can be made against future profits. Valuation is based on nominal amounts based on the tax rules prevailing in each country and the anticipated tax rate for the following year in each country. Deferred taxes relating to temporary differences attributable to investments in subsidiaries are not recognized in the consolidated financial statements since Elekta AB, in all cases, can control the time of reversal of the temporary differences and it is not considered probable that such a reversal will occur in the foreseeable future. Deferred tax assets and deferred tax liabilities are offset when there is a legal right to do so and when the deferred tax amounts concern the same tax authority. For items recognized in profit or loss, the related tax effects are also recognized in profit or loss. For items recognized in other comprehensive income, related tax effects are also recognized in other comprehensive income.

Estimates and assessments

Deferred tax assets and deferred tax liabilities are balance sheet items which are subject to estimates and assessments. Deferred tax is calculated on temporary differences between the carrying amounts and the tax values of assets and liabilities. Estimates and assessments affect the recognized deferred tax amounts in the determination of the carrying amounts of the different assets and liabilities, and also through forecasts regarding future taxable profits in those cases where a future utilization of deferred tax assets depends on future taxable profits. Deferred taxes amounted to a net liability of SEK 426 M (403), whereof assets SEK 267 M (375) and liabilities SEK 693 M (778).

INCOME TAXES

	Group		Parent Company	
SEK M	**2017/18**	**2016/17**	**2017/18**	**2016/17**
Current taxes	–206	–253	–	–
Current tax adjustments for prior years	–38	–1	–	–
Deferred taxes	–32	40	–63	33
Total	**–276**	**–214**	**–63**	**33**
Swedish tax	22%	22%		
Effect of other tax rates for foreign companies	1%	21%		
Change in tax legislation	–5%	–		
Tax, current and deferred, related to prior years	2%	10%		
Other	0%	10%		
Tax rate	**20%**	**63%**		

CURRENT TAX, NET (LIABILITY +/RECEIVABLE –)

	Group		Parent Company	
SEK M	**2017/18**	**2016/17**	**2017/18**	**2016/17**
Opening balance, May 1	–80	–67	–21	–1
Reclassifications	24	5	–	–
Adjustment for prior years	38	1	–	–
Current tax for the year	206	253	–	–
Paid taxes	–257	–268	5	–20
Translation differences	–1	–4	–	–
Closing balance, April 30	**–71**	**–80**	**–16**	**–21**

Deferred tax assets and deferred tax liabilities

Deferred tax assets/liabilities in the balance sheet are attributable to the following:

Group	Assets (+)		Liabilities (–)		Net	
SEK M	**April 30, 2018**	**April 30, 2017**	**April 30, 2018**	**April 30, 2017**	**April 30, 2018**	**April 30, 2017**
Loss carry-forwards	52	132	–	–	52	132
Untaxed reserves	–	–	–1	–31	–	–31
Intangible assets	0	0	–749	–766	–749	–766
Tangible fixed assets	20	14	–46	–43	–26	–29
Financial assets/liabilities	5	3	–31	–7	–27	–4
Other assets	129	164	–27	–36	102	128
Other liabilities	238	187	–15	–20	223	167
Deferred tax assets/tax liabilities	**444**	**500**	**–869**	**–903**	**–426**	**–403**
Offsetting	–177	–125	177	125	–	–
Net deferred tax assets/tax liabilities	**267**	**375**	**–693**	**–778**	**–426**	**–403**

Note 15 Taxes, cont.

DEFERRED TAX ASSETS (+)/LIABILITIES (–), NET

SEK M	Group, net	Parent Company, net
Opening balance May 1, 2016	–409	29
Adjustment for prior years	–32	–
Deferred taxes for the year	72	33
Deferred taxes charged in other comprehensive income	–7	–
Translation differences	–27	–
Closing balance April 30, 2017	**–403**	**63**
Reclassifictions	13	–
Adjustment for prior years	–25	–
Change in tax legislations	66	–
Deferred taxes for the year	–79	–63
Deferred taxes charged in other comprehensive income	7	–
Translation differences	–5	–
Closing balance April 30, 2018	**–426**	**0**

The Group has tax loss carry forwards of approximately SEK 300 M (490) for which deferred tax assets have not been recognized. These tax loss carry forwards have long or indefinite periods of utilization and are subject to regular assessment of whether it is probable that deductions can be made against future profits.

TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Group		Parent Company	
SEK M	2017/18	2016/17	2017/18	2016/17
Revaluation of defined benefit pension plans	5	0	–	–
Revaluation of cash-flow hedges	2	–7	–	–
Total	**7**	**–7**	**–**	**–**

Note 16 Intangible assets

Accounting principles

Intangible assets contain goodwill, capitalized development costs, customer contracts, customer relationships and other intangible assets. Other intangible assets mainly consist of acquired technology. Amortization of intangible assets is reported in the income statement and allocated to functions as applicable. There are no intangible assets related to manufacturing processes or the like, therefore no amortization is allocated to cost of goods sold.

Goodwill

Goodwill comprises the positive amount by which the sum of (i) the cost of shares in subsidiaries, (ii) the value of non-controlling interest and (iii) the fair value of previously held equity interest exceeds the fair value of the Group's share of acquired identifiable net assets at acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis, or more frequently if indicated. See also section Impairment.

Research and development

Research costs are expensed as they are incurred. In those instances in which it is difficult to distinguish between the research phase and the development phase in a project, the entire project is considered as research and is expensed as incurred. Identifiable costs for the development of new products are capitalized to the extent that these are considered to provide future economic benefits. In other instances, development expenditures are expensed as they are incurred. Costs for development once reported in the income statement are never capitalized in future periods. Capitalized expenditures are amortized on a straight-line basis from the time when the asset is available for use, which normally occurs when it is produced commercially, and during the estimated useful life of the asset. The amortization period is 3–5 years.

Customer relations and other intangible assets

Intangible assets also include technology, brands, customer relations, etcetera. In conjunction with the acquisition of such assets, the acquisition values are reported as assets, which are amortized on a straight line basis over the estimated useful life. Surplus value in acquired order backlog is also reported as other intangible assets.

AMORTIZATION PERIODS:

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

Impairment

The carrying amount of a depreciated asset is tested for impairment whenever there are indications that the carrying amount might not be recoverable. If there are indications of impairment, the asset's recoverable amount is calculated. The recoverable amount consists of the higher of the value in use of the asset in operations and the value that would be received if the asset was sold to a third party, the net realizable value. Value in use consists of all incoming and outgoing payments attributable to the asset during the period it is expected to be used in operations, plus the net realizable value at the end of the useful life. If the calculated recoverable amount is less than the carrying amount, impairment is made to the asset's recoverable amount. An impairment loss recognized in previous periods is reversed if the reasons for the impairment no longer exist. However, a reversal will not be higher than the carrying amount would have been if an impairment loss had not been recognized in previous periods.

Goodwill is subject to annual impairment testing even if there are no indications of impairment. The carrying amount of goodwill is allocated to cash generating units. When testing for impairment of goodwill, the assets are grouped in cash-generating units and assessments are made on the basis of these units' future cash flows. Impairment losses on goodwill are not reversed.

All impairment losses, and any reversals of the same, are recognized in the income statement.

Estimates and assessment

For the Group, the most significant estimates and assumptions are those relating to impairment testing of goodwill. This means that the effect on the financial reports may be considerable if the estimates and assessments made would prove to deviate significantly from the actual outcome. In connection with impairment testing of goodwill the carrying amount is compared with the recoverable amount. The recoverable amount is determined by the higher of an asset's net realizable value and its value in use. Normally, it is not possible to determine the net realizable value. Therefore, the value in use is normally the value being compared with the carrying amount. Thus, each cash generating unit's value in use is calculated in assessing any impairment of goodwill. Calculations are performed through discounting future estimated cash flows. In order to perform the calculations a number of assumptions concerning future circumstances and estimates of parameters are made, for example growth and discount rate. Any adjustments of the assumptions made could have an effect on the carrying amount of the goodwill. Assuming a lower growth rate would lead to a lower recoverable amount. A higher discount rate would also lead to a lower recoverable amount. Goodwill amounted to SEK 5,607 M (5,388).

INTANGIBLE ASSETS

	Group					Parent Company	
SEK M	**Goodwill**	**Capitalized development costs**	**Customer relationships**	**Other intangible assets**	**Total Group**	**Other intangible assets**	**Total Parent Company**
Accumulated acquisition value May 1, 2017	5,389	3,726	1,530	1,006	11,651	91	91
Reclassifications	–13	0	13	0	–	–	–
Purchases/Capitalization	–	637	–	5	642	–	–
Divestments/Disposals	–	–47	–	–	–47	–	–
Translation differences	234	73	95	34	436	–	–
Accumulated acquisition value April 30, 2018	**5,610**	**4,389**	**1,638**	**1,045**	**12,682**	**91**	**91**
Accumulated amortization May 1, 2017	–1	–1,696	–502	–748	–2,947	–16	–16
Reclassifications	–	0	–	0	–	–	–
Divestments/Disposals	–	47	–	–	47	–	–
Amortization for the year	–	–408	–92	–24	–524	–8	–8
Translation differences	–2	–32	–29	–20	–83	–	–
Accumulated amortization April 30, 2018	**–3**	**–2,089**	**–623**	**–792**	**–3,507**	**–24**	**–24**
Carrying amount April 30, 2018	**5,607**	**2,300**	**1,015**	**253**	**9,175**	**68**	**68**
Accumulated acquisition value May 1, 2016	5,069	3,083	1,432	946	10,530	91	91
Business combinations	13	–	19	–	32	–	–
Purchases/Capitalization	–	535	–	6	541	–	–
Divestments/Disposals	–2	–	–	–5	–7	–	–
Translation differences	309	108	79	59	555	–	–
Accumulated acquisition value April 30, 2017	**5,389**	**3,726**	**1,530**	**1,006**	**11,651**	**91**	**91**
Accumulated amortization May 1, 2016	–	–1,262	–388	–670	–2,320	–8	–8
Divestments/Disposals	–	–	–	5	5	–	–
Amortization for the year	–	–380	–86	–33	–499	–8	–8
Translation differences	–1	–54	–28	–50	–133	–	–
Accumulated amortization April 30, 2017	**–1**	**–1,696**	**–502**	**–748**	**–2,947**	**–16**	**–16**
Carrying amount April 30, 2017	**5,388**	**2 030**	**1,028**	**258**	**8,704**	**75**	**75**

Other intangible assets mainly relates to technology acquired through business combinations. Capitalized development costs comprise capitalized expenditure for research and development as well as other capitalized development costs such as software. Total capitalized development costs amounted to SEK 637 M (535) for the year whereof capitalization of development costs within R&D represented SEK 637 M (534).

Impairment testing

Goodwill is tested for impairment every year in order to assure that the carrying amount of each of the Group's cash-generating units is not higher than its recoverable amount. The Group's cash-generating units equal the geographic regions, which also constitute the Group's operating segments. The carrying amount equals capital employed and the recoverable amount for each cash-generating unit is determined based on a calculation of value in use for each unit. The allocation of goodwill to cash-generating units (operating segments) is shown in the following table.

GOODWILL BY SEGMENT

SEK M	April 30, 2018	April 30, 2017
North and South America	1,918	1,841
Europe, Middle East and Africa	1,972	1,908
Asia Pacific	1,716	1,639
Total	**5,607**	**5,388**

The value in use for each unit is derived from discounted cash flows, based on estimated future cash flows. The estimates are based on the financial budget for the next fiscal year as determined by the executive management, and expected future development up to five years. Assumptions regarding sales volume, sales prices, operating expenses and product mix form the basis for estimated future growth and margin development. Volume assumptions are based on historical outcome, the executive management's expectations on market development, and expected global market growth. Price assumptions are based on current market trends and inflation forecasts. Margin development is based on current margin levels and product mix adjusted for expected

Note 16 Intangible assets, cont.

price changes and possible changes in the product mix. For periods after five years, the extrapolation of expected cash flows has been assumed to be a prudent 2 percent (2), which is considerably lower than the anticipated industry growth. The cash flows have been discounted using a pre-tax interest rate of 8 percent (8). The interest rate corresponds to the Group's current weighted cost of capital (WACC) and is based on current market assessments.

Impairment testing is performed in April/May every year, after the budget and business plans have been determined by the executive management. The 2018 (2017) test showed that there is no impairment.

Sensitivity analyses have been carried out with regard to the discount rate (risk) and long-term growth with a general reduction in the growth rate after five years of 2 percentage points (2) (implying an assumption of zero growth) and a general increase in the weighted capital cost of 2 percentage points (2). The sensitivity analyses did not demonstrate any impairment.

In addition to the annual impairment test, goodwill is tested whenever there are indications of impairment.

Note 17 Tangible fixed assets

Accounting principles

Tangible assets acquired by Group companies are reported at cost, less accumulated depreciation and any write-downs. Assets in acquired companies are reported at fair value on the acquisition date after deduction of subsequent accumulated depreciation. Machinery and equipment is depreciated on a straight-line basis during its economic life of between 3 and 5 years. Installations and improvements on third party property are depreciated over the period of the lease agreement.

The residual value of assets and their useful economic lives are reviewed annually and adjusted as required, see Note 16 for impairment principles. See Note 9 for operating lease.

TANGIBLE FIXED ASSETS

SEK M	Machinery etc for production	Equipment, tools and installations	Finance lease equipment	Buildings	Total
Accumulated acquisition value May 1, 2017	270	1,372	5	205	1,852
Reclassifications	1	–2	5	–4	0
Purchases	19	192	1	7	219
Divestments/Disposals	–11	–52	–1	–	–64
Translation differences	9	49	0	16	74
Accumulated acquisition value April 30, 2018	**288**	**1,559**	**10**	**224**	**2,081**
Accumulated depreciation May 1, 2017	–174	–826	–5	–53	–1,057
Reclassifications	0	–2	–1	3	0
Divestments/Disposals	6	51	1	–	58
Depreciation for the year	–21	–117	–1	–12	–151
Translation differences	–6	–25	0	–5	–36
Accumulated depreciation April 30, 2018	**–195**	**–919**	**–6**	**–67**	**–1,186**
Carrying amount April 30, 2018	**93**	**640**	**4**	**157**	**895**
Accumulated acquisition value May 1, 2016	119	1,402	5	191	1,717
Reclassifications	133	–133	–	–	0
Purchases	18	116	–	6	140
Divestments/Disposals	–2	–48	–1	–	–51
Translation differences	2	35	1	8	46
Accumulated acquisition value April 30, 2017	**270**	**1,372**	**5**	**205**	**1,852**
Accumulated depreciation May 1, 2016	–76	–795	–4	–40	–914
Reclassifications	–80	80	–	–	0
Divestments/Disposals	2	41	1	–	44
Depreciation for the year	–19	–125	–1	–11	–156
Translation differences	–1	–27	–1	–2	–31
Accumulated depreciation April 30, 2017	**–174**	**–826**	**–5**	**–53**	**–1,057**
Carrying amount April 30, 2017	**96**	**546**	**0**	**152**	**795**

TANGIBLE FIXED ASSETS BY COUNTRY

SEK M	2017/18	2016/17
Sweden	62	81
United Kingdom	429	327
China	132	121
USA	102	110
Netherlands	93	87
Other countries	77	69
Total	**895**	**795**

Note 18 Shares in subsidiaries

	Parent Company	
SEK M	**2017/18**	**2016/17**
Opening balance May 1	2,222	2,129
Investments	–	13
Adjusted purchase price	–35	–
Liquidation	–	–3
Shareholder contributions	52	83
Closing balance April 30	**2,239**	**2,222**

Company	Corp. id. no.	Domicile	No. of shares	Interest, %	Carrying amount, SEK M
Elekta Instrument AB	556492-0949	Stockholm, Sweden	1,000,000	100.0	50
Leksell Institute AB	556942-6314	Stockholm, Sweden	50,000	100.0	0
Elekta Neuromag Oy	0756256-7	Helsinki, Finland	1,832	100.0	44
Elekta KK	65 820	Tokyo, Japan	2,000	100.0	36
Elekta Holding Limited	2699176	Crawley, England	22,810,695	100.0	494
Elekta Holdings US Inc.	58-1876545	Norcross, USA	6,020	100.0	432
Elekta Ltd.	R889657862	Montreal, Canada	1	100.0	229
Elekta Asia Ltd	502 493	Hong Kong, S.A.R.	81,022,160	100.0	13
Elekta Instrument (Shanghai) Ltd	310115764250077	Shanghai, China	1	100.0	50
Elekta BMEI (Beijing) Medical Equipment Co., Ltd.	91110114400615135X	Beijing, China	0	100.0	230
Elekta Pty Limited	ACN 109 006 966	Sydney, Australia	1	100.0	1
Elekta Medical System India Private Limited	U33112DL2005PTC139794	New Delhi, India	10,000	100.0	31
Elekta SA	B 414 404 913	Paris, France	2,493	100.0	4
Elekta Medical SA	A-818 867 31	Madrid, Spain	10,000	100.0	3
Elekta GmbH	HRB 63500	Hamburg, Germany	0	100.0	0
Medical Intelligence Medizintechnik GmbH	HRB 14835	Schwabmünchen, Germany	0	100.0	226
Elekta GmbH	FN 166018w	Innsbruck, Austria	1	100.0	3
Elekta Hellas EPE	998 569 196	Athens, Greece	0	100.0	0
Elekta S.A./N.V.	HRB 613 484	Zaventem, Belgium	250	100.0	1
Elekta BV	17 097 384	Best, The Netherlands	40	100.0	0
Elekta S.p.A.	02723670960	Agrate Brianza (MI), Italy	500,000	100.0	66
Elekta Medical Systems Comercio e Servicos para Radiologia, Radiocirurgia e Radioterapia LTDA.	CNPJ 09.528.196/0001-66	Sao Paolo, Brazil	0	100.0	73
Elekta (Pty) Ltd	2000/018814/07	Pretoria, South Africa	1	100.0	0
Elekta Pte Ltd	20090927AZ	Singapore, Singapore	10,000	100.0	0
Elekta Limited, South Korea	1311111-0259	Seongnam-si, South Korea	473,879	100.0	16
Elekta Services S.R.O	292 80 095	Brno, Czech Republic	0	100.0	0
Elekta Medikal Sistemler Ticaret A.S.	196757	Istanbul, Turkey	87,900,000	100.0	87
Elekta Medical SA de CV	EME140919G49	Mexico City, Mexico	50	100.0	26
Elekta sp.Z.O.O	KRS 0000538192	Warsaw, Poland	2,000	100.0	104
Elekta Company Limited	106810452	Hanoi, Vietnam	1	100.0	2
Elekta Business Services sp.Z.O.O	KRS 000567549	Warsaw, Poland	1	100.0	1
Elekta SARL Algeria	16236978051	Dely Ibrahim, Algeria	0	49.0	0
Elekta LLC	7704369566	Moscow, Russian federation	0	100.0	4
RRTS Unipessoal Lda	514185155	Lisbon, Portugal	0	100.0	13
Total					**2,239**

Note 19 Shares in associates

Accounting principles

Associates are companies which are not subsidiaries but in which the Group has a significant, but not controlling, interest. This normally means companies in which the holding represents more than 20 percent but less than 50 percent of the voting rights. Associates are reported by use of the equity method. Holdings in associates are initially recognized at cost in the consolidated balance sheet. The carrying amount is adjusted for the share of associates' earnings after the acquisition date. Dividends from associates are reported as a reduction of the carrying amount. Income from participations in associates is a separate line in the income statement.

SHARES IN ASSOCIATES

	Group		Parent Company	
SEK M	**2017/18**	**2016/17**	**2017/18**	**2016/17**
Opening balance May 1	22	12	–	–
Investments	17	30	–	30
Participations in income of associates (Note 13)	7	13	–	–
Dividends etcetera	–4	–6	–	–
Write-down (Note 13)	–	–30	–	–30
Translation differences	–1	3	–	–
Closing balance April 30	**42**	**22**	**–**	**–**

Note 20 Other financial assets

	Group		Parent Company	
SEK M	**April 30, 2018**	**April 30, 2017**	**April 30, 2018**	**April 30, 2017**
Participations in other companies	3	3	–	–
Derivative financial instruments	0	15	–	–
Loan receivables	14	38	–	–
Contractual receivables	170	185	–	–
Other non-current receivables	32	44	14	26
Total	**219**	**285**	**14**	**26**

Note 21 Inventories

Accounting principles

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

INVENTORIES

	Group	
SEK M	**April 30, 2018**	**April 30, 2017**
Components	227	189
Work in progress	48	45
Finished goods	845	702
Total	**1,121**	**936**

Impairment of inventories during the year amounted to SEK 67 M (83). In the income statement this is reported as cost of products sold.

Note 22 Accounts receivable

Estimates and assessment

Accounts receivable is one of the most significant items in the balance sheet and is carried at nominal value net after provisions for bad debts. Thus, the provision for bad debts is subject to estimates and assessments. Accounts receivable amounted to SEK 3,402 M (3,726) including bad debt provisions of SEK 152 M (121). See Note 2 for further information regarding the credit risk in accounts receivable. See Note 3 for accounting principles.

ACCOUNTS RECEIVABLE

	Group	
SEK M	**April 30, 2018**	**April 30, 2017**
Accounts receivable, gross	3,554	3,847
Provision for bad debts	–152	–121
Carrying amount	**3,402**	**3,726**
Credit risk analysis of accounts receivable		
Not due	2,280	2,384
Overdue 1–60 days	515	831
Overdue 61–90 days	166	88
Overdue >90 days	441	423
Total accounts receivables, net	**3,402**	**3,726**
Provision for bad debts		
Opening balance May 1	–121	–92
Provisions	–53	–46
Reversals	2	9
Realized loss	26	12
Reclassification	–	–1
Translation differences	–6	–3
Closing balance April 30	**–152**	**–121**

Note 23 Other current receivables

SEK M	Group April 30, 2018	Group April 30, 2017
Prepayments to suppliers	72	103
Other receivables	371	355
Prepaid expenses	404	344
Total	**846**	**802**

SEK M	Parent Company April 30, 2018	Parent Company April 30, 2017
Derivative financial instruments	109	7
Current tax assets	16	21
Other receivables	1	1
Prepaid expenses	11	2
Total	**137**	**31**

Note 24 Cash and cash equivalents and short-term investments

	Group		Parent Company	
SEK M	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017
Current investments classified as cash equivalent	2,707	1,828	2,707	1,828
Short-term investments	83	–	83	–
Cash and bank	1,751	1,555	918	651
Total	**4,541**	**3,383**	**3,708**	**2,479**

Available cash and cash equivalents and short-term investments amounted to SEK 4,533 M (3,371) which is cash and cash equivalents and short-term investments reduced by bank balances included in assets pledged. See Note 31.

Note 25 Equity

Number of shares in Elekta AB (publ)	A-shares	B-shares	Total	Share capital
Number of shares May 1, 2016	14,250,000	368,579,047	382,829,047	191,414,524
Conversion of convertible loan	730,769	8,593	739,362	369,681
Number of shares April 30, 2017	**14,980,769**	**368,587,640**	**383,568,409**	**191,784,205**
of which treasury shares	–	1,541,368	1,541,368	
Number of shares May 1, 2017	14,980,769	368,587,640	383,568,409	191,784,205
Conversion of convertible loan	–	–	–	–
Number of shares April 30, 2018	**14,980,769**	**368,587,640**	**383,568,409**	**191,784,205**
of which treasury shares	–	1,541,368	1,541,368	

APPROPRIATION OF PROFIT

Amount to be paid to the shareholders	SEK 534,837,857
Amount to be carried forward by the Parent Company	SEK 1,939,829,146
Total non-restricted equity of the Parent Company	**SEK 2,474,667,003**

All shares have a par value of SEK 0.50 and provide the holders with equal rights to the Company's assets and earnings. All shares are entitled to dividends subsequently issued. One series A-share entitles the holder to 10 votes and one series B-share to one vote. In accordance with section 12 of the articles of association, series A-shares are subject to right of first refusal. All series A-shares are currently owned by Laurent Leksell via company. The dividend paid out during the financial year amounted to a total sum of SEK 382 M, corresponding to SEK 1.00 per share. At the AGM on 30 August, 2018, a dividend of SEK 1.40 per share for the year 2017/18 – a total sum of approximately SEK 535 M will be proposed. The average number of shares before and after dilution during the year, rounded to the nearest thousand, was 382,027 thousand (381,306). The number of repurchased shares on April 30, 2018, totaled 1,541,368 B-shares (1,541,368). The share program awarded to employees have a potential dilution effect. Certain performance targets must be met for dilution to occur and this was not the case at the closing date.

For more information on the Elekta share, see pages 64–65.

Note 26 Interest-bearing liabilities

	Group		Parent Company	
SEK M	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017
Bond loan	1,997	1,996	1,997	1,996
Liabilities to credit institutions	3,344	3,272	3,328	3,272
Liabilities to subsidiaries	–	–	3,793	3,381
Finance lease liabilities	3	4	–	–
Total	**5,344**	**5,272**	**9,118**	**8,649**
Maturity term structure, external loans				
< 1 year	975	4	959	–
> 1 year < 3 years	999	1,924	1,000	1,916
> 3 year < 5 years	2,937	2,902	2,941	2,910
> 5 years	433	442	433	442
Total	**5,344**	**5,272**	**5,333**	**5,268**

SPECIFICATION BY CURRENCY

	Liability amount		SEK M	
Currency	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017
Swedish kronor, SEK M	2,000	2,000	1,997	1,995
US dollar, USD M	202	200	1,746	1,764
Euro, EUR M	50	50	525	482
British Pound, GBP M	90	90	1,072	1,026
Polish Zloty, PLN M	1	3	3	4
Brazilian real, BRL M	0	0	0	0
Total			**5,344**	**5,272**

FIXED INTEREST TERM INCLUDING EFFECTS OF DERIVATIVES

	April 30, 2018	April 30, 2017
< 1 year	975	4
> 1 year < 3 years	999	1,924
> 3 year < 5 years	2,937	2,902
> 5 years	433	442
Total	**5,344**	**5,272**

Note 27 Provisions

Accounting principles

Provisions

Provisions are reported when the Group has, or is considered to have, an obligation resulting from an event that has occurred and for which payments are likely to meet the obligation. A further condition is that it is possible to make a reliable estimate of the amount to be paid.

Pensions

Pensions are reported either as defined contribution plans or as defined benefit plans. Most of Elekta's pension commitments are met through ongoing payments to authorities or other independent organizations that administer the pension plans. For these defined contribution pension plans, a pension cost is reported on a continuous basis as the benefits are earned, which normally coincides with the date on which the fees are paid.

Elekta has defined benefit pension plans for certain employees in a few countries. Independent actuaries calculate the magnitude of the obligations in each plan and revalue the obligations of the pension plans each year. The pension costs are estimated using the so-called projected unit credit method in a way that distributes the costs over the employee's working life. These obligations are valued at the present value of the expected future payments. Actuarial gains and losses are reported in other comprehensive income in the period during which they arise.

Warranty reserves

Estimated costs for product guarantees are charged against operating costs in conjunction with the income recognition of the products. The estimated costs are established using historic statistics, with known changes taken into account regarding product quality, repair costs etcetera.

Estimates and assessment

Provisions include uncertainties and entails various judgments. Provisions for guarantees are based on historic statistics, while others, such as provisions for legal disputes and restructuring are based on management's best estimate of the expected outcome. A provision is only reported when an event has occurred for which economic responsibility is probable and when it is possible to make a reliable estimate of the amount to be paid. Total provisions amounted to SEK 359 M (373).

PROVISIONS

	Group		Parent Company	
SEK M	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017
Restructuring reserve	19	117	0	2
Warranty provisions	98	95	–	–
Other provisions	84	19	0	28
Short-term provisions	**201**	**231**	**0**	**30**
Provision for pensions	127	93	–	–
Other provisions	31	49	9	36
Long-term provisions	**158**	**142**	**9**	**36**

Pension plans

Elekta has defined benefit pension plans for certain employees in a few countries. Most common is however defined contribution plans. Total pension costs for the Group amounted to SEK 231 M (225) of which SEK 14 M (210) relate to defined contribution pension plans (see Note 7).

PENSION COSTS, DEFINED BENEFIT PENSION PLANS

	Group	
SEK M	**2017/18**	**2016/17**
Current service cost	–14	–13
Interest expense	–3	–3
Interest income	2	1
Actuarial gains (+) and losses (–)	–19	1
Total pension costs defined benefit plans	**–33**	**–14**
whereof reported in: the income statement	–14	–15
other comprehensive income	–19	1

DEFINED BENEFIT PENSION PLANS

	Group	
SEK M	**April 30, 2018**	**April 30, 2017**
Defined benefit obligation, funded plans	122	97
Fair value of plan assets	–99	–88
Provision for pensions, funded plans	**23**	**9**
Defined benefit obligation, unfunded plans	104	83
Provision for pensions, unfunded plans	**104**	**83**
Pension provision for defined benefit plans, net	**127**	**93**

MOVEMENT IN PROVISION FOR PENSIONS

	Group	
SEK M	**2017/18**	**2016/17**
Opening balance:		
Defined benefit obligation	181	160
Fair value of plan assets	–88	–78
Provision for pensions May 1	**93**	**82**
Pension costs	33	14
Contributions/Repayments	3	–4
Benefit payments	–2	–5
Change in provision plan	–6	1
Translation differences	6	5
Closing balance:		
Defined benefit obligation	226	181
Fair value of plan assets	–99	–88
Provision for pensions April 30	**127**	**93**

MAIN ACTUARIAL ASSUMPTIONS (WEIGHTED AVERAGE)

	Group	
	April 30, 2018	**April 30, 2017**
Discount rate	1.5%	1.6%
Future salary increases	1.8%	1.5%

MOVEMENT IN PROVISIONS

	Group			Parent Company
SEK M	**Restructuring reserve**	**Warranty provisions**	**Other provisions**	**Other provisions**
Opening balance May 1, 2016	155	101	149	77
Provisions	227	73	38	1
Reversals	–9	–58	–15	–6
Provisions utilized during the year	–257	–23	–102	–13
Reclassifications	–	–	–4	–
Translation differences	1	3	2	5
Closing balance April 30, 2017	**117**	**95**	**68**	**64**
Provisions	46	100	89	0
Reversals	–13	–48	–34	–35
Provisions utilized during the year	–130	–54	–10	–22
Translation differences	–1	5	2	2
Closing balance April 30, 2018	**19**	**98**	**115**	**9**

In the consolidated accounts, other provisions mainly refer to project related provisions. In the Parent company, contingent considerations are reported as provisions and amount to SEK 0 M (55).

Note 28 Prepaid income

	Group	
SEK M	**April 30, 2018**	**April 30, 2017**
Prepaid service income	1,539	1,529
Other prepaid income	514	345
Total	**2,053**	**1,874**

Note 29 Accrued expenses

	Group	
SEK M	**April 30, 2018**	**April 30, 2017**
Reserve for additional project costs	731	831
Accrued commission costs	85	95
Accrued vacation pay liability	155	154
Accrued social costs	57	45
Accrued interest expenses	47	49
Other items	779	701
Total	**1,854**	**1,875**

Note 30 Other current liabilities

SEK M	Parent Company April 30, 2018	April 30, 2017
Accounts payable	7	27
Accrued expenses (see below)	69	74
Derivative financial instruments	13	18
Other liabilities	5	4
Total	**94**	**123**
Accrued expenses		
Accrued vacation pay liability	4	6
Accrued social costs	2	3
Accrued interest expenses	47	46
Other items	16	19
Total	**69**	**74**

Note 31 Assets pledged

SEK M	Group April 30, 2018	April 30, 2017
Bank balances	8	12
Total	**8**	**12**

Collateral pledged for contingent liabilities.

Note 32 Contingent liabilities

	Group		Parent Company	
SEK M	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017
Guarantees	34	46	1,305	1,075
Total	**34**	**46**	**1,305**	**1,075**

Guarantees consist of mainly advance payment guarantees and performance guarantees. Also parental guarantees and bid bonds are common.

Note 33 Cash flow statement

	Group		Parent Company	
SEK M	2017/18	2016/17	2017/18	2016/17
Interest net				
Interest income	–66	–31	–211	–153
Interest expenses	163	209	163	200
Total	**97**	**178**	**–48**	**47**
Other non-cash items				
Participations in profit/loss of associated companies, after tax	7	17	14	30
Write-down of shares in associated companies	–	–	–	3
Write-down of loan	14	–	–	–
Result from divestments/disposals of fixed assets	6	3	–	–
Cost of incentive programs	2	–5	–	–
Group contribution	–	–	–315	–
Unrealized exchange rate effects etc	190	32	55	105
Other items	38	3	1	30
Total	**257**	**50**	**–245**	**168**
Business combinations				
Purchase price	–	–31	–	–1
Contingent considerations	–45	–24	–22	–
Unpaid part of purchase price	–	31	–	–
Shareholder contributions	–	–	–52	–83
Total	**–45**	**–24**	**–74**	**–84**

More information on business combinations is presented in Note 35.

CHANGES IN NET LIABILITIES RELATED TO FINANCING ACTIVITIES

	Opening balance	Cash flow	Non-cash changes			Closing balance
SEK M			Other	Foreign exchange movements	Fair value changes	
Bond loans	1,996	–	1	–	–	1,997
Short-term loans	0	–	–	–	–	0
Financial leases liabilities	4	–	–	–1	–	3
Liabilities to credit institutes	3,272	15	–	54	3	3,344
Total	**5,272**	**15**	**1**	**53**	**3**	**5,344**

Note 34 Related party transactions

Transactions between Elekta AB and its subsidiaries are shown in Notes 12, 14 and 26. These transactions are eliminated upon consolidation. Sales to associated companies amounted to SEK 28 M (35), receivables from associated companies amounted to SEK 25 M (32) and costs related to associated companies amounted to SEK 3 M (0).

None of the board members or any of the senior executives has, or has had, any direct or indirect involvement in any business transactions between themselves and Elekta. In addition to this, no other transactions with related parties have occurred. Remunerations and benefits to key personnel in management positions are presented in Note 7.

Note 35 Business combinations

2017/18

No business combinations were entered into during the year. An amount of SEK 45 M (24) of contingent considerations related to acquisitions in previous years has been paid out.

2016/17

On January 31, 2017, Elekta acquired the service business as well as personnel of Portuguese distributor Sociedade Avanco, S. A. (Avanco). The acquisition will bring Elekta closer to its Portuguese customers. Through the transaction Elekta assumed all service contract revenue from Avanco starting on February 15, 2017. The acquisition price consisted of a fixed amount of approximately SEK 25 M and a maximum variable amount of approximately SEK 6 M, which is depending on the achievement of goals set-up for the transferred business. According to the purchase price allocation goodwill and intangible assets amount to approximately SEK 31 M based on the full variable amounted the acquisition price. Elekta consolidates the Avanco business from January 31, 2017. The acquisition is expected to add 0 percent to Elekta's net sales on an annual basis and is expected to be accretive to Elekta earnings per share (EPS). Transaction costs amounted to approximately SEK 1 M and were reported as other operating expenses in the consolidated income statement.

Note 36 Average number of employees

	Men		Women		Total	
	2017/18	**2016/17**	**2017/18**	**2016/17**	**2017/18**	**2016/17**
Parent Company	18	16	18	14	36	30
Subsidiaries:						
Sweden	147	143	74	77	221	220
USA	582	654	284	246	866	900
Great Britain	507	512	154	142	661	654
China	319	362	251	168	570	530
The Netherlands	170	174	41	41	211	215
Germany	118	120	32	32	150	152
Poland	48	30	87	45	135	75
Japan	77	73	25	21	102	94
India	89	88	7	6	96	94
Canada	58	55	15	14	73	69
Italy	55	56	16	18	71	74
France	52	50	14	13	66	63
Australia	39	38	10	9	49	47
Brazil	35	41	14	14	49	55
Spain	39	37	9	9	48	46
Hong Kong	31	32	15	17	46	49
Turkey	29	24	11	10	40	34
Finland	25	24	7	6	32	30
Mexico	27	26	4	5	31	31
Austria	15	15	6	6	21	21
South Korea	17	18	3	3	20	21
Singapore	12	12	4	3	16	15
Russia	12	1	3	0	15	1
Czech Republic	10	9	3	3	13	12
Belgium	11	9	2	2	13	11
Greece	9	10	3	3	12	13
Portugal	9	2	3	1	12	3
South Africa	8	5	2	2	10	7
New Zealand (branch)	5	5	2	1	7	6
Vietnam	6	5	–	–	6	5
Switzerland (branch)	3	3	1	1	4	4
Total average number of employees	**2,582**	**2,649**	**1,120**	**932**	**3,702**	**3,581**

Specification men/women among board of directors and executive management

During the financial year, the board of directors of Elekta AB consisted of 67 percent (67) men. The executive management consisted of 91 percent (95) men.

Note 37 Events after the reporting period

Renato Leite joined Elekta on June 1, 2018, as Executive Vice President Region Europe and member of the Executive Management team.
As of June 1, 2018, Caroline Mofors, Senior Vice President Chief Compliance and Integrity Officer, is a member of the Executive Management team.

On June 18, 2018, Elekta Unity magnetic resonance radiation therapy (MR/RT) system has received CE-mark, clearing the technology for commercial sales and clinical use in Europe.

Note 38 Effects from the implementation of IFRS 15 and IFRS 9

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial instruments are effective for annual reporting periods beginning on or after January 1, 2018 and Elekta will apply the new standards from May 1, 2018.

For IFRS 15 Elekta has decided to apply the full retrospective method with restatement of the prior year comparative period. IFRS 9 will be applied retrospectively and as permitted by the standard the comparative period will not be restated. The net balance effect from the transition to IFRS 15 will be reported in equity and is estimated to SEK –987 M as per May 1, 2018 and SEK –1,212 M at the beginning of the comparative year. The transition to IFRS 9 will affect the opening balance of fiscal year 2018/19 and the impact on equity is estimated to SEK –39 M.

The one-time effect reported in equity from the implementation of the standards is mainly relating to IFRS 15 and the timing for revenue recognition of treatment solutions. According to IFRS 15 revenue recognition should occur at the time of transfer of control to the customer, which according to Elekta's assessment is when the treatment solution is ready for installation at the customer's site. Prior to the implementation of IFRS 15, revenue recognition for treatment solutions occurred when risks and rewards were transferred to the customer, which is normally at the time of shipment. The financial impact reported in equity on transition will primarily depend on the number of treatment solutions that are shipped but not yet being installed at the customer's site at this point in time. Other less significant financial effects from the transition relate to changes in the allocation of the transaction price to various performance obligations. The effects from the implementation of IFRS 15 and IFRS 9 are further described below.

The following schedule presents the estimated transition effects on equity and other balance sheet items from the implementation of IFRS 15 and IFRS 9.

EFFECTS FROM IFRS 15 AND IFRS 9 ON CONSOLIDATED BALANCE SHEET

	Opening balance 2017/18			Closing balance 2017/18			Opening balance 2018/19		
SEK M	**Reported Apr 30, 2017**	**Adj. IFRS 15**	**Restated Apr 30, 2017**	**Reported Apr 30, 2018**	**Adj. IFRS 15**	**Restated Apr 30, 2018**	**Restated Apr 30, 2018**	**Adj. IFRS 9**	**Adjusted May 1, 2018**
Non-current assets									
Deferred tax assets	375	91	466	267	83	350	350	10	360
Other financial assets	285	–	285	219	–	219	219	0	219
Current assets									
Inventories	936	1,384	2,320	1,121	1,455	2,576	2,576	–	2,576
Accounts receivable	3,726	–	3,726	3,402	–	3,402	3,402	–25	3,377
Accrued income	1,640	–789	851	1,601	–441	1,160	1,160	–24	1,136
Other current receivables	802	134	936	846	222	1,068	1,068	0	1,068
Total assets	**20,950**	**820**	**21,770**	**22,457**	**1,319**	**23,776**	**23,776**	**–39**	**23,737**
Total equity	**6,774**	**–1,212**	**5,562**	**7,975**	**–987**	**6,988**	**6,988**	**–39**	**6,949**
Non-current liabilities									
Deferred tax liabilities	778	–225	553	693	–182	511	511	–	511
Current liabilities									
Advances from customers	2,531	2,680	5,211	2,575	2,741	5,316	5,316	–	5,316
Prepaid income	1,874	1	1,875	2,053	–46	2,007	2,007	–	2,007
Accrued expenses	1,875	–398	1,477	1,854	–192	1,662	1,662	–	1,662
Short-term provisions	231	–26	205	201	–15	186	186	–	186
Total equity and liabilities	**20,950**	**820**	**21,770**	**22,457**	**1,319**	**23,776**	**23,776**	**–39**	**23,737**

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is a new revenue recognition standard replacing IAS 18 Revenue and IAS 11 Construction contracts. IFRS 15 introduces a new core principle which requires the expected amount of revenue to be recognized when control over goods and services is transferred to the customer, instead of when risks and rewards are transferred which is the requirement under current standards.

The new standard introduces a five-step model that should be applied to all contracts with customers in order to establish how and when to recognize revenue:

1. Identify contracts with customers.
2. Identify the separate performance obligations.
3. Determine the transaction price of the contract.
4. Allocate the transaction price to each of the separate performance obligations.
5. Recognize the revenue as each performance obligation is satisfied.

An important amount of judgments is required when applying these steps to a contract in order to define performance obligations, transaction price, revenue allocation and timing of revenue recognition.

Allocation of the transaction price to performance obligations

A significant part of Elekta's revenue is derived from bundled deals, in which devices, software and service are included in the same contract. IFRS 15 gives clear guidance on how to allocate the transaction price to identified deliverables (performance obligations) in a bundled contract. According to the standard the allocation should be based on stand-alone selling prices and any discount should be proportionally distributed amongst the various performance obligations. A stand-alone-selling price is the price an entity charges for goods or services when the entity sells it separately in similar circumstances to similar customers. If goods or services are not sold separately the stand-alone selling price must be estimated. As part of the implementation of IFRS 15 a reassessment has been made of stand-alone selling prices and the allocation of discounts to the components included in bundled contracts. The effects vary between contracts and markets but the general impact is that under IFRS 15 more revenue will be allocated to devices and software and less revenue will be allocated to service compared with the previous allocation model. The reallocation of revenue will result in some revenue being recognized earlier as the point in time for revenue recognition of equipment and software occurs before recognizing revenue relating to the service component. The new allocation model will only affect revenues included in bundled deals as stand-alone sales are not affected by the revenue allocation model.

Timing for revenue recognition of treatment solutions

Under IFRS 15 revenue recognition should occur at the time of transfer of control to the customer. The assessment of control transfer should consider indicators such as transfer of risk and rewards, rights to payment, customer acceptance, physical possession and transfer of legal title. For the sale of devices in a standard bundled deal, Elekta considers the transfer of control to occur when the device is ready for installation at the customer's site. At this point in time the risk and rewards are usually transferred, Elekta has the right to payment and the customer has gained physical possession of the device. Contractual terms may vary and therefore judgement must be applied when assessing the indicators of transfer of control. Under the previous standard revenue was recognized when risks and rewards were transferred to the customer, which is usually at the time of shipment under a standard contract. The impact of the transition to IFRS 15 is that revenue recognition for devices included in a standard bundled deal is postponed. The financial impact reported in equity on transition relates primarily to devices that have been shipped but are not yet ready for installation at the customer's site at the transition date.

For software sales, control is considered to be transferred when the licenses are made available to the customer which is usually at the acceptance of the software. For a large part of the software licenses this is in line with revenue recognition under the previous standard. However, certain software licenses that were considered being part of the devices under the previous standard are considered to be separate performance obligations under IFRS 15, and as a result the timing of the revenue recognition has changed under IFRS 15 to be aligned with revenue recognition for other software licenses.

Based on the assessment performed, Elekta has identified the areas where the new standard requires changes to accounting policies, internal processes, procedures, systems and controls. Changes have been implemented from May 1, 2018 in order to comply with the new standard.

EFFECTS FROM IFRS 15 RESTATEMENT ON CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	Q1 2017/18			Q2 2017/18			Q3 2017/18			Q4 2017/18			May–Apr 2017/18		
SEK M	**Reported**	**Adj.**	**Restated**	**Reported**	**Adj.**	**Restated**	**Reported**	**Adj.**	**Restated**	**Reported**	**Adj.**	**Restated**	**Reported**	**Adj.**	**Restated**
Net sales	2,169	335	2,504	2,802	101	2,903	2,747	9	2,756	3,614	–205	3,409	11,333	240	11,573
Cost of products sold	–1,250	-92	–1,342	–1,620	–25	–1,645	-1,595	34	–1,561	-2,120	150	–1,970	–6,584	67	–6,517
Gross income	**919**	**243**	**1,162**	**1,183**	**76**	**1,259**	**1,153**	**43**	**1,196**	**1,494**	**–55**	**1,439**	**4,748**	**307**	**5,055**
Operating result	38	243	281	365	76	441	366	43	409	769	–55	714	1,538	307	1,845
Operating margin	2%	–	11%	13%	–	15%	13%	–	15%	21%	–	21%	14%	–	16%
Income taxes	0	–44	–44	–84	–18	–102	–25	–9	–34	–166	13	–153	–276	–57	–333
Net income	**–1**	**199**	**198**	**247**	**58**	**305**	**308**	**34**	**342**	**544**	**–42**	**502**	**1,099**	**249**	**1,348**
Total comprehensive income for the period	**–265**	**199**	**–66**	**409**	**58**	**467**	**312**	**34**	**346**	**1,124**	**–42**	**1,082**	**1,581**	**249**	**1,830**
Earnings per share before/after dilution, SEK	0.00	0.52	0.52	0.65	0.15	0.80	0.81	0.09	0.90	1.42	–0.11	1.31	2.88	0.65	3.53
Adjusted EBITA	187	243	430	509	76	585	502	43	545	918	–55	863	2,116	307	2,423
Adjusted EBITA margin	9%	–	17%	18%	–	20%	18%	–	20%	25%	–	25%	19%	–	21%

Note 38 Effects from the implementation of IFRS 15 and IFRS 9, cont.

EFFECTS FROM IFRS 15 RESTATEMENT ON CONSOLIDATED BALANCE SHEET

	Q1 2017/18			Q2 2017/18			Q3 2017/18			Q4 2017/18		
SEK M	**Reported**	**Adj.**	**Restated**	**Reported**	**Adj.**	**Restated**	**Reported**	**Adj.**	**Restated**	**Reported**	**Adj.**	**Restated**
Non-current assets												
Deferred tax assets	290	124	414	310	131	441	260	98	358	267	83	350
Current assets												
Inventories	1,076	1,164	2,240	1,102	1,253	2,355	1,243	1,265	2,508	1,121	1,455	2,576
Accounts receivable	3,032	–	3,032	3,120	–	3,120	3,505	–	3,505	3,402	–	3,402
Accrued income	1,467	–570	897	1,545	–533	1,012	1,177	–408	769	1,601	–441	1,160
Other current receivables	878	148	1,026	917	155	1,072	926	184	1,110	846	222	1,068
Total assets	**19,659**	**866**	**20,525**	**20,152**	**1,006**	**21,158**	**20,617**	**1,139**	**21,756**	**22,457**	**1,319**	**23,776**
Total equity	**6,511**	**–956**	**5,555**	**6,734**	**–919**	**5,815**	**7,040**	**–886**	**6,154**	**7,975**	**–987**	**6,988**
Non-current liabilities												
Deferred tax liabilities	668	–134	534	669	–115	554	593	–138	455	693	–182	511
Current liabilities												
Advances from customers	2,537	2,324	4,861	2,440	2,280	4,720	2,643	2,382	5,025	2,575	2,741	5,316
Prepaid income	1,704	–50	1,654	1,764	10	1,774	1,830	–7	1,823	2,053	–46	2,007
Accrued expenses	1,611	–297	1,314	1,742	–232	1,510	1,688	–197	1,491	1,854	–192	1,662
Short-term provisions	196	–21	175	172	–18	154	140	–15	125	201	–15	186
Total equity and liabilities	**19,659**	**866**	**20,525**	**20,152**	**1,006**	**21,158**	**20,617**	**1,139**	**21,756**	**22,457**	**1,319**	**23,776**

IFRS 9 Financial instruments

IFRS 9 is a new standard on accounting for financial instruments which replaces IAS 39 Financial instruments. The standard comprises classification, measurement and impairment of financial instruments as well as hedge accounting. The financial effects from the transition to IFRS 9 for Elekta are limited and relate to the introduction of an expected credit loss model for impairment of financial assets to replace the previously used incurred loss model. The new model mainly has an effect on the calculation of bad debt losses as the new standard requires a provision for expected losses to be made for all financial receivables, including those that are not yet due. With the new model the provision for bad debt and bad debt losses will increase or decrease based on the outstanding value of financial assets as an expected loss will be calculated for all outstanding amounts based on historical experiences and expectations about the future. The financial effect from the application of the new model for calculation of bad debt losses mainly affects the value of trade receivables and accrued project income and is presented in the schedule on page 110.

IFRS 9 also introduces a new model for classification and related measurement of financial instruments. Elekta has reviewed all financial instruments in order to classify these according to the new standard and the following main categories have been identified:

Excess liquidity investments such as money market funds and tradeable securities are held in a portfolio managed on a fair value basis and will be classified as financial assets at fair value through profit or loss.

Trade receivables within the group are in general held with the objective to collect contractual cash flows and therefore fulfill the requirements for being classified into the hold to collect business model with valuation at amortized cost. In some countries Elekta holds trade receivables that may be sold and are managed within a business model with the objective to realize cash flows through both collection of contractual cash flows and selling of the asset. These trade receivables are valued at fair value through other comprehensive income. The reclassification of assets does not result in any material changes in valuation of assets at the transition date.

Hedge accounting will be applied in accordance with IFRS 9 and Elekta has confirmed that existing hedging relationships will qualify for hedge accounting under the new standard. In general, IFRS 9, more closely than the previous standard, aligns the hedge accounting rules to the risk management objectives of a company. Elekta applies hedge accounting for the hedging of foreign currency risks and from time to time also for hedging interest rate risks. The application of hedge accounting according to IFRS 9 will not result in any financial effects at the transition date.

The board of directors and the President and CEO certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Parent Company and the Group, and that the management report gives a fair review of the development and performance of the business, position and profit or loss of the Parent Company and the Group, and describes the principal risks and uncertainties that the Parent Company and the companies in the Group face.

Stockholm July 9, 2018

Laurent Leksell
Chairman of the board

Annika Espander Jansson
Member of the board

Luciano Cattani
Member of the board

Caroline Leksell Cooke
Member of the board

Wolfgang Reim
Member of the board

Johan Malmquist
Member of the board

Birgitta Stymne Göransson
Member of the board

Jan Secher
Member of the board

Tomas Puusepp
Member of the board

Richard Hausmann
CEO and President

Our audit report was submitted on July 9, 2018
PricewaterhouseCoopers AB

Johan Engstam
Authorized public accountant

Auditor's report

Unofficial translation.

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Elekta AB (publ) for the financial year 1 May 2017 to 30 April 2018. The annual accounts and consolidated accounts of the company are included on pages 68–112 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 30 April 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 April 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

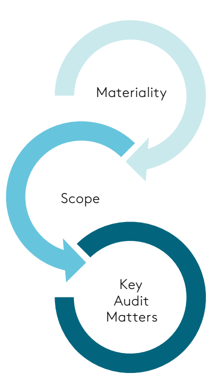
We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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



Our audit approach

Overview

- Overall materiality level: SEK 70 million, which is equivalent to 5% of income before taxes.
- Revenue from the sale of machines and contracts containing both machines, software and services is to be reported in the correct amounts and in the correct period
- Valuation of accounts receivable and accrued income

Audit scope

The Elekta Group undertakes the sale of machines for radiation therapy and related software, as well as of maintenance and support services. The operations are undertaken in subsidiaries located all over the globe, whereby the largest markets are in the US and China. Elekta's revenue recognition is dependent on the contract terms stipulating the point in time at which the risks and benefits are transferred to the client and on their payment capacity, and the terms often imply that invoicing and payment take place at a point in time differing from the point in time at which the related revenue recognition takes place. Sales in new markets can imply new clients or contractual terms impacting the point in time at which a sale can be reported. Client agreements can also contain a combination of machine, services and software which can be complicated to report. The deliveries are also determined according to when the clients want to have the products delivered and a major portion of the sales takes place at the end of Elekta's fourth quarter, and a delay in reporting into the following financial year can have a major impact on the accounts. All in all, this implies that the reporting of sales and accounts receivables is dependent on management's assessments of the clients' payment capacity and on the stipulations of the contract terms.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

The year's audit of the consolidated accounts included, in addition to the Parent Company, the subsidiaries in Sweden, England, US, The Netherlands, Germany, China including Hong Kong, Spain, Italy and Japan. The audit is executed on an ongoing basis throughout the year for these subsidiaries, and a number of companies report in conjunction with the second quarter, and the audit of the annual book closing was at 30 April 2018. These subsidiaries represent nearly 80% of Elekta's total net sales. It should also be noted that the majority of the companies within Elekta are subject to statutory audits.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Group materiality level	SEK 70 million (55 million)
How we determined it	5 % of income before taxes (5% of three year average adjusted pre-tax income)
Rationale for of the materiality benchmark applied	We chose income before tax as the benchmark as we believe that this is the value most often applied by users in comparing group results and as it is a generally accepted benchmark. The level of 5% is used in auditing standards as an applicable quantitative materiality threshold.

Key audit matter	How our audit addressed the key audit matter
Revenue from the sale of machines and contracts containing machines, software and services is to be reported in the correct amounts and in the correct period.	
Revenue from the sale of machines and contracts containing machines, software and services is to be reported in the correct amounts and in the correct period. Elekta's reported revenue and income refers to the sale of machines, software and services. A significant portion of the revenues refer to the sale of machines. The reporting of these amounts is dependent on management's assessments of contract conditions in terms of when the risks and benefits are transferred to the purchaser. Sales in the form of so-called multiple element arrangements, where hardware, software and services can be included in one and same contract, are a common form of sales in Elekta. Revenue for these contracts is divided into sub-components. Where the revenue is divided between the respective parts of the agreement. The revenue for the respective sub-components is subsequently recognized when the risks and benefits are transferred to the client. Machines are delivered in accordance to the contractually agreed upon delivery date determined together with the client and it is usual that the revenue referring to the machine is recognized at this point in time. The remaining portion of the revenue relating to software and installation is reported after the technical approval has been received from the client. Invoicing occurs at fixed points according to what has been agreed with the client. Normally invoicing occurs: upon signing of the agreement, after delivery to customer, and upon acceptance by the customer. This implies that the point in time of revenue recognition is usually not the same as the point in time of invoicing to and payment from the client. All in all, this implies that company management must perform assessments regarding the prices of the various parts of the client contracts, which impacts the point in time at which the sales margins are reported. As a result of this inherent complexity in revenue recognition and the estimations and assessments made by company management, we have deemed that revenue from sales of systems comprises a key audit matter. For accounting principles and disclosures, refer to Note 6 and pages 94–95 in the Annual Report for 2017/18.	In performing our audit, we have mapped and evaluated Elekta's processes and controls regarding revenue recognition in order to obtain an understanding of how these function and where any possible errors might arise. Our mapping has focused on the approval of new client agreements, the model for the allocation of revenue in the various parts of the agreements and on the controls in order to ensure that the sales are reported in the correct periods. This mapping has been done in order to ensure that we focus our substantive procedures appropriately. After our mapping, we executed substantive procedures including, amongst other things: • Analysis of revenue reported during the year compared with expected revenue and revenue reported last year. • Examination of a selection of new, major contracts and sales against contract terms and Elekta's guidelines to assess the revenue recognition. • On a random sample basis, testing against proof of delivery to ensure that revenue was reported in the correct periods and in the correct amounts. • Evaluation of Elekta's accounting principles and the Note disclosures regarding revenue recognition. The results of these audit procedures resulted in no significant observations.
Valuation of accounts receivable and accrued income	
Accounts receivable and accrued income are significant items in the balance sheet and the valuation of these items is impacted by management's assessments of clients' payment capacity. The payment terms vary between countries and clients. Credit periods vary between the markets and clients. In certain markets, partial payments are made based on events, such as order receipt, delivery and the client's approval of the installation. In other markets, full payment is made after the finalization of the installation or in conjunction with approval. Invoiced amounts are reported as accounts receivables while reported revenues which are yet to be invoiced are reported as accrued income. Sales in new markets imply new clients and the premises for securing these clients can imply a high risk of having clients with a weaker payment capacity or willingness to pay. As a result of the major component of estimations and assessments undertaken by company management, we have deemed that the valuation of accounts receivable and accrued income comprises a key audit matter in the audit. For accounting principles and disclosures refer to pages 89–90 and Note 22 in the Annual Report for 2017/18.	In our audit, we mapped Elekta's processes and controls regarding overdue accounts receivables and accrued income in order to obtain an understanding as to how they function and where any possible errors might arise. Our mapping has focused on the follow-up of older receivables and on management's assessment of the clients' payment capacity and on the valuation of the reported accounts receivables and accrued income. This mapping has been done in order to ensure that we focus our substantive procedures appropriately. After our mapping, we executed substantive procedures including, amongst others: • Analysis of older accounts receivables and accrued income, and of the reported provision for doubtful debts, in order to be able to independently evaluate the value of the receivables. • On a random sample basis, confirmation of outstanding accounts receivables directly with the clients. We also examined a selection of receivables against payments received after year-end. • Evaluation of Elekta's accounting principles and the Note disclosures presented regarding accounts receivables and accrued income. The results of these audit procedures resulted in no significant observations.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above SEK 10 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–49, 64–67 and 117–122. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Elekta AB (publ) for the financial year 1 May 2017 to 30 April 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 STOCKHOLM, was appointed auditor of Elekta AB (publ) by the general meeting of the shareholders on the 23 August 2018 and has been the company's auditor since the 4 September 2012.

Stockholm 9 July 2018
PricewaterhouseCoopers AB
Signature on original auditors' report in Swedish[1)]

Johan Engstam
Authorized Public Accountant

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

Glossary

Adaptive radiation therapy
A treatment technique that aims to customize each patient's treatment plan to patient specific variation by evaluating and characterizing the systematic and random variations through image feedback and including them in adaptive planning.

Benign
The term benign is used when describing tumors or growths that do not threaten the health of an individual. Benign is the opposite of malignant.

Brachytherapy
Is also known as internal radiation therapy, involves placing a radiation source in or near the treatment area. This allows very high tumor doses to be achieved, while limiting the impact on surrounding organs. The method is typically used to treat gynecological cancer and prostate cancer, but also breast cancer and certain types of skin cancer.

Cancer
Uncontrolled, abnormal growth of cells.

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

Cone beam CT (CBCT)
A CBCT system mounted to a linac or Gamma Knife creates images used for verifying or determining the location of the patient in relation to the treatment beam(s).

Computed tomography (CT)
A radiological method of imaging anatomical structures by means of layering, using computer technology.

Deep brain stimulation (DBS)
A brain 'pacemaker' is implanted to stimulate brain activity and block signals that cause unwanted symptoms present in functional neurological disorders, for example tremor.

Electronic brachytherapy
Type of brachytherapy that uses an X-ray tube to induce radiation. It can deliver radiation to the tumor with a high degree of precision whilst minimizing damage to healthy surrounding tissue. Due to the source of radiation used, electronic brachytherapy can be performed in a room with minimal shielding.

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

External-beam radiation therapy
The most common type of radiation therapy, in which the radiation source is produced by a linear accelerator and delivered by the radiation beam from the linear accelerator head rotated around the patient. By delivering the radiation from various angles, the radiation dose is distributed more evenly in the tumor without excess damage to surrounding healthy tissue.

Fraction
Part of the total radiation dose, delivered at a daily treatment.

Food and Drug Administration (FDA)
Is an agency of the US Department of Health and Human Services. The FDA is responsible for protecting and promoting public health through the regulation and supervision of for example medical devices.

Functional disorders
Diseases in the central nervous system.

Gamma Knife® radiosurgery
Stereotactic radiosurgery with Leksell Gamma Knife®.

Glioblastoma
The most common and most aggressive malignant primary brain tumor. They are usually highly malignant as a large number of tumor cells are reproducing at any given time and are supported by a large network of blood vessels. Glioblastoma often infiltrate with normal healthy brain tissue.

High dose radiation (HDR)
An amount of radiation that is greater than that given in typical radiation therapy. High-dose radiation is precisely directed at the tumor to avoid damaging healthy tissue, and may kill more cancer cells in fewer treatments.

Hypofractionation
A treatment schedule in which the total dose of radiation is divided into large doses and treatments are given once a day or less often.

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

Image guided radiation therapy (IGRT) with magnetic resonance imaging (MRI)
This provides high-quality images of tissue and tumors while treatment is in progress, and also enables adaptation of the radiation dose in real-time. The method is under development in the MR-linac consortium.

Intensity-modulated radiation therapy (IMRT)
IMRT is an advanced type of treatment that uses multiple very small beams of varying intensity rather than a single, large, uniform beam. The radiation can therefore be tailored to the size and shape of the tumor, allowing higher tumor doses while minimizing the impact on healthy tissue.

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

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

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

Linear accelerator (linac)
Equipment for generating and directing ionizing radiation for treatment of cancer.

Magnetoencephalograph (MEG)
Equipment for real time mapping of the function in different parts of the brain, by measuring the magnetic field generated by brain cells activity.

Magnetic resonance imaging (MRI)
Technology used to visualize and differentiate organs and anatomical structures inside the body. It uses non-ionizing radiation and is thus harmless to the patient.

Malignant
Refers to cancerous cells that usually have the ability to aggressively spread, invade and destroy tissue. Opposite to benign.

Meningioma
A type of tumor that develops from the meninges, the membrane that surrounds the brain and spinal cord. Meningiomas are the most common type of primary brain tumors and are often benign.

Metastases
Secondary malignant tumors originating from primary cancer tumors in other parts of the body.

Multileaf collimator
An accessory to the linear accelerator, working like an aperture. With a large number of individually adjustable metal leaves, the treatment beam can be shaped to the size and shape of the target volume.

MR-linac
See image guided radiation therapy (IGRT) with magnetic resonance imaging (MRI).

Neurology
The study of the nervous system and its disorders.

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

Oncology
The study of tumor diseases.

Oncology information system (OIS)
All patient information is collected and accessible in an oncology information system, from diagnosis through treatment and follow-up, so that clinics can deliver the best possible care for every patient. MOSAIQ® is Elekta's world leading oncology information system.

Parkinson's disease
Paralysis, with trembling and shaking as well as muscular rigidity, with a change in movements and posture by the patient.

Prevalence
The prevalence of a particular cancer can be defined as the number of persons in a defined population who have been diagnosed with that type of cancer, and who are still alive at the end of a given year, the survivors. Prevalence of cancers based on cases diagnosed within one, three and five are presented as they are likely to be of relevance to the different stages of cancer therapy, namely, initial treatment (one year), clinical follow-up (three years) and cure (five years). Patients who are still alive five years after diagnosis are usually considered cured since the death rates of such patients are similar to those in the general population.

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

Radiation therapy
Fractionated ionizing radiation treatment of cancer.

Radiosurgery
Non-invasive surgery in which a high, single dose of precise ionizing radiation replaces surgical instruments.

Stereotactic body radiation therapy (SBRT)
SBRT enables accurate delivery of radiation to a tumor and minimizes the radiation dose to surrounding tissue. This enables that small and medium-sized tumors can be treated with higher doses and fewer sessions, known as hypofractionation.

Stereotactic radiosurgery (SRS)
This is typically used to treat tumors and other disorders in the brain. The method involves the delivery of a single high dose, to small and critically located targets in the brain. The method offers very high precision, with a minimum impact on surrounding brain tissue.

Stereotactic radiation therapy (SRT)
Radiation therapy of cancer, where high precision and accuracy is achieved by delivering the radiation based on an external fixed-coordinate system.

Stereotaxy
A technique in which a fixed-coordinate system can determine the location of a point by specifying the coordinates in terms of height, depth and laterally.

Tesla (T)
MRI requires a magnetic field that is both strong and uniform. The field strength of the magnet is measured in teslas (T). The majority of systems operate at 1.5T, even though there are commercial systems available between 0.2–7T.

Treatment planning system
Treatment planning systems provide tools for multimodality image registration, organ and tumor contouring, treatment simulation and plan optimization. Monaco® is Elekta's comprehensive treatment planning system that supports all major treatment techniques.

Tumor
An abnormal mass of tissue that results when cells divide more than they should or do not die when they should. Tumors may be benign (not cancer), or malignant (cancer). Also called neoplasm.

Volumetric modulated arc therapy (VMAT)
VMAT is a more advanced variant of intensity modulated radiation therapy (IMRT). VMAT enables the physician to control the radiation beam, dosage amount and speed of rotation around the patient, which enables faster and more accurate treatment.

Definitions

Average number of employees
Total annual number of paid working hours divided by number of standard working hours per year.

Adjusted EBITA and EBITDA
EBITA and EBITDA adjusted for items affecting comparability and bad debt losses.

CAGR, compound annual growth rate
The mean annual growth rate over a specified period of time longer than a year.

Capital employed
Total assets less interest-free liabilities.

Capital turnover ratio
Net sales divided by average total assets.[1)]

Cash flow per share
Cash flow after investments in relation to the weighted average number of shares.

Contribution margin per region
Net sales less cost of products sold and expenses directly attributable to the respective region.

Days sales outstanding, DSO
The total of accounts receivables and accrued income less advances from customers and prepaid income in relation to twelve months rolling net sales divided by 365.

Earnings per share
Net profit for the year attributable to Parent Company shareholders in relation to the weighted average number of shares (excluding treasury shares).

EBITA
Operating result items plus amortization.

EBITDA
Operating result items plus depreciation and amortization.

Equity/Assets ratio
Total equity in relation to total assets.

Gross orders
Order intake during a period.

Interest cover ratio[2)]
EBITDA in relation to interest expenses.

Items affecting comparability
Events or transactions with significant financial effect, which are relevant for understanding the financial performance when comparing income for the current period with previous period, including restructuring programs, expenses relating to major legal disputes, impairments and gains and losses for acquisitions or disposals of subsidiaries.

Net debt
Interest-bearing liabilities less cash and cash equivalents and short-term investments.

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

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

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

Operating margin
Operating result in relation to net sales.

Profit margin
Profit before tax in relation to net sales.

Return on capital employed
Profit before tax plus financial expenses in relation to average capital employed.[1)]

Return on shareholders' equity
Net profit for the year attributable to Parent Company shareholders in relation to average shareholders' equity excluding non-controlling interests.[1)]

Shareholders' equity per share
Shareholders' equity excluding non-controlling interests in relation to the number of shares at year-end (excluding treasury shares).

Value added per employee
Operating profit plus salaries, other remuneration and social security costs and cost of incentive programs divided by average number of employees.

Working capital
Short-term interest-free assets less short-term interest-free liabilities, excluding current tax and derivatives.

1) Average based on the last five quarters
2) New definition from 2016/17. The previous definition was profit before tax plus financial expenses in relation to financial expenses

Alternative performance measures

Reconciliation of non-IFRS measures

Alternative Performance Measures (APMs) are measures and key figures that Elekta's management and other stakeholders use when managing and analyzing Elekta's business performance. These measures are not substitutes, but rather supplements to financial reporting measures prepared in accordance with IFRS. Key figures and other APM:s used by Elekta are defined on page 119. See below for comments on how APM:s are used by Elekta and, when applicable, reconciliations to the IFRS financial statements.

Gross order intake

Gross order intake represents the new orders that have been booked during the period and this is in line with industry peers.

Net order intake

Up until 2015/16 Elekta reported net order intake. The difference between gross and net order intake are backlog adjustments and currency effects.

Order backlog

Order backlog represents all orders that have been booked but not yet revenue recognized. Elekta follows the maturity profile of the order backlog when forecasting revenue.

Order and sales growth based on constant exchange rates

Elekta's order intake and sales are, to a large extent, reported in subsidiaries with other functional currencies than SEK, which is the group reporting currency. In order to present order and sales growth on a more comparable basis and to show the impact of currency fluctuations, order and sales growth based on constant exchange rates are presented. The schedules below present growth based on constant exchange rates reconciled to the total growth reported in accordance with IFRS.

GROSS ORDER INTAKE

	North and South America		Europe, Middle East and Africa		Asia Pacific		Total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
2017/18 vs 2016/17								
Change based on constant exchange rates	9	422	4	210	2	105	5	737
Currency effects	–5	–218	2	101	–4	–191	–2	–308
Reported change	**5**	**204**	**6**	**311**	**–2**	**–86**	**3**	**429**
2016/17 vs 2015/16								
Change based on constant exchange rates	–11	–545	4	193	5	202	–1	–150
Currency effects	2	107	1	61	6	225	3	393
Reported change	**–9**	**–438**	**5**	**254**	**11**	**427**	**2**	**243**

NET SALES

	North and South America		Europe, Middle East and Africa		Asia Pacific		Total	
	%	SEK M	%	SEK M	%	SEK M	%	SEK M
2017/18 vs 2016/17								
Change based on constant exchange rates	–2	–95	22	763	7	203	8	871
Currency effects	–4	–174	2	73	–5	–142	–2	–243
Reported change	**–6**	**–269**	**24**	**836**	**2**	**61**	**6**	**629**
2016/17 vs 2015/16								
Change based on constant exchange rates	1	40	–5	–183	–17	–606	–7	–749
Currency effects	3	102	–1	–24	4	155	2	233
Reported change	**4**	**142**	**–6**	**–207**	**–13**	**–451**	**–5**	**–516**

Gross profit and gross margin

Gross profit is the difference between net sales and cost of products sold and is presented on a separate line in the income statement. Gross profit as a percentage of net sales represents gross margin. The Gross margin is used by management to review effects on the income statement from factors such as product mix and price development

EBITDA

EBITDA is used for the calculation of the interest cover ratio and operational cash conversion.

EBITDA

SEK M	2013/14	2014/15	2015/16	2016/17	2017/18
Operating result/EBIT	1,727	937	423	598	1,538
Amortization:					
Capitalized development costs	172	236	326	380	408
Assets relating business combinations	123	130	143	119	116
Depreciation	118	146	165	156	151
EBITDA	**2,140**	**1,449**	**1,057**	**1,253**	**2,213**

Items affecting comparability

The classification of revenue or expenses as items affecting comparability is based on management's assessment of the characteristics and also the materiality of the item. Expenses classified as items affecting comparability in this annual report are presented in a schedule on page 77.

EBITA items affecting comparability and bad debt losses (Adjusted EBITA)

EBITA adjusted for items affecting comparability and bad debt losses is used by management to evaluate the business and is considered to assist management and investors in comparing the performance across reporting periods on a consistent basis. Bad debt losses have been excluded as these relate to turbulence in the market that is not expected to occur on a regular basis. For a reconciliation of EBITA adjusted for items affecting comparability and bad debt losses to operating result (EBIT) as presented in the IFRS income statement, see page 77.

Operating income (EBIT) and operating margin

Operating income or EBIT (earnings before interest and taxes) is part of Elektas' long term financial ambitions. The measure is presented in the income statement as Elekta consider it to provide users of the financial statements with a better understanding of the Group's operating performance from a financial perspective. The operating margin shows the operating income as a percentage of net sales.

Capital employed

Capital employed represents the value of the balance sheet net assets that is the key driver of cash flow and capital required to run the business. It is also used in the calculation of return on capital employed.

CAPITAL EMPLOYED

SEK M	April 30, 2014	April 30, 2015	April 30, 2016	April 30, 2017	April 30, 2018
Total assets	17,892	21,184	19,441	20,950	22,457
Deferred tax liabilities	–687	–732	–690	–778	–693
Long term provisions	–131	–259	–140	–142	–158
Other long-term liabilities	–8	–20	–73	–33	–63
Accounts payable	–1,295	–1,262	–1,122	–1,000	–1,132
Advances from customers	–1,686	–2,165	–1,943	–2,531	–2,575
Prepaid income	–1,200	–1,673	–1,648	–1,874	–2,053
Accrued expenses	–1,526	–1,789	–1,817	–1,875	–1,854
Current tax liabilities	–219	–119	–93	–111	–107
Short-term provisions	–169	–99	–347	–231	–201
Derivative financial instruments	–13	–162	–50	–48	–46
Other current liabilities	–215	–225	–157	–281	–257
Capital employed	**10,743**	**12,678**	**11,360**	**12,046**	**13,319**

Return on capital employed

Return on capital employed is a measure of the profitability after taking into account the amount of total capital used unrelated to type of financing. A higher return on capital employed indicates a more efficient use of capital.

RETURN ON CAPITAL EMPLOYED

SEK M	2013/14	2014/15	2015/16	2016/17	2017/18
Profit before tax	1,502	716	189	340	1,374
Financial expenses	231	259	285	271	225
Profit before tax plus financial expenses	1,733	975	474	611	1,599
Average capital employed (last five quarters)	10,025	11,230	12,039	11,668	12,187
Return on capital employed, %	**17%**	**9%**	**4%**	**5%**	**13%**

Return on shareholders' equity

Return on shareholders' equity measures the return generated on shareholders' capital invested in the company.

RETURN ON SHAREHOLDERS' EQUITY

SEK M	2013/14	2014/15	2015/16	2016/17	2017/18
Profit for the year	1,148	552	137	125	1,099
Average shareholders' equity excluding non-controlling interests (last five quarters)	5,553	6,260	6,587	6,541	7,007
Return on shareholders' equity, %	**21%**	**9%**	**2%**	**2%**	**16%**

Interest cover ratio

The interest coverage ratio shows how much result that is available to pay interest on outstanding debt.

INTEREST COVER RATIO

SEK M	2013/14	2014/15	2015/16	2016/17	2017/18
EBITDA	2,140	1,449	1,057	1,253	2,213
Interest expenses	202	217	240	209	163
Interest cover ratio, multiple	**10.6**	**6.7**	**4.4**	**6.0**	**13.6**

Operational cash conversion

Cash flow is a focus area for management. The operational cash conversion shows the relation between cash flow from operating activities and EBITDA.

OPERATIONAL CASH CONVERSION

SEK M	2013/14	2014/15	2015/16	2016/17	2017/18
Cash flow from operating activities	1,275	1,823	1,170	1,819	2,404
EBITDA	2,140	1,449	1,057	1,253	2,213
Operational cash conversion, %	**60%**	**126%**	**111%**	**145%**	**109%**

Working capital

In order to optimize cash generation, management focuses on working capital and reducing lead times between orders booked and cash received. A reconciliation of working capital to items in the balance sheet is presented on page 79.

Days sales outstanding (DSO)

DSO is used by management to follow the development of overall payment terms to customers, which have significant impact on working capital and cash flow.

DAYS SALES OUTSTANDING (DSO)

SEK M	2013/14	2014/15	2015/16	2016/17	2017/18
Accounts receivable	4,197	4,207	3,301	3,726	3,402
Accrued income	1,699	1,895	2,126	1,640	1,601
Advances from customers	–1,686	–2,165	–1,943	–2,531	–2,575
Prepaid income	–1,200	–1,673	–1,648	–1,874	–2,053
Net receivable from customers	**3,010**	**2,264**	**1,836**	**961**	**375**
Net sales	10,694	10,839	11,221	10,704	11,333
Number of days	365	365	365	365	365
Net sales per day	29	30	31	29	31
Days sales outstanding (DSO)	**103**	**76**	**60**	**33**	**12**

Net debt

Net debt is important to understand the financial stability of the company. Net debt is used by management to track the debt evolvement and to analyze the leverage and refinancing need of the Group.

NET DEBT

SEK M	2013/12	2014/15	2015/16	2016/17	2017/18
Long-term interest-bearing liabilities	4,361	4,958	3,065	5,272	4,369
Short-term interest-bearing liabilities	125	1,075	1,885	0	975
Cash and cash equivalents and short-term investments	–2,247	–3,265	–2,273	–3,383	–4,541
Net debt	**2,239**	**2,768**	**2,677**	**1,889**	**803**

Net debt/equity ratio

Net debt/equity ratio is one of Elekta's financial targets. The level of debt is important to understand the financial stability of the company.

NET DEBT/EQUITY RATIO

SEK M	2013/14	2014/15	2015/16	2016/17	2017/18
Net debt	2,239	2,768	2,677	1,889	803
Shareholders' equity	6,257	6,646	6,412	6,774	7,975
Net debt/equity ratio, multiple	**0.36**	**0.42**	**0.42**	**0.28**	**0.10**

Equity/assets ratio

The equity/assets ratio gives an indication of the financial flexibility and independence to operate and manage variations in working capital needs as well as to capitalize on business opportunities.

EQUITY/ASSETS RATIO

SEK M	2013/14	2014/15	2015/16	2016/17	2017/18
Shareholders' equity	6,257	6,646	6,412	6,774	7,975
Total assets	17,892	21,184	19,441	20,950	22,457
Equity/assets ratio, %	**35%**	**31%**	**33%**	**32%**	**36%**

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