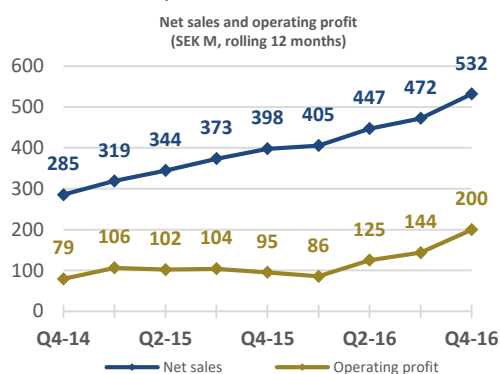


"A strong fourth quarter ended a new record year. In 2016, net sales rose 34 percent to SEK 531 M [398], of which revenues from RayStation® rose 58 percent to SEK 476 M [300], and operating profit rose 109 percent to SEK 200 M [95]. The development of RayCare® is continuing as planned", says Johan Löf, President and CEO of RaySearch.

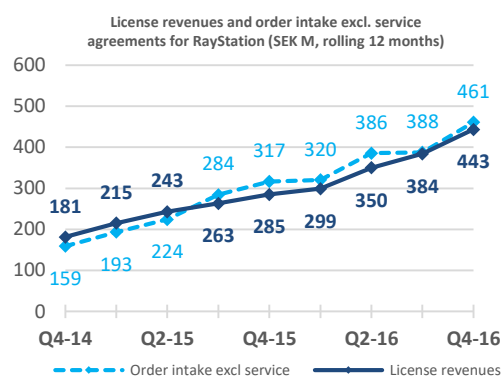
#### FOURTH QUARTER (OCTOBER-DECEMBER, 2016)

- Net sales SEK 191.4 M [132.0], of which revenues from RayStation SEK 174.8 M [109.4]
- Profit after tax SEK 75.9 M [33.3], and earnings per share before/after dilution SEK 2.21 [0.97]
- Operating profit SEK 100.2 M [44.3]
- Cash flow SEK 56.6 M [12.4]
- Order intake excl. service agreements SEK 189.0 M [117.9], of which RayStation SEK 176.3 M [102.9]
- Order backlog for RayStation was SEK 67.5 M [49.1] at the end of the period



#### TWELVE MONTHS (JANUARY-DECEMBER, 2016)

- Net sales SEK 531.5 M [397.6], of which revenues from RayStation SEK 476.0 M [300.4]
- Profit after tax SEK 151.4 M [70.2], and earnings per share before/after dilution SEK 4.42 [2.05]
- Operating profit SEK 200.0 M [95.3]
- Cash flow SEK 26.2 M [3.6]
- Order intake excl. service agreements SEK 501.1 M [385.2], of which RayStation SEK 461.0 M [316.9]
- The Board of Directors proposes that no dividend be paid for 2016



#### SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- RaySearch secured several major orders, including Chang Gung Memorial Hospital (Kaohsiung) in Taiwan and the University of Washington Medical Center, University of Wisconsin-Madison and University of Arizona Radiation Oncology (Tucson) in the US.
- Erik Hedlund resigned from his position as Chairman of the Board and left the Board on November 17, 2016. Carl Filip Bergendal was elected new Chairman until the Annual General Meeting on May 23, 2017.
- In December, 1,567,089 Class A shares were converted to Class B shares at the request of shareholders.

#### SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- RayStation 6 was launched\* and is the only treatment planning system that can create plans for both conventional linear accelerators and Accuray's TomoTherapy™ treatment system.
- University Health Network (UHN) in Canada exclusively licensed a new artificial intelligence (AI) technology for automated radiation therapy treatment planning (AutoPlanning) to RaySearch.
- RaySearch's CEO and founder, Johan Löf was named Sweden's foremost entrepreneur in the national final of the EY Entrepreneur of the Year competition.

#### FINANCIAL SUMMARY

AMOUNTS IN SEK 000S	OCT-DEC		JAN-DEC	
	2016	2015	2016	2015
Net sales	191,355	131,957	531,468	397,600
Operating profit	100,249	44,302	199,559	95,344
Operating margin, %	52.4	33.6	37.5	24.0
Profit for the period	75,924	33,311	151,408	70,209
Earnings per share before/after dilution, SEK	2.21	0.97	4.42	2.05
Cash flow from operating activities	73,866	41,224	120,848	111,426
Cash flow before financing activities	42,659	13,660	13,899	7,571
Return on equity, %	19.5	11.7	38.8	24.6
Equity/assets ratio, %, at the end of the period	64.2	65.9	64.2	65.9
Share price at the end of the period, SEK	184.50	122.50	184.50	122.50

\* Regulatory approval is required in some markets.



## CEO COMMENTS

### STRONG FOURTH QUARTER ENDED ANOTHER RECORD YEAR.

The fourth quarter was yet another strong period for RaySearch, and the full-year 2016 can be summarized as a new record year for the company. In the fourth quarter, order intake, excluding service agreements for RayStation, rose 71 percent to SEK 176 M [103], mainly driven by very strong order intake in North America. For the full-year 2016, order intake, excluding service agreements for RayStation, rose 45 percent to SEK 461 M [317].

RayStation is now firmly established in all major markets worldwide as the most advanced treatment planning system for radiation therapy with support for adaptive radiation therapy, automated workflows and unique multi-criteria optimization.

Another advantage for RayStation is that the system supports such a wide range of radiation therapy devices, more than any other treatment planning system. RayStation helps to improve the radiation therapy process and to extend the lifetime of therapy devices, which means they can be used more efficiently. This means that clinics that want to improve and develop their care are no longer dependent on buying the latest hardware, instead they can achieve similar, positive outcomes by choosing RayStation as their treatment planning system.

We are continuing to expand our global marketing organization and now have subsidiaries in the US, Canada, Germany, France, Belgium, the UK, Singapore, South Korea, Japan and China. Additional subsidiaries are under formation.

### INCREASED SALES AND STRONGLY IMPROVED PROFITS

During the quarter, revenues from RayStation increased 60 percent to SEK 175 M [110], while sales via partners declined to SEK 17 M [22]. Overall, net sales rose 45 percent to SEK 191 M [132] in the fourth quarter, and operating profit rose sharply to SEK 100 M [44]. For the full-year, net sales rose 34 percent to SEK 531 M [398] and operating profit to SEK 200 M [95], representing an operating margin of 38 percent [24]. During the fourth quarter, we have worked actively to improve our cash flow, which led to a positive cash flow for the quarter of SEK 57 M [12], and we will intensify this work during 2017.

### DEVELOPMENT OF RAYCARE CONTINUES AS PLANNED

RayCare is the next-generation oncology information system. When the system is launched in 2017, cancer clinics worldwide will gain access to a comprehensive information system covering the most important methods for cancer treatment – radiation therapy, chemotherapy and surgery. RayCare will be able to manage workflows and store information about a cancer patient's entire treatment plan, which offers new opportunities for data analysis and the evaluation of treatment outcomes. To ensure that we meet the needs of these clinics, our development activities are taking place in close collaboration with leading cancer clinics. We are currently collaborating with the University of California, San Francisco in the US, the University Medical Center Groningen in the Netherlands and the radiation therapy department of Iridium Kankernetwerk in Belgium, and we will sign additional long-term collaboration agreements with world-leading cancer clinics regarding RayCare. Solving the coordination, safety and efficiency needs of the world's largest cancer care providers is one of the most exciting challenges for us to date. Our partnership model provides excellent conditions for success, based on the vast clinical knowledge and resources of our partners combined with RaySearch's ability to develop innovative software solutions.

## CLEAR PLAN AND SOLID BASE FOR CONTINUED FOCUS

Our sales and earnings will continue to vary by quarter, since order intake and deliveries remain subject to relatively large fluctuations. However, I take great pleasure in confirming that our sales have now reached record year-on-year levels for 13 consecutive quarters. We also expect this growth to continue and that our recurring support revenues from RayStation will steadily increase. This provides a stable base for continued focus on both RayStation and RayCare.

To date, more than 380 cancer clinics in 26 countries have purchased RayStation. At the same time, there are more than 8,000 radiation therapy clinics worldwide and that number will undoubtedly grow over the next decade. The driving forces include rising cancer rates, growing awareness of the advantages of radiation therapy and major healthcare reforms in Asia. The market is therefore growing steadily, but we will continue growing at a considerably faster rate than the market. Our ambition is that at least 3,000 clinics have bought RayStation within a decade.

It is a privilege to lead a company like RaySearch. The drive and innovative spirit in this company is exceptional, and we have excellent prospects for succeeding with our joint mission – to continue the advancement of cancer care by developing innovative software solutions that save lives and improve the quality of life for cancer patients.

Stockholm, February 17, 2017

Johan Löf

President and CEO of RaySearch Laboratories AB [publ]

## FINANCIAL INFORMATION

### ORDER INTAKE

In the fourth quarter of 2016, order intake, excluding service agreements, rose 60.3 percent to SEK 189.0 M [117.9], of which order intake, excluding service agreements for RayStation, rose 71.3 percent and amounted to SEK 176.3 M [102.9]. In the fourth quarter, we noted a particularly strong order intake in North America.

Order intake (amounts in SEK M)	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Full-year 2016	Full-year 2015
Order intake excl. service agreements – RayStation	102.9	72.6	120.8	91.2	176.3	461.0	316.9
Order intake excl. service agreements – Partners	15.0	9.3	8.3	9.8	12.7	40.1	68.3
<b>Total order intake excl. service agreements</b>	<b>117.9</b>	<b>81.9</b>	<b>129.1</b>	<b>101.1</b>	<b>189.0</b>	<b>501.1</b>	<b>385.2</b>
Order backlog for RayStation at the end of the period	49.1	47.1	65.2	55.5	67.6	67.6	49.1

For the full-year 2016, order intake, excluding service agreements, rose 30.1 percent to SEK 501.1 M [385.2], of which order intake, excluding service agreements for RayStation, rose 45.5 percent and amounted to SEK 461.0 M [316.9].

At December 31, 2016, the order backlog for RayStation was SEK 67.6 M [49.1].

### REVENUES

In the fourth quarter of 2016, net sales rose 45.0 percent and amounted to SEK 191.4 M [132.0]. Net sales consist of license revenues from sales of the RayStation treatment planning system, sales of software modules via partners, and support revenues. The increase in net sales was largely a result of sharply increased revenues from RayStation, which rose 59.6 percent and amounted to SEK 174.8 M [109.5]. In the fourth quarter, net sales had the following geographic distribution: North America, 50 percent [25]; Asia, 24 percent [31]; Europe and the rest of the world, 26 percent [44].

Revenues (amounts in SEK M)	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Full-year 2016	Full-year 2015
License revenues – RayStation	105.0	74.0	100.7	104.5	164.3	443.4	285.0
License revenues – Partners	15.0	9.3	8.3	9.8	12.7	40.1	68.3
Support revenues – RayStation	4.1	6.7	6.9	8.0	9.5	31.1	12.6
Support revenues – Partners	7.5	5.4	2.8	3.3	3.9	15.4	28.9
Training and other revenues – RayStation	0.4	0.1	0.3	0.1	1.0	1.5	2.8
<b>Net sales</b>	<b>132.0</b>	<b>95.4</b>	<b>119.0</b>	<b>125.7</b>	<b>191.4</b>	<b>531.5</b>	<b>397.6</b>
Sales growth, %, corresp. period	22.4%	8.7%	53.6%	25.0%	45.0%	33.7%	39.5%
Organic sales growth, %, corresp. period	14.5%	8.7%	55.4%	24.0%	39.2%	31.6%	32.9%

For the full-year 2016, net sales rose 33.7 percent to SEK 531.5 M [397.6], of which revenues from RayStation increased 58.4 percent and amounted to SEK 476.0 M [300.4].

In 2016, 23 percent [24] of license revenues from RayStation was generated by existing customers. Recurring support revenues from RayStation rose 147 percent to SEK 31.1 M [12.6], representing 6.5 percent [4.2] of total revenues from RayStation.

Revenues from sales of software modules via partners declined 43 percent to SEK 55.5 M [97.2], therefore representing only 10.4 percent [24.4] of net sales for 2016.

For the full-year 2016, net sales had the following geographic distribution: North America, 42 percent [41]; Asia, 15 percent [22]; Europe and the rest of the world, 43 percent [37].

## OPERATING PROFIT

In the fourth quarter of 2016, operating profit increased to SEK 100.2 M (44.3), representing an operating margin of 52.4 percent (33.6). The earnings increase was mainly due to sharply increased sales of RayStation.

Other operating income and expenses pertained to exchange-rate gains and losses with the net of these, in the fourth quarter of 2016, amounting to a gain of SEK 7.9 M (loss: 1.2). The increase was mainly due to the large proportion of accounts receivable denominated in USD and EUR, both of which strengthened in the fourth quarter compared with the end of the third quarter.

For the full-year 2016, operating profit increased to SEK 199.6 M (95.3), representing an operating margin of 37.5 percent (24.0). RaySearch is continuing to expand its global marketing organization, which has led to higher costs for marketing and for personnel in sales, service and administration, however this cost increase has been more than offset by increased sales in 2016.

### Currency effects

The company is impacted by exchange-rate trends in the USD and EUR against the SEK, since invoicing is mainly denominated in USD and EUR, while most costs are in SEK. At unchanged exchange rates, organic sales growth was 39.2 percent in the fourth quarter and 31.6 percent for the full-year 2016, compared with the year-earlier period. Currency effects therefore had a positive effect on net sales and operating profit in the fourth quarter, and for the full-year 2016.

A sensitivity analysis of the currency exposure indicates that the impact of a +/-10 percent change in the USD exchange rate on operating profit in 2016 was +/- SEK 30.2 M, and that the corresponding effect of a +/-10 percent change in the EUR exchange rate was about +/- SEK 15.5 M. The company pursues the financial policy established by the Board of Directors, whereby exchange-rate changes are not hedged.

### Capitalization of development expenditure

At December 31, 2016, some 111 [100] employees were engaged in research and development. Research and development expenditure include payroll costs, consulting fees, computer equipment and premises. As of 2016, costs related to the quality department, patents, internal IT support and so forth, have been reallocated from the development department to central administration. Increased capitalization of development expenditure mainly pertained to RayCare, which according to plan will be launched in December 2017.

Capitalization of development expenditure	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Full-year 2016	Full-year 2015
Research and development expenditure	37.0	30.6	35.5	32.9	42.3	141.3	132.5
Capitalization of development expenditure	-28.6	-24.8	-25.7	-22.8	-31.0	-104.4	-81.0
Amortization of capitalized development expenditure	12.0	13.7	14.8	14.0	13.7	56.3	50.0
Research and development expenditure after adjustments for capitalization and amortization of development expenditure	20.4	19.5	24.6	24.1	25.0	93.2	101.5

Research and development expenditure for the year, before capitalization and amortization of development expenditure, totaled SEK 141.3 M (132.5). Capitalized development expenditure amounted to SEK 104.4 M (81.0) and amortization of capitalized development expenditure for the year amounted to SEK 56.3 M (50.0). After adjustments for capitalization and amortization of development expenditure, research and development expenditure totaled SEK 93.2 M (101.5).

### Amortization and depreciation

In the fourth quarter of 2016, total amortization and depreciation was SEK 16.5 M (14.3), of which amortization of intangible fixed assets accounted for SEK 13.7 M (12.0), primarily related to capitalized development expenditure, and depreciation of tangible fixed assets accounted for SEK 2.7 M (2.2).

Total amortization and depreciation in 2016 was SEK 67.3 M (56.5), of which amortization of intangible fixed assets accounted for SEK 56.3 M (50.0), mainly related to capitalized development expenditure, and depreciation of tangible fixed assets accounted for SEK 11.0 M (6.5).

## PROFIT/LOSS FOR THE PERIOD AND EARNINGS PER SHARE

In the fourth quarter of 2016, profit after tax totaled SEK 75.9 M [33.3], corresponding to earnings per share before and after dilution of SEK 2.21 [0.97]. Profit after tax for 2016 totaled SEK 151.4 M [70.2], corresponding to earnings per share before and after dilution of SEK 4.42 [2.05].

Tax expense for the year amounted to SEK 46.7 M [expense: 23.3], representing an effective tax rate of 23.6 percent [24.9].

## CASH FLOW AND LIQUIDITY

In the fourth quarter of 2016, cash flow from operating activities was SEK 73.9 M [41.2]. Strong earnings growth was offset by sharply increased working capital. The increase in working capital is largely attributable to the increase in accounts receivable due to strong sales growth during the quarter, and the high proportion of sales that occurred at the end of the period. However, accounts receivable rose significantly and accounted for 53 percent [42] of net sales at the end of the period. A number of measures were introduced to reduce the time from delivery to payment. For the full-year 2016, cash flow from operating activities was SEK 120.8 M [111.4].

In the fourth quarter, cash flow from investing activities was a negative SEK 31.2 M [neg: 27.6]. Investments in intangible fixed assets amounted to SEK -31.0 M [-28.6], comprising capitalized development expenditure attributable to RayStation and RayCare. Investments in tangible fixed assets amounted to SEK -1.2 M [-1.0], and a finance lease was used to fund an additional SEK -1.1 M.

For the full-year 2016, cash flow from investing activities was a negative SEK 106.9 M [neg: 103.9]. Investments in intangible fixed assets amounted to SEK -104.4 M [-81.0], comprising capitalized development expenditure. Investments in tangible fixed assets amounted to SEK -5.0 M [-35.7], and a finance lease was used to fund an additional SEK -2.5 M. Cash flow before financing activities was SEK 42.7 M [13.7] in the fourth quarter, and SEK 13.9 M [7.6] for the full-year 2016.

In the fourth quarter of 2016, cash flow from financing activities was SEK 13.9 M [neg: 1.2], mainly due to the company drawing an additional SEK 15 M of its revolving credit facility. For the full-year 2016, cash flow from financing activities was SEK 12.3 M [neg: 3.9].

Cash flow for the year was SEK 26.2 M [3.6] and at December 31, 2016, cash and cash equivalents amounted to SEK 87.7 M [59.7].

## FINANCIAL POSITION

At December 31, 2016, RaySearch's total assets amounted to SEK 717 M [484] and the equity/assets ratio was 64.2 percent [65.9].

At December 31, 2016, current receivables totaled SEK 347.9 M [187.8]. The receivables mainly comprised accounts receivable and the increase was largely due to sharply increased sales growth.

In September 2016, the company's credit facility was increased from SEK 50 M to SEK 100 M, whereby chattel mortgages increased to SEK 100 M. The credit facility matures in September 2019, and consists of an overdraft facility of SEK 25 M and a revolving credit facility of up to SEK 75 M. At December 31, 2016, SEK 50 M had been utilized under the terms of the revolving loan. Of the company's overdraft facility of SEK 25 M, SEK 17.7 M has been blocked as collateral for bank guarantees.

In 2014, the provision related to the settlement with Prowess was reclassified to a liability due to the signed agreement and the remaining debt of SEK 14.4 M [USD 1.6 M] was paid in October 2016.

## EMPLOYEES

At the end of the fourth quarter, the Group had 193 [175] employees, of whom 158 were based in Sweden, and 35 in foreign subsidiaries. The average number of employees during the January-December period of 2016 was 184 [157].

## 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. However, the capitalization of development expenditure and adjustments related to finance leases are recognized in the Group, but not in the Parent Company. The Parent Company's current receivables mainly comprise receivables from Group companies and accounts receivable.

## SIGNIFICANT EVENTS DURING THE PERIOD

### *RaySearch transferred to Mid Cap on Nasdaq Stockholm*

On January 4, 2016, the Class B RaySearch share (RAY B) was transferred from the Small Cap to the Mid Cap segment of Nasdaq Stockholm, following Nasdaq's annual review of Nordic market capitalization segments.

### *RayStation 5 launched, with support for carbon-ion treatment planning and more*

In February, it was announced that version 5 of the RayStation treatment planning system had been launched for clinical use in the UK, Australia and New Zealand, and will be launched in most major markets during the first half of 2016. At present, RayStation 5 is the only commercially available treatment planning system that offers support for carbon-ion therapy – the most advanced form of radiation therapy. RayStation 5 also offers several new features, such as robust optimization based on 4D-CT scans, and Plan Explorer – a treatment planning tool that combines automated treatment planning and high-performance algorithms with the ability to generate a range of delivery techniques in a manner that presents totally new opportunities for determining the most effective treatment for each patient.

### *Long-term collaborative agreement with the University of California, San Francisco, regarding RayCare*

In February, it was announced that RaySearch had signed a long-term collaborative agreement with the University of California, San Francisco (UCSF) regarding the RayCare oncology information system that RaySearch is developing. "UCSF is the perfect partner for this development. The university is a world-leading institution for cancer treatment, and also offers an extensive and diverse set of treatment devices and other systems, offering a challenging and ideal environment for the development of RayCare," says Johan Löf.

### *RayStation selected by a number of leading cancer clinics*

In 2016, several of the world's largest and most respected cancer clinics chose RayStation as their treatment planning system, including,

- The University of California, San Francisco (UCSF), which is significantly expanding its RayStation installation and transitioning to RayStation as its only treatment planning system for all linac-based therapies
- The Miami Cancer Institute, the first proton therapy center in South Florida
- The University of Washington Medical Center, University of Wisconsin-Madison and University of Arizona Radiation Oncology (Tucson) in the US, and others
- The Holland Particle Therapy Centre (HollandPTC), the first proton therapy center in the Netherlands
- The University Medical Center Groningen (UMCG) in the Netherlands, which has chosen RayStation for its new proton therapy center, and to replace the hospital's existing treatment planning system for radiation therapy using photons
- The UZ Leuven, UCL Saint-Luc and AZ Sint-Jan Brugge-Oostende AV in Belgium
- The Queen Elizabeth Hospital Birmingham in the UK
- Chang Gung Memorial Hospital in Kaohsiung in Taiwan
- Several new proton therapy centers in Japan, together with Mitsubishi Electric's proton therapy system.

### *Strategic alliance with IBA*

In September, it was announced that IBA and RaySearch, global leaders in proton therapy solutions and software for treatment planning, had signed a long-term strategic alliance to combine each of their technologies, and take adaptive radiation therapy using protons to the next level. As part of this partnership, the RayCare oncology information system, which is currently under development by RaySearch, will be adapted for optimal use together with IBA's proton therapy devices. In both RayStation and RayCare, as well as in IBA's proton therapy system, joint features, custom software interfaces and modified graphical user interfaces will enable seamless workflow integration for maximum performance. The result will be a complete, turnkey solution for all hardware and software needed to deliver a highly efficient and adaptive proton therapy treatment.

### *Expanded collaboration with Mevion*

In September, it was announced that RaySearch and Mevion would be expanding their collaboration to include the RayCare oncology information system, as well as the development of algorithms in order to fully benefit from the advanced functionality of the Mevion S250i proton therapy system with Adaptive Aperture technology.

### *Increased credit facility*

In September, an agreement was signed to increase the company's credit facility from SEK 50 M to SEK 100 M, whereby chattel mortgages increased to SEK 100 M. The credit facility matures in September 2019, and consists of an overdraft facility of SEK 25 M and a revolving credit facility of up to SEK 75 M.



*Changes to the Board of Directors*

In November, it was announced that Erik Hedlund would be resigning from his position as Chairman of the Board and he left the Board on November 17, 2016. Carl Filip Bergendal was elected new Chairman until the Annual General Meeting on May 23, 2017.

*Changes to RaySearch's Group management*

Victoria Sörving, General Counsel, left the company in September. Petra Jansson has been recruited and will become the new General Counsel by July 1, 2017 latest. Petra has most recently been employed as General Counsel at EKN, and prior to that she served as Deputy General Counsel at Gambro and worked at Mannheimer Swartling as a financial and transaction lawyer.

**SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD***RayStation 6 launched*

In January, it was announced that the latest version of RayStation had been launched, the only treatment planning system that can create plans for both conventional linear accelerators and Accuray's TomoTherapy™ treatment system. RayStation 6 also includes other significant new functionality, including a Monte Carlo pencil beam scanning (PBS) model for dose computation, PBS planning with block aperture computation, simultaneous optimization of multiple beamsets, MRI-based planning and automatic reset. Clinical support for TomoTherapy systems is pending final validation and will be included in a service pack to be released in the near future.

*New AI technology for automated treatment planning*

In February, it was announced that University Health Network (UHN) in Canada had exclusively licensed a new artificial intelligence (AI) technology for automated radiation therapy treatment planning (AutoPlanning) to RaySearch.

*Johan Löf named Sweden's most successful entrepreneur*

In February, RaySearch's CEO and founder, Johan Löf, was named Sweden's most successful entrepreneur in the Swedish final of the EY Entrepreneur of the Year program. The jury citation was: "Johan Löf has created a company that benefits both individuals and society. Advanced products and strong personal and commercial drive make his business stand out. Continued expansion is on the agenda for this entrepreneur, who improves quality of life for millions of people."

**THE COMPANY'S SHARE**

In 2016, 1,567,089 Class A shares were converted to Class B shares at the request of shareholders. At December 31, 2016, the total number of registered shares in RaySearch was 34,282,773, of which 8,694,975 are Class A and 25,587,798 Class B shares. The quotient value was SEK 0.50 per share and the company's share capital amounted to SEK 17,141,386.50. Each Class A share entitles the holder to 10 votes, and each Class B share to one vote, at a general meeting. At December 31, 2016, the total number of votes in RaySearch was 112,537,548.

**SHARE OWNERSHIP**

At December 31, 2016, the number of shareholders in RaySearch was 5,383 and, according to Euroclear, the largest shareholders were as follows:

Name	Class A shares	Class B shares	Total shareholding	Share capital, %	Votes, %
Johan Löf	6,243,084	618,393	6,861,477	20.0	56.0
Lannebo Funds	0	4,774,147	4,774,147	13.9	4.3
Montanaro funds	0	2,880,000	2,880,000	8.4	2.6
Second AP Fund	0	1,891,775	1,891,775	5.5	1.7
Erik Hedlund	0	1,695,788	1,695,788	5.0	1.5
Swedbank Robur Funds	0	1,511,702	1,511,702	4.4	1.3
First AP Fund	0	1,409,118	1,409,118	4.1	1.1
Anders Brahme	1,390,161	10,000	1,400,161	4.1	12.4
Carl Filip Bergendal	1,061,577	144,920	1,206,497	3.5	9.6
JPMorgan Chase (UK)	0	1,026,467	1,026,467	3.0	0.9
<b>Total, 10 largest shareholders</b>	<b>8,694,822</b>	<b>15,962,310</b>	<b>24,657,132</b>	<b>71.9</b>	<b>91.5</b>
Others	153	9,625,488	9,625,641	28.1	8.5
<b>Total</b>	<b>8,694,975</b>	<b>25,587,798</b>	<b>34,282,773</b>	<b>100</b>	<b>100</b>



## OTHER INFORMATION

### 2017 ANNUAL GENERAL MEETING

The 2017 Annual General Meeting of RaySearch Laboratories AB (publ) will be held at RaySearch's office, Sveavägen 44 in Stockholm, Sweden, on Tuesday, May 23, 2017 at 6:00 p.m.

Shareholders are entitled to have a matter addressed at the AGM by submitting a written request to the Board of Directors by March 31, 2017. Further information about registration for the AGM and the Board's proposed decision points will also be posted on the company's website when notice of the Annual General Meeting is given.

Notice of the 2017 AGM is expected to be published on the company's website around April 17, 2017. RaySearch's 2016 Annual Report is expected to be published on the company's website approximately one month prior to the AGM. A printed version of the Annual Report can be ordered from [ir@raysearchlabs.com](mailto:ir@raysearchlabs.com).

### *Proposed dividend*

Since the company is in the midst of an expansive and capital-intensive phase, the Board of Directors' for RaySearch proposes that no dividend be paid for 2016. A dividend of SEK 8.6 M, corresponding to SEK 0.25 per share, was paid for 2015.

### 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 and legal risk, as well as financial risk pertaining to exchange-rate fluctuations, liquidity and financing opportunities. Risk management at RaySearch 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 2015 Annual Report. For a more detailed description of RaySearch's risks and risk management, refer to pages 31-32 of the 2015 Annual Report.

### SEASONAL VARIATIONS

Revenues from RaySearch are subject to seasonal variations that are typical of the industry, whereby the fourth quarter is normally the strongest, while the second quarter is usually slightly weaker.

### ENVIRONMENT AND SUSTAINABILITY

RaySearch works actively to reduce its negative environmental impact and to become a sustainable company. The company's products, comprising software to improve radiation therapy for cancer treatment, have a limited negative impact on the environment. 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 financially viable. RaySearch has an established environmental policy, and promotes social responsibility and long-term sustainable development based on sound ethical, social and environmental principles.

## REVIEW

This year-end report has not been reviewed by the company's auditors.

Stockholm, February 17, 2017

The Board of Directors of RaySearch Laboratories AB (publ)

Carl Filip Bergendal  
*Chairman of the Board*

Johan Löf  
*President and Board member*

Hans Wigzell  
*Board member*

## FOR FURTHER INFORMATION, PLEASE CONTACT:

Johan Löf, President and CEO      Tel: +46 8 510 530 00  
Peter Thysell, CFO                      Tel: +46 70 661 05 59

Email: johan.lof@raysearchlabs.com  
Email: peter.thysell@raysearchlabs.com

*The information contained in the interim report is such that RaySearch Laboratories AB (publ) is obliged to disclose under the EU's Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on February 17, 2017 at 7:45 a.m. CET.*

## FINANCIAL CALENDAR

Interim report for the first quarter, 2017	May 19, 2017
2017 Annual General Meeting	May 23, 2017
Interim report for the first six months of 2017	August 24, 2017
Interim report for the third quarter, 2017	November 22, 2017

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000S	OCT-DEC		JAN-DEC	
	2016	2015	2016	2015
Net sales	191,355	131,957	531,468	397,600
Cost of goods sold <sup>1)</sup>	-13,725	-11,244	-26,872	-23,690
<b>Gross profit</b>	<b>177,630</b>	<b>120,713</b>	<b>504,596</b>	<b>373,910</b>
Other operating income	8,615	-	17,369	13,682
Selling expenses	-43,218	-41,568	-156,841	-138,360
Administrative expenses	-17,047	-13,226	-66,291	-43,240
Research and development expenditure	-25,047	-20,409	-93,207	-101,514
Other operating expenses	-684	-1,208	-6,067	-9,134
<b>Operating profit</b>	<b>100,249</b>	<b>44,302</b>	<b>199,559</b>	<b>95,344</b>
Result from financial items	-94	-174	-1,474	-1,854
<b>Profit before tax</b>	<b>100,155</b>	<b>44,128</b>	<b>198,085</b>	<b>93,490</b>
Tax	-24,231	-10,817	-46,677	-23,281
<b>Profit for the period<sup>2)</sup></b>	<b>75,924</b>	<b>33,311</b>	<b>151,408</b>	<b>70,209</b>
<b>Other comprehensive income</b>				
<b>Items to be reclassified to profit or loss</b>				
Translation difference of foreign operations for the period	-1,672	-239	-2,167	-2,240
<b>Comprehensive income for the period<sup>2)</sup></b>	<b>74,252</b>	<b>33,072</b>	<b>149,241</b>	<b>67,969</b>
Earnings per share before and after dilution (SEK)	2.21	0.97	4.42	2.05

<sup>1)</sup> Does not include amortization of capitalized development expenditure, which is included in research and development expenditure.

<sup>2)</sup> 100 percent attributable to Parent Company shareholders.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000S	OCT-DEC		JAN-DEC	
	2016	2015	2016	2015
Opening balance	385,936	286,445	319,517	251,548
Profit for the period	75,924	33,311	151,408	70,209
Translation difference for the period	-1,672	-239	-2,167	-2,240
Dividend paid	-	-	-8,570	-
Closing balance	460,188	319,517	460,188	319,517

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY**

AMOUNTS IN SEK 000S	DEC 31, 2016	DEC 31, 2015
<b>ASSETS</b>		
Intangible fixed assets	243,219	195,114
Tangible fixed assets	35,667	41,760
Deferred tax assets	512	57
Other long-term receivables	2,267	-
<b>Total fixed assets</b>	<b>281,665</b>	<b>236,931</b>
Current receivables	347,869	187,854
Cash and cash equivalents	87,720	59,705
<b>Total current assets</b>	<b>435,589</b>	<b>247,559</b>
<b>TOTAL</b>	<b>717,254</b>	<b>484,490</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	460,188	319,517
Deferred tax liabilities	70,601	51,349
Long-term liabilities	61,527	38,164
Accounts payable	11,943	9,514
Other current liabilities	112,995	65,946
<b>TOTAL</b>	<b>717,254</b>	<b>484,490</b>

**CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY**

AMOUNTS IN SEK 000S	OCT-DEC		JAN-DEC	
	2016	2015	2016	2015
Profit before tax	100,155	44,128	198,085	93,490
Adjusted for non-cash items <sup>1)</sup>	19,780	4,805	75,238	46,857
Taxes paid	-4,063	-2,924	-19,218	-13,595
<b>Cash flow from operating activities before changes in working capital</b>	<b>115,872</b>	<b>46,009</b>	<b>254,105</b>	<b>126,752</b>
Cash flow from changes in working capital	-42,006	-4,785	-133,257	-15,326
<b>Cash flow from operating activities</b>	<b>73,866</b>	<b>41,224</b>	<b>120,848</b>	<b>111,426</b>
Cash flow from investing activities	-31,207	-27,564	-106,949	-103,855
Cash flow from financing activities	13,940	-1,234	12,291	-3,946
<b>Cash flow for the period</b>	<b>56,599</b>	<b>12,426</b>	<b>26,190</b>	<b>3,625</b>
Cash and cash equivalents at the beginning of the period	29,837	47,577	59,705	56,085
Exchange-rate difference in cash and cash equivalents	1,284	-298	1,825	-5
<b>Cash and cash equivalents at the end of the period</b>	<b>87,720</b>	<b>59,705</b>	<b>87,720</b>	<b>59,705</b>

1) These amounts primarily include amortization of capitalized development expenditure.

## PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000S	OCT-DEC		JAN-DEC	
	2016	2015	2016	2015
Net sales	166,563	112,440	460,728	337,060
Cost of goods sold <sup>1)</sup>	-9,345	-4,131	-15,418	-12,040
<b>Gross profit</b>	<b>157,218</b>	<b>108,309</b>	<b>445,310</b>	<b>325,020</b>
Other operating income	8,615	-	17,369	13,682
Selling expenses	-25,953	-30,427	-106,745	-94,992
Administrative expenses	-17,263	-13,471	-67,178	-44,166
Research and development expenditure	-42,355	-36,972	-141,312	-132,547
Other operating expenses	-684	-1,208	-6,067	-9,134
<b>Operating profit</b>	<b>79,578</b>	<b>26,231</b>	<b>141,377</b>	<b>57,863</b>
Result from financial items	2,955	2,700	2,012	1,470
<b>Profit after financial items</b>	<b>82,533</b>	<b>28,931</b>	<b>143,389</b>	<b>59,333</b>
Appropriations	-40,144	-16,521	-40,144	-16,521
<b>Profit before tax</b>	<b>42,389</b>	<b>12,410</b>	<b>103,245</b>	<b>42,812</b>
Tax	-10,655	-2,930	-25,817	-10,217
<b>Profit for the period</b>	<b>31,734</b>	<b>9,480</b>	<b>77,428</b>	<b>32,595</b>

<sup>1)</sup> Does not include amortization of capitalized development expenditure, which is included in research and development expenditure.

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000S	OCT-DEC		JAN-DEC	
	2016	2015	2016	2015
Profit for the period	31,734	9,480	77,428	32,595
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>31,734</b>	<b>9,480</b>	<b>77,428</b>	<b>32,595</b>

**PARENT COMPANY BALANCE SHEET IN SUMMARY**

AMOUNTS IN SEK 000S	DEC 31, 2016	DEC 31, 2015
<b>ASSETS</b>		
Tangible fixed assets	21,316	26,272
Shares and participations	640	485
Deferred tax assets	512	57
Other long-term receivables	2,267	-
<b>Total fixed assets</b>	<b>24,735</b>	<b>26,814</b>
Current receivables	350,149	241,528
Cash and cash equivalents	66,984	25,831
<b>Total current assets</b>	<b>417,133</b>	<b>267,359</b>
<b>TOTAL</b>	<b>441,868</b>	<b>294,173</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	238,161	169,302
Untaxed reserves	77,695	37,551
Deferred tax liabilities	-	163
Long-term liabilities	50,000	25,000
Accounts payable	16,249	9,929
Other current liabilities	59,763	52,228
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>441,868</b>	<b>294,173</b>

## NOTES

### NOTE 1 ACCOUNTING POLICES

The RaySearch Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Swedish Financial Reporting Board's recommendation, RFR 1 Supplementary Accounting Rules for Corporate Groups, has also been applied. 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. The accounting policies applied are consistent with those described in the 2015 Annual Report for RaySearch Laboratories AB (publ), which is available on [www.raysearchlabs.com](http://www.raysearchlabs.com). New or revised IFRS reporting requirements for 2016 have not impacted RaySearch during the period. This year-end report in summary for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Swedish Annual Accounts Act.

### NOTE 2 ESTIMATES

Preparation of the year-end report requires that company management makes estimates that affect the carrying amounts of assets, liabilities, revenues and expenses. 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 3 FINANCIAL INSTRUMENTS

RaySearch's financial assets and liabilities comprises accounts receivable, cash and cash equivalents, accrued income, accrued expenses, bank loans and accounts payable. Other financial assets and liabilities have short terms. Accordingly, the fair values of all financial instruments are deemed to correspond approximately to their carrying amounts. RaySearch has not applied net accounting to any financial assets or liabilities, and has no agreements that permit offsetting.

### NOTE 4 RELATED-PARTY TRANSACTIONS

There were no transactions between RaySearch and related parties that materially affected the company's position and earnings during the period.

### NOTE 5 CURRENT RECEIVABLES

AMOUNTS IN SEK 000S	DEC 31, 2016	DEC 31, 2015
Accounts receivable	282,535	168,973
Prepaid expenses and accrued income	61,743	16,394
Other current receivables	3,591	2,487
<b>Total current receivables</b>	<b>347,869</b>	<b>187,854</b>

### NOTE 6 OTHER CURRENT LIABILITIES

AMOUNTS IN SEK 000S	DEC 31, 2016	DEC 31, 2015
Tax liabilities	11,148	5,855
Accrued expenses and prepaid income	89,616	42,630
Other current liabilities	12,231	17,461
<b>Total current receivables</b>	<b>112,995</b>	<b>65,946</b>

### NOTE 7 PLEDGED ASSETS IN THE GROUP AND THE PARENT COMPANY

AMOUNTS IN SEK 000S	DEC 31, 2016	DEC 31, 2015
Chattel mortgages	100,000	50,000
Guarantees	17,700	4,000



## GROUP QUARTERLY OVERVIEW

AMOUNTS IN SEK 000s	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement</b>								
Net sales	191,355	125,730	118,982	95,401	131,957	100,570	77,342	87,731
Sales growth, %	45.0	25.0	53.8	8.7	22.4	40.5	49.1	62.5
Operating profit	100,249	38,465	37,493	23,352	44,302	20,085	-2,114	33,071
Operating margin, %	52.4	30.6	31.5	24.5	33.6	20.0	-2.7	37.7
Profit for the period	75,924	28,887	28,837	17,760	33,311	14,480	-2,605	25,023
Net margin, %	39.7	23.0	24.2	18.6	25.2	14.4	-3.4	28.5
<b>Cash flow</b>								
Operating activities	73,866	10,211	14,908	21,863	41,224	13,093	18,458	38,651
Investing activities	-31,207	-23,320	-26,347	-26,075	-27,564	-18,579	-27,546	-30,166
Cash flow before financing activities	42,659	-13,109	-11,439	-4,212	13,660	-5,486	-9,088	-8,485
Financing activities	13,940	8,955	-9,591	-1,013	-1,234	-1,012	-1,004	-696
Cash flow for the period	56,599	-4,154	-21,030	-5,225	12,426	-6,498	-10,092	7,789
<b>Capital structure</b>								
Equity/assets ratio, %	64.2	65.8	64.3	66.5	65.9	62.3	63.4	62.5
<b>Per share data, SEK</b>								
Earnings/loss per share before dilution	2.21	0.84	0.83	0.52	0.97	0.42	-0.08	0.73
Earnings/loss per share after dilution	2.21	0.84	0.83	0.52	0.97	0.42	-0.08	0.73
Equity per share	13.42	11.26	10.40	9.85	9.32	8.36	7.95	7.98
Share price at the end of the period	184.5	198.50	119.00	120.50	122.50	119.00	108.00	72.50
<b>Other</b>								
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	192	185	181	177	175	164	150	140

## GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	Jan 2016- Dec 2016	Oct 2015- Sep 2016	Jul 2015- Jun 2016	Apr 2015- Mar 2016	Jan 2015- Dec 2015	Oct 2014- Sep 2015	Jul 2014- Jun 2015	Apr 2014- Mar 2015
<b>Income statement</b>								
Net sales	531,468	472,070	446,909	405,268	397,600	373,423	344,455	318,971
Operating profit	199,559	143,612	125,232	85,625	95,344	103,809	101,949	106,205
Operating margin, %	37.5	30.4	28.0	21.1	24.0	27.8	29.6	33.3

## 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 financial measures that are used to complement the financial information reported in accordance with IFRS are described below.

Non-IFRS financial measures	Definition	Reason for using the measure
Order intake excluding service agreements	The value of all orders received and changes to existing orders during the current period excluding the value of service agreements.	Order intake is an indicator of future revenues and is thus a key figure for the management of RaySearch's operations.
Order intake excluding service agreements for RayStation	The value of orders received and changes to existing orders for RayStation during the current period, excluding the value of service agreements.	Order intake is an indicator of future revenues and is thus a key figure for the management of RaySearch's main operational areas.
Order backlog for RayStation	The value of orders for RayStation 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 revenues 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 illustrate the margin before sales, research, development and administrative expenses.
Operating profit/loss	Calculated as earnings before financial items and tax.	Operating profit/loss provides an overall picture of the total generation of earnings in operating activities.
Operating margin	Operating profit/loss 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 illustrates the percentage of net sales remaining after the company's expenses have been deducted.
Rolling 12 months' sales, operating profit/loss or other results	Sales, operating profit/loss or other results measured over the last 12-month period.	This measure is used to more clearly illustrate the trends for sales, operating profit/loss and other results, which is relevant because RaySearch's revenues are subject to monthly variations.
Working capital	The Group's working capital is calculated as current operating receivables less current operating liabilities.	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.
Equity per share	Equity divided by number of shares at the end of the period	Illustrates the return generated on the owners' invested capital per share from a shareholder perspective.
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.	Illustrates 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.
Cash flow before financing activities	Cash flow for the period less financing activities, consisting of loans, repayment of liabilities, dividends or issues	Shows the cash flow generated by operating activities and investing activities, i.e. before financing activities

## CALCULATION OF FINANCIAL MEASURES NOT INCLUDED IN THE IFRS REGULATORY FRAMEWORK

AMOUNTS IN SEK 000s	Dec 31, 2016	Dec 31, 2015
<b>Working capital</b>		
Accounts receivable	282,535	168,973
Other current receivables	65,334	18,881
Accounts payable	-11,943	-9,514
Other current liabilities	-112,995	-65,946
<b>Working capital</b>	<b>222,931</b>	<b>112,394</b>

## HEAD OFFICE

RaySearch Laboratories AB (publ)  
Box 3297  
SE-103 65 Stockholm, Sweden

## STREET ADDRESS

Sveavägen 44, Floor 7  
SE-103 34 Stockholm, Sweden

Tel: +46 8 510 530 00  
[www.raysearchlabs.com](http://www.raysearchlabs.com)  
Corporate Registration Number: 556322-6157

## ABOUT RAYSEARCH

RaySearch Laboratories is a medical technology company that develops advanced software solutions for improved radiation therapy of cancer. RaySearch develops and markets the RayStation treatment planning system to clinics all over the world and distributes the products through licensing agreements with leading medical technology companies. The company is also developing the next-generation oncology information system, RayCare, which comprises a new product area for RaySearch, and will be launched in 2017. RaySearch's software is currently used by over 2,600 clinics 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 on Nasdaq Stockholm since November 2003. More information about RaySearch is available at [www.raysearchlabs.com](http://www.raysearchlabs.com).

## BUSINESS CONCEPT

RaySearch's mission is to contribute to the advancement of cancer care by developing innovative software solutions that improve quality of life for cancer patients and save lives.

## 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 is being developed at RaySearch's head office in Stockholm, and is distributed and supported by the company's global marketing organization.

## STRATEGIES

RaySearch's strategy is to offer advanced software solutions for improved radiation therapy of cancer. Essentially, a radiation therapy clinic needs two software platforms for its operations: an information system and a treatment planning system. Through RayStation and the planned launch of RayCare in 2017, RaySearch will further 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.