

“The year started on a strong note for RaySearch: in the first quarter, order intake rose 57 percent and net sales rose 49 percent”

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

THE QUARTER IN BRIEF

In the first quarter of 2019, order intake rose 57 percent to SEK 202 M [128]. Net sales rose 49 percent to SEK 173 M [116] and the operating margin increased to 13 percent [12].

FIRST QUARTER (JANUARY-MARCH 2019)

- Net sales SEK 173.1 M [116.3], of which revenue from RayStation®/RayCare® SEK 163.1 M [104.2]
- Profit after tax SEK 17.2 M [11.8], and earnings per share before/after dilution SEK 0.50 [0.34]
- Operating profit SEK 23.2 M [14.1]
- Cash flow SEK -1.8 M [12.3]
- Net sales SEK 201.6 M [128.4], of which RayStation®/RayCare®/RayCommand® SEK 194.1 M [118.3]
- Order backlog SEK 876.9 M [642.5] at the end of the period, of which RayStation®/RayCare®/RayCommand® SEK 828.8 M [586.9]

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- RayStation was selected by several leading cancer centers, including Oklahoma Proton Center and Hoag Memorial Hospital in the US, Velindre Cancer Center and Cambridge University Hospitals in the UK and Universitätsklinikum Düsseldorf in Germany. In addition, Provision Cancer Center in the US has expanded its existing RayStation installation.

NO SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

FINANCIAL SUMMARY

AMOUNTS IN SEK 000s	JAN-MAR		APR 2018-	FULL-YEAR
	2019 ¹	2018 ²	MAR 2019 ³	2018 ²
Net sales	173,078	116,257	684,039	627,218
Operating profit	23,237	14,108	103,589	94,460
Operating margin, %	13.4	12.1	15.1	15.1
Profit for the period	17,166	11,779	83,910	78,523
Earnings per share before/after dilution, SEK	0.50	0.34	2.45	2.29
Cash flow from operating activities	50,307	56,021	172,758	178,472
Cash flow before financing activities	4,888	12,955	-53,220	-45,153
Return on equity, %	2.6	2.2	13.3	12.7
Equity/assets ratio at the end of the period, %	52.0	63.5	52.0	59.5
Share price at the end of the period, SEK	103.7	123.0	103.7	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

A STRONG START TO THE YEAR

The year opened robustly for RaySearch. Order intake rose 57 percent and net sales 49 percent. Operating profit improved 65 percent and we noted a positive cash flow before financing activities. 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.

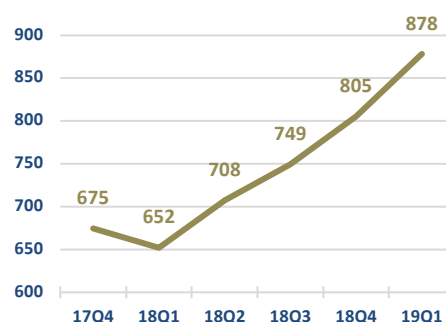
The UK is a prime example. Our treatment planning system, RayStation, is well known across the country as an industry leader in terms of efficiency and precision. Our market share is continuously growing due to the positive experience of these UK centers. RayStation is now used by nearly one third of all UK cancer centers. We are very pleased that an additional five UK cancer centers chose RayStation in the first quarter of the year and we are looking forward

to welcoming more as we move forward.

GROWING INTEREST FROM THE US

Our efforts in the UK indicate that our success 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 offensive 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 a 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. Our goal is that our intensive dialogues with a large number of cancer centers will start to generate positive financial results in the second half of 2019.

ORDER INTAKE
(SEK M, rolling 12 months)



THE DEVELOPMENT OF RAYCARE CONTINUES

RaySearch has always been a constantly evolving company and that applies even more now. In 2018, we increased our pace with two annual updates of RayStation, instead of one. A new chapter commenced when RayCare, our innovative oncology information system, was put into clinical use for the first time. Our strong development activities will continue unabated in 2019. For example, we will be adding more functionality to RayCare, some of which has already been presented and well-received at the ESTRO congress in Milan, Italy, at the end of April. RayCare is already the leading system 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, May 9, 2019

Johan Löf

CEO of RaySearch Laboratories AB (publ)

FINANCIAL INFORMATION

ORDER INTAKE

In the first quarter of 2019, order intake rose 57.0 percent to SEK 201.6 M [128.4], of which order intake for RayStation, RayCare and RayCommand rose 64.1 percent to SEK 194.1 M [118.3].

Order intake (amounts in SEK M)	Q1-19	Q4-18	Q3-18	Q2-18	Q1-18	Rolling 12 months	Full-year 2018
Licenses	101.7	197.4	105.6	122.3	82.8	526.9	508.0
Hardware	24.2	16.5	19.6	15.4	11.1	75.7	62.6
Support (incl. warranty support)	70.9	73.5	45.9	62.4	31.8	252.2	213.2
Training and other	4.9	8.0	4.6	6.1	2.8	23.5	21.4
Total order intake	201.6	294.9	175.7	206.2	128.4	878.4	805.2
Order backlog (amounts in SEK M)	Q1-19	Q4-18	Q3-18	Q2-18	Q1-18		
Licenses	74.9	69.9	30.8	25.8	12.1		
Hardware	27.0	32.7	34.7	32.6	22.5		
Support (incl. warranty support)	742.5	697.3	652.8	644.5	593.7		
Training and other	32.5	28.1	22.1	20.7	14.1		
Total order backlog at the end of the period	876.9	828.0	740.4	723.5	642.5		

At March 31, 2019, the total order backlog amounted to SEK 876.9 M (642.5), which is expected to generate revenue of approximately SEK 300 M over the next 12 months.

REVENUE

In the first quarter of 2019, net sales rose 48.9 percent to SEK 173.1 M [116.3]. The improvement was mainly due to higher support revenue and license sales for RayStation, increased hardware sales and positive currency effects. Organic sales growth was 41.9 (-3.2) 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 nearly half of the increase in support revenue from RayStation during the first quarter compared with the year-earlier period.

Revenue (amounts in SEK M)	Q1-19	Q4-18	Q3-18	Q2-18	Q1-18	Rolling 12 months	Full-year 2018
License revenue – RayStation/RayCare	92.3	147.3	89.4	99.8	75.0	428.5	411.5
License revenue – Partners	6.9	10.6	9.8	9.2	9.2	36.5	38.8
Hardware revenue	30.0	18.6	16.7	7.3	11.0	72.6	53.6
Support revenue – RayStation	38.6	37.5	28.8	21.3	16.8	126.4	104.4
Support revenue – Partners	3.1	2.6	2.8	2.6	2.9	11.2	10.9
Training and other revenue – RayStation	2.2	2.8	2.9	0.8	1.4	8.7	7.9
Net sales	173.1	219.4	150.5	141.0	116.3	684.0	627.2
Sales growth, corresp. period, %	48.9%	7.1%	34.7%	-0.4%	-8.3%	19.1%	7.2%
Organic sales growth, corresp. period, %	41.9%	4.3%	27.5%	-0.7%	-3.2%	16.1%	5.8%

Reported net sales accounted for 86 percent (91) of total order intake in the first quarter.

In the first quarter, net sales had the following geographic distribution: North America, 40 percent (53); Asia, 3 percent (8); Europe and the rest of the world 57 percent (39).

License revenue for RayStation rose 23 percent to SEK 92.3 M (75.0). Recurring support revenue rose 114 percent to SEK 41.8 M (19.5), accounting for 24.1 percent (16.8) of net sales in the first quarter. Hardware sales, which have a limited profit margin, rose 172 percent to SEK 30.0 M (11.0). Excluding hardware sales, sales rose 36 percent.

Revenue from sales of software modules via partners declined 18 percent to SEK 11.0 M (12.1), representing 6 percent (9) of net sales.

OPERATING PROFIT

In the first quarter of 2019, operating profit increased to SEK 23.2 M [14.1], representing an operating margin of 13.4 percent [12.1]. The earnings improvement was mainly due to increased support revenue and license sales for RayStation, and positive currency effects.

In the first quarter, operating expenses increased 46.7 percent to SEK 149.8 M [102.1]. This was largely due to increased cost of hardware sold and increased number of employees, but also higher costs for premises and depreciation. During the quarter, a provision of SEK 3.8 M was also set aside for anticipated credit losses.

Due to the application of IFRS 16 *Leases* on January 1, 2019, operating profit was impacted by a decline in operating lease charges and increased depreciation. In the first quarter of 2019, IFRS 16 had a positive impact of SEK 0.7 M on operating profit.

Other operating income and expenses pertain to exchange-rate gains and losses. In the first quarter 2019, the net of these exchange-rate gains and losses amounted to SEK 10.5 M [6.4] since 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 effects, operating expenses would have increased 45.6 percent in the first quarter of 2019.

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 41.9 percent in the first quarter of 2019, compared with the year-on-year period. In addition, the company also had exchange-rate gains of SEK 10.5 M [6.4] for balance sheet items in the first quarter.

Currency effects therefore had a positive impact on net sales and operating profit in the first 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 3.5 M, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 1.5 M in the first quarter of 2019.

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, 2019, some 153 employees [146] were engaged in research and development, corresponding to 50 percent [53] of the total number of employees.

Capitalization of development costs	Q1-19	Q4-18	Q3-18	Q2-18	Q1-18	Rolling 12 months	Full-year 2018
Research and development costs	50.3	55.4	42.8	53.4	50.4	202.0	202.0
Capitalization of development costs	-38.2	-40.5	-31.5	-39.2	-38.7	-149.3	-149.9
Amortization of capitalized development costs	26.8	25.5	25.0	22.0	23.1	99.3	95.6
Research and development costs after adjustments for capitalization and amortization of development costs	39.0	40.4	36.3	36.2	34.8	151.9	147.7

In the first quarter of 2019, research and development costs decreased 0.1 percent to SEK 50.3 M [50.4], corresponding to 29 percent [43] of the company's net sales. The decrease was largely attributable to fewer consultants for RayCare. Development costs of SEK 38.2 M [38.7] were capitalized, corresponding to 76 percent [77] of total research and development costs. Amortization of capitalized development costs rose 15.9 percent to SEK 26.8 M [23.1], 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 12.1 percent to SEK 39.0 M [34.8].

Amortization and depreciation

In the first quarter of 2019, total amortization and depreciation increased 67.1 percent to SEK 42.8 M [25.6], of which amortization of intangible fixed assets accounted for SEK 26.8 M [23.1], mainly related to capitalized development costs.

Depreciation of tangible fixed assets increased to SEK 16.0 M [2.5], primarily due to the company's investments in new offices, but also the application of IFRS 16.

PROFIT AND EARNINGS PER SHARE

In the first quarter of 2019, profit after tax was SEK 17.2 M [11.8], corresponding to earnings per share of SEK 0.50 [0.34] before and after dilution.

Tax expense for the quarter was SEK -4.6 M [expense: -2.1], corresponding to an effective tax rate of 21.3 percent [15.0].

CASH FLOW AND LIQUIDITY

In the first quarter of 2019, cash flow from operating activities was SEK 50.3 M [56.0]. The decline was mainly attributable to a marginal increase in working capital due to the sharp sales growth this year, while working capital declined sharply in the preceding year. 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 67 percent [68] of net sales over the past 12 months, and working capital for 37 percent [46] of net sales during the same period.

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 -45.4 M [-43.1]. Investments in intangible fixed assets amounted to SEK 38.2 M [38.8], mainly comprising capitalized development costs for RayStation and RayCare. Investments in tangible fixed assets amounted to SEK 7.3 M [4.3], mainly comprising investments in the company's new offices in North America.

In the first quarter, cash flow before financing activities was SEK 4.9 M [13.0].

Cash flow from financing activities amounted to SEK -6.7 M [-0.6] in the first quarter of 2019, mainly attributable to the new payment of lease liabilities under IFRS 16.

In the first quarter, cash flow for the period amounted to SEK -1.8 M [12.3]. At March 31, 2019, consolidated cash and cash equivalents was SEK 113.0 M [117.9].

FINANCIAL POSITION

At March 31, 2019, RaySearch's total assets amounted to SEK 1,293 M [933] and the equity/assets ratio was 52.0 percent [63.5]. 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 59.6 percent.

Current receivables amounted to SEK 508 M [431]. The receivables mainly comprised various types of customer receivables, and the increase was primarily due to more agreements including payment plans.

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 March 31, 2019, a short-term loan of SEK 124 M [74] was raised under the company's revolving loan facility and SEK 0 M [0] of the credit facility had been drawn.

At March 31, 2019, the Group's net debt amounted to SEK 181.6 M [-34.7]. 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 17.8 M.

EMPLOYEES

In the first quarter of 2019, the average number of employees in the Group was 299 [267]. At the end of the first quarter, the Group had 307 [273] employees, of whom 228 [213] were based in Sweden, and 79 [60] 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's current receivables mainly comprise receivables from Group companies and external customers.

SIGNIFICANT EVENTS DURING THE PERIOD

RayStation selected by several leading cancer centers

RayStation has been selected by several leading cancer centers, including Oklahoma Proton Center and Hoag Memorial Hospital in the US, Velindre Cancer Center and Cambridge University Hospitals in the UK and Universitätsklinikum Düsseldorf in Germany. In addition, Provision Cancer Center in the US has expanded its existing RayStation installation.

THE COMPANY'S SHARE

At March 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 was SEK 0.50 and the company's share capital amounted 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 March 31, 2019, the total number of votes in RaySearch was 110,377,548.

SHARE OWNERSHIP

At March 31, 2019, the number of shareholders in RaySearch was 7,045, 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
OppenheimerFunds	0	4,331,895	4,331,895	12.6	3.9
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
Montanaro Funds	0	1,295,000	1,295,000	3.8	1.2
Carl Filip Bergendal	1,061,577	144,920	1,206,497	3.5	9.7
Second AP Fund	0	588,731	588,731	1.7	0.5
Nordnet Pension	0	566,441	566,441	1.7	0.5
Total, 10 largest shareholders	8,454,822	13,362,828	21,817,650	63.6	88.7
Others	153	12,464,970	12,465,123	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

2019 ANNUAL GENERAL MEETING

The Annual General Meeting of RaySearch Laboratories AB (publ) will be held on May 21, 2019 at 6:00 p.m. at the company's office on Sveavägen 44, Stockholm, Sweden. Light refreshments will be served from 5:00 p.m. when registration begins.

Proposed resolutions

Shareholders representing approximately 67 percent of the total number of votes propose that Board members Carl Filip Bergendal, Johan Löf, Britta Wallgren, Hans Wigzell and Johanna Öberg be reelected, that Lars Wollung be elected new Board member, and that Lars Wollung be elected Chairman of the Board. Full details of the proposed resolutions are available on the company's website, www.raysearchlabs.com.

Dividends

Since the company is in the midst of an expansive and capital-intensive phase, the Board of RaySearch proposes that no dividend 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, 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.

Stockholm, May 9, 2019

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 9, 2019 at 7:45 a.m. CET.

TELECONFERENCE

CEO Johan Löf and CFO Peter Thysell will present RaySearch's interim report for January-March 2019 at a teleconference on Thursday May 9, 2019 at 10:00-10:30 p.m. CET.

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

2019 Annual General Meeting	May 21, 2019
Interim report for the first six months, 2019	August 20, 2019
Interim report for the third quarter, 2019	November 14, 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000s		JAN-MAR		APR 2018-	FULL-YEAR
	Note	2019	2018	MAR 2019	2018
Net sales	2.3	173,078	116,257	684,039	627,218
Cost of goods sold ¹		-26,564	-9,464	-73,124	-56,024
Gross profit		146,514	106,793	610,915	571,194
Other operating income		12,925	7,611	40,705	35,391
Selling expenses		-72,170	-45,455	-288,626	-261,911
Administrative expenses		-22,632	-18,885	-95,730	-91,983
Research and development costs		-38,961	-34,766	-151,886	-147,691
Other operating expenses		-2,439	-1,190	-11,789	-10,540
Operating profit		23,237	14,108	103,589	94,460
Loss from financial items		-1,425	-248	-4,873	-3,696
Profit before tax		21,812	13,860	98,716	90,764
Tax		-4,646	-2,081	-14,806	-12,241
Profit for the period²		17,166	11,779	83,910	78,523
OTHER COMPREHENSIVE INCOME					
Items to be reclassified to profit or loss					
Translation difference of foreign operations for the period		-77	127	-1,699	-1,495
Comprehensive income for the period²		17,089	11,906	82,211	77,028
Earnings per share before and after dilution (SEK)		0.50	0.34	2.45	2.29

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

² Wholly (100%) attributable to Parent Company shareholders.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000s		JAN-MAR		FULL-YEAR
		2019	2018	2018
Opening balance		657,453	580,425	580,425
Profit for the period		17,166	11,779	78,523
Effect of IFRS 16		-1,963	-	-
Translation difference for the period		-77	127	-1,495
Closing balance		672,579	592,331	657,453

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000s	Note	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS				
Intangible fixed assets		388,683	338,211	377,341
Tangible fixed assets	1.2	254,622	37,892	93,081
Deferred tax assets		7,926	780	7,408
Other long-term receivables		19,786	7,169	23,454
Total fixed assets		671,017	384,052	501,284
Inventories		2,931	921	9,617
Current receivables		505,495	430,606	482,323
Cash and cash equivalents		113,172	117,871	112,198
Total current assets		621,598	549,398	604,138
TOTAL ASSETS		1,292,615	933,450	1,105,422
EQUITY AND LIABILITIES				
Equity	2	672,579	592,331	657,453
Deferred tax liabilities		106,093	95,859	103,954
Long-term liabilities to credit institutions	1.2	140,480	9,037	7,215
Accounts payable		30,016	22,700	32,366
Current liabilities to credit institutions	1.2	124,383	74,133	124,283
Other current liabilities	2	219,064	139,390	180,151
TOTAL EQUITY AND LIABILITIES		1,292,615	933,450	1,105,422

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000s		JAN-MAR		FULL-YEAR
	Note	2019	2018	2018
Profit before tax		21,812	13,860	90,764
Adjusted for non-cash items ¹⁾		35,005	20,332	91,475
Taxes paid		-5,189	-20,652	-40,922
Cash flow from operating activities before changes in working capital		51,628	13,540	141,317
Cash flow from changes in working capital		-1,321	42,481	37,155
Cash flow from operating activities		50,307	56,021	178,472
Cash flow from investing activities		-45,419	-43,066	-223,625
Cash flow from financing activities		-6,706	-614	46,958
Cash flow for the period		-1,818	12,341	1,805
Cash and cash equivalents at the beginning of the period		112,198	104,156	104,156
Exchange-rate difference in cash and cash equivalents		2,793	1,374	6,237
Cash and cash equivalents at the end of the period		113,172	117,871	112,198

¹⁾ These amounts mainly include amortization of capitalized development costs.

PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000s	Note	JAN-MAR		FULL-YEAR
		2019	2018	2018
Net sales		125,925	89,108	466,157
Cost of goods sold		-17,734	-4,011	-26,006
Gross profit		108,191	85,097	440,151
Other operating income		12,917	7,611	35,090
Selling expenses		-39,531	-27,444	-153,986
Administrative expenses		-22,448	-18,840	-91,824
Research and development costs		-50,483	-50,380	-202,007
Other operating expenses		-1,486	-1,189	-10,197
Operating profit/loss		7,160	-5,145	17,227
Profit/loss from financial items		762	-127	3,858
Profit/loss after financial items		7,922	-5,272	21,085
Appropriations		0	-	-12,739
Profit/loss before tax		7,922	-5,272	8,346
Tax on profit for the period		-1,792	-	-4,637
Profit/loss for the period		6,130	-5,272	3,709

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000s	JAN-MAR		FULL-YEAR
	2019	2018	2018
Profit/loss for the period	6,130	-5,272	3,709
Other comprehensive income	-	-	-
Comprehensive income for the period	6,130	-5,272	3,709

PARENT COMPANY BALANCE SHEET IN SUMMARY

AMOUNTS IN SEK 000s	Note	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS				
Intangible fixed assets		406	-	427
Tangible fixed assets		38,672	24,486	38,023
Shares and participations		1,911	1,046	1,772
Deferred tax assets		3,132	780	3,132
Long-term receivables from Group companies		147,812	-	152,507
Other long-term receivables		12,632	6,997	16,665
Total fixed assets		204,565	33,309	212,526
Inventories		44	921	763
Current receivables		395,439	437,839	404,661
Cash and bank balances		59,010	53,050	9,375
Total current assets		454,493	491,810	414,799
TOTAL ASSETS		659,058	526,119	627,325
EQUITY AND LIABILITIES				
Equity		281,893	266,783	275,763
Untaxed reserves		110,248	97,510	110,248
Accounts payable		27,165	25,635	21,308
Current liabilities to credit institutions		124,383	74,133	124,283
Other current liabilities		115,369	62,058	95,723
TOTAL EQUITY AND LIABILITIES		659,058	526,119	627,325

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. 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 will, in turn, impact numerous financial performance measures and key figures, such as EBITDA, operating profit, net financial items, shareholders' equity, return on equity and net debt. RaySearch has elected to apply the standard's modified retrospective method, which means that no comparative figures will be restated. The lease liability is measured at the present value of the lease payments over the remaining lease term, and the right-of-use asset for all contracts equals 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 140 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 financial liabilities and current financial liabilities. A summary of opening lease liabilities is presented in the table below:

AMOUNTS IN SEK 000s	Jan 1, 2019
Operating lease commitments at December 31, 2018	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.

The recorded right-of-use assets and leasing liability have changed in the following manner during the period:

BELOPP I KSEK	RIGHT-OF-USE ASSETS			LEASING LIABILITY
	Premises	Other	Total	
Opening balance 1 January 2019	160 003	12 966	172 969	-174 708
Additional agreements	379	-	379	-354
Depreciations [-]	-8 149	-2 046	-10 195	-
Translation difference for the period	2 783	38	2 821	-2 950
Interest expense [-]	-	-	-	-1 046
Paid leasing fees [+]	-	-	-	8 613
Outgoing balance 31 March 2019	155 016	10 958	165 974	-170 446

NOTE 2 IMPACT OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

IFRS 16 Leases

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
Amortization and 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	JAN-MAR 2019			JAN-MAR 2018		
	RayStation/RayCare	Partners	Total	RayStation/RayCare	Partners	Total
<u>Revenue by type</u>						
Licenses	92,251	6,856	99,107	75,012	9,244	84,256
Support	38,647	3,106	41,753	16,678	2,853	19,531
Hardware	30,015	0	30,015	11,024	-	11,024
Training and other	2,203	0	2,203	1,446	-	1,446
Total revenue from contracts with customers	163,116	9,962	173,078	104,160	12,097	116,257
<u>Revenue by geographic market</u>						
North America	68,830	0	68,830	54,901	6,376	61,277
APAC	15,755	911	16,666	8,199	952	9,151
Europe and rest of the world	78,531	9,051	87,582	41,060	4,769	45,829
Total revenue from contracts with customers	163,116	9,962	173,078	104,160	12,097	116,257
<u>Revenue by date for revenue recognition</u>						
Goods/services transferred at a point of time	122,266	6,856	129,122	86,036	9,244	95,280
Services transferred over time	40,850	3,106	43,956	18,124	2,853	20,977
Total revenue from contracts with customers	163,116	9,962	173,078	104,160	12,097	116,257

¹ Licenses and hardware

² 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 March 2019, the credit loss provision was SEK 19.1 M (6.2). During the quarter, the company's assessment of a few receivables changed and a new provision of SEK 3.8 M was added. Historically, the Group's credit losses have been limited. Since the company was founded in 2000, actual credit losses have amounted to 0.03 percent and provisions for probable credit losses have amounted 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	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Chattel mortgages	100,000	100,000	100,000
Guarantees	6,378	8,960	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. In the first quarter of 2019, these were repaid in full, totaling USD 1.2 M.

GROUP QUARTERLY OVERVIEW

	2019	2018				2017		
AMOUNTS IN SEK 000s	Q1 ^{1,4}	Q4 ¹	Q3 ¹	Q2 ¹	Q1 ¹	Q4 ²	Q3 ²	Q2 ²
Income statement								
Net sales	173,078	219,443	150,479	141,039	116,257	204,961	111,703	141,634
Sales growth, %	49	7.0	34.7	-0.4	-8.3	7.1	-11.2	19.0
Operating profit	23,237	41,673	12,421	26,258	14,108	98,698	666	26,839
Operating margin, %	13.4	19.0	8.3	18.6	12.1	48.2	0.6	18.9
Profit/loss for the period	17,166	32,649	13,500	20,595	11,779	72,289	-1,028	20,092
Net margin, %	9.9	14.9	9.0	14.6	10.1	35.3	-0.9	14.2
Cash flow								
Operating activities	50,307	120,614	-12,883	14,720	56,021	46,785	35,669	25,640
Investing activities	-45,419	-73,258	-43,298	-64,003	-43,066	-46,207	-33,412	-37,111
Cash flow before financing activities	4,888	47,356	-56,181	-49,283	12,955	578	2,257	-11,471
Financing activities	-6,706	9,401	39,150	-979	-614	34,028	-1,025	-2,239
Cash flow for the period	-1,818	56,756	-17,031	-50,262	12,341	34,606	1,232	-13,710
Capital structure								
Equity/assets ratio, %	52.0	59.5	59.9	61.4	63.5	63.4	67.2	67.1
Net debt	181,649	19,300	69,105	13,595	-34,701	-20,372	-20,062	-20,841
Debt/equity ratio	0.3	0.0	0.1	0.0	-0.1	0	0	0
Net debt/EBITDA	0.8	0.1	0.3	0.1	-0.2	-0.1	-0.1	-0.1
Per share data, SEK								
Earnings/loss per share before dilution	0.50	0.95	0.39	0.6	0.34	2.11	-0.03	0.59
Earnings/loss per share after dilution	0.50	0.95	0.39	0.6	0.34	2.11	-0.03	0.59
Equity per share	19.62	19.18	18.23	17.84	17.28	16.93	14.82	14.83
Share price at the end of the period	103.7	96.5	122.3	105	123	171	173.5	235.5
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	293	286	280	267	253	240	219

GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	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	Jul 2016- Jun 2017 ²
Income statement								
Net sales	684,039	627,218	612,736	573,960	574,555	585,086	571,480	585,507
Operating profit	103,589	94,460	151,485	139,730	140,311	159,669	161,220	199,019
Operating margin, %	15.1	15.1	24.7	24.3	24.4	27.3	28.2	34

¹ IFRS 15 compliance.

² IAS 18 compliance.

³ IFRS 15 compliance in 2018, and IAS 18 compliance in the remaining 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	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 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 repay its debts

CALCULATION OF FINANCIAL MEASURES NOT INCLUDED IN THE IFRS FRAMEWORK

AMOUNTS IN SEK 000s	Mar 31, 2019 ³	Mar 31, 2018	Dec 31, 2018
Working capital			
Accounts receivable (current billed customer receivables)	232,043	309,106	276,473
Current unbilled customer receivables	204,102	74,624	154,763
Long-term unbilled customer receivables	19,450	6,953	23,118
Inventories	2,931	921	9,617
Other current receivables (excl. tax)	42,526	36,518	30,385
Accounts payable	-30,016	-22,700	-32,366
Other current liabilities (excl. tax)	-218,148	-196,435	-179,802
Working capital	252,888	308,363	282,188

AMOUNTS IN SEK 000s	Mar 31, 2019 ³	Mar 31, 2018	Dec 31, 2018
Net debt			
Current interest-bearing liabilities	154,341	74,133	124,283
Long-term interest-bearing liabilities	140,480	9,037	7,215
Cash and cash equivalents	-113,172	-117,871	-112,198
Net debt	181,649	-34,701	19,300

AMOUNTS IN SEK 000s	Apr 2018- Mar 2019 ^{1,3}	Apr 2017- Mar 2018 ²	Full-year 2018 ¹
EBITDA			
Operating profit	103,589	140,311	94,461
Amortization and depreciation	130,946	78,696	113,844
EBITDA	234,535	219,007	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.