

“In the second quarter, net sales declined 14 percent due to lower license sales as a result of COVID-19. Operating loss totaled SEK -11 M (29), however adjusted for currency conversion effects the operating profit would have been SEK 16 M (25). Cash flow was strong and totaled SEK 66 M (4)”

Johan Löf, CEO of RaySearch

SECOND QUARTER (APRIL-JUNE 2020)

- Order intake SEK 177.1 M (370.6)
- Net sales SEK 163.8 M (189.7)
- Operating loss SEK -10.9 M (28.8)
- Loss after tax SEK -9.2 M (21.8) and loss per share before/after dilution SEK -0.27 (earnings 0.64)
- Cash flow SEK 65.9 M (4.1)
- Order backlog SEK 1,185.8 M (1,043.1) at the end of the period

HALF-YEAR (JANUARY-JUNE 2020)

- Order intake SEK 477.2 M (572.2)
- Net sales SEK 372.6 M (362.7)
- Operating profit SEK 40.6 M (52.0)
- Profit after tax SEK 31.3 M (39.0) and earnings per share before/after dilution SEK 0.91 (1.14)
- Cash flow SEK 61.7 M (2.3)

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- The RayStation® treatment planning system was selected by several leading cancer centers, including Miami Cancer Institute, Asante Three Rivers Medical Center and the Medical University of South Carolina in the US, Southern TOHOKU BNCT Research Center in Japan, the National Cancer Institute in Thailand, Oncorad Garonne (Clinique du Pont De Chaume i Montauban) in France, and Chungnam National University Hospital in South Korea.
- RaySearch and Varian Medical Systems concluded an interoperability agreement in order to connect the RayCare® oncology information system with Varian's TrueBeam® linear accelerator.
- RaySearch and TAE Life Sciences in the US initiated a collaboration regarding treatment planning in boron neutron capture therapy (BNCT) for TAE's AlphaBeam® neutron system.
- In June, RayStation 10A*, the latest version of RaySearch's treatment planning system, was released, with major performance enhancements for proton therapy, new support for ocular proton therapy planning, and improved ability to generate treatment plans using machine learning in the Plan Explorer module.
- In June, RayCare 4A*, the latest version of RaySearch's oncology information system, was released, with new functionalities including dynamic team management, scripting support and an improved patient chart.

UPDATE REGARDING COVID-19

- RaySearch expects that the COVID-19 pandemic will continue to have a significantly adverse effect on the company's sales and earnings for several months to come, mainly because orders may be delayed.
- Management is monitoring the situation closely and is prepared to take action if needed.

FINANCIAL SUMMARY¹

AMOUNTS IN SEK 000s	APR-JUN		JAN-JUN		JUL 2019	FULL-YEAR
	2020	2019	2020	2019	-JUN 2020	2019
Net sales	163,758	189,658	372,647	362,736	751,495	741,584
Operating profit/loss	-10,954	28,809	40,603	52,046	56,726	68,169
Operating margin, %	-6.7	15.2	10.9	14.3	7.5	9.2
Profit/loss for the period	-9,196	21,833	31,266	38,999	42,678	50,411
Earnings/loss per share before/after dilution, SEK	-0.27	0.64	0.91	1.14	1.24	1.47
Cash flow from operating activities	135,443	136,938	201,517	187,245	334,417	320,145
Cash flow for the period	65,912	4,131	61,668	2,313	55,970	-3,385
Return on equity, %	-1.2	3.3	4.3	6.0	6.0	7.4
Equity/assets ratio at the end of the period, %	56.2	55.9	56.2	55.9	56.2	55.8
Share price at the end of the period, SEK	86.5	132.6	86.5	132.6	86.5	107.2

¹For definitions of key ratios, see page 19.

*Regulatory clearance is required in some markets.



CEO COMMENTS

EXTRAORDINARY MARKET CONDITIONS

The COVID-19 pandemic has led to a temporary reprioritization of healthcare agendas all over the world, which led to a decrease in demand for RaySearch's products in the second quarter of 2020. Market conditions were particularly challenging in North America, while we noted a recovery with a large number of new customers in Asia.

In the second quarter, net sales amounted to SEK 164 M (190), representing a 14-percent decline year-on-year. Cost-cutting measures were taken, but due to the lower sales, operating profit declined to SEK -11 M (29), representing an operating margin of -7 percent (15). Operating profit was significantly adversely affected by currency conversion effects and, adjusted for these, operating profit would have totaled SEK 16 M (25). Despite challenging market

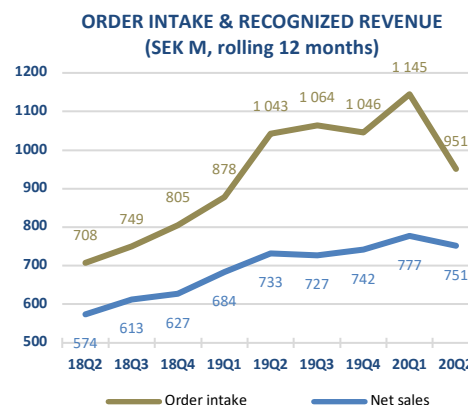
conditions, the cash flow was strong and amounted to SEK 66 M (4) in the second quarter.

MEASURES TO MITIGATE THE EFFECTS OF COVID-19

The COVID-19 pandemic is affecting people and companies all over the world and posing a challenge for all businesses. RaySearch's highest priority is to protect the health and safety of our employees, while also maintaining and developing our business operations. RaySearch has implemented the COVID-19-related security measures recommended by authorities in all parts of its operations. This includes running the company's operations to a large extent remotely, by working from home and holding virtual meetings. As a software company, Raysearch is well equipped for remote collaboration and both our R&D and delivery capacity have remained relatively unscathed by the COVID-19 pandemic to date.

The extraordinary measures taken by governments and authorities to prevent the spread of the virus have made it difficult to drive sales and marketing campaigns. Instead, RaySearch has mainly conducted training and marketing via digital channels. As a result, in the wake of the pandemic, we have developed a new methodology for reaching out to customers that will also prove useful moving forward.

During the quarter, we continued to take measures to mitigate the negative effects of COVID-19 and to align the operations with the new market situation. We will continue to implement our contingency plans to ensure business continuity, maintain cash flow and reduce costs. So far RaySearch has not furloughed or laid off any employees due to the COVID-19 pandemic to date, but as part of cost-cutting measures, we have postponed some planned new recruitments.



OUTLOOK

The future effects of the ongoing pandemic are difficult to assess at present. Several countries have begun to reopen, but it is still difficult to say how the pandemic will play out with any great certainty. RaySearch has taken a number of measures to protect the company's operations and slow the spread of the virus. However, the company expects that the COVID-19 pandemic will continue to have a significantly adverse effect on the company's sales and earnings for several months to come.

We see no major challenges in terms of R&D or the company's delivery capacity. However, due to uncertainty surrounding how long the COVID-19 pandemic will last and the extent of the economic impacts, RaySearch has decided to focus specifically on protecting the company's cash flow and liquidity. RaySearch is monitoring the situation and the effects of the pandemic closely and is prepared to take action and align the company's operations if needed.

Unchanged great need for RaySearch's software solutions

Despite the short-term challenges, we remain optimistic about the future. The underlying need for efficient software solutions for cancer care remains unchanged and treatment for cancer patients is high priority. We therefore believe that the market will normalize and return to previous levels when the COVID-19 pandemic has subsided.

One effect of the COVID-19 pandemic could be a further acceleration of the ongoing digital transformation. The pandemic has radically revealed the major potential and benefits of digital technology, which could be positive for RaySearch's operations in the long term because the company's software solutions make it possible for cancer centers to increase their efficiency. This has been illustrated by cancer centers such as Mälarsjukhuset in Eskilstuna, Sweden and Leeds Cancer Center in the UK, which quickly achieved dramatic time savings in the second quarter by using our machine learning algorithms for tumor contouring. Our products have thereby helped to alleviate the effects of the current resource shortage, which has also been worsened by COVID-19.

OUR LONG-TERM STRATEGY REMAINS FIRM

RaySearch's high pace of innovation will continue in order to secure our future position in our market segment and to maintain strong growth as soon as the effects of COVID-19 have subsided and the world has returned to a more normal state.

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

In June, a new version of RayStation was released, with major performance enhancements for proton therapy, new support for ocular proton therapy planning, and improved ability to generate treatment plans using machine learning. In June, we also released a new version of RayCare, with new features for dynamic team management, scripting support and an improved patient chart. More and more cancer centers are now introducing RayCare for clinical use and in May, we achieved a key milestone by signing an interoperability agreement with Varian to connect RayCare with Varian's TrueBeam linear accelerator. Interoperability with Varian's TrueBeam will significantly increase the market potential of RayCare, while improving the workflow of our existing customers.

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

In the preceding year, we laid the foundation for a broad diversification of our product range. That is leading to, for example, the launch of RayIntelligence* – a range of data-based products – in December this year, that will offer cancer centers the stable data infrastructure they need to accelerate the introduction of machine learning throughout the entire radiation therapy workflow. RayIntelligence will be integrated with RayStation and RayCare to further optimize and personalize treatment for patients. This will be based on previous clinical experience and collaboration with leading cancer centers.

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

Overall, we see both challenges and opportunities – even though we are currently living in a turbulent time marked by an ongoing pandemic.

Stockholm, August 26, 2020

Johan Löf
CEO and founder

* Regulatory clearance is required in some markets.

FINANCIAL INFORMATION

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

ORDER INTAKE AND ORDER BACKLOG

In the second quarter of 2020, order intake declined 52.2 percent to SEK 177.1 M (370.6). License order intake declined 57.8 percent to SEK 83.2 M (197.0) and order intake for support agreements declined 47.9 percent to SEK 77.0 M (147.7).

The decrease was partly attributable to lower sales, particularly in North America, due to the COVID-19 pandemic, but also to a high order intake in the second quarter of the preceding year.

Order intake (amounts in SEK M)	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Rolling 12 months	Full-year 2019
Licenses	83.2	136.7	130.3	87.2	197.0	437.5	516.2
Hardware	11.8	22.7	21.0	20.8	15.6	76.2	81.6
Support (incl. warranty support)	77.0	125.6	115.9	83.0	147.7	401.6	417.5
Training and other	5.2	14.8	10.0	5.8	10.3	35.8	30.9
Total order intake	177.1	300.0	277.2	196.8	370.6	951.1	1,046.2
Order backlog (amounts in SEK M)	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19		
Licenses	105.8	130.7	119.0	147.1	139.1		
Hardware	38.9	43.9	36.4	44.3	28.7		
Support (incl. warranty support)	982.6	1,047.1	956.2	892.7	837.3		
Training and other	58.5	59.8	43.6	40.5	38.0		
Total order backlog at the end of the period	1,185.8	1,281.5	1,155.2	1,124.7	1,043.1		

In the first half of 2020, order intake declined 16.6 percent to SEK 477.2 M (572.2).

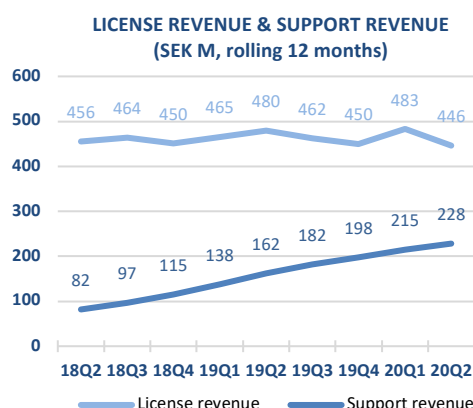
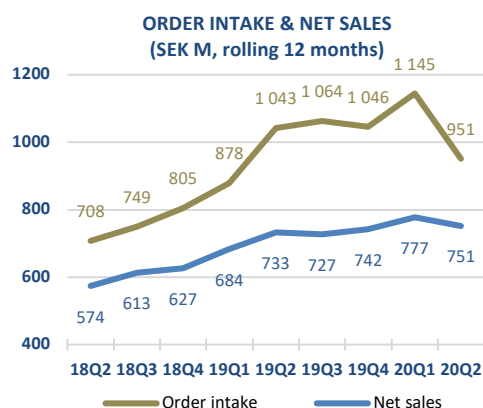
At June 30, 2020, the total order backlog amounted to SEK 1,185.8 M (1,043.1), which is expected to generate revenue of approximately SEK 391 M over the next 12 months. The remaining amount in the order backlog mainly comprises support commitments that are primarily expected to generate revenue during a subsequent four-year period.

REVENUE

In the second quarter of 2020, net sales declined 13.7 percent to SEK 163.8 M (189.7). The change was mainly attributable to lower license sales, primarily in North America, due to the COVID-19 pandemic. The organic change in sales at unchanged currencies amounted to -16.0 percent (27.7).

License revenue declined 30.0 percent to SEK 86.5 M (123.7), mainly the result of lower license sales for RayStation in North America due to the COVID-19 pandemic. Recurring support revenue rose 28.3 percent to SEK 61.7 M (48.1), accounting for 38 percent (25) of net sales in the second quarter. Hardware sales, which have a limited profit margin, declined 9 percent to SEK 12.0 M (13.2). Excluding hardware sales, sales declined 14.1 percent.

Revenue (amounts in SEK M)	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Rolling 12 months	Full-year 2019
Licenses	86.5	132.7	145.4	81.5	123.7	446.1	449.7
Hardware	12.0	15.9	26.5	6.9	13.2	61.2	76.6
Support (incl. warranty support)	61.8	58.1	56.7	51.6	48.1	228.2	198.2
Training and other	3.5	2.2	5.8	4.4	4.7	16.0	17.1
Net sales	163.8	208.9	234.5	144.3	189.7	751.5	741.6
Sales change, corresp. period, %	-13.7	20.7	6.9	-4.0	34.5	2.6	18.2
Change in organic sales, corresp. period, %	-16.0	16.1	1.4	-8.9	27.7	-0.7	11.8



In the first half of 2020, net sales rose 2.7 percent to SEK 372.6 M [362.7]. This change was mainly attributable to higher license and support revenue for RayStation, as well as positive currency effects. The organic change in sales amounted to SEK 0.0 percent [35.4].

In the first half-year, net sales had the following geographic distribution: North America, 43 percent [42]; Asia, 20 percent [11]; Europe and the rest of the world, 37 percent [46].

License revenue for RayStation and RayCare remained unchanged at SEK 207.7 M [207.7]. Recurring support revenue rose 33.3 percent to SEK 119.8 M [89.9], accounting for 32 percent [25] of net sales in the first half-year. Hardware sales, which have a limited profit margin, declined 33.3 percent to SEK 28.0 M [43.2] in the first half-year. Excluding hardware sales, sales rose 7.8 percent.

OPERATING PROFIT

In the second quarter of 2020, operating profit declined to SEK -10.9 M [28.8], representing an operating margin of -6.7 percent [15.2]. The weaker earnings were attributable to lower license sales and negative currency translation effects due to a stronger SEK against the USD and EUR in the second quarter.

In the second quarter, operating expenses rose 8.6 percent to SEK 174.7 M [160.8], due to negative currency conversion effects that were recognized as other operating income and expenses. In the second quarter, the net of these exchange-rate gains and losses amounted to SEK -27.4 M [3.9] due to a large proportion of the Group's receivables are denominated in USD and EUR, which weakened against the SEK in the second quarter compared with the end of the first quarter. Adjusted for these currency conversion effects, operating profit would have totaled SEK 16.5 M [25.0] in the second quarter and operating expenses would have declined 10.6 percent. This decline was mainly attributable to significantly lower selling expenses resulting from canceled trade fairs, business travel and other sales and marketing campaigns due to the COVID-19 pandemic.

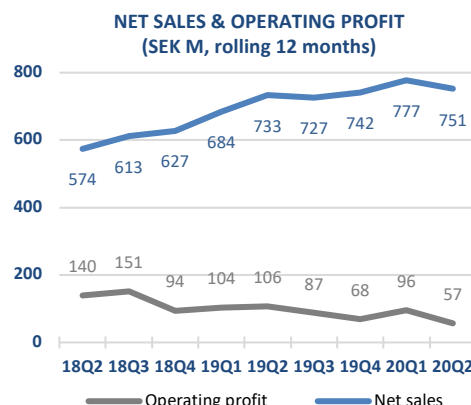
In the first half-year, operating profit decreased to SEK 40.6 M [52.0], corresponding to an operating margin of 10.9 percent [14.3].

Currency effects

The company is impacted by USD/EUR to SEK exchange rates, since most sales are invoiced in USD and EUR, while most costs are denominated in SEK.

At unchanged exchange rates, organic sales growth was a negative 16.0 percent in the second quarter of 2020, compared with the year-on-year period. In addition, the company incurred significant exchange-rate losses of SEK -27.4 M [3.9] for balance sheet items in the second quarter. Currency effects therefore had a positive effect on net sales, but a negative effect on operating expenses and operating profit in the second quarter of 2020.

A sensitivity analysis of the company's currency exposure shows that a 1-percentage point change in the USD exchange rate against the SEK would have impacted consolidated operating profit by approximately +/- SEK 2.8 M in the second quarter



of 2020, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 1.6 M.

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

Capitalization of development costs

RaySearch is a research and development-oriented company that makes significant investments in the development of various software solutions for improved cancer treatment. At June 30, 2020, 200 employees (160) were engaged in R&D, corresponding to 51 percent (50) of the total number of employees.

Capitalization of development costs	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Rolling 12 months	Full-year 2019
Research and development costs	62.1	64.6	66.8	52.2	56.2	245.7	225.5
Capitalization of development costs	-49.4	-52.4	-49.7	-36.5	-40.0	-188.0	-164.4
Amortization of capitalized development costs	32.1	32.0	29.7	29.9	27.2	123.8	113.6
Research and development costs	44.9	44.2	46.8	45.6	43.4	181.4	174.7

In 2020, RaySearch continued to invest heavily in both existing and future products. Overall, research and development costs rose 18.9 percent to SEK 126.7 M (106.5) in the first half-year, corresponding to 34 percent (29) of the company's net sales. The increase was attributable to a higher number of employees in the research, development and machine learning departments.

Development costs of SEK 101.8 M (78.2) were capitalized, up 30.2 percent, representing 80 percent (73) of total research and development costs. The increase was due to the fact that the research, development and machine learning departments increased their proportion of development activities during the quarter.

Amortization of capitalized development costs rose 18.7 percent to SEK 64.2 M (54.0), with the increase due to the expansion of development activities for RayStation and RayCare.

Research and development costs (after adjustments for capitalization and amortization of development costs) rose 8.3 percent to SEK 89.1 M (82.3).

Amortization and depreciation

In the second quarter of 2020, total amortization and depreciation increased 17.5 percent to SEK 51.8 M (44.1), of which amortization of intangible fixed assets accounted for SEK 32.2 M (27.2), mainly related to capitalized development costs. Depreciation of tangible fixed assets increased to SEK 19.6 M (16.9).

Total amortization and depreciation in the first half-year amounted to SEK 102.0 M (87.0), of which amortization of intangible fixed assets amounted to SEK 64.2 M (54.1), mainly related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 37.7 M (32.9).

PROFIT AND EARNINGS PER SHARE

In the second quarter of 2020, loss after tax totaled SEK -9.2 M (21.8), representing loss per share of SEK -0.27 (earnings: 0.64) before and after dilution.

In the first half of 2020, profit after tax totaled SEK 31.3 M (39.0), representing earnings per share of SEK 0.91 (1.14) before and after dilution.

Tax expense for the first six months of the year amounted to SEK -7.0 M (-10.2), corresponding to an effective tax rate of 18.2 percent (20.7).

CASH FLOW AND LIQUIDITY

In the second quarter of 2020, cash flow from operating activities was SEK 135.4 M (136.9). The strong cash flow, despite the weaker earnings, was largely due to a sharp decline in working capital and a sharp increase in amortization of capitalized development costs, which are not included in cash flow.

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

In the first half-year, cash flow from operating activities was SEK 201.5 M (187.2).

At the end of the period, the company's total customer receivables accounted for 45 percent (52) of net sales over the past 12 months, and working capital for 16 percent (22) of net sales during the same period. The decline was mainly due to higher payments from customers.

Our payment model

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

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

A number of payment alternatives are subsequently available:

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

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

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

The business model is tried, tested and effective. RaySearch assesses that the credit risk is generally low since the customers are institutions with high credit ratings. RaySearch's total credit losses (confirmed and probable) only amount to 0.5 percent of total sales since the start in 2000.

In the second quarter, cash flow from investing activities was SEK -55.9 M [-57.1]. Investments in intangible fixed assets amounted to SEK -49.4 M [-40.1] and comprised capitalized development costs for the company's products – RayStation, RayCare, RayCommand and RayIntelligence. Investments in tangible fixed assets amounted to SEK -6.5 M [-17.0].

In the first half-year, cash flow from investing activities was SEK -116.1 M [-102.5]. Investments in intangible fixed assets amounted to SEK -102.1 M [-78.2] and comprised capitalized development costs. Investments in tangible fixed assets amounted to SEK -14.0 M [-24.3].

Cash flow before financing activities was SEK 79.5 M [79.9] in the second quarter of 2020, and SEK 85.4 M [84.8] in the first half of 2020.

Cash flow from financing activities, which was mainly attributable to repayment of lease liabilities, amounted to SEK -13.6 M [-75.7] in the second quarter of 2020 and SEK -23.7 M [-82.4] in the half-year period. The change was due to a repayment of SEK 75 M on the company's revolving loan facility in the second quarter of 2019.

Cash flow for the period was SEK 65.9 M [4.1] in the second quarter, and SEK 61.7 M [2.3] in the first half of 2020. At June 30, 2020, consolidated cash and cash equivalents was SEK 173.7 M [118.1].

FINANCIAL POSITION

At June 30, 2020, RaySearch's total assets amounted to SEK 1,309.5 M [1,242.2] and the equity/assets ratio was 56.2 percent [55.9].

Current receivables amounted to SEK 420 M [449]. The receivables mainly comprised various types of customer receivables and the decline was attributable to higher payments from customers as well as fewer outstanding accounts receivable as a result of lower license sales in the second quarter due to the COVID-19 pandemic.

RaySearch's credit facilities comprise a revolving loan facility of up to SEK 300 M and an overdraft facility of SEK 50 M, both maturing in May 2022. Chattel mortgages amounted to SEK 100 M. At June 30, 2020, short-term loans of SEK 49 M [49] had been approved under the company's revolving loan facility and SEK 0 M [0] of the credit facility had been drawn.

At June 30, 2020, the Group's net debt totaled SEK 0.2 M [92.0].

EMPLOYEES

In the January-June period of 2020, the average number of employees in the Group was 391 [306]. At the end of the second quarter, the Group had 396 employees [319], of whom 298 [236] were based in Sweden, and 98 [83] in foreign subsidiaries.

PARENT COMPANY

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

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

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

SIGNIFICANT EVENTS DURING THE PERIOD

RayStation selected by several leading cancer centers

In 2020, the RayStation treatment planning system was selected by several leading cancer centers, including Banner MD Anderson Cancer Center in Arizona, Miami Cancer Institute and Asante Three Rivers Medical Center in the US, Oslo University Hospital in Norway, Haaglanden Medical Center, Leiden University Medical Center and Haga Hospital in the Netherlands, Oncorad Garonne (Clinique you Pont The Chaume in Montauban) in France, Liverpool Cancer Therapy Centre in Australia, Southern TOHOKU BNCT Research Center in Japan, National Cancer Institute in Thailand, and Chungnam National University Hospital in South Korea.

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

Interoperability agreement with Varian

In June, RaySearch and Varian Medical Systems concluded an interoperability agreement in order to connect the RayCare oncology information system with Varian's TrueBeam linear accelerator.

Collaborative agreement with TAE Life Sciences

In June, RaySearch and TAE Life Sciences in the US initiated a collaboration regarding treatment planning in boron neutron capture therapy (BNCT) for TAE's AlphaBeam neutron system.

Support for helium ion beam therapy with pencil beam scanning (PBS)

RayStation 9B is the only commercially available treatment planning system in the world that supports helium ion beam therapy, and Heidelberg University Hospital's Ion Beam Therapy Center (HIT) will be first in the world to deliver helium ion beam therapy with pencil beam scanning (PBS).

RayStation 10A released

In June, RayStation 10A, the latest version of RaySearch's treatment planning system, was released, with major performance enhancements for proton therapy, new support for ocular proton therapy planning, and improved ability to generate treatment plans using machine learning in the Plan Explorer module.

RayCare 4A released

In June, RayCare 4A, the latest version of RaySearch's oncology information system, was released, with new functionalities including dynamic team management, scripting support and an improved patient chart.

SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events have occurred after the period.

EFFECTS OF THE COVID-19 PANDEMIC

The COVID-19 pandemic is affecting people and companies all over the world and posing a challenge for all businesses. RaySearch is monitoring the situation and the effects of the pandemic closely and is prepared to take action and align the company's operations if needed.

Effects on RaySearch's operations in the second quarter of 2020

The COVID-19 pandemic is having a significant impact on RaySearch's operations, mainly due to delayed orders because some hospitals are being forced to temporarily prioritize COVID-19 patients over cancer care and investments in RaySearch's products.

Sales. The ongoing COVID-19 pandemic had a significantly adverse effect on RaySearch's sales in the second quarter due to lockdowns in several countries throughout most of the quarter. In addition, many hospitals were forced to temporarily re-prioritize and freeze investments in order to manage the COVID-19 pandemic. Market conditions were particularly challenging in North America and some European countries, while the company noted a recovery in Asia.

Delivery capacity. As a software company, RaySearch is well equipped for remote collaboration and both our R&D and delivery capacity have remained relatively unscathed by the COVID-19 pandemic to date.

Expected future effects

The future effects of the ongoing pandemic are difficult to assess at present. Several countries have begun to reopen, but it is still difficult to say how the pandemic will play out with any great certainty. RaySearch has taken a number of measures to protect the company's operations and slow the spread of the virus. However, the company expects that the COVID-19 pandemic will continue to have a significantly adverse effect on the company's sales and earnings for several months to come. We see no major challenges in terms of R&D or the company's delivery capacity. However, due to uncertainty surrounding how long the COVID-19 pandemic will last and the extent of the economic impacts, RaySearch has decided to focus specifically on protecting the company's cash flow and liquidity.

Unchanged great need for RaySearch's software solutions. The underlying need for efficient software solutions for cancer care remains unchanged since treatment for cancer patients is high priority. The company believes that the market will normalize and return to previous levels when the COVID-19 pandemic has subsided.

Continued focus on efficiencies and digitization. One effect of the COVID-19 pandemic could be a further acceleration of the ongoing digital transformation. The pandemic has radically revealed the major potential and benefits of digital technology, which could be positive for RaySearch's operations in the long term because the company's software solutions make it possible for cancer centers to increase their efficiency.

Measures to protect employees and slow the spread of the virus

RaySearch's highest priority is to protect the health and safety of our employees, while also maintaining and developing our business operations. The COVID-19 outbreak is posing a huge challenge to human health and lives all over the world. RaySearch has implemented the COVID-19-related security measures recommended by authorities in all parts of its operations. This includes running the company's operations to a large extent remotely, by working from home and holding virtual meetings.

THE COMPANY'S SHARE

At June 30, 2020, 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 June 30, 2020, the total number of voting rights in RaySearch was 110,377,548.

SHARE OWNERSHIP

At June 30, 2020, the number of shareholders in RaySearch was 7,311, according to Euroclear, and the largest shareholders were as follows:

Name	Class A shares	Class B shares	Total shares	Share capital, %	Votes, %
Johan Löf	6,243,084	418,393	6,661,477	19.4	56.9
Oppenheimer Funds	0	4,000,000	4,000,000	11.7	3.6
Swedbank Robur Funds	0	2,200,000	2,200,000	6.4	2.0
First AP Fund	0	1,982,448	1,982,448	5.8	1.8
La Financière de l'Echiquier	0	1,527,176	1,527,176	4.5	1.4
Anders Brahme	1,150,161	200,000	1,350,161	3.9	10.6
Carl Filip Bergendal	1,061,577	139,920	1,201,497	3.5	9.7
Nordnet Pension	0	1,191,194	1,191,194	3.5	1.1
C WorldWide Asset Management	0	718,440	718,440	2.1	0.7
Second AP Fund	0	678,477	678,477	2.0	0.6
Total, 10 largest shareholders	8,454,822	13,056,048	21,510,870	62.7	88.4
Others	153	12,771,750	12,771,903	37.3	11.6
Total	8,454,975	25,827,798	34,282,773	100.0	100.0

Source: Euroclear, FI, MorningStar and Montanaro.

OTHER INFORMATION

2020 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of RaySearch Laboratories AB (publ) was held on Tuesday, June 30, 2020. The AGM re-elected Board members Carl Filip Bergendal, Johan Löf, Britta Wallgren, Hans Wigzell, Lars Wollung and Johanna Öberg, and Lars Wollung was re-elected as Chairman of the Board. The AGM resolved that no dividend would be paid for the 2019 fiscal year.

RISKS AND UNCERTAINTIES

As a global group with operations in different parts of the world, RaySearch is exposed to various risks and uncertainties, such as market risk, business risk, compliance risk, operational risk and financial risk. RaySearch's risk management aims to identify, measure and reduce risks related to the Group's transactions and operations. No significant changes have been made to the risk assessment compared with the 2019 Annual Report. For more information about risks and risk management, refer to pages 9-10 and 40-42 of RaySearch's 2019 Annual Report.

SEASONAL VARIATIONS

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

ENVIRONMENT AND SUSTAINABILITY

Sustainability is a key aspect of RaySearch's strategy and operations, and the company is working actively to become a sustainable enterprise. The primary aim of RaySearch's operations is to help cancer centers improve and save the lives of cancer patients. With our innovative software solutions, we are continuously striving to improve and streamline workflows in

clinical environments and to improve treatment outcomes for cancer patients. The customer value we create presents business opportunities for RaySearch, but also major social benefit and economic gains.

The negative environmental impact of the company's products is limited. The company's environmental impact is mainly related to the purchase of goods and services, energy use and transportation. RaySearch aims to contribute to sustainable development and therefore works actively to improve the company's environmental performance wherever this is economically reasonable. For more information about the company's environmental and sustainability initiatives, refer to pages 64-69 of RaySearch's 2019 Annual Report.

REVIEW

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

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

Stockholm, August 26, 2020

The Board of Directors of RaySearch Laboratories AB (publ)

Lars Wollung
Chairman of the Board

Johan Löf
*CEO
and Board member*

Carl Filip Bergendal
Board member

Britta Wallgren
Board member

Hans Wigzell
Board member

Johanna Öberg
Board member

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Peter Thysell, CFO

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The information contained in this interim report is such that RaySearch Laboratories AB (publ) is obliged to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication on August 26, 2020 at 7:45 a.m. CET.

TELECONFERENCE

CEO Johan Löf and CFO Peter Thysell will present RaySearch's interim report for January-March 2020 at a teleconference to be held in English on Wednesday, August 26, 2020 at 3:00-3:30 p.m. CET.

For login details to the teleconference, please register on:

<http://emea.directeventreg.com/registration/6391624>

FINANCIAL CALENDAR

Interim report for the third quarter, 2020

November 18, 2020

Year-end report, 2020

February 23, 2021

Interim report for the first quarter, 2021

May 5, 2021

Annual General Meeting 2021

May 26, 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		JUL 2019-	FULL-YEAR
	Note	2020	2019	2020	2019	Jun-20	2019
Net sales	2.3	163,758	189,658	372,647	362,736	751,495	741,584
Cost of goods sold ¹		-11,468	-12,427	-25,732	-38,991	-59,106	-72,365
Gross profit		152,290	177,231	346,915	323,745	692,389	669,219
Other operating income		0	5,745	4,155	18,670	12,891	27,406
Selling expenses		-63,995	-84,924	-155,039	-157,094	-343,370	-345,425
Administrative expenses		-26,937	-23,996	-57,293	-46,628	-110,800	-100,135
Research and development costs		-44,933	-43,353	-89,088	-82,314	-181,444	-174,670
Other operating expenses		-27,379	-1,894	-9,047	-4,333	-12,940	-8,226
Operating profit/loss		-10,954	28,809	40,603	52,046	56,726	68,169
Loss from financial items		-2,050	-1,428	-2,384	-2,853	-5,092	-5,561
Profit/loss before tax		-13,004	27,381	38,219	49,193	51,634	62,608
Tax		3,808	-5,548	-6,953	-10,194	-8,956	-12,197
Profit/loss for the period²		-9,196	21,833	31,266	38,999	42,678	50,411
Other comprehensive income							
Items to be reclassified to profit or loss							
Translation difference of foreign operations for the period		-1,378	-18	-319	-95	-657	-433
Comprehensive income for the period²		-10,574	21,815	30,947	38,904	42,021	49,978
Earnings/loss per share before and after dilution (SEK)		-0.27	0.64	0.91	1.14	1.24	1.47

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		FULL-YEAR
		2020	2019	2020	2019	2019
Opening balance according to adopted Annual Report		746,989	672,579	705,468	657,453	657,453
Effect of IFRS 16		-	-	0	-1,963	-1,963
Opening balance after adjustments for IFRS 16		746,989	672,579	705,468	655,490	655,490
Profit/loss for the period		-9,196	21,833	31,266	38,999	50,411
Translation difference for the period		-1,378	-18	-319	-95	-433
Closing balance		736,415	694,394	736,415	694,394	705,468

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000s	Note	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS				
Intangible fixed assets		466,240	401,549	428,406
Tangible fixed assets		224,729	254,186	221,349
Deferred tax assets		12,452	8,688	12,193
Other long-term receivables		12,234	25,871	20,473
Total fixed assets		715,655	690,294	682,421
Inventories		8,203	3,851	4,623
Current receivables		411,969	429,890	463,322
Cash and cash equivalents		173,728	118,125	113,858
Total current assets		593,900	551,866	581,803
TOTAL ASSETS		1,309,555	1,242,160	1,264,224
EQUITY AND LIABILITIES				
Equity		736,415	694,394	705,468
Deferred tax liabilities		122,799	108,566	115,145
Long-term interest-bearing liabilities		77,280	123,800	85,796
Total long-term liabilities		200,079	232,366	200,941
Accounts payable		15,575	33,090	33,202
Current interest-bearing liabilities		96,654	49,333	84,931
Other current liabilities		260,832	232,977	239,682
Total current liabilities		373,061	315,400	357,815
TOTAL EQUITY AND LIABILITIES		1,309,555	1,242,160	1,264,224

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000s	Note	APR-JUN		JAN-JUN		JUL 2019- JUN 2020	FULL-YEAR
		2020	2019	2020	2019		2019
Profit/loss before tax		-13,004	27,381	38,219	49,193	51,634	62,608
Adjusted for non-cash items ¹⁾		78,431	44,628	102,391	79,633	203,196	180,438
Taxes paid		-6,740	-8,661	-12,975	-13,850	-6,400	-7,275
Cash flow from operating activities before changes in working capital		58,687	63,348	127,635	114,976	248,430	235,771
Cash flow from changes in operating receivables		61,770	72,786	69,610	78,886	36,061	45,337
Cash flow from changes in operating liabilities		14,986	804	4,272	-6,617	49,926	39,037
Cash flow from operating activities		135,443	136,938	201,517	187,245	334,417	320,145
Cash flow from investing activities		-55,913	-57,067	-116,127	-102,486	-225,687	-212,046
Cash flow from financing activities		-13,618	-75,740	-23,722	-82,446	-52,760	-111,484
Cash flow for the period		65,912	4,131	61,668	2,313	55,970	-3,385
Cash and cash equivalents at the beginning of the period		112,660	113,172	113,858	112,198	118,124	112,198
Exchange-rate difference in cash and cash equivalents		-4,844	821	-1,798	3,614	-366	5,045
Cash and cash equivalents at the end of the period		173,728	118,124	173,728	118,125	173,728	113,858

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

PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		FULL-YEAR
	Note	2020	2019	2020	2019	2019
Net sales		129,053	138,245	282,107	264,170	533,127
Cost of goods sold ³⁾		-6,263	-4,249	-15,721	-21,983	-34,400
Gross profit		122,790	133,996	266,386	242,187	498,727
Other operating income		0	5,313	2,880	18,230	26,905
Selling expenses		-40,173	-49,685	-87,208	-89,216	-202,356
Administrative expenses		-27,176	-23,949	-57,596	-46,397	-99,691
Research and development costs		-62,255	-56,334	-127,035	-106,817	-226,089
Other operating expenses		-26,740	-575	-7,388	-2,061	-4,869
Operating profit/loss		-33,554	8,766	-9,961	15,926	-7,373
Profit/loss from financial items		-712	742	391	1,504	2,372
Profit/loss after financial items		-34,266	9,508	-9,570	17,430	-5,001
Appropriations		0	0	0	0	-4,673
Profit/loss before tax		-34,266	9,508	-9,570	17,430	-9,674
Tax on profit/loss for the period		7,573	-2,732	2,213	-4,524	880
Profit/loss for the period		-26,693	6,776	-7,357	12,906	-8,794

³⁾ Comprises costs for hardware and royalties but not amortization of capitalized development costs, which is included in research and development costs.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000s		APR-JUN		JAN-JUN		FULL-YEAR
		2020	2019	2020	2019	2019
Profit/loss for the period		-26,693	6,776	-7,357	12,906	-8,794
Other comprehensive income		-	-	-	-	-
Comprehensive income for the period		-26,693	6,776	-7,357	12,906	-8,794

PARENT COMPANY BALANCE SHEET IN SUMMARY

AMOUNTS IN SEK 000s	Note	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS				
Intangible fixed assets		897	450	708
Tangible fixed assets		43,277	37,800	42,484
Shares and participations		1,911	1,911	1,911
Deferred tax assets		8,224	3,981	6,011
Long-term receivables from Group companies		52,144	148,751	73,136
Other long-term receivables		7,787	18,703	13,616
Total fixed assets		114,240	211,596	137,866
Inventories		1,127	142	2332
Current receivables		415,012	335,366	398,785
Cash and bank balances		92,456	41,962	80,262
Total current assets		508,595	377,470	481,379
TOTAL ASSETS		622,835	589,066	619,245
EQUITY AND LIABILITIES				
Equity		259,612	288,669	266,969
Untaxed reserves		114,921	110,248	114,921
Accounts payable		12,182	22,112	30,127
Current interest-bearing liabilities		49,724	49,333	49,532
Other current liabilities		186,396	118,704	157,696
Total current liabilities		248,302	190,149	237,355
TOTAL EQUITY AND LIABILITIES		622,835	589,066	619,245

NOTES, GROUP

NOTE 1 ACCOUNTING POLICIES

The RaySearch Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied are consistent with those described in the 2019 Annual Report for RaySearch Laboratories AB (publ), which is available at www.raysearchlabs.com. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

RaySearch Laboratories AB (publ) is the Parent Company of the RaySearch Group. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The Parent Company's operations are consistent with the Group's operations in all material respects.

Differences in profitability between the Parent Company and the Group are attributable to the Parent Company accounting for a relatively high proportion of operating expenses, and to the capitalization of development costs being recognized in the Group but not in the Parent Company. The Parent Company was also not affected by IFRS 16, and will continue to recognize lease payments on a straight-line basis over the lease term. This reduces operating profit compared with if IFRS 16 had been applied.

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

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

AMOUNTS IN SEK 000s	APR-JUN				
	2020	2019	Change	JUL 2019 -JUN 2020	Full-year 2019
<u>Revenue by type</u>					
Licenses	86,538	123,660	-30.0%	446,123	449,676
Support	61,735	48,134	28.3%	228,154	198,189
Hardware	11,986	13,180	-9.1%	61,220	76,577
Training and other	3,499	4,684	-25.3%	15,998	17,142
Total revenue from contracts with customers	163,758	189,658	-13.7%	751,495	741,584
<u>Revenue by geographic market</u>					
North America	59,926	85,190	-29.7%	318,149	313,464
APAC	50,182	24,197	107.4%	169,482	135,409
Europe and rest of the world	53,650	80,271	-33.2%	263,864	292,711
Total revenue from contracts with customers	163,758	189,658	-13.7%	751,495	741,584
<u>Revenue by date for revenue recognition</u>					
Goods/services transferred at a point in time	98,524	136,840	-28.0%	507,343	526,253
Services transferred over time	65,234	52,818	23.5%	244,152	215,331
Total revenue from contracts with customers	163,758	189,658	-13.7%	751,495	741,584

AMOUNTS IN SEK 000s		JAN-JUN 2020			
	2020	2019	Change	JUL 2019 -JUN 2020	Full-year 2019
Revenue by type					
Licenses	219,214	222,767	-1.6%	446,123	449,676
Support	119,852	89,887	33.3%	228,154	198,189
Hardware	27,838	43,195	-35.6%	61,220	76,577
Training and other	5,743	6,887	-16.6%	15,998	17,142
Total revenue from contracts with customers	372,647	362,736	2.7%	751,495	741,584
Revenue by geographic market					
North America	158,705	154,020	3.0%	318,149	313,464
APAC	74,936	40,863	83.4%	169,482	135,409
Europe and rest of the world	139,006	167,853	-17.2%	263,864	292,711
Total revenue from contracts with customers	372,647	362,736	2.7%	751,495	741,584
Revenue by date for revenue recognition					
Goods/services transferred at a point in time	247,052	265,962	-7.1%	507,343	526,253
Services transferred over time	125,595	96,774	29.8%	244,152	215,331
Total revenue from contracts with customers	372,647	362,736	2.7%	751,495	741,584

NOTE 3 ESTIMATES

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

NOTE 4 FINANCIAL INSTRUMENTS

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

The provision for expected credit losses is a weighted assessment of payment history, reports from external credit rating agencies and other customer-specific information. At the end of June 2020, the credit loss provision was SEK 29.3 M [19.9]. The increase was largely due to COVID-19. Historically, the Group's credit losses have been limited. Since the company was founded in 2000, incurred credit losses have amounted to approximately 0.01 percent and provisions for expected credit losses to approximately 0.7 percent of total sales.

NOTE 5 RELATED-PARTY TRANSACTIONS

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

NOTE 6 PLEDGED ASSETS IN THE GROUP AND PARENT COMPANY

AMOUNTS IN SEK 000s	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Chattel mortgages	100,000	100,000	100,000
Guarantees	15,587	8,097	6,096

GROUP QUARTERLY OVERVIEW

	2020		2019				2018	
AMOUNTS IN SEK 000s	Q2 ¹	Q1 ¹	Q4 ¹	Q3 ¹	Q2 ¹	Q1 ¹	Q4 ²	Q3 ²
Order intake								
Order intake	177,133	300,018	277,217	196,793	370,612	201,617	294,889	175,712
Order backlog at the end of the period	1,185,758	1,281,507	1,155,167	1,124,720	1,043,112	876,931	828,004	740,448
Income statement								
Net sales	163,758	208,889	234,499	144,349	189,658	173,078	219,443	150,479
Sales change, %	-13.7	20.7	6.9	-4.1	63.1	49.0	7.0	34.7
Operating profit/loss	-10,954	51,557	22,468	-6,345	28,809	23,237	41,673	12,421
Operating margin, %	-6.7	24.7	9.6	-4.4	15.2	13.4	19.0	8.3
Profit/loss for the period	-9,196	40,462	18,937	-7,525	21,833	17,166	32,649	13,500
Net margin, %	-5.6	19.4	8.1	-5.2	11.5	9.9	14.9	9.0
Cash flow								
Operating activities	135,443	66,074	81,139	51,761	136,938	50,307	120,614	-12,883
Investing activities	-55,913	-60,214	-60,992	-48,568	-57,067	-45,419	-73,258	-43,298
Financing activities	-13,618	-10,104	-12,370	-16,668	-75,740	-6,706	9,401	39,150
Cash flow for the period	65,912	-4,244	7,777	-13,475	4,131	-1,818	56,756	-17,031
Capital structure								
Equity/assets ratio, %	56.2	55.8	55.8	55.6	55.9	52.0	59.5	59.9
Net debt	206	73,231	56,869	77,991	92,024	181,649	19,300	69,105
Debt/equity ratio	0.0	0.1	0.1	0.1	0.1	0.3	0.0	0.1
Net debt/EBITDA	0.0	0.3	0.2	0.3	0.4	0.8	0.1	0.3
Per share data, SEK								
Earnings/loss per share before/after dilution	-0.27	1.18	0.55	-0.22	0.64	0.50	0.95	0.39
Equity per share	21.48	21.79	20.58	20.03	20.25	19.62	19.18	18.23
Share price at the end of the period	86.5	57.60	107.20	160.70	132.60	103.70	96.50	122.30
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	391	386	331	317	306	299	293	286

GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	JUL 2019- JUN 2020 ^{3,4}	Apr 2019- Mar 2020 ^{3,4}	Jan 2019- Dec 2019 ^{3,4}	Oct 2018- Sep 2019 ^{3,4}	Jul 2018- Jun 2019 ^{3,4}	Apr 2018- Mar 2019 ^{3,4}	Jan 2018- Dec 2018 ^{3,4}	Oct 2017- Sep 2018 ^{3,4}
Order intake								
Total order intake	951,160	1,144,639	1,046,238	1,063,910	1,042,829	878,393	805,210	749,440
Income statement								
Net sales	751,495	777,395	741,584	726,528	732,658	684,039	627,218	612,736
Operating profit/loss	56,726	96,489	68,169	87,374	106,140	103,589	94,460	151,485
Operating margin, %	7.5	12.4	9.2	12.0	14.5	15.1	15.1	24.7
Cash flow								
Cash flow	55,970	-5,811	-3,385	45,594	42,038	-12,355	1,804	-20,346
Cash flow adjusted for repayment of bank loans	55,970	69,189	71,615	120,594	67,038	-62,355	-48,196	-95,346

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

DEFINITIONS OF KEY RATIOS

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

Non-IFRS measures	Definition	Reason for using the measure
Order intake	The value (transaction price) of all orders received and changes to existing orders during the current period	Order intake is an indicator of future revenue and thus a key figure for the management of RaySearch's operations
Order backlog	The value of orders at the end of the period that the company has yet to deliver and recognize as revenue, meaning remaining performance obligations.	The order backlog shows the value of orders already booked by RaySearch that will be converted to revenue in the future.
Net sales/Order intake	Recognized net sales in relation to total order intake during the corresponding period	The measurement is used to monitor the recognized revenue in relation to sales, which is part of the reason for the change in order backlog.
Sales change	The change in net sales compared with the year-earlier period expressed as a percentage	The measure is used to track the performance of the company's operations between periods
Change in organic sales	Change in growth excluding currency effects	This measure is used to monitor underlying sales change driven by alterations in volume, pricing and mix for comparable units between different periods
Gross profit	Net sales minus cost of goods sold	Gross profit is used to measure the margin before sales, research, development and administrative expenses
Operating profit/loss	Calculated as operating profit before financial items and tax	Operating profit provides an overall picture of the total generation of earnings in operating activities
Operating margin	Operating profit expressed as a percentage of net sales	Together with sales growth, the operating margin is a key element for monitoring value creation
Net margin	Profit for the period as a percentage of net sales for the period	The net margin shows the percentage of net sales remaining after the company's expenses have been deducted
Cash flow adjusted for changes in bank loans	Cash flow for the period less cash flow from changes to bank loans	The measurement shows the underlying cash flow before financing activities, but including amortization of lease liabilities.
Equity per share	Equity divided by number of shares at the end of the period	The measurement shows the return generated on the owners' invested capital per share
Rolling 12 months' sales, operating profit, or other results	Sales, operating profit or other results measured over the past 12-month period	This measure is used to more clearly illustrate the trends for sales, operating profit and other results, which is relevant because RaySearch's revenue is subject to monthly variations
Working capital	Working capital comprises inventories, operating receivables and operating liabilities, and is obtained from the statement of financial position. Operating receivables comprise accounts receivable, other current/long-term receivables and non-interest bearing prepaid expenses and accrued income. Operating liabilities include other non-interest bearing long-term liabilities, advance payments from customers, accounts payable, other current liabilities and non-interest bearing accrued expenses and deferred income.	This measure shows how much working capital is tied up in operations and can be shown in relation to net sales to demonstrate the efficiency with which working capital has been used
Return on equity	Calculated as profit/loss for the period as a percentage of average equity. Average equity is calculated as the sum of equity at the end of the period plus equity at the end of the year-earlier period, divided by two	Shows the return generated on the owners' invested capital from a shareholder perspective
Equity/assets ratio	Equity expressed as a percentage of total assets at the end of the period	This is a standard measure to show financial risk, and is expressed as the percentage of the total restricted equity financed by the owners
Net debt	Interest-bearing liabilities less cash and cash equivalents and interest-bearing current and long-term receivables	This measure shows the Group's total indebtedness
Equity/assets ratio and net debt excluding IFRS 16	Equity/assets ratio and net debt adjusted for right-of-use assets and lease liabilities	Shows measurements made according to IAS 17 instead of IFRS 16 for comparability with earlier periods.
Debt/equity ratio	Net debt in relation to equity	The measure shows financial risk and is used by management to monitor the Group's indebtedness
EBITDA	Operating profit before financial items, tax, depreciation/amortization and impairment	The measurement is a way to evaluate the result without taking into consideration financial decisions or taxes
Net debt/EBITDA	Net debt at the end of the period in relation to operating profit before depreciation over the past 12-month period	A relevant measure from a credit perspective that shows the company's ability to handle its debt

CALCULATION OF FINANCIAL MEASURES NOT INCLUDED IN THE IFRS FRAMEWORK

AMOUNTS IN SEK 000s	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Working capital			
Accounts receivable (current billed customer receivables)	199,045	175,039	194,752
Current unbilled customer receivables	125,066	180,319	191,064
Long-term unbilled customer receivables	12,131	25,297	20,370
Inventories	8,203	3,851	4,623
Other current receivables (excl. tax)	51,741	43,125	54,334
Accounts payable	-15,575	-33,090	-33,202
Other current liabilities (excl. tax)	-260,667	-231,888	-238,885
Working capital	119,944	162,653	193,056
AMOUNTS IN SEK 000s	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Net debt			
Current interest-bearing liabilities	96,654	86,349	84,931
Long-term interest-bearing liabilities	77,280	123,800	85,796
Cash and cash equivalents	-173,728	-118,125	-113,858
Net debt	206	92,024	56,869
AMOUNTS IN SEK 000s	JUL 2019 -JUN 2020 ¹	JUL 2018 -JUN 2019 ¹	Full-year2019 ¹
EBITDA			
Operating profit/loss	56,726	103,589	68,169
Amortization and depreciation	197,541	130,946	182,497
EBITDA	254,267	234,535	250,666
ORGANIC GROWTH	JUL 2019 -JUN 2020	JUL 2018 -JUN 2019	Full-year 2019
Net sales	751,495	732,632	741,584
Currency adjustment	-24,060	-4,204	-40,106
Adjusted Net sales	727,435	728,428	701,478
Net sales, preceding year	732,632	573,960	627,218
Organic growth	-0.7%	26.9%	11.8%

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

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ABOUT RAYSEARCH

RaySearch Laboratories AB (publ) is a medical technology company that develops innovative software solutions for improved cancer treatment. The company develops and markets the RayStation treatment planning system and RayCare oncology information system to cancer centers all over the world and distributes the products through licensing agreements with leading medical technology companies. The company is also developing a new treatment control system, RayCommand, as well as RayIntelligence, a range of data-based machine learning products, which are preliminarily expected to be launched in December 2020. RaySearch's software is currently used by over 2,600 centers in more than 65 countries. The company was founded in 2000 as a spin-off from the Karolinska Institute in Stockholm and the share has been listed for trading on Nasdaq Stockholm since 2003. More information about RaySearch is available at www.raysearchlabs.com

VISION AND BUSINESS CONCEPT

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

STRATEGY

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

BUSINESS MODEL

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