

“Order intake rose 49 percent, net sales rose 21 percent and the operating margin increased to 25 percent (13) in the first quarter of 2020”

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

FIRST QUARTER (JANUARY-MARCH 2020)

- Order intake SEK 300.0 M (201.6)
- Net sales SEK 208.9 M (173.1)
- Operating profit SEK 51.6 M (23.2)
- Profit after tax SEK 40.5 M (17.2) and earnings per share before/after dilution SEK 1.18 (0.50)
- Cash flow SEK -4.2 M (-1.8)
- Order backlog SEK 1,281.5 M (876.9) at the end of the period

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- The RayStation® treatment planning system was selected by several leading cancer centers, including Oslo University Hospital in Norway, Haaglanden Medical Center, Leiden University Medical Center and Haga Hospital in the Netherlands, Liverpool Cancer Therapy Centre in Australia and Banner MD Anderson Cancer Center in Arizona, US.
- In February 2020, MD Anderson Cancer Center in Texas, US, ordered additional RayStation licenses for approximately SEK 40 M with the aim of replacing their existing treatment planning systems.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- It is not possible at present to estimate the full effect of COVID-19 on RaySearch. The company is financially robust and well-adapted to digital collaboration. The R&D and the delivery capacity are relatively unchanged. However, RaySearch’s preliminary assessment is that COVID-19 could have a significantly adverse effect on the second quarter, mainly because orders may be delayed. Management is monitoring the situation closely and is prepared to take action if needed.
- Due to COVID-19, the Annual General Meeting has been postponed and will be held on June 30, 2020. RaySearch will provide notice of the AGM no later than four weeks before then.

FINANCIAL SUMMARY¹

| AMOUNTS IN SEK 000s | JAN-MAR | | APR 2019- | FULL-YEAR |
|---|---------|---------|-----------|-----------|
| | 2020 | 2019 | MAR 2020 | 2019 |
| Net sales | 208,889 | 173,078 | 777,395 | 741,584 |
| Operating profit | 51,557 | 23,237 | 96,489 | 68,169 |
| Operating margin, % | 24.7 | 13.4 | 12.4 | 9.2 |
| Profit for the period | 40,462 | 17,166 | 73,707 | 50,411 |
| Earnings per share before/after dilution, SEK | 1.18 | 0.50 | 2.15 | 1.47 |
| Cash flow from operating activities | 66,074 | 50,307 | 335,912 | 320,145 |
| Cash flow for the period | -4,244 | 1,818 | -5,811 | -3,385 |
| Return on equity, % | 12.3 | 2.6 | 22.4 | 7.4 |
| Equity/assets ratio at the end of the period, % | 55.8 | 52.0 | 55.8 | 55.8 |
| Share price at the end of the period, SEK | 57.6 | 103.7 | 57.6 | 107.2 |

¹ For definitions of key ratios, see page 21.

CEO COMMENTS



STRONG START TO THE YEAR

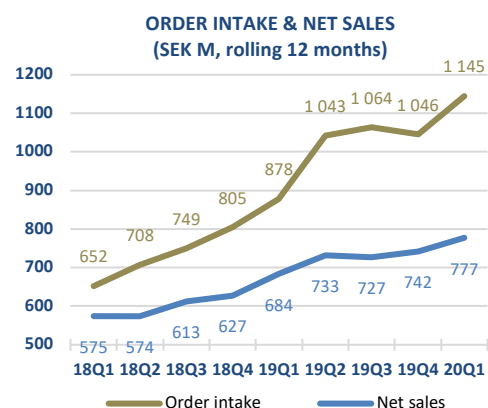
In the first quarter, order intake rose 49 percent to SEK 300 M (202). License revenue rose 34 percent, mainly due to high sales for RayStation in the US, and recurring support revenue rose 39 percent. Net sales rose 21 percent to SEK 209 M (173), of which organic growth accounted for 16 percent. Operating profit improved to SEK 52 M (23), representing an operating margin of 25 percent (13). Operating profit was impacted by positive currency translation effects and, adjusted for these, operating profit would have amounted to SEK 29 M (13).

A LONGER PERSPECTIVE

We operate in a market with uneven order flows, where large single orders can have a significant effect on revenue between quarters. From a rolling 12-month perspective, our order intake over the past 12-month period has risen 30 percent to SEK 1,145

M (878), and our net sales have grown 14 percent to a new record high of SEK 777 M (684) (refer to the diagram).

Operating profit declined to SEK 96 M (104), representing an operating margin of 12 percent (15). The lower margin was partly due to extensive investment in the development and market organizations. This is leading to margin pressure in the short term, but is a conscious investment that is expected to improve growth and profitability in the long term. Cash flow adjusted for repayment of bank loans increased to SEK 69 M (neg: 62). Overall, the long-term perspective demonstrates that our expansive strategy is working, and that RaySearch's innovative software solutions for improved cancer treatment are continuing to gain new ground.



CONTINUED INNOVATION AND DIVERSIFICATION

RaySearch's high rate of innovation remains. RayStation and RayCare are already the market's leading systems for simplifying and streamlining the highly complex workflows of cancer centers, and we are determined to increase that lead in 2020.

More and more cancer centers are implementing RayCare for clinical use. In February, we passed an important milestone in our strategic collaboration with IBA by completing all validation testing for the integration of RayCare with IBA's proton therapy system. Testing was carried out at UZ Leuven Hospital in Belgium and was a critical step for the center in order to commence treatment with proton therapy for its patients.

The development of our treatment control system, RayCommand*, is also on track with a first commercial launch planned for December 2020. For end-users, the RayCommand system offers uniform management and control of important systems in the treatment room, such as the treatment machine, the treatment couch, imaging systems and patient positioning devices.

In the preceding year, we also laid the foundation for a broad diversification of our product range. That is leading to, for example, the launch of RayIntelligence* – a range of data-based products – in December this year,

* Regulatory clearance is required in some markets.

that will offer cancer centers the stable data infrastructure they need to accelerate the introduction of machine learning throughout the entire radiation therapy workflow. RayIntelligence will be integrated with RayStation and RayCare to further optimize and personalize treatment for patients. This will be based on previous clinical experience and collaboration with leading cancer centers.

Our teams are also developing tools to support surgeons when planning surgical procedures to remove tumors, and to support processes in the operating theater. In the long-term, our goal is that RayStation and RayCare will form a single system for planning, optimizing and managing combined cancer care within a range of treatment modalities: medical oncology, surgical oncology and radiation oncology.

SMALL CENTERS, BIG OPPORTUNITIES

At commercial level, RaySearch will continue to operate from a position of strength among the largest and most advanced cancer centers – for example, RayStation is used by 11 of the 20 top cancer centers in the US and our global market share of proton and carbon ion treatment is higher than 50 percent.

In the first quarter, for example, MD Anderson Cancer Center in Texas ordered additional RayStation licenses with the aim of replacing their existing treatment planning systems, and their partner center Banner MD Anderson Cancer Center in Arizona has also selected RayStation now. The same applies to Oslo University Hospital, which will be using RayStation at Norway's first national proton therapy center. These prestigious customers are redefining the limits of radiation oncology every day and, not surprisingly, the bar for their treatment planning systems is extremely high.

However, our market share of small cancer centers in the US is still limited. These centers account for nearly 80 percent of all radiation therapy centers and usually rely on just one or two devices from a single supplier. In 2020, our mission is to establish close relationships with these small cancer centers and to intensify our efforts to increase market share in North America. That will require proof of the operational benefits and clinical effect that RayStation can add to their treatment programs. From a broader perspective, we are the ones who will have to show these small cancer centers how our innovative software can make them more efficient. In the long term, the strategy will maintain their clinical performance at top level for longer, and give more patients access to the best-possible cancer treatment, wherever they may be.

EFFECTS OF THE NOVEL CORONAVIRUS DISEASE (COVID-19)

In the first quarter of 2020, the outbreak of the novel coronavirus disease (COVID-19) rapidly became a serious pandemic. The COVID-19 outbreak has not had any major impact on RaySearch to date. The company is financially robust and well-adapted to digital collaboration. Our R&D and our delivery capacity is relatively unchanged. However, the pandemic is expected to have a major impact on the global economy, society as a whole and the healthcare sector in general, both globally and in individual countries or regions.

It is not possible at present to estimate the full effect of COVID-19 on the company. Our preliminary assessment is that COVID-19 could have a significantly adverse effect on the second quarter, mainly due to the fact that orders may be delayed when some hospitals are forced to temporarily prioritize the treatment of COVID-19 patients over investments in our products. We are monitoring the situation closely and are prepared to take action if needed.

Overall, we have both challenges and opportunities ahead of us – I am looking forward to an exciting and intensive year in 2020.

Stockholm, May 5, 2020

Johan Löf
CEO and founder
RaySearch Laboratories AB (publ)

FINANCIAL INFORMATION

RaySearch operates in a market with uneven order flows where large individual orders can have a substantial impact on revenue recognition between the quarters and, because the company has limited (less than 10 percent) variable costs for license revenue, operating profit is affected by an amount that is nearly as high. For this reason, a longer perspective than a few quarters should be taken.

ORDER INTAKE AND ORDER BACKLOG

In the first quarter of 2020, order intake rose 48.8 percent to SEK 300.0 M (201.6). License order intake rose 34.6 percent to SEK 136.8 M (101.7) and order intake for support agreements rose 77.3 percent to SEK 125.6 M (70.9).

| Order intake (amounts in SEK M) | Q1-20 | Q4-19 | Q3-19 | Q2-19 | Q1-19 | Rolling 12 months | Full-year 2019 |
|---|----------------|----------------|----------------|----------------|--------------|-------------------|----------------|
| Licenses | 136.7 | 130.3 | 87.2 | 197.0 | 101.7 | 551.3 | 516.2 |
| Hardware | 22.7 | 21.0 | 20.8 | 15.6 | 24.2 | 80.1 | 81.6 |
| Support (incl. warranty support) | 125.6 | 115.9 | 83.0 | 147.7 | 70.9 | 472.3 | 417.5 |
| Training and other | 14.8 | 10.0 | 5.8 | 10.3 | 4.9 | 40.9 | 30.9 |
| Total order intake | 300.0 | 277.2 | 196.8 | 370.6 | 201.6 | 1,144.6 | 1,046.2 |
| Order backlog (amounts in SEK M) | Q1-20 | Q4-19 | Q3-19 | Q2-19 | Q1-19 | | |
| Licenses | 130.7 | 119.0 | 147.1 | 139.1 | 74.9 | | |
| Hardware | 43.9 | 36.4 | 44.3 | 28.7 | 27.0 | | |
| Support (incl. warranty support) | 1047.1 | 956.2 | 892.7 | 837.3 | 742.5 | | |
| Training and other | 59.8 | 43.5 | 40.5 | 38.0 | 32.5 | | |
| Total order backlog at the end of the period | 1,281.5 | 1,155.2 | 1,124.7 | 1,043.1 | 876.9 | | |

At March 31, 2020, the total order backlog amounted to SEK 1,282 M (877), which is expected to generate revenue of approximately SEK 369 M over the next 12 months. The remaining amount in the order backlog mainly comprises support commitments that are primarily expected to generate revenues during a subsequent four-year period.

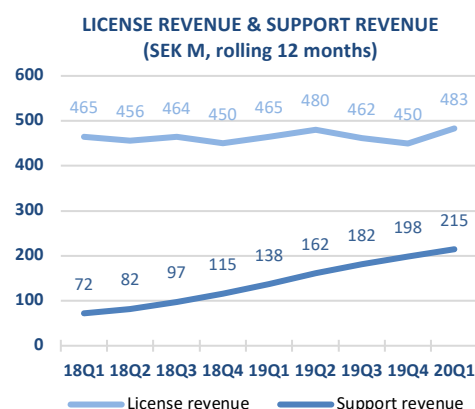
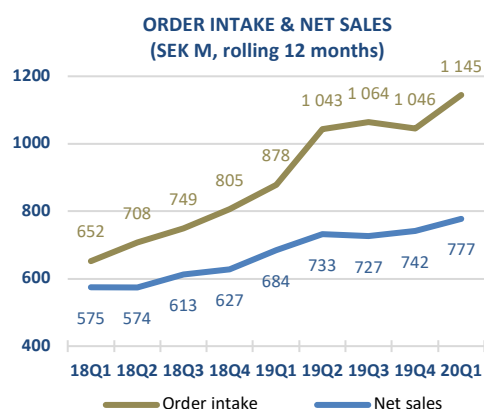
The reported order intake and order backlog do not include the order totaling SEK 127 M from MedAustron International GmbH, secured in the second quarter of 2019, and relating to a cancer center in Iran. RaySearch is working on the order, but due to the prevailing sanctions related to projects involving this specific country, it is currently difficult to predict when payment can be obtained.

REVENUE

In the first quarter of 2020, net sales rose 20.7 percent to SEK 208.9 M (173.1). This change was mainly attributable to higher license and support revenue, as well as positive currency effects. The organic change in sales with unchanged currencies amounted to SEK 16.1 percent (41.9).

License revenue rose 33.9 percent to SEK 132.7 M (99.1), mainly the result of higher license sales for RayStation in the US. Recurring support revenue rose 39.2 percent to SEK 58.1 M (41.8), accounting for 28 percent (24) of net sales in the first quarter. Hardware sales, which have a limited profit margin, declined 47 percent to SEK 15.9 M (30.0). Excluding hardware sales, sales rose 35 percent.

| Revenue (amounts in SEK M) | Q1-20 | Q4-19 | Q3-19 | Q2-19 | Q1-19 | Rolling 12 months | Full-year 2019 |
|--|--------------|--------------|--------------|--------------|--------------|-------------------|----------------|
| Licenses | 132.7 | 145.4 | 81.5 | 123.7 | 99.1 | 483.2 | 449.7 |
| Hardware | 15.9 | 26.5 | 6.9 | 13.2 | 30.0 | 62.5 | 76.6 |
| Support (incl. warranty support) | 58.1 | 56.7 | 51.6 | 48.1 | 41.8 | 214.6 | 198.2 |
| Training and other | 2.2 | 5.8 | 4.4 | 4.7 | 2.2 | 17.1 | 17.1 |
| Net sales | 208.9 | 234.5 | 144.3 | 189.7 | 173.1 | 777.4 | 741.6 |
| Sales growth, corresp. period, % | 20.7% | 6.9% | -4.0% | 34.5% | 48.9% | 13.6% | 18.2% |
| Organic sales growth, corresp. period, % | 16.1% | 1.4% | -8.9% | 27.7% | 41.9% | 8.1% | 11.8% |



Reported net sales accounted for 70 percent (86) of total order intake in the first quarter.

In the first quarter, net sales had the following geographic distribution: North America, 47 percent (40); Asia, 12 percent (3); Europe and the rest of the world 41 percent (57).

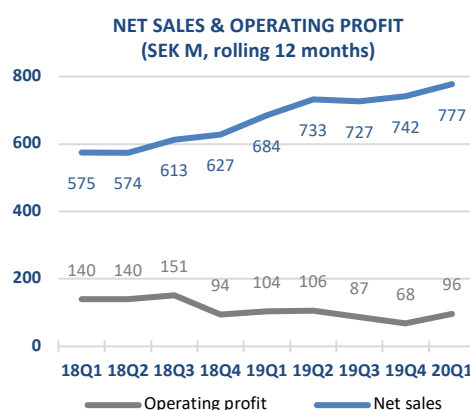
Revenue from sales of software modules via partners rose 3 percent to SEK 10.3 M (10.0), representing 5 percent (6) of net sales during the quarter.

OPERATING PROFIT

In the first quarter of 2020, operating profit increased to SEK 51.6 M (23.2), representing an operating margin of 24.7 percent (13.4). The earnings improvement was mainly attributable to higher license and support revenue, lower costs due to the COVID-19 outbreak and positive currency effects.

In the first quarter, operating expenses increased 5.0 percent to SEK 157.3 M (149.8). This was largely due to the increase in number of employees, but also higher costs for premises and depreciation.

Other operating income and expenses pertain to exchange-rate gains and losses. In the first quarter of 2020, the net of these exchange-rate gains and losses amounted to 22.5 (10.5). A large proportion of the Group's receivables are denominated in USD and EUR, which strengthened against the SEK in the first quarter compared with the end of the fourth quarter. Adjusted for these currency translation effects, operating profit amounted to SEK 29.1 M (12.8) and operating expenses rose 12.2 percent in the first quarter of 2020.



Currency effects

The company is impacted by USD and EUR to SEK exchange-rate trends, since the majority of sales (about 85 percent) are invoiced in USD and EUR, while most costs are in SEK.

At unchanged exchange rates, the organic change in sales was 16.0 percent in the first quarter of 2020, compared with the year-earlier period. In addition, the company also had exchange-rate gains of SEK 22.5 M (10.5) for balance sheet items in the first quarter. In total, currency effects thus had a slightly positive effect on operating profit in the first quarter of 2020.

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 5.8 M in the first quarter of 2020, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 2.1 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 March 31, 2020, some 190 employees (153) were engaged in research and development, corresponding to 49 percent (50) of the total number of employees.

| Capitalization of development costs | Q1-20 | Q4-19 | Q3-19 | Q2-19 | Q1-19 | Rolling 12 months | Full-year 2019 |
|---|-------------|-------------|-------------|-------------|-------------|-------------------|----------------|
| Research and development costs | 64.6 | 66.8 | 52.2 | 56.2 | 50.3 | 239.8 | 225.5 |
| Capitalization of development costs | -52.4 | -49.7 | -36.5 | -40.0 | -38.2 | -178.7 | -164.4 |
| Amortization of capitalized development costs | 32.0 | 29.7 | 29.9 | 27.2 | 26.8 | 118.8 | 113.6 |
| Research and development costs | 44.2 | 46.8 | 45.6 | 43.4 | 38.9 | 179.9 | 174.7 |

In 2020, RaySearch continued to invest heavily in existing and future products. In total, research and development costs rose 28.4 percent to SEK 64.6 M (50.3), corresponding to 31 percent (29) of the company's net sales in the first quarter.

Development costs of SEK 52.4 M (38.2) were capitalized, up 37.2 percent, representing 81 percent (76) of total research and development costs. The increase was due to the fact that the research, machine learning, and development departments increased their proportion of development activities during the quarter.

Amortization of capitalized development costs rose 19.3 percent to SEK 32.0 M (26.8), and the increase was attributable to the expansion of development activities.

Research and development costs (after adjustments for capitalization and amortization of development costs) rose 13.3 percent to SEK 44.2 M (38.9).

Amortization and depreciation

In the first quarter of 2020, total amortization and depreciation increased 17.0 percent to SEK 50.1 M (42.8), of which amortization of intangible fixed assets accounted for SEK 32.0 M (26.8), mainly related to capitalized development costs. Depreciation of tangible fixed assets increased to SEK 18.1 M (16.0).

PROFIT AND EARNINGS PER SHARE

In the first quarter of 2020, profit after tax was SEK 40.5 M (17.2), corresponding to earnings per share of SEK 1.18 (0.50) before and after dilution.

Tax expense for the quarter was SEK -10.8 M (-2.1), corresponding to an effective tax rate of 20.9 percent (15.0).

CASH FLOW AND LIQUIDITY

In the first quarter of 2020, cash flow from operating activities was SEK 60.1 M (50.3). The increase was mainly the result of improved operating profit.

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.

At the end of the period, the company's total customer receivables accounted for 56 percent (67) of net sales over the past 12 months, and working capital for 27 percent (37) 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.

In the first quarter, cash flow from investing activities was SEK -60.2 M (-45.4). Investments in intangible fixed assets amounted to SEK -52.6 M (-38.2), comprising capitalized development costs for RayStation, RayCare and RayCommand. Investments in tangible fixed assets amounted to SEK -7.6 M (-7.3), mainly comprising investments in IT equipment.

Cash flow from financing activities amounted to SEK -10.1 M (-6.7) in the first quarter of 2020, primarily due to amortization of leasing liabilities.

In the first quarter, cash flow for the period was SEK -4.2 M (-1.8). At March 31, 2020, consolidated cash and cash equivalents amounted to SEK 112.7 M (113.0).

FINANCIAL POSITION

At March 31, 2020, RaySearch's total assets amounted to SEK 1,339.01M (1,292.6) and the equity/assets ratio was 55.8 percent (52.0).

Current receivables amounted to SEK 507.8 M (508.4). The receivables mainly comprise various types of customer receivables, and these have not increased despite high sales growth due to a rise in payments from customers.

In the third quarter of 2019, the company signed a ten-year rental lease for a new head office in Stockholm with commencement in the third quarter of 2021.

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 March 31, 2020, short-term loans totaling SEK 49.6 M (124.3) had been raised under the company's revolving loan facility and SEK 0 M (0) of the credit facility had been drawn.

At March 31, 2020, the Group's net debt totaled SEK 73.2 M (181.6).

EMPLOYEES

In the first quarter of 2020, the average number of employees in the Group was 386 (299). At the end of the first quarter, the Group had 386 (307) employees, of whom 285 (228) were based in Sweden, and 101 (79) 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. In addition, the Parent Company was not affected by the changes in IFRS 16, and has continued to recognize lease payments over the lease term on a straight-line basis. 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 2020, the RayStation treatment planning system was selected by leading cancer centers, including Oslo University Hospital in Norway, Haaglanden Medical Center, Leiden University Medical Center and Haga Hospital in the Netherlands, Liverpool Cancer Therapy Centre in Australia and Banner MD Anderson Cancer Center in Arizona, US.

In February, MD Anderson Cancer Center in Texas, US, also ordered additional RayStation licenses for approximately SEK 40 M with the aim of replacing their existing treatment planning systems.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Effects of the novel coronavirus disease (COVID-19)

It is not possible at present to estimate the full effect of COVID-19 on RaySearch. The company is financially robust and well-adapted to digital collaboration. The R&D and the delivery capacity is relatively unchanged. However, RaySearch's preliminary assessment is that COVID-19 could have a significantly adverse effect on the second quarter, mainly because orders may be delayed. Management is monitoring the situation closely and is prepared to take action if needed.

THE COMPANY'S SHARE

At December 31, 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 December 31, 2019, the total number of voting rights in RaySearch was 110,377,548.

SHARE OWNERSHIP

At March 31, 2020, the number of shareholders in RaySearch was 6,689, 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 | 418,393 | 6,661,477 | 19.4 | 56.9 |
| Oppenheimer Funds | 0 | 4,000,000 | 4,000,000 | 11.7 | 3.6 |
| Swedbank Robur Funds | 0 | 2,150,000 | 2,150,000 | 6.3 | 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 |
| Nordnet Pension | 0 | 1,210,026 | 1,210,026 | 3.5 | 1.1 |
| Carl Filip Bergendal | 1,061,577 | 139,920 | 1,201,497 | 3.5 | 9.7 |
| La Financière de l'Echiquier | 0 | 961,433 | 961,433 | 2.8 | 0.9 |
| Montanaro Funds | 0 | 747,246 | 747,246 | 2.2 | 0.7 |
| Total, 10 largest shareholders | 8,454,822 | 13,344,466 | 21,799,288 | 63.6 | 88.7 |
| Others | 153 | 12,483,332 | 12,483,485 | 36.4 | 11.3 |
| Total | 8,454,975 | 25,827,798 | 34,282,773 | 100.0 | 100.0 |

Source: Euroclear, FI, MorningStar and Montanaro.

OTHER INFORMATION

2020 ANNUAL GENERAL MEETING

Due to COVID-19, the Annual General Meeting has been postponed and will be held on June 30, 2020. RaySearch will provide notice of the AGM no later than four weeks before then.

Resolution proposal

Shareholders representing approximately 67 percent of the total number of votes propose that Board members Lars Wollung, Carl Filip Bergendal, Johan Löf, Britta Wallgren, Hans Wigzell and Johanna Öberg be reelected, and that Lars Wollung be elected Chairman of the Board.

Since the company is in the midst of an expansive and capital-intensive phase, the Board of RaySearch proposes that no dividends be paid for the 2019 fiscal year.

A complete resolution proposal will be available on the company's website, www.raysearchlabs.com.

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 2019 Annual Report. For more information about risks and risk management, refer to pages 9-10 and 40-42 of RaySearch's 2019 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.

Stockholm, May 5, 2020

Johan Löf
CEO and Board member

FOR FURTHER INFORMATION, PLEASE CONTACT:

| | | |
|--------------------|--------------------------|--|
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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 May 5, 2020 at 7:45 a.m. CET.

TELECONFERENCE IN CONNECTION WITH THE INTERIM REPORT

CEO Johan Löf and CFO Peter Thysell will present RaySearch's interim report for January-March 2020 at a teleconference to be held in English on Tuesday, May 5, 2020 at 4:00 p.m. CET.

For login details to the teleconference, please register on:
<http://emea.directeventreg.com/registration/4674269>

FINANCIAL CALENDAR

| | |
|---|-------------------|
| Annual General Meeting 2020 | June 30, 2020 |
| Interim report for the first six months of 2020 | August 26, 2020 |
| Interim report for the third quarter of 2020 | November 18, 2020 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

| AMOUNTS IN SEK 000s | | JAN-MAR | | APR 2019- MAR 2020 | FULL-YEAR |
|---|------|----------------|----------------|-----------------------|----------------|
| | Note | 2020 | 2019 | | 2019 |
| Net sales | 2.3 | 208,889 | 173,078 | 777,395 | 741,584 |
| Cost of goods sold ¹ | | -14,264 | -26,564 | -60,065 | -72,365 |
| Gross profit | | 194,625 | 146,514 | 717,330 | 669,219 |
| Other operating income | | 27,519 | 12,925 | 42,000 | 27,406 |
| Selling expenses | | -91,044 | -72,170 | -364,299 | -345,425 |
| Administrative expenses | | -30,356 | -22,632 | -107,859 | -100,135 |
| Research and development costs | | -44,155 | -38,961 | -179,864 | -174,670 |
| Other operating expenses | | -5,032 | -2,439 | -10,819 | -8,226 |
| Operating profit | | 51,557 | 23,237 | 96,489 | 68,169 |
| Loss from financial items | | -334 | -1,425 | -4,470 | -5,561 |
| Profit before tax | | 51,223 | 21,812 | 92,019 | 62,608 |
| Tax | | -10,761 | -4,646 | -18,312 | -12,197 |
| Profit for the period² | | 40,462 | 17,166 | 73,707 | 50,411 |
| Other comprehensive income | | | | | |
| Items to be reclassified to profit or loss | | | | | |
| Translation difference of foreign operations for the period | | 1,059 | -77 | 703 | -433 |
| Comprehensive income for the period² | | 41,521 | 17,089 | 74,410 | 49,978 |
| Earnings per share before and after dilution (SEK) | | 1.18 | 0.50 | 2.15 | 1.47 |

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

² Fully (100 percent) attributable to Parent Company shareholders.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

| AMOUNTS IN SEK 000s | | JAN-MAR | | FULL-YEAR |
|--|--|----------------|----------------|----------------|
| | | 2020 | 2019 | 2019 |
| Opening balance according to adopted Annual Report | | 705,468 | 657,453 | 657,453 |
| Effect of IFRS 16 | | - | -1,963 | -1,963 |
| Opening balance after adjustments for IFRS 16 | | 705,468 | 655,490 | 655,490 |
| Profit for the period | | 40,462 | 17,166 | 50,411 |
| Translation difference for the period | | 1,059 | -77 | -433 |
| Closing balance | | 746,989 | 672,579 | 705,468 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

| AMOUNTS IN SEK 000s | Note | Mar 31, 2020 | Mar 31, 2019 | Dec 31, 2019 |
|--|------|------------------|------------------|------------------|
| ASSETS | | | | |
| Intangible fixed assets | | 449,029 | 388,683 | 428,406 |
| Tangible fixed assets | | 242,491 | 254,622 | 221,349 |
| Deferred tax assets | | 11,300 | 7,926 | 12,193 |
| Other long-term receivables | | 15,851 | 19,786 | 20,473 |
| Total fixed assets | | 718,671 | 671,017 | 682,421 |
| Inventories | | 7,828 | 2,931 | 4,623 |
| Current receivables | | 499,947 | 505,495 | 463,322 |
| Cash and cash equivalents | | 112,660 | 113,172 | 113,858 |
| Total current assets | | 620,435 | 621,598 | 581,803 |
| TOTAL ASSETS | | 1,339,106 | 1,292,615 | 1,264,224 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | 746,989 | 672,579 | 705,468 |
| Deferred tax liabilities | | 119,305 | 106,093 | 115,145 |
| Long-term interest-bearing liabilities | | 88,051 | 140,480 | 85,796 |
| Total long-term liabilities | | 207,356 | 246,573 | 200,941 |
| Accounts payable | | 21,463 | 30,016 | 33,202 |
| Current interest-bearing liabilities | | 97,840 | 124,383 | 84,931 |
| Other current liabilities | | 265,458 | 219,064 | 239,682 |
| Total current liabilities | | 384,761 | 373,463 | 357,815 |
| TOTAL EQUITY AND LIABILITIES | | 1,339,106 | 1,292,615 | 1,264,224 |

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

| AMOUNTS IN SEK 000s | Note | JAN-MAR | | APR 2019- | FULL-YEAR |
|--|------|----------------|----------------|----------------|----------------|
| | | 2020 | 2019 | MAR 2020 | 2019 |
| Profit before tax | | 51,223 | 21,812 | 92,019 | 62,608 |
| Adjusted for non-cash items ¹⁾ | | 23,960 | 35,005 | 169,393 | 180,438 |
| Taxes paid | | -6,235 | -5,189 | -8,321 | -7,275 |
| Cash flow from operating activities before changes in working capital | | 68,948 | 51,628 | 253,091 | 235,771 |
| Cash flow from changes in operating receivables | | 7,840 | 6,100 | 47,077 | 45,337 |
| Cash flow from changes in operating liabilities | | -10,714 | -7,421 | 35,744 | 39,037 |
| Cash flow from operating activities | | 66,074 | 50,307 | 335,912 | 320,145 |
| Cash flow from investing activities | | -60,214 | -45,419 | -226,841 | -212,046 |
| Cash flow from financing activities | | -10,104 | -6,706 | -114,882 | -111,484 |
| Cash flow for the period | | -4,244 | -1,818 | -5,811 | -3,385 |
| Cash and cash equivalents at the beginning of the period | | 113,858 | 112,198 | 113,173 | 112,198 |
| Exchange-rate difference in cash and cash equivalents | | 3,046 | 2,793 | 5,298 | 5,045 |
| Cash and cash equivalents at the end of the period | | 112,660 | 113,173 | 112,660 | 113,858 |

¹⁾ These amounts mainly include amortization of capitalized development costs, right-of-use assets and unrealised currency effects .

PARENT COMPANY INCOME STATEMENT IN SUMMARY

| AMOUNTS IN SEK 000s | Note | JAN-MAR | | FULL-YEAR |
|--|------|----------------|----------------|----------------|
| | | 2020 | 2019 | 2019 |
| Net sales | | 153,054 | 125,925 | 533,127 |
| Cost of goods sold ³⁾ | | -9,458 | -17,734 | -34,400 |
| Gross profit | | 143,596 | 108,191 | 498,727 |
| Other operating income | | 26,976 | 12,917 | 26,905 |
| Selling expenses | | -47,035 | -39,531 | -202,356 |
| Administrative expenses | | -30,420 | -22,448 | -99,691 |
| Research and development costs | | -64,780 | -50,483 | -226,089 |
| Other operating expenses | | -4,744 | -1,486 | -4,869 |
| Operating profit | | 23,593 | 7,160 | -7,373 |
| Profit from financial items | | 1,103 | 762 | 2,372 |
| Profit/loss after financial items | | 24,696 | 7,922 | -5,001 |
| Appropriations | | 0 | 0 | -4,673 |
| Profit/loss before tax | | 24,696 | 7,922 | -9,674 |
| Tax on profit for the period | | -5,360 | -1,792 | 880 |
| Profit/loss for the period | | 19,336 | 6,130 | -8,794 |

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 IN SUMMARY

| AMOUNTS IN SEK 000s | JAN-MAR | | FULL-YEAR |
|--|---------------|--------------|---------------|
| | 2020 | 2019 | 2019 |
| Profit for the period | 19,336 | 6,130 | -8,794 |
| Other comprehensive income | - | - | - |
| Comprehensive income for the period | 19,336 | 6,130 | -8,794 |

PARENT COMPANY BALANCE SHEET IN SUMMARY

| AMOUNTS IN SEK 000s | Note | Mar 31, 2020 | Mar 31, 2019 | Dec 31, 2019 |
|--|------|----------------|----------------|----------------|
| ASSETS | | | | |
| Intangible fixed assets | | 856 | 406 | 708 |
| Tangible fixed assets | | 43,858 | 38,672 | 42,484 |
| Shares and participations | | 1,911 | 1,911 | 1,911 |
| Deferred tax assets | | 6,784 | 3,132 | 6,011 |
| Long-term receivables from Group companies | | 67,709 | 147,812 | 73,136 |
| Other long-term receivables | | 9,764 | 12,632 | 13,616 |
| Total fixed assets | | 130,882 | 204,565 | 137,866 |
| Inventories | | 1,348 | 44 | 2332 |
| Current receivables | | 468,462 | 395,439 | 398,785 |
| Cash and bank balances | | 49,116 | 59,010 | 80,262 |
| Total current assets | | 518,926 | 454,493 | 481,379 |
| TOTAL ASSETS | | 649,808 | 659,058 | 619,245 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | 286,305 | 281,893 | 266,969 |
| Untaxed reserves | | 114,921 | 110,248 | 114,921 |
| Accounts payable | | 17,770 | 27,165 | 30,127 |
| Current interest-bearing liabilities | | 49,632 | 124,383 | 49,532 |
| Other current liabilities | | 181,180 | 115,369 | 157,696 |
| Total current liabilities | | 248,582 | 266,917 | 237,355 |
| TOTAL EQUITY AND LIABILITIES | | 649,808 | 659,058 | 619,245 |

NOTES, GROUP

NOTE 1 ACCOUNTING POLICIES

The RaySearch Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. 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.

RaySearch Laboratories AB (publ) is the Parent Company of the RaySearch Group. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

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. In addition, the Parent Company was not affected by the changes in IFRS 16, and has continued to recognize lease payments over the lease term on a straight-line basis. 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.

NOTE 2 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 | JAN-MAR | | | | |
|--|----------------|----------------|--------------|-----------------------|-------------------|
| | 2020 | 2019 | Change | APR 2019 -MAR 2020 | Full-year 2019 |
| Revenue by type | | | | | |
| Licenses | 132,676 | 99,107 | 33.9% | 483,245 | 449,676 |
| Support | 58,117 | 41,753 | 39.2% | 214,553 | 198,189 |
| Hardware | 15,852 | 30,015 | -47.2% | 62,414 | 76,577 |
| Training and other | 2,244 | 2,203 | 1.9% | 17,183 | 17,142 |
| Total revenue from contracts with customers | 208,889 | 173,078 | 20.7% | 777,395 | 741,584 |
| Revenue by geographic market | | | | | |
| North America | 98,779 | 68,830 | 43.5% | 343,413 | 313,464 |
| APAC | 24,754 | 16,666 | 48.5% | 143,497 | 135,409 |
| Europe and rest of the world | 85,356 | 87,582 | -2.5% | 290,485 | 292,711 |
| Total revenue from contracts with customers | 208,889 | 173,078 | 20.7% | 777,395 | 741,584 |
| Revenue by date for revenue recognition | | | | | |
| Goods/services transferred at a point in time | 148,528 | 129,122 | 15.0% | 545,659 | 526,253 |
| Services transferred over time | 60,361 | 43,956 | 37.3% | 231,736 | 215,331 |
| Total revenue from contracts with customers | 208,889 | 173,078 | 20.7% | 777,395 | 741,584 |

¹Licenses and hardware.

² Support, training and other

NOTE 3 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 4 FINANCIAL INSTRUMENTS

RaySearch's financial assets and liabilities comprise billed and unbilled receivables, cash and cash equivalents, accrued expenses, accounts payable, bank loans and lease liabilities. Long-term receivables and lease liabilities 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 March 2020, the credit loss provision was SEK 32.9 M (19.1). The increase was largely due to COVID-19. Historically, the Group's credit losses have been limited. Since the company was founded in 2000, actual credit losses have amounted to approximately 0.02 percent and provisions for expected credit losses to approximately 0.8 percent of total sales.

NOTE 5 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 6 PLEDGED ASSETS IN THE GROUP AND PARENT COMPANY

| AMOUNTS IN SEK 000s | Mar 31, 2020 | Mar 31, 2019 | Dec 31, 2019 |
|---------------------|--------------|--------------|--------------|
| Chattel mortgages | 100,000 | 100,000 | 100,000 |
| Guarantees | 16,571 | 6,378 | 6,586 |

GROUP QUARTERLY OVERVIEW

| | 2020 | 2019 | | | | 2018 | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| AMOUNTS IN SEK 000s | Q1 ¹ | Q4 ¹ | Q3 ¹ | Q2 ¹ | Q1 ¹ | Q4 ² | Q3 ² | Q2 ² |
| Order intake | | | | | | | | |
| Total order intake | 300,018 | 277,217 | 196,793 | 370,612 | 201,617 | 294,889 | 175,712 | 206,176 |
| Income statement | | | | | | | | |
| Net sales | 208,889 | 234,499 | 144,349 | 189,658 | 173,078 | 219,443 | 150,479 | 141,039 |
| Sales change, % | 20.7 | 6.9 | -4.1 | 63.1 | 49.0 | 7.0 | 34.7 | -0.4 |
| Operating profit/loss | 51,557 | 22,468 | -6,345 | 28,809 | 23,237 | 41,673 | 12,421 | 26,258 |
| Operating margin, % | 24.7 | 9.6 | -4.4 | 15.2 | 13.4 | 19.0 | 8.3 | 18.6 |
| Profit/loss for the period | 40,462 | 18,937 | -7,525 | 21,833 | 17,166 | 32,649 | 13,500 | 20,595 |
| Net margin, % | 19.4 | 8.1 | -5.2 | 11.5 | 9.9 | 14.9 | 9.0 | 14.6 |
| Cash flow | | | | | | | | |
| Operating activities | 66,074 | 81,139 | 51,761 | 136,938 | 50,307 | 120,614 | -12,883 | 14,720 |
| Investing activities | -60,214 | -60,992 | -48,568 | -57,067 | -45,419 | -73,258 | -43,298 | -64,003 |
| Financing activities | -10,104 | -12,370 | -16,668 | -75,740 | -6,706 | 9,401 | 39,150 | -979 |
| Cash flow for the period | -4,244 | 7,777 | -13,475 | 4,131 | -1,818 | 56,756 | -17,031 | -50,262 |
| Capital structure | | | | | | | | |
| Equity/assets ratio, % | 55.8 | 55.8 | 55.6 | 55.9 | 52.0 | 59.5 | 59.9 | 61.4 |
| Net debt | 73,231 | 56,869 | 77,991 | 92,024 | 181,649 | 19,300 | 69,105 | 13,595 |
| Debt/equity ratio | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 | 0.0 | 0.1 | 0.0 |
| Net debt/EBITDA | 0.3 | 0.2 | 0.3 | 0.4 | 0.8 | 0.1 | 0.3 | 0.1 |
| Per share data, SEK | | | | | | | | |
| Earnings per share before dilution | 1.18 | 0.55 | -0.22 | 0.64 | 0.50 | 0.95 | 0.39 | 0.60 |
| Earnings per share after dilution | 1.18 | 0.55 | -0.22 | 0.64 | 0.50 | 0.95 | 0.39 | 0.60 |
| Equity per share | 21.79 | 20.58 | 20.03 | 20.25 | 19.62 | 19.18 | 18.23 | 17.84 |
| Share price at the end of the period | 57.6 | 107.20 | 160.70 | 132.60 | 103.70 | 96.50 | 122.30 | 105.00 |
| 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 | 386 | 331 | 317 | 306 | 299 | 293 | 286 | 280 |

GROUP, ROLLING 12 MONTHS

| AMOUNTS IN SEK 000s | Apr 2019- Mar 2020 ^{3,4} | Jan 2019- Dec 2019 ^{3,4} | Oct 2018- Sep 2019 ^{3,4} | Jul 2018- Jun 2019 ^{3,4} | Apr 2018- Mar 2019 ^{3,4} | Jan 2018- Dec 2018 ^{3,4} | Oct 2017- Sep 2018 ^{3,4} | Jul 2017- Jun 2018 ^{3,4} |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Order intake | | | | | | | | |
| Total order intake | 1,144,639 | 1,046,238 | 1,063,910 | 1,042,829 | 878,393 | 805,210 | 749,440 | 707,538 |
| Income statement | | | | | | | | |
| Net sales | 777,395 | 741,584 | 726,528 | 732,658 | 684,039 | 627,218 | 612,736 | 573,960 |
| Operating profit | 96,489 | 68,169 | 87,374 | 106,140 | 103,589 | 94,460 | 151,485 | 139,730 |
| Operating margin, % | 12.4 | 9.2 | 12.0 | 14.5 | 15.1 | 15.1 | 24.7 | 24.3 |
| Cash flow | | | | | | | | |
| Cash flow | -5,811 | -3,385 | 45,594 | 42,038 | -12,355 | 1,804 | -20,346 | -2,083 |
| Cash flow adjusted for repayment of bank loans | 69,189 | 71,615 | 120,594 | 67,038 | -62,355 | -48,196 | -95,346 | -37,083 |

¹ IFRS 16 compliance.² IAS 17 compliance.³ IFRS 15 compliance as of 2018, and IAS 18 compliance in the remaining quarters.⁴ IFRS 16 compliance as of 2019, and IAS 17 compliance in the remaining quarters.

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 (transaction price) 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, meaning remaining performance obligations. | The order backlog shows the value of orders already booked by RaySearch that will be converted to revenue in the future. |
| Net sales/Order intake | Recognized net sales in relation to total order intake during the corresponding period | The measurement is used to monitor the recognized revenue in relation to sales, which is part of the reason for the change in order backlog. |
| Sales change | 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 |
| Change in organic sales | Change in growth excluding currency effects | This measure is used to monitor underlying sales change driven by alterations 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 |
| Cash flow adjusted for changes in bank loans | Cash flow for the period less cash flow from changes to bank loans | The measurement shows the underlying cash flow before financing activities, but including amortization of lease liabilities. |
| Equity per share | Equity divided by number of shares at the end of the period | The measurement shows the return generated on the owners' invested capital per share |
| 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 current/long-term 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 |
| Equity/assets ratio and net debt excluding IFRS 16 | Equity/assets ratio and net debt adjusted for right-of-use assets and lease liabilities | Shows measurements made according to IAS 17 instead of IFRS 16 for comparability with earlier periods. |
| 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 |
| EBITDA | Operating profit before financial items, tax, depreciation/amortization and impairment | The measurement is a way to evaluate the result without taking into consideration financial decisions or taxes |
| 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 | Mar 31, 2020 | Mar 31, 2019 | Dec 31, 2019 |
|---|---------------------------------------|---------------------------------------|--------------------------------|
| Working capital | | | |
| Accounts receivable (current billed customer receivables) | 261,288 | 232,043 | 194,752 |
| Current unbilled customer receivables | 161,817 | 204,102 | 191,064 |
| Long-term unbilled customer receivables | 15,748 | 19,450 | 20,370 |
| Inventories | 7,828 | 2,931 | 4,623 |
| Other current receivables (excl. tax) | 53,393 | 42,526 | 54,334 |
| Accounts payable | -21,463 | -30,016 | -33,202 |
| Other current liabilities (excl. tax) | -265,280 | -218,148 | -238,885 |
| Working capital | 213,331 | 252,888 | 193,056 |
| AMOUNTS IN SEK 000s | Mar 31, 2020 | Mar 31, 2019 | Dec 31, 2019 |
| Net debt | | | |
| Current interest-bearing liabilities | 97,840 | 154,341 | 84,931 |
| Long-term interest-bearing liabilities | 88,051 | 140,480 | 85,796 |
| Cash and cash equivalents | -112,660 | -113,172 | -113,858 |
| Net debt | 73,231 | 181,649 | 56,869 |
| AMOUNTS IN SEK 000s | April 2019 - Mar 2020 ¹ | April 2018 - Mar 2019 ¹ | Full-year 2019 ¹ |
| EBITDA | | | |
| Operating profit | 96,489 | 103,589 | 68,169 |
| Amortization and depreciation | 189,777 | 130,946 | 182,497 |
| EBITDA | 286,266 | 234,535 | 250,666 |
| ORGANIC GROWTH | April 2019 - Mar 2020 | April 2018 - Mar 2019 | Full-year 2019 |
| Net sales | 777,395 | 684,039 | 741,584 |
| Currency adjustment | -37,820 | -16,981 | -40,106 |
| Adjusted Net sales | 739,575 | 667,058 | 701,478 |
| Net sales, preceding year. | 684,039 | 574,555 | 627,218 |
| Organic growth | 8.1% | 16.1% | 11.8% |

¹ IFRS 16 compliance as of 2019, and IAS 17 in the preceding period.

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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. The company is also developing a new treatment control system, RayCommand, as well as RayIntelligence, a range of data-based machine learning products, which are preliminarily expected to be launched in December 2020. 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. All software systems are developed at RaySearch's head office in Stockholm, and distributed and supported by the company's global marketing organization.