

“In the second quarter, order intake rose 80 percent and net sales grew 34 percent. Cash flow before financing activities increased to SEK 80 M (-49)”

Johan Löf, CEO of RaySearch. Comments on page 2.

SECOND QUARTER (APRIL-JUNE 2019)

- Net sales SEK 189.7 M [141.0],
- Profit after tax SEK 21.8 M [20.6] and earnings per share before/after dilution SEK 0.64 [0.60]
- Operating profit SEK 28.8 M [26.2]
- Cash flow SEK 4.1 M [-50.3]
- Order intake SEK 370.6 M [206.2],
- Order backlog SEK 1,043.1 M [723.5] at the end of the period

HALF-YEAR (JANUARY-JUNE 2019)

- Net sales SEK 362.7 M [257.3]
- Profit after tax SEK 39.0 M [32.4] and earnings per share before/after dilution SEK 1.14 [0.94]
- Operating profit SEK 52.0 M [40.4]
- Cash flow SEK 2.3 M [-37.9]
- Order intake SEK 572.2 M [334.6]

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- The RayStation® treatment planning system was chosen by several leading cancer centers, including Moffitt Cancer Center and Loma Linda University Medical Center in the US, Genolier Clinic (part of the Swiss Medical Network) in Switzerland, AKH Vienna/Medical University of Vienna in Austria and Proton Therapy Center Czech in the Czech Republic.
- RaySearch and Mevion Medical Systems extended their strategic collaboration to further advance capabilities of HYPERSCAN treatment planning.
- RaySearch received orders from MedAustron GmbH for the RayCare® oncology information system and the RayCommand® treatment control system, representing the single largest combined order valued to date in the company's history.
- The RayCare oncology information system was also chosen by Genolier Clinic (part of the Swiss Medical Network).
- RayStation 9A*, the latest version of RaySearch's treatment planning system, was released in June.
- RaySearch also received FDA clearance for RayStation 8B, which includes the first machine learning applications in a treatment planning system on the market.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- RayCare 3A*, the latest version of RaySearch's oncology information system, was released in July.
- RaySearch and Vision RT announced a strategic development partnership.

FINANCIAL SUMMARY

AMOUNTS IN SEK 000s	APR-JUN		JAN-JUN		JUL 2018- JUN 2019 ³	FULL-YEAR 2018 ²
	2019 ¹	2018 ²	2019 ¹	2018 ²		
Net sales	189,658	141,039	362,736	257,296	732,658	627,218
Operating profit	28,809	26,258	52,046	40,366	106,140	94,460
Operating margin, %	15.2	18.6	14.3	15.7	14.5	15.1
Profit for the period	21,833	20,595	38,999	32,374	85,148	78,523
Earnings per share before/after dilution, SEK	0.64	0.60	1.14	0.94	2.48	2.29
Cash flow from operating activities	136,938	14,720	187,245	70,741	294,976	178,472
Cash flow before financing activities	79,871	-49,283	84,759	-36,328	75,934	-45,153
Return on equity, %	3.3	3.7	6.0	5.8	13.0	12.7
Equity/assets ratio at the end of the period, %	55.9	61.4	55.9	61.4	55.9	59.5
Share price at the end of the period, SEK	132.6	105.0	132.6	105.0	132.6	96.5

¹ IFRS 16 compliance. ² IAS 17 compliance. ³ IFRS 16 compliance from 2019, and IAS 17 compliance in prior periods.

* Regulatory clearance is required in some markets.



CEO COMMENTS

STRONG GROWTH AND POSITIVE CASH FLOW

RaySearch is continuing to reap success. Order intake for the second quarter increased 80 percent to SEK 371 M (206) and net sales rose 34 percent to SEK 190 M (141). Operating profit improved marginally, but if adjusted for the positive currency translation effects that accounted for most of operating profit in the second quarter last year, then operating profit this year improved substantially. In addition, cash flow before financing activities amounted to SEK 80 M (-49) for the second quarter.

Order intake for the first half of the year increased 71 percent to SEK 572 M (335) and net sales rose 41 percent to SEK 363 M (257). Operating profit improved 29 percent to SEK 52 M (40) and cash flow before financing activities amounted to SEK 85 M (-36). This demonstrates clearly that our strategy is working as planned and that

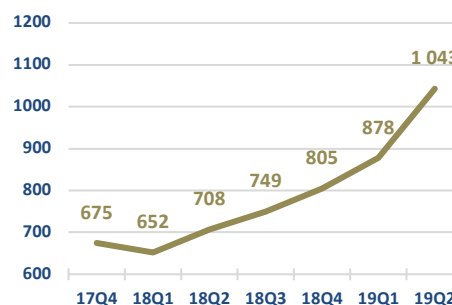
RaySearch's innovative software solutions for improved cancer treatment are continuously winning new ground.

GROUNDBREAKING ORDER FROM MEDAUSTRON

We secured a large order from MedAustron GmbH in the second quarter. MedAustron, one of the most advanced clinics in the world, became RaySearch's first customer for carbon ion therapy treatment planning back in 2012. MedAustron has now decided to replace all existing systems and to exclusively use RaySearch software at its proton and carbon ion treatment facilities.

The order is for our RayCare oncology information system, as well as the RayCommand treatment control system, which we are developing and planning for launch in the second half of 2020. The order clearly demonstrates the potential of what we are doing, both how our innovative software solutions can streamline workflows in clinical environments and improve treatment outcomes for cancer patients, and also the commercial opportunities of this product portfolio for RaySearch. In addition to the reported order intake, MedAustron International GmbH has placed an order totaling SEK 127 M for sub-licensing to a cancer clinic. However, due to the prevailing sanctions, compliance and business risks related to projects involving this specific country, it is currently difficult to predict when RaySearch will be able to carry out its contractual performance obligations and revenue can be recognized.

ORDER INTAKE
(SEK M, rolling 12 months)



GROWING INTEREST IN OUR PRODUCTS

Our success in the market is no coincidence. Success requires products of the highest quality, as well as patience. RaySearch's approach has always been long-term, even now in our robust global marketing campaign. The aim of this initiative is to reach even more cancer centers and to expand our services to the many large and leading cancer centers that are already our customers and business partners. This initiative has already led to sharply growing interest among many cancer centers in several markets, including the US. That is promising. Sales cycles are typically long in our industry, as already mentioned. During the second quarter, we secured several important orders, for example from Moffitt Cancer Center and Loma Linda University Medical Center in the US, Genolier Clinic (a flagship clinic in the Swiss Medical Network) in Switzerland and AKH Vienna/Medical University of Vienna in Austria. Our goal is that our continuing intensive dialog with a large number of cancer centers will generate even more positive financial results in the second half of 2019.

THE DEVELOPMENT OF RAYCARE CONTINUES

RaySearch has always been a constantly evolving company and that applies even more now. A new chapter commenced when RayCare, our innovative oncology information system, was put into clinical use for the first time in 2018 and more clinics will follow later this year.

Our development activities will also continue unabated in 2019. RayStation and RayCare are already the leading systems on the market for simplifying and streamlining the highly complex workflows of cancer centers. We are determined to advance our leading position during the year.

Stockholm, August 20, 2019

Johan Löff

CEO of RaySearch Laboratories AB (publ)

FINANCIAL INFORMATION

ORDER INTAKE

In the second quarter of 2019, the order intake rose 79.8 percent to SEK 370.6 M (206.2).

Order intake (amounts in SEK M)	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18	Rolling 12 months	Full-year 2018
Licenses	197.0	101.7	197.4	105.6	122.3	601.6	508.0
Hardware	15.6	24.2	16.5	19.6	15.4	75.9	62.6
Support (incl. warranty support)	147.7	70.9	73.5	45.9	62.4	337.5	213.2
Training and other	10.3	4.9	8.0	4.6	6.1	27.7	21.4
Total order intake	370.6	201.6	294.9	175.7	206.2	1,042.8	805.2
Order backlog (amounts in SEK M)	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18		
Licenses	139.1	74.9	69.9	30.8	25.8		
Hardware	28.7	27.0	32.7	34.7	32.6		
Support (incl. warranty support)	837.3	742.5	697.3	652.8	644.5		
Training and other	38.0	32.5	28.1	22.1	20.7		
Total order backlog at the end of the period	1,043.1	876.9	828.0	740.4	723.5		

In the first half of 2019, order intake rose 71.0 percent to SEK 572.2 M (334.6).

At June 30, 2019, the total order backlog amounted to SEK 1,043.1 M (723.5), which is expected to generate revenue of approximately SEK 313 M over the next 12 months.

The reported order intake and order backlog do not include the order totaling SEK 127 M from MedAustron International GmbH for sub-licensing to an cancer clinic in Iran. Due to the prevailing sanctions, compliance and business risks related to projects involving this specific country, it is currently difficult to predict when RaySearch will be able to carry out its contractual performance obligations and revenue can be recognized.

REVENUE

In the second quarter of 2019, net sales rose 34.5 percent to SEK 189.7 M (141.0). The improvement was mainly due to higher support revenue for RayStation, increased license sales for RayCare and continued positive currency effects. Organic sales growth was 27.7 (-1.1) percent.

The application of IFRS 15 *Revenue from Contracts with Customers* from January 1, 2018 temporarily reduced the company's revenue recognition in 2018 and accounts for almost half of the increase in support revenue from RayStation during the second quarter compared with the year-earlier period.

Revenue (amounts in SEK M)	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18	Rolling 12 months	Full-year 2018
License revenue – RayStation/RayCare	115.4	92.3	147.3	89.4	99.8	444.4	411.5
License revenue – Partners	8.2	6.9	10.6	9.8	9.2	35.5	38.8
Hardware revenue	13.2	30.0	18.6	16.7	7.3	78.5	53.6
Support revenue – RayStation	45.2	38.6	37.5	28.8	21.3	150.1	104.4
Support revenue – Partners	2.9	3.1	2.6	2.8	2.6	11.4	10.9
Training and other revenue – RayStation	4.7	2.2	2.8	2.9	0.8	12.6	7.9
Net sales	189.7	173.1	219.4	150.5	141.0	732.7	627.2
Sales growth, corresp. period, %	34.5%	48.9%	7.1%	34.7%	-0.4%	27.6%	7.2%
Organic sales growth, corresp. period, %	27.7%	41.9%	4.3%	27.5%	-1.1%	26.9%	5.8%

In the first half of 2019, net sales rose 41.0 percent to SEK 362.7 M (257.3). The improvement was mainly due to higher support revenue for RayStation, increased license sales for RayStation and RayCare and positive currency effects. Organic sales growth was 35.4 per cent (-1.6), and reported net sales accounted for 63 percent (77) of total order intake in the first half of the year.

In the first half of the year, net sales had the following geographic distribution: North America, 42 percent [44]; Asia, 11 percent [12]; Europe and the rest of the world, 46 percent [44].

License revenue for RayStation and RayCare rose 19 percent to SEK 207.7 M [174.8]. Recurring support revenue rose 107 percent to SEK 89.9 M [43.5], accounting for 25 percent [17] of net sales in the first half of the year. Hardware sales, which have a limited profit margin, rose 136 percent to SEK 43.2 M [18.3]. Excluding hardware sales, sales rose 31 percent.

Revenue from sales of software modules via partners declined 11 percent to SEK 21.2 M [23.9], representing 6 percent [9] of net sales for the first half of the year.

OPERATING PROFIT

In the second quarter of 2019, operating profit increased marginally to SEK 28.8 M [26.3], representing an operating margin of 15.2 percent [18.6]. The earnings improvement was mainly due to increased support revenue and license sales for RayStation and RayCare, and continued positive currency effects.

In the second quarter, operating expenses increased 40.1 percent to SEK 160.8 M [114.8]. This was largely due to the increase in number of employees, but also higher costs for premises and depreciation.

Due to the application of IFRS 16 *Leases* on January 1, 2019, operating profit was impacted by a reduction in operating lease charges and an increase in depreciation. In the second quarter of 2019, IFRS 16 had a positive impact of SEK 0.4 M on operating profit.

Other operating income and expenses pertain to exchange-rate gains and losses. In the second quarter 2019, the net of these exchange-rate gains and losses amounted to SEK 3.9 M [20.8] since a large proportion of the Group's receivables are denominated in USD and EUR, which strengthened against the SEK in the second quarter compared with the end of the first quarter. Adjusted for the effects of these currency translations, operating profit for the second quarter of 2019 would have amounted to SEK 25.0 M [5.4] and operating expenses would have risen by 21.5 percent.

In the first half of the year, operating profit increased to SEK 52.0 M [40.4], corresponding to an operating margin of 14.3 percent [15.7].

Currency effects

The company is impacted by USD and EUR to SEK exchange-rate trends, since the majority of sales are invoiced in USD and EUR, while most costs are in SEK.

At unchanged exchange rates, organic sales growth was 27.7 percent in the second quarter of 2019, compared with the year-earlier period. In addition, the company also had exchange-rate gains of SEK 3.9 M [20.8] for balance sheet items in the second quarter. Currency effects therefore had a positive impact on net sales and operating profit in the second quarter 2019.

A sensitivity analysis of the company's currency exposure shows that a 1-percentage point change in the USD exchange rate against the SEK would have impacted consolidated operating profit by approximately +/- SEK 3.2 M in the second quarter of 2019, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 1.8 M.

The company follows the financial policy established by the Board, whereby exchange-rate fluctuations are not hedged.

Capitalization of development costs

RaySearch is a research and development-oriented company that makes significant investments in the development of various software solutions for improved cancer treatment. At June 30, 2019, 160 employees [149] were engaged in research and development, corresponding to 50 percent [52] of the total number of employees.

Capitalization of development costs	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18	Rolling 12 months	Full-year 2018
Research and development costs	56.2	50.3	55.4	42.8	53.4	204.7	202.0
Capitalization of development costs	-40.0	-38.2	-40.5	-31.5	-39.2	-150.2	-149.9
Amortization of capitalized development costs	27.2	26.8	25.5	25.0	22.0	104.5	95.6
Research and development costs after adjustments for capitalization and amortization of development costs	43.4	39.0	40.4	36.3	36.2	159.0	147.7

In the first half of 2019, research and development costs rose 2.6 percent to SEK 106.5 M (103.8), corresponding to 29 percent (40) of the company's net sales. The increase was mainly due to more developers for RayCare.

Development costs of SEK 78.2 M (77.8) were capitalized, corresponding to 73 percent (75) of total research and development costs.

Amortization of capitalized development costs rose 19.7 percent to SEK 54.0 M (45.1), and the increase was due to the expansion of development activities for RayStation and RayCare.

After adjustments for capitalization and amortization of development costs, research and development costs rose 15.9 percent to SEK 82.3 M (71.0).

Amortization and depreciation

In the second quarter of 2019, total amortization and depreciation increased 61.5 percent to SEK 44.1 M (27.3), of which amortization of intangible fixed assets accounted for SEK 27.2 M (21.9), mainly related to capitalized development costs. Depreciation of tangible fixed assets increased to SEK 16.9 M (5.4), primarily due to the company's investments in new offices in North America, but also the application of IFRS 16, refer to Notes 1-2.

In the first half of 2019, total amortization and depreciation amounted to SEK 87.0 M (53.0), of which amortization of intangible fixed assets totaled SEK 54.1 M (45.1), primarily related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 32.9 M (7.9).

PROFIT AND EARNINGS PER SHARE

In the second quarter of 2019, profit after tax totaled SEK 21.8 M (20.6), representing earnings per share of SEK 0.64 (0.60) before and after dilution. In the first half of 2019, profit after tax totaled SEK 39.0 M (32.4), representing earnings per share of SEK 1.14 (0.94) before and after dilution.

Tax expense for the first six months of the year amounted to SEK -10.2 M (-7.2), corresponding to an effective tax rate of 20.7 percent (18.1).

CASH FLOW AND LIQUIDITY

In the second quarter of 2019, cash flow from operating activities was SEK 136.9 M (14.7). The increase was primarily due to the sharp decline in working capital and the substantial increase in amortization of capitalized development costs, which are not included in cash flow. The increase in non-cash items was also due to leases being recognized as depreciation in accordance with IFRS 16 this year, whereas they were recognized in operating activities in the preceding period.

Working capital mainly comprises various types of customer receivables, such as accounts receivable and current and long-term unbilled customer receivables in instances where payment plans exist.

In the first half of the year, cash flow from operating activities was SEK 187.2 M (70.7).

At the end of the period, the company's total customer receivables accounted for 52 percent (80) of net sales over the past 12 months, and working capital for 22 percent (51) of net sales during the same period. The decline was mainly due to higher payments from customers.

Our payment model

A typical transaction for RaySearch involves various performance obligations, such as the delivery of licenses, hardware, support and training.

When RaySearch has fulfilled its performance obligation to a customer, for example, delivered licenses, and an unconditional right to consideration exists, a revenue and corresponding receivable are recognized.

A number of payment alternatives are subsequently available:

- *Payment within an invoice period of 30 or 60 days from delivery.*
- *Payment over a certain period, normally 6 to 12 months from delivery.*

In the vast majority of cases, payment is received for hardware and support within 30 to 60 days. However, RaySearch has a high proportion of new customers and it is common that new customers require up to 12 months to acquire and install separate IT infrastructure to gain maximum performance from our software. Accordingly, many new customers opt for a payment plan for our licenses, resulting in a subsequent delay in RaySearch invoicing the customer and receiving payment.

Irrespective of the payment model, a revenue and its corresponding receivable are recognized when the company has fulfilled its performance obligation. RaySearch has three types of customer receivables: Accounts receivable (current billed customer receivables) and, in the event of a payment plan, Current and Long-term unbilled customer receivables.

The increase in unbilled customer receivables over the past year was the result of more agreements with payment plans, primarily in North America. RaySearch assesses that the credit risk is low since the customers are institutions with high credit ratings.

The business model is tried, tested and effective. RaySearch's total credit losses (confirmed and probable) only amount to 0.5 percent of total sales since the start in 2000.

In the second quarter, cash flow from investing activities was SEK -57.1 M [-64.0]. Investments in intangible fixed assets amounted to SEK -40.0 M [-39.2], comprising capitalized development costs for RayStation, RayCare and RayCommand. Investments in tangible fixed assets amounted to SEK -17.1 M [-24.8], mainly comprising investments in the company's new offices in North America and computers.

In the first six months, cash flow from investing activities was SEK -102.5 M [107.0]. Investments in intangible fixed assets amounted to SEK -78.2 M [-77.9], comprising capitalized development costs. Investments in tangible fixed assets amounted to SEK -24.3 M [-29.1].

Cash flow before financing activities was SEK 79.9 M [-49.3] in the second quarter of 2019, and SEK 84.8 M [-36.3] in the first half of 2019.

In the second quarter of 2019, cash flow from financing activities was SEK -75.7 M [-1.0], primarily as a result of repayment of SEK 75 M of the company's revolving loan facility. In the first six months of 2019, cash flow from financing activities was SEK -82.4 M [-1.6].

Cash flow for the period was SEK 4.1 M [-50.3] in the second quarter, and SEK 2.3 M [-37.9] in the first half of 2019. At June 30, 2019, consolidated cash and cash equivalents was SEK 118.1 M [69.1].

FINANCIAL POSITION

At June 30, 2019, RaySearch's total assets amounted to SEK 1,242 M [996] and the equity/assets ratio was 55.8 percent [61.4].

IFRS 16 *Leases* has been applied since January 1, 2019, which increases the company's total assets. Without application of the new accounting policies, the equity/assets ratio would have been 64.3 percent.

Current receivables amounted to SEK 449 M [504]. The receivables mainly comprised various types of customer receivables, and the decrease was primarily due to lower outstanding accounts receivable, despite high sales growth.

In the fourth quarter of 2017, the company signed a six-year rental lease for a new office space in San Francisco with commencement in the second quarter of 2018, and a ten-year rental lease for a new office space in New York with

commencement in the third quarter of 2018. In 2018, the company also signed a three-year rental lease for additional office space in Stockholm with commencement in the third quarter of 2018.

In 2017, the company's line of credit was increased from SEK 100 M to SEK 350 M. The credit line expires in May 2022 and comprises a revolving loan facility of up to SEK 300 M, and an overdraft facility of SEK 50 M. Chattel mortgages amounted to SEK 100 M. At June 30, 2019, a short-term loan of SEK 49 M [74] was raised under the company's revolving loan facility and SEK 0 M [0] of the credit facility had been drawn.

At June 30, 2019, the Group's net debt totaled SEK 92.0 M [13.6]. IFRS 16 *Leases* has been applied since January 1, 2019, which increases the company's net debt, mainly because the remaining lease commitments are recognized as liabilities on the balance sheet. Without application of the new accounting policies, net debt would have amounted to SEK -68.8 M.

EMPLOYEES

In the January-June period of 2019, the average number of employees in the Group was 306 [273]. At the end of the second quarter, the Group had 319 employees [286], of whom 236 [219] were based in Sweden, and 83 [67] in foreign subsidiaries.

PARENT COMPANY

RaySearch Laboratories AB (publ) is the Parent Company of the RaySearch Group. Since the Parent Company's operations are consistent with the Group's operations in all material respects, the comments for the Group are also largely relevant for the Parent Company.

Differences in profitability between the Parent Company and the Group are attributable to the Parent Company accounting for a relatively high proportion of operating expenses, and to the capitalization of development costs being recognized in the Group but not in the Parent Company. The Parent Company was also not affected by the changes under IFRS 16, and instead continues to recognize lease charges as operating lease expenses. This reduces operating profit compared with if IFRS 16 had been applied.

The Parent Company's current receivables mainly comprise receivables from Group companies and external customers.

SIGNIFICANT EVENTS DURING THE PERIOD

RayStation selected by several leading cancer centers

In 2019, the RayStation® treatment planning system was chosen by several leading cancer centers, including Moffitt Cancer Center and Loma Linda University Medical Center, Oklahoma Proton Center and Hoag Memorial Hospital in the US, Genolier Clinic [part of the Swiss Medical Network] in Switzerland, AKH Vienna/Medical University of Vienna in Austria, Velindre Cancer Center and Cambridge University Hospitals in the UK, Universitätsklinikum Düsseldorf in Germany, and Proton Therapy Center Czech in the Czech Republic.

Expanded collaboration with Mevion

RaySearch and Mevion Medical Systems extended their strategic collaboration to further advance capabilities of Mevion's HYPERSCAN® proton therapy system and the unique Adaptive Aperture® proton multi-leaf collimator (pMLC) in the treatment planning system RayStation.

RayCare selected by several leading cancer centers

In the second quarter of 2019, both Genolier Clinic [part of the Swiss Medical Network] and MedAustron chose RayCare as their oncology information system (OIS). This means that RaySearch has to date received eight commercial orders for RayCare, three of which were secured in 2019.

Further orders for RayCommand

In the second quarter of 2019, MedAustron also chose RayCommand as its treatment control system. RaySearch had previously received its first order for RayCommand from Advanced Oncotherapy (AVO) in the UK in 2018. RayCommand is under development and launch is preliminarily scheduled for the second half of 2020.

RayStation 9A released

In June, RayStation 9A, the latest version of RaySearch's treatment planning system, was released in June with greater support for additional machines and treatment techniques, as well as enhancements in the integration with RayCare.

FDA clearance for machine learning applications

In June, RaySearch received FDA clearance for RayStation 8B, which includes the first machine learning applications in a treatment planning system on the market.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD*RayCare 3A released*

RayCare 3A, the latest version of RaySearch's oncology information system containing several new functions, was released in July, as was the RayCare Flow feature package that is designed to improve resource management, increase efficiency of treatment planning workflow and automate image management.

Long-term development partnership with Vision RT

RaySearch and Vision RT, a leader in Surface Guided Radiation Therapy (SGRT), have entered into a long-term development partnership, whose aims include developing interfaces and functions to ensure seamless workflows between the companies' respective products.

THE COMPANY'S SHARE

At June 30, 2019, the total number of registered shares in RaySearch was 34,282,773, of which 8,454,975 were Class A and 25,827,798 Class B shares. The quotient value is SEK 0.50 and the company's share capital amounts to SEK 17,141,386.50. Each Class A share entitles the holder to ten votes, and each Class B share to one vote, at a general meeting. At June 30, 2019, the total number of voting rights in RaySearch was 110,377,548.

SHARE OWNERSHIP

At June 30, 2019, the number of shareholders in RaySearch was 7,123, according to Euroclear, and the largest shareholders were as follows:

Name	Class A shares	Class B shares	Total shares	Share capital,	
				%	Votes, %
Johan Löf	6,243,084	618,393	6,861,477	20.0	57.1
Oppenheimer Funds	0	4,420,986	4,420,986	12.9	4.0
Swedbank Robur Funds	0	2,100,000	2,100,000	6.1	1.9
First AP Fund	0	1,982,448	1,982,448	5.8	1.8
Wasatch Advisors	0	1,535,000	1,535,000	4.5	1.4
Anders Brahme	1,150,161	200,000	1,350,161	3.9	10.6
Carl Filip Bergendal	1,061,577	144,920	1,206,497	3.5	9.7
Montanaro Funds	0	1,045,000	1,045,000	3.0	0.9
Nordnet Pension	0	906,894	906,894	2.6	0.8
La Financière de l'Echiquier	0	888,495	888,495	2.6	0.8
Total, 10 largest shareholders	8,454,822	13,842,136	22,296,958	65.0	89.1
Others	153	11,985,662	11,985,815	35.0	10.9
Total	8,454,975	25,827,798	34,282,773	100.0	100.0

Source: Euroclear, FI, MorningStar and Montanaro.

OTHER INFORMATION

2019 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of RaySearch Laboratories AB (publ) was held on May 21, 2019. The AGM re-elected Board members Carl Filip Bergendal, Johan Löf, Britta Wallgren, Hans Wigzell and Johanna Öberg. Lars Wollung was elected a new member of the Board and appointed Chairman of the Board. The AGM resolved that no dividend would be paid for the 2018 fiscal year.

RISKS AND UNCERTAINTIES

As a global Group with operations in different parts of the world, RaySearch is exposed to various risks and uncertainties, such as market risk, business risk, compliance risk, operational risk and financial risk. RaySearch's risk management aims to identify, measure and reduce risks related to the Group's transactions and operations. No significant changes have been made to the risk assessment compared with the 2018 Annual Report. For more information about risks and risk management, refer to pages 9-10 and 36-38 of RaySearch's 2018 Annual Report.

SEASONAL VARIATIONS

RaySearch's operations are somewhat characterized by seasonal variations that are typical for the industry, whereby the fourth quarter is normally the strongest – mainly because many customers have budgets that follow the calendar year.

ENVIRONMENT AND SUSTAINABILITY

Sustainability is a key aspect of RaySearch's strategy and operations, and the company is working actively to become a sustainable enterprise. The primary aim of RaySearch's operations is to help cancer centers improve and save the lives of cancer patients. With our innovative software solutions, we are continuously striving to improve and streamline workflows in clinical environments and to improve treatment outcomes for cancer patients. The customer value we create presents business opportunities for RaySearch, but also major social benefit and economic gains.

The negative environmental impact of the company's products is limited. The company's environmental impact is mainly related to the purchase of goods and services, energy use and transportation. RaySearch aims to contribute to sustainable development and therefore works actively to improve the company's environmental performance wherever this is economically reasonable.

REVIEW

This interim report has not been reviewed by the company's auditors.

The Board of Directors and CEO give their assurance that the six-month report provides a true and fair view of the Group's and the Parent Company's operations, position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, August 20, 2019

The Board of Directors of RaySearch Laboratories AB (publ)

Lars Wollung
Chairman of the Board

Johan Löf
*CEO and
Board member*

Carl Filip Bergendal
Board member

Britta Wallgren
Board member

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Board member

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The information contained in this interim report is such that RaySearch Laboratories AB (publ) is obliged to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication on August 20, 2019 at 7:45 a.m. CEST.

TELECONFERENCE

CEO Johan Löf and CFO Peter Thysell will present RaySearch's interim report for January-June 2019 at a teleconference on Tuesday, August 20, 2019 at 5:00-5:30 p.m. CEST.

To participate in the teleconference, please call +46 8 22 90 90 (Sweden), +44 330 336 6027 (UK) or +1 719 325 2054 (US). The access code is 188791. Please call a few minutes before the teleconference begins. The presentation will be held in English.

FINANCIAL CALENDAR

Interim report for the third quarter, 2019

November 14, 2019

Year-end report, 2019

February 14, 2020

Interim report for the first quarter, 2020

May 7, 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		JUL 2018- JUN 2019 ³	FULL-YEAR
	Note	2019 ¹	2018 ²	2019 ¹	2018 ²		2018 ²
Net sales	2.3	189,658	141,039	362,736	257,296	732,658	627,218
Cost of goods sold ⁴		-12,427	-11,564	-38,991	-21,028	-73,987	-56,024
Gross profit		177,231	129,475	323,745	236,268	658,671	571,194
Other operating income		5,745	24,420	18,670	32,031	22,030	35,391
Selling expenses		-84,924	-65,559	-157,094	-111,014	-307,991	-261,911
Administrative expenses		-23,996	-22,264	-46,628	-41,149	-97,462	-91,983
Research and development costs		-43,353	-36,220	-82,314	-70,986	-159,019	-147,691
Other operating expenses		-1,894	-3,594	-4,333	-4,784	-10,089	-10,540
Operating profit		28,809	26,258	52,046	40,366	106,140	94,460
Loss from financial items		-1,428	-576	-2,853	-824	-5,725	-3,696
Profit before tax		27,381	25,682	49,193	39,542	100,415	90,764
Tax		-5,548	-5,087	-10,194	-7,168	-15,267	-12,241
Profit for the period attributable to Parent Company shareholders		21,833	20,595	38,999	32,374	85,148	78,523
Other comprehensive income							
Items to be reclassified to profit or loss							
Translation difference of foreign operations for the period		-18	-1,488	-95	-1,361	-229	-1,495
Comprehensive income for the period attributable to Parent Company shareholders		21,815	19,107	38,904	31,013	84,919	77,028
Earnings per share before and after dilution (SEK)		0.64	0.60	1.14	0.94	2.48	2.29

¹ IFRS 16 compliance.² IAS 17 compliance.³ IFRS 16 compliance from 2019, and IAS 17 compliance in prior periods.⁴ Comprises costs for hardware and royalties but not the amortization of capitalized development costs, which is included in research and development costs.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		FULL-YEAR
		2019 ¹	2018 ²	2019 ¹	2018 ²	2018
Opening balance according to adopted Annual Report		672,579	592,331	657,453	580,425	580,425
Effect of IFRS 16		-	-	-1,963	-	-
Opening balance		672,579	592,331	655,490	580,425	580,425
Profit for the period		21,833	20,595	38,999	32,374	78,523
Translation difference for the period		-18	-1,488	-95	-1,361	-1,495
Closing balance		694,394	611,438	694,394	611,438	657,453

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000s	Note	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
ASSETS				
Intangible fixed assets		401,549	355,453	377,341
Tangible fixed assets	1.2	254,186	59,177	93,081
Deferred tax assets		8,688	780	7,408
Other long-term receivables		25,871	7,195	23,454
Total fixed assets		690,294	422,605	501,284
Inventories		3,851	525	9,617
Current receivables		429,890	503,688	482,323
Cash and cash equivalents		118,125	69,153	112,198
Total current assets		551,866	573,366	604,138
TOTAL ASSETS		1,242,160	995,971	1,105,422
EQUITY AND LIABILITIES				
Equity	2	694,394	611,438	657,453
Deferred tax liabilities		108,566	99,652	103,954
Long-term interest-bearing liabilities	1.2	123,800	8,665	7,215
Accounts payable		33,090	17,698	32,366
Current interest-bearing liabilities	1.2	49,333	74,083	124,283
Other current liabilities	2	232,977	184,435	180,151
TOTAL EQUITY AND LIABILITIES		1,242,160	995,971	1,105,422

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000s	Note	APR-JUN		JAN-JUN		FULL-YEAR
		2019 ¹	2018 ²	2019 ¹	2018 ²	2018
Profit before tax		27,381	25,682	49,193	39,542	90,764
Adjusted for non-cash items ¹⁾		44,628	5,196	79,633	25,528	91,475
Taxes paid		-8,661	-6,656	-13,850	-27,308	-40,922
Cash flow from operating activities before changes in working capital		63,348	24,222	114,976	37,762	141,317
Cash flow from changes in operating receivables		72,786	-48,066	78,886	-14,678	-20,307
Cash flow from changes in operating liabilities		804	38,563	-6,617	47,657	57,462
Cash flow from operating activities		136,938	14,720	187,245	70,741	178,472
Cash flow from investing activities		-57,067	-64,003	-102,486	-107,069	-223,625
Cash flow from financing activities		-75,740	-979	-82,446	-1,593	46,958
Cash flow for the period		4,131	-50,262	2,313	-37,921	1,805
Cash and cash equivalents at the beginning of the period		113,172	117,871	112,198	104,156	104,156
Exchange-rate difference in cash and cash equivalents		821	1,544	3,614	2,918	6,237
Cash and cash equivalents at the end of the period		118,125	69,153	118,125	69,153	112,198

¹ These amounts mainly include amortization of capitalized development costs.

PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000s	Note	APR-JUN		JAN-JUN		FULL-YEAR
		2019	2018	2019	2018	2018
Net sales		138,245	104,746	264,170	193,854	466,157
Cost of goods sold ¹		-4,249	-5,793	-21,983	-9,804	-26,006
Gross profit		133,996	98,953	242,187	184,050	440,151
Other operating income		5,313	24,420	18,230	32,031	35,090
Selling expenses		-49,685	-38,475	-89,216	-65,919	-153,986
Administrative expenses		-23,949	-22,100	-46,397	-40,940	-91,824
Research and development costs		-56,334	-53,461	-106,817	-103,841	-202,007
Other operating expenses		-575	-3,607	-2,061	-4,796	-10,197
Operating profit		8,766	5,730	15,926	585	17,227
Profit/loss from financial items		742	-458	1,504	-585	3,858
Profit after financial items		9,508	5,272	17,430	0	21,085
Appropriations		0	-	0	-	-12,739
Profit before tax		9,508	5,272	17,430	0	8,346
Tax on profit for the period		-2,732	-	-4,524	-	-4,637
Profit for the period		6,776	5,272	12,906	0	3,709

¹ Comprises costs for hardware and royalties but not the amortization of capitalized development costs, which is included in research and development costs.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000s	APR-JUN		JAN-JUN		FULL-YEAR
	2019	2018	2019	2018	2018
Profit for the period	6,776	5,272	12,906	0	3,709
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	6,776	5,272	12,906	0	3,709

PARENT COMPANY BALANCE SHEET IN SUMMARY

AMOUNTS IN SEK 000s	Note	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
ASSETS				
Intangible fixed assets		450	-	427
Tangible fixed assets		37,800	27,587	38,023
Shares and participations		1,911	1,772	1,772
Deferred tax assets		3,981	780	3,132
Long-term receivables from Group companies	8	148,751	-	152,507
Other long-term receivables		18,703	7,011	16,665
Total fixed assets		211,596	37,150	212,526
Inventories		142	525	763
Current receivables		335,366	474,223	404,661
Cash and bank balances		41,962	38,230	9,375
Total current assets		377,470	512,978	414,799
TOTAL ASSETS		589,066	550,128	627,325
EQUITY AND LIABILITIES				
Equity		288,669	272,055	275,763
Untaxed reserves		110,248	97,510	110,248
Accounts payable		22,112	16,051	21,308
Current liabilities to credit institutions		49,333	74,083	124,283
Other current liabilities		118,704	90,429	95,723
TOTAL EQUITY AND LIABILITIES		589,066	550,128	627,325

NOTES, GROUP

NOTE 1 ACCOUNTING POLICIES

The accounting policies applied are consistent with those described in the 2018 Annual Report for RaySearch Laboratories AB (publ), which is available at www.raysearchlabs.com. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, Chapter 9, Interim report.

New or revised accounting standards applicable to annual reporting periods beginning on or after January 1, 2019.

IFRS 16 Leases has been applied since January 1, 2019. The application of IFRS 16 entails that identified leases, primarily rental leases, will be recognized on the balance sheet. This impacts numerous financial performance measures and key figures, such as EBITDA, operating profit, net financial items, shareholders' equity, return on equity and net debt. RaySearch applied the standard's modified retrospective method, which means that no comparative figures were restated. The lease liability was measured at the present value of the lease payments over the remaining lease term, and the right-of-use asset for all contracts equaled the calculated depreciated value from the lease commencement, with adjustment for the interest rate that applied on the transition date. RaySearch has also elected to apply the exemption rules for short-term leases and leases where the underlying asset is of low value. In addition, RaySearch has elected not to reassess if a contract is, or contains, a lease at the date of initial application. Nor does RaySearch exclude non-lease components in any contracts.

For leases previously classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and lease liability was measured at January 1, 2019 at the carrying amount of the lease asset and lease liability under IAS 17 immediately prior to that date.

When transitioning to IFRS 16, the Group recognized new right-of-use assets at SEK 165 M and new lease liabilities at SEK 167 M, of which current lease liabilities account for SEK 31 M. The difference between assets and liabilities depends on prepaid lease payments recognized as assets on December 31, 2018, which were added to right-of-use assets at January 1, 2019. There was also an impact of SEK 2 M on shareholders' equity due to measuring the right-of-use asset as if the standard had been applied since the lease commencements. At the end of the quarter, the lease liability amounted to SEK 160.8 M. The right-of-use assets are presented on the right-of-use assets line on the consolidated balance sheet and the lease liabilities are presented as line items under long-term and current interest-bearing liabilities. A summary of opening lease liabilities is presented in the table below:

AMOUNTS IN SEK 000s	Jan 1, 2019
<u>Operating lease commitments at December 31, 2018</u>	181,478
Discounting with the Group's incremental borrowing rate	-13,779
Plus: liabilities for finance leases at December 31, 2018	7,215
(Less): short-term leases expensed on a straight-line basis	-125
(Less): leases for which the underlying asset is low value that are expensed on a straight-line basis	-81
Lease liability recognized at January 1, 2019	174,708
- of which current lease liability	34,262
- of which long-term lease liability	140,446

When measuring the lease liability, the Group discounted the lease payments using the incremental borrowing rate at January 1, 2019. The weighted average interest rate used varies between 1.5 and 3 percent, depending on the incremental rate of each Group company.

In accordance with IFRS 16 transition options, the lease liability for leases previously classified as financial leases has, in the initial amount for 2019 as specified above, been recognized at the same amount as at the end of 2018.

NOTE 2 IMPACT OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES*IFRS 16 Leases*

The recognized right-of-use assets and lease liabilities changed as follows during the period:

AMOUNTS IN SEK 000s	RIGHT-OF-USE ASSETS			LEASE LIABILITIES
	Premises	Other	Total	
Opening balance, January 1, 2019	160,003	12,966	172,969	-174,708
Additional leases (+)	379	-	379	-354
Amortization and depreciation (-)	-16,390	-3,895	-20,285	-
Translation difference for the year	2,728	64	2,792	-2,879
Interest expense (-)	-	-	-	-2,070
Lease payments paid (+)	-	-	-	19,195
Closing balance, June 30, 2019	146,720	9,135	155,855	-160,816

An estimate of the expected full-year effects in 2019 for the Group based on existing leases is presented in the table below:

AMOUNTS IN SEK 000s	FULL-YEAR 2019
Operating expenses	39,425
Depreciation	-36,694
Estimated effect on consolidated operating profit	2,731
Interest expense	-3,599
Estimated effect on consolidated profit before tax	-869

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

RaySearch conducts sales of goods and services in various regions. Revenue from sales of licenses and hardware is recognized in profit or loss at a point in time, while revenue from sales of training and support is recognized over time.

AMOUNTS IN SEK 000s	APR-JUN 2019			APR-JUN 2018		
	RayStation/RayCare	Partners	Total	RayStation/RayCare	Partners	Total
<u>Revenue by type</u>						
Licenses	115,412	8,248	123,660	99,783	9,233	109,016
Support	45,191	2,943	48,134	21,376	2,577	23,953
Hardware	13,180	0	13,180	7,273	-	7,273
Training and other	4,684	0	4,684	797	-	797
Total revenue from contracts with customers	178,467	11,191	189,658	129,229	11,810	141,039
<u>Revenue by geographic market</u>						
North America	83,730	1,460	85,190	47,790	4,143	51,933
APAC	22,802	1,395	24,197	19,808	1,917	21,725
Europe and rest of the world	71,935	8,336	80,271	61,631	5,750	67,381
Total revenue from contracts with customers	178,467	11,191	189,658	129,229	11,810	141,039
<u>Revenue by date for revenue recognition</u>						
Goods/services transferred at a point in time	128,592	8,248	136,840	107,056	9,233	116,289
Services transferred over time	49,875	2,943	52,818	22,173	2,577	24,750
Total revenue from contracts with customers	178,467	11,191	189,658	129,229	11,810	141,039

AMOUNTS IN SEK 000s	JAN-JUN 2019			JAN-JUN 2018		
	RayStation/RayCare	Partners	Total	RayStation/RayCare	Partners	Total
<u>Revenue by type</u>						
Licenses	207,663	15,104	222,767	174,795	18,477	193,272
Support	83,838	6,049	89,887	38,054	5,430	43,484
Hardware	43,195	0	43,195	18,297	-	18,297
Training and other	6,887	0	6,887	2,243	-	2,243
Total revenue from contracts with customers	341,583	21,153	362,736	233,389	23,907	257,296
<u>Revenue by geographic market</u>						
North America	152,560	1,460	154,020	102,691	10,519	113,210
APAC	38,557	2,306	40,863	28,007	2,869	30,876
Europe and rest of the world	150,466	17,387	167,853	102,691	10,519	113,210
Total revenue from contracts with customers	341,583	21,153	362,736	233,389	23,907	257,296
<u>Revenue by date for revenue recognition</u>						
Goods/services transferred at a point in time	250,858	15,104	265,962	193,092	18,477	211,569
Services transferred over time	90,725	6,049	96,774	40,297	5,430	45,727
Total revenue from contracts with customers	341,583	21,153	362,736	233,389	23,907	257,296

¹ Licenses and hardware² Support, training and other

NOTE 4 ESTIMATES

Preparation of the interim report requires that company management make estimates that affect the carrying amounts. The actual outcome could deviate from these estimates. The critical sources of uncertainty in the estimates are the same as those in the most recent Annual Report.

NOTE 5 FINANCIAL INSTRUMENTS

RaySearch's financial assets and liabilities comprise billed and unbilled receivables, cash and cash equivalents, accrued expenses, accounts payable, bank loans and finance leases. Long-term receivables are discounted, while other financial assets and liabilities have short maturities. Accordingly, the fair values of all financial instruments are deemed to correspond approximately to their carrying amounts.

The provision for expected credit losses is a weighted assessment of payment history, reports from external credit rating agencies and other customer-specific information. At the end of June 2019, the credit loss provision was SEK 19.9 M [6.2]. Historically, the Group's credit losses have been limited. Since the company was founded in 2000, actual credit losses have amounted to 0.02 percent and provisions for expected credit losses to 0.5 percent of total sales.

NOTE 6 RELATED-PARTY TRANSACTIONS

No transactions were conducted between RaySearch and related parties with any material impact on the company's position and earnings during the period.

NOTE 7 PLEDGED ASSETS IN THE GROUP AND PARENT COMPANY

AMOUNTS IN SEK 000s	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Chattel mortgages	100,000	100,000	100,000
Guarantees	8,463	8,097	6,096

NOTE 8 LONG-TERM RECEIVABLES FROM GROUP COMPANIES

At December 31, 2018, the Parent Company issued two long-term loans to its US subsidiary – a five-year loan of USD 7 M to finance the subsidiary's investments in new offices, and a three-year loan of USD 10 M to finance the subsidiary's payment plans to external customers. During the first half of 2019, these loans were amortized with a total of USD 1.2 M.

GROUP QUARTERLY OVERVIEW

	2019		2018				2017	
AMOUNTS IN SEK 000s	Q2 ^{1,4}	Q1 ^{1,4}	Q4 ¹	Q3 ¹	Q2 ¹	Q1 ¹	Q4 ²	Q3 ²
Income statement								
Net sales	189,658	173,078	219,443	150,479	141,039	116,257	204,961	111,703
Sales growth, %	63.1	49.0	7.0	34.7	-0.4	-8.3	7.1	-11.2
Operating profit	28,809	23,237	41,673	12,421	26,258	14,108	98,698	666
Operating margin, %	15.2	13.4	19.0	8.3	18.6	12.1	48.2	0.6
Profit for the period	21,833	17,166	32,649	13,500	20,595	11,779	72,289	-1,028
Net margin, %	11.5	9.9	14.9	9.0	14.6	10.1	35.3	-0.9
Cash flow								
Operating activities	136,938	50,307	120,614	-12,883	14,720	56,021	46,785	35,669
Investing activities	-57,067	-45,419	-73,258	-43,298	-64,003	-43,066	-46,207	-33,412
Cash flow before financing activities	79,871	4,888	47,356	-56,181	-49,283	12,955	578	2,257
Financing activities	-75,740	-6,706	9,401	39,150	-979	-614	34,028	-1,025
Cash flow for the period	4,131	-1,818	56,756	-17,031	-50,262	12,341	34,606	1,232
Capital structure								
Equity/assets ratio, %	55.9	52.0	59.5	59.9	61.4	63.5	63.4	67.2
Net debt	92,024	181,649	19,300	69,105	13,595	-34,701	-20,372	-20,062
Debt/equity ratio	0.1	0.3	0.0	0.1	0.0	-0.1	0	0
Net debt/EBITDA	0.4	0.8	0.1	0.3	0.1	-0.2	-0.1	-0.1
Per share data, SEK								
Earnings per share before dilution	0.64	0.50	0.95	0.39	0.6	0.34	2.11	-0.03
Earnings per share after dilution	0.64	0.50	0.95	0.39	0.6	0.34	2.11	-0.03
Equity per share	20.25	19.62	19.18	18.23	17.84	17.28	16.93	14.82
Share price at the end of the period	132.6	103.7	96.5	122.3	105	123	171	173.5
Other								
No. of shares before and after dilution, 000s	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8	34,282.8
Average no. of employees	299	299	293	286	280	267	253	240

GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	Jul 2018- Jun 2019 ^{1,4}	Apr 2018- Mar 2019 ^{1,4}	Jan 2018- Dec 2018 ¹	Oct 2017- Sep 2018 ³	Jul 2017- Jun 2018 ³	Apr 2017- Mar 2018 ³	Jan 2017- Dec 2017 ²	Oct 2016- Sep 2017 ²
Income statement								
Net sales	732,658	684,039	627,218	612,736	573,960	574,555	585,086	571,480
Operating profit	106,140	103,589	94,460	151,485	139,730	140,311	159,669	161,220
Operating margin, %	14.5	15.1	15.1	24.7	24.3	24.4	27.3	28.2

¹ IFRS 15 compliance.² IAS 18 compliance.³ IFRS 15 compliance in 2018, and IAS 18 compliance in the remaining two quarters.⁴ IFRS 16 compliance from 2019

DEFINITIONS OF KEY RATIOS

The interim report refers to a number of non-IFRS financial measures that are used to provide investors and company management with additional information to assess the company's operations. The various non-IFRS measures used to complement the IFRS financial statements are described below.

Non-IFRS measures	Definition	Reason for using the measure
Order intake	The value of all orders received and changes to existing orders during the current period	Order intake is an indicator of future revenue and thus a key figure for the management of RaySearch's operations
Order backlog	The value of orders at the end of the period that the company has yet to deliver and recognize as revenue	The order backlog shows the value of orders already booked by RaySearch that will be converted to revenue in the future.
Sales growth	The change in net sales compared with the year-earlier period expressed as a percentage	The measure is used to track the performance of the company's operations between periods
Organic sales growth	Sales growth excluding currency effects	This measure is used to monitor underlying sales growth driven by changes in volume, pricing and mix for comparable units between different periods
Gross profit	Net sales minus cost of goods sold	Gross profit is used to measure the margin before sales, research, development and administrative expenses
Operating profit	Calculated as operating profit before financial items and tax	Operating profit provides an overall picture of the total generation of earnings in operating activities
Operating margin	Operating profit expressed as a percentage of net sales	Together with sales growth, the operating margin is a key element for monitoring value creation
Net margin	Profit for the period as a percentage of net sales for the period	The net margin shows the percentage of net sales remaining after the company's expenses have been deducted
Equity per share	Equity divided by number of shares at the end of the period	Shows the return generated on the owners' invested capital per share from a shareholder perspective
Rolling 12 months' sales, operating profit or other results	Sales, operating profit or other results measured over the past 12-month period	This measure is used to more clearly illustrate the trends for sales, operating profit and other results, which is relevant because RaySearch's revenue is subject to monthly variations
Working capital	Working capital comprises inventories, operating receivables and operating liabilities, and is obtained from the statement of financial position. Operating receivables comprise accounts receivable, other receivables and non-interest bearing prepaid expenses and accrued income. Operating liabilities include other non-interest bearing long-term liabilities, advance payments from customers, accounts payable, other current liabilities and non-interest bearing accrued expenses and deferred income.	This measure shows how much working capital is tied up in operations and can be shown in relation to net sales to demonstrate the efficiency with which working capital has been used
Return on equity	Calculated as profit/loss for the period as a percentage of average equity. Average equity is calculated as the sum of equity at the end of the period plus equity at the end of the year-earlier period, divided by two	Shows the return generated on the owners' invested capital from a shareholder perspective
Equity/assets ratio	Equity expressed as a percentage of total assets at the end of the period	This is a standard measure to show financial risk, and is expressed as the percentage of the total restricted equity financed by the owners
Net debt	Interest-bearing liabilities less cash and cash equivalents and interest-bearing current and long-term receivables	This measure shows the Group's total indebtedness
Debt/equity ratio	Net debt in relation to equity	The measure shows financial risk and is used by management to monitor the Group's indebtedness
Net debt/EBITDA	Net debt at the end of the period in relation to operating profit before depreciation over the past 12-month period	A relevant measure from a credit perspective that shows the company's ability to handle its debt

CALCULATION OF FINANCIAL MEASURES NOT INCLUDED IN THE IFRS FRAMEWORK

AMOUNTS IN SEK 000s	Jun 30, 2019 ³	Jun 30, 2018	Dec 31, 2018
Working capital			
Accounts receivable (current billed customer receivables)	175,039	343,991	276,473
Current unbilled customer receivables	180,319	108,146	154,763
Long-term unbilled customer receivables	25,297	7,092	23,118
Inventories	3,851	525	9,617
Other current receivables (excl. tax)	43,125	33,765	30,385
Accounts payable	-33,090	-17,698	-32,366
Other current liabilities (excl. tax)	-231,888	-181,358	-179,802
Working capital	162,653	294,463	282,188

AMOUNTS IN SEK 000s	Jun 30, 2019 ³	Jun 30, 2018	Dec 31, 2018
Net debt			
Current interest-bearing liabilities	86,349	74,083	124,283
Long-term interest-bearing liabilities	123,800	8,665	7,215
Cash and cash equivalents	-118,125	-69,153	-112,198
Net debt	92,024	13,595	19,300

AMOUNTS IN SEK 000s	Jul 2018- Jun 2019 ^{1,3}	Jul 2017- Jun 2018 ²	Full-year 2018 ¹
EBITDA			
Operating profit	106,140	139,730	94,461
Amortization and depreciation	147,854	87,805	113,844
EBITDA	253,994	227,535	208,305

¹ IFRS 15 compliance from 2018.² IFRS 15 compliance from 2018, and IAS 18 compliance in prior periods.³ IFRS 16 compliance from 2019.

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ABOUT RAYSEARCH

RaySearch Laboratories AB (publ) is a medical technology company that develops innovative software solutions for improved cancer treatment. The company develops and markets the RayStation treatment planning system and RayCare oncology information system to cancer centers all over the world and distributes the products through licensing agreements with leading medical technology companies. RaySearch's software is currently used by over 2,600 centers in more than 65 countries. The company was founded in 2000 as a spin-off from the Karolinska Institute in Stockholm and the share has been listed for trading on Nasdaq Stockholm since 2003.

More information about RaySearch is available at www.raysearchlabs.com

VISION AND BUSINESS CONCEPT

The company's vision is a world where cancer is conquered and RaySearch's business concept is to provide innovative software to continuously improve cancer treatment.

STRATEGY

A radiation therapy center essentially needs two software platforms for its operations: a treatment planning system, and an information system. With RayStation and RayCare, RaySearch will strengthen its position and continue to grow with high profitability. The strategy rests on a strong focus on software development, leading functionality, broad support for many different types of treatment techniques and radiation therapy devices, as well as extensive investments in research and development.

BUSINESS MODEL

RaySearch's revenues are generated when customers pay an initial license fee for the right to use RaySearch's software and an annual service fee for access to updates and support. The RayStation treatment planning system and the RayCare oncology information system are developed at RaySearch's head office in Stockholm, and distributed and supported by the company's global marketing organization.