

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 27, 2021**

ACCURAY INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-33301

(Commission File Number)

20-8370041

(IRS Employer Identification No.)

**1310 Chesapeake Terrace
Sunnyvale, California 94089**

(Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code: **(408) 716-4600**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	ARAY	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On January 27, 2021, Accuray Incorporated (the “Company”) issued a press release announcing its financial results for the second fiscal quarter ended December 31, 2020. A copy of the Company’s press release dated January 27, 2021, titled “Accuray Reports Fiscal 2021 Second Quarter Financial Results” is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The foregoing information (including the exhibit hereto) is being furnished under “Item 2.02 Results of Operations and Financial Condition” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated January 27, 2021, titled “Accuray Reports Fiscal 2021 Second Quarter Financial Results”
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ACCURAY INCORPORATED

Dated: January 27, 2021

By: _____
/s/ Shig Hamamatsu
Shig Hamamatsu
Senior Vice President & Chief Financial Officer



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Accuray Reports Second Quarter Fiscal 2021 Financial Results

SUNNYVALE, Calif., January 27, 2021 — Accuray Incorporated (NASDAQ: ARAY) today reported its financial results for the second quarter of fiscal 2021 ended December 31, 2020.

Second Quarter Fiscal 2021 Summary

- Net revenue of \$97.5 million including \$21.3 million of system revenue in China
- Gross orders of \$75.4 million, ending backlog of \$596.2 million, an increase of 11 percent from December 31, 2019
- GAAP operating income of \$8.2 million and GAAP net income of \$4.8 million compared to GAAP operating income of \$3.6 million and GAAP net income of \$10.7 million in the prior year second quarter
- Adjusted EBITDA grew to \$13.5 million from \$7.1 million in the prior year second quarter
- Received 510(k) FDA clearance for ClearRT™ Helical kVCT Imaging for the Radixact® System

“Our second quarter performance continues to reflect the positive momentum our business is making despite the headwinds created by the COVID-19 environment, said Josh Levine, President and CEO of Accuray. “Highlights from our second quarter performance include the beginning of system revenue conversion related to the Type A radiotherapy licenses in China as well as receiving 510(k) FDA clearance of our ClearRT Helical kVCT Imaging platform for the Radixact System. We are pleased with the continued resilience and commercial cadence that our business is exhibiting as well as the recent product innovation/upgrades coming through our development pipeline. We believe the additions of the Cyberknife S7 System, Synchrony on Radixact, and ClearRT Helical kVCT Imaging to our portfolio will have meaningful clinical impact for our customers and we look forward to the adoption of these important features and the functional improvement they represent in clinical practice.”

Fiscal Second Quarter Results

Gross orders totaled \$75.4 million compared to \$98.6 million for the prior fiscal year period. Backlog as of December 31, 2020 was \$596.2 million, an increase of 11 percent compared to \$539.4 million for the prior fiscal year period.

Total net revenue was \$97.5 million compared to \$98.8 million in the same prior fiscal year period. Product revenue totaled \$41.8 million compared to \$43.8 million in the same prior fiscal year period, while service revenue totaled \$55.7 million compared to \$55.1 million in the same prior fiscal year period.

Total gross profit for the fiscal 2021 second quarter was \$40.8 million, or 41.9 percent of net revenue, comprised of product gross margin of 44.7 percent of product revenue and service gross margin of 39.8 percent of service revenue. This compares to total gross profit of \$37.9 million, or 38.4 percent of net revenue, comprised of product gross margin of 44.0 percent of product revenue and service gross margin of 33.9 percent of service revenue in the prior fiscal year second quarter.

Operating expenses were \$32.6 million, a decrease of 5 percent compared to \$34.3 million in the prior fiscal year second quarter.

Net income was \$4.8 million, or \$0.05 per share, compared to a net income of \$10.7 million, or \$0.12 per share, in the same prior fiscal year period. The prior year second quarter net income included a non-cash, special gain of \$13.0 million

related to the value of the Company's capital contribution to the Company's China joint venture. This gain was recorded as non-operating, other income in the prior fiscal year second quarter.

Adjusted EBITDA for the second fiscal quarter 2021 was \$13.5 million compared to \$7.1 million in the same prior fiscal year period, which excludes the non-cash, special gain related to the Company's capital contribution to the China joint venture recorded in the prior fiscal year second quarter.

Cash, cash equivalents and short-term restricted cash were \$116.0 million as of December 31, 2020 compared with \$95.5 million as of September 30, 2020.

Fiscal Six Months Results

For the six months ended December 31, 2020, gross product orders totaled \$125.9 million compared to \$177.0 million in the same prior fiscal year period. Ending product backlog was \$596.2 million, approximately 11 percent higher than backlog at the end of the prior fiscal year second quarter.

Total net revenue for the six months ended December 31, 2020 was \$182.8 million compared to \$188.4 million in the same prior fiscal year period. Product revenue for the six months ended December 31, 2020 totaled \$73.1 million compared to \$81.4 million, while service revenue totaled \$109.7 million compared to \$107.0 million in the same prior fiscal year period.

Total gross profit for the six months ended December 31, 2020 was \$76.2 million, or 41.7 percent of net revenue, comprised of product gross margin of 43.2 percent of product revenue and service gross margin of 40.7 percent of service revenue. This compares to total gross profit of \$70.8 million, or 37.6 percent of net revenue, comprised of product gross margin of 43.4 percent of product revenue and service gross margin of 33.2 percent of service revenue in the same prior fiscal year period.

Operating expenses for the six months ended December 31, 2020 were \$62.6 million, a decrease of 12 percent compared with \$71.5 million in the same prior fiscal year period.

Net income was \$5.2 million, or \$0.06 per share, for the six months ended December 31, 2020, compared to net income of \$1.4 million, or \$0.02 per share, in the same prior fiscal year period. The prior year six month period ended December 31, 2019 included a non-cash, special gain of \$13.0 million related to the value of the Company's capital contribution to the Company's China joint venture. The gain was recorded as non-operating, other income in the prior fiscal year second quarter.

Adjusted EBITDA for the six months ended December 31, 2020 was \$22.5 million, compared to \$6.1 million in the prior fiscal year period, which excludes the non-cash, special gain related to the Company's capital contribution to the China joint venture recorded in the prior fiscal year second quarter.

Financial Guidance

The impact of the COVID-19 pandemic on Accuray's fiscal 2021 results remains uncertain. Given the continued evolution of the COVID-19 pandemic and the uncertainty surrounding its impact on the global economy and the healthcare industry, Accuray believes it is prudent to refrain from providing financial guidance for fiscal year 2021.

Conference Call Information

Accuray will host a conference call beginning at 1:30 p.m. PT/4:30 p.m. ET today to discuss results for the second quarter of fiscal 2021 as well as recent corporate developments. Conference call dial-in information is as follows:

- U.S. callers: (877) 270-2148
- International callers: (412) 902-6510

Individuals interested in listening to the live conference call via the Internet may do so by logging on to the Investor Relations section of Accuray's website, www accuray.com.

In addition, a taped replay of the conference call will be available beginning approximately one hour after the call's conclusion and will be available for seven days. The replay telephone number is (877) 344-7529 (USA), or (412) 317-0088 (International), Conference ID: 10151157. An archived webcast will also be available at Accuray's website until Accuray announces its results for the third quarter of fiscal 2021.

Use of Non-GAAP Financial Measures

Accuray has supplemented its GAAP net income (loss) with a non-GAAP measure of adjusted earnings before interest, taxes, depreciation, amortization, gain on contribution to equity method investment in joint venture and stock-based compensation ("adjusted EBITDA"). Management believes that this non-GAAP financial measure provides useful supplemental information to management and investors regarding the performance of the Company and facilitates a meaningful comparison of results for current periods with previous operating results. A reconciliation of GAAP net income (the most directly comparable GAAP measure) to non-GAAP adjusted EBITDA is provided in the schedules below.

There are limitations in using non-GAAP financial measures because they are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. These non-GAAP financial measures should not be considered in isolation or as a substitute for GAAP financial measures. Investors and potential investors should consider non-GAAP financial measures only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP.

About Accuray

Accuray Incorporated (Nasdaq: ARAY) develops, manufactures and sells radiotherapy systems that are intended to make cancer treatments shorter, safer, personalized and more effective, ultimately enabling patients to live longer, better lives. Our radiation treatment delivery systems in combination with fully-integrated software solutions set the industry standard for precision and cover the full range of radiation therapy and radiosurgery procedures. For more information, please visit www.accuray.com.

Safe Harbor Statement

Statements made in this press release that are not statements of historical fact are forward-looking statements and are subject to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this press release relate, but are not limited, to the Company's future results of operations, including expectations regarding gross orders, order volume and age-outs; expectations regarding the effect of the COVID-19 pandemic on the Company; the Company's ability to adapt and make the necessary adjustments to compete and operate effectively; the Company's continued resilience and ability to continue to realize the benefits of working capital management and cash preservation activities; expectations regarding future sales in China; expectations regarding the Company's Chinese joint venture, including the timing of and ability to drive revenue conversion and introduce a Type B product to the market in China as well as the operating impact of the joint venture on the Company's income statement; expectations regarding the Company's product innovations and developments, including expectations related to future regulatory approvals; expectations regarding the Company's product portfolio, the clinical impact and value of those products on our customers, and market adoption of such products, including with respect to the Company's Synchrony on Radixact, CyberKnife S7 System and Clear RT Helical kVCT Imaging upgrades as well as other strategic product innovations; expectations regarding the commercial launch of Clear RT Helical kVCT Imaging; expectations regarding the new Centers for Medicare and Medicaid Services alternative payment model and reimbursement schedule; expectations regarding the future of radiotherapy treatment; and the Company's leadership position in radiation oncology innovation and technologies. These forward-looking statements involve risks and uncertainties. If any of these risk or uncertainties materialize, or if any of the Company's assumptions prove incorrect, actual results could differ materially from the results express or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, the effect of the COVID-19 pandemic on the operations of the Company and those of its customers and suppliers; the Company's ability to achieve widespread market acceptance of its products, including new product and software offerings; the Company's ability to develop new products or enhance existing products to meet customers' needs and compete favorably in the market, the Company's ability to effectively integrate and execute the joint venture, the

Company's ability to realize the expected benefits of the joint venture; the ability of customers in China to obtain Class A or B user licenses to purchase radiotherapy systems; risks inherent in international operations; the Company's ability to effectively manage its growth; the Company's ability to maintain or increase its gross margins on product sales and services; delays in regulatory approvals or the development or release of new offerings; the Company's ability to meet the covenants under its credit facilities; the Company's ability to convert backlog to revenue; and such other risks identified under the heading "Risk Factors" in the Company's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission (the "SEC") on November 4, 2020 and as updated periodically with the Company's other filings with the SEC.

Forward-looking statements speak only as of the date the statements are made and are based on information available to the Company at the time those statements are made and/or management's good faith belief as of that time with respect to future events. The Company assumes no obligation to update forward-looking statements to reflect actual performance or results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. Accordingly, investors should not put undue reliance on any forward-looking statements.

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Financial Tables to Follow

Accuray Incorporated
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
Gross Orders	\$ 75,365	\$ 98,556	\$ 125,893	\$ 177,043
Net Orders	42,462	89,904	66,016	128,885
Order Backlog	596,214	539,357	596,214	539,357
Net revenue:				
Products	\$ 41,805	\$ 43,760	\$ 73,063	\$ 81,365
Services	55,654	55,066	109,728	107,038
Total net revenue	97,459	98,826	182,791	188,403
Cost of revenue:				
Cost of products	23,102	24,518	41,528	46,088
Cost of services	33,526	36,408	65,029	71,472
Total cost of revenue	56,628	60,926	106,557	117,560
Gross profit	40,831	37,900	76,234	70,843
Operating expenses:				
Research and development	11,956	13,064	24,104	26,405
Selling and marketing	10,348	11,327	19,246	24,593
General and administrative	10,328	9,886	19,217	20,502
Total operating expenses	32,632	34,277	62,567	71,500
Income (loss) from operations	8,199	3,623	13,667	(657)
Income on equity investment, net	1,117	—	1,089	—
Other income (expense), net	(4,260)	7,766	(8,954)	3,327
Income before provision for income taxes	5,056	11,389	5,802	2,670
Provision for income taxes	287	679	631	1,316
Net income	\$ 4,769	\$ 10,710	\$ 5,171	\$ 1,354
Net income per share - basic	\$ 0.05	\$ 0.12	\$ 0.06	\$ 0.02
Net income per share - diluted	\$ 0.05	\$ 0.12	\$ 0.06	\$ 0.02
Weighted average common shares used in computing income per share:				
Basic	92,025	89,517	91,609	89,145
Diluted	93,353	90,279	92,607	90,095

Accuray Incorporated
Condensed Consolidated Balance Sheets
(in thousands)
(Unaudited)

	December 31, 2020	June 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 107,322	\$ 107,577
Restricted cash	8,692	997
Accounts receivable, net	65,367	90,599
Inventories	138,655	134,374
Prepaid expenses and other current assets	22,309	21,227
Deferred cost of revenue	2,577	2,712
Total current assets	<u>344,922</u>	<u>357,486</u>
Property and equipment, net	13,773	15,349
Investment in joint venture	17,019	13,929
Goodwill	57,963	57,717
Intangible assets, net	549	663
Operating lease right-of-use assets	26,110	28,647
Other assets	17,806	17,136
Total assets	<u>\$ 478,142</u>	<u>\$ 490,927</u>
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 10,876	\$ 23,126
Accrued compensation	21,942	17,963
Operating lease liabilities, current	8,587	8,224
Other accrued liabilities	24,396	27,180
Customer advances	19,516	22,571
Deferred revenue	80,884	83,207
Short-term debt	12,530	—
Total current liabilities	<u>178,731</u>	<u>182,271</u>
Long-term other liabilities	9,195	7,416
Deferred revenue	23,391	24,125
Operating lease liabilities, non-current	20,965	24,173
Long-term debt	168,082	189,307
Total liabilities	<u>400,364</u>	<u>427,292</u>
Equity:		
Common stock	93	91
Additional paid-in capital	551,409	545,741
Accumulated other comprehensive income (loss)	2,818	(484)
Accumulated deficit	(476,542)	(481,713)
Total equity	<u>77,778</u>	<u>63,635</u>
Total liabilities and equity	<u>\$ 478,142</u>	<u>\$ 490,927</u>

Accuray Incorporated
Reconciliation of GAAP Net Income to Adjusted Earnings Before Interest, Taxes, Depreciation,
Amortization and Stock-Based Compensation (Adjusted EBITDA)
(in thousands)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
GAAP net income	\$ 4,769	\$ 10,710	\$ 5,171	\$ 1,354
Depreciation and amortization	1,663	1,846	3,313	3,697
Stock-based compensation	2,364	2,149	4,608	3,849
Interest expense, net	4,430	4,683	8,823	8,883
Gain on contribution to equity method investment in joint venture (a)	—	(12,965)	—	(12,965)
Provision for income taxes	287	679	631	1,316
Adjusted EBITDA	<u>\$ 13,513</u>	<u>\$ 7,102</u>	<u>\$ 22,546</u>	<u>\$ 6,134</u>

(a) Consists of non-cash gain related to the value of the Company's capital contribution to the China joint venture.