

“For full-year 2020, net sales declined 12 percent, mainly the result of lower license sales due to the COVID-19 pandemic. Operating loss totaled SEK -3 M (68) and cash flow was SEK 62 M (-3). Despite challenging market conditions, 2020 was a productive year as we significantly strengthened our product portfolio.”

Johan Löf, CEO of RaySearch.

FOURTH QUARTER (OCTOBER-DECEMBER 2020)

- Order intake SEK 239.1 M (277.2)
- Net sales SEK 159.8 M (234.5)
- Operating loss SEK -14.6 M (22.5)
- Loss after tax SEK -14.2 M (18.9)
- Loss per share before/after dilution SEK -0.41 (0.55)
- Cash flow SEK -21.5 M (7.8)
- Order backlog SEK 1,161.3 M (1,155.2) at the end of the period

TWELVE MONTHS (JANUARY-DECEMBER 2020)

- Order intake SEK 854.8 M (1,046.2)
- Net sales SEK 651.6 M (741.6)
- Operating loss SEK -3.5 M (68.2)
- Loss after tax SEK -9.1 M (50.4)
- Loss per share before/after dilution SEK -0.26 (1.47)
- Cash flow SEK 61.9 M (-3.4)
- The Board proposes that no dividend be paid for 2020

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- The RayStation® treatment planning system was sold to more leading cancer centers, including Centre Eugène Marquis in France, Taipei Medical University Hospital in Taiwan, Dankook University Hospital in South Korea, the Clatterbridge Cancer Centre in the UK, and Riverside Regional Medical Center in the US. In addition, Johns Hopkins Medicine in the US and Centre Antoine Lacassagne increased their existing RayStation installations.
- In December, new versions of RaySearch's software were released – the RayStation 10B* treatment planning system, which now supports brachytherapy and offers a speed revolution in Monte Carlo dose calculation for proton therapy, and the RayCare 4B* oncology information system, which can now connect to Varian TrueBeam™, offers improved integration with RayStation and supports multiple parallel treatments and workflows.
- In December, the first version of the RayIntelligence* oncology analytics system was released, as well as the RayCommand* treatment control system, which obtained marketing authorization in several European countries.

UPDATE REGARDING COVID-19

- The general market situation is continuously improving with continued recovery in Asia and signs of demand recovery in other regions. At the same time, a second or third wave of the pandemic is being registered in many countries and it is unclear how long it will take before the vaccination program has an effect. RaySearch therefore expects that the negative effects of the COVID-19 pandemic on the company's sales and earnings will continue for some months to come, mainly because orders may be delayed, but that these effects will normalize in 2021.
- Management is monitoring the situation closely and is prepared to take action if needed.

NO SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

FINANCIAL SUMMARY¹

AMOUNTS IN SEK 000s	OCT-DEC		JAN-DEC	
	2020	2019	2020	2019
Net sales	159,835	234,499	651,612	741,584
Operating profit/loss	-14,592	22,468	-3,466	68,169
Operating margin, %	-9.1	9.6	-0.5	9.2
Profit/loss for the period	-14,164	18,937	-9,080	50,411
Earnings/loss per share before/after dilution, SEK	-0.41	0.55	-0.26	1.47
Cash flow from operating activities	51,505	81,139	331,508	320,145
Cash flow for the period	-21,498	7,777	61,890	-3,385
Return on equity, %	-2.0	2.8	-1.3	7.4
Equity/assets ratio at the end of the period, %	54.0	55.6	54.0	55.6
Share price at the end of the period, SEK	82.7	107.2	82.7	107.2

* Marketing clearance is required in some markets.

¹ For definitions of key ratios, see page 20.



CEO COMMENTS

CONTINUED EXTRAORDINARY MARKET CONDITIONS

In the fourth quarter of 2020, the negative impact of the COVID-19 pandemic on RaySearch's sales continued. Market conditions were particularly challenging in Europe, while continued recovery was noted in Asia. We also began to see signs of recovery in North America towards year-end. It was very gratifying, for example, to receive a major order from the world renowned Johns Hopkins Medicine in December. They have been using RayStation for proton therapy planning since 2017, but have now expanded their RayStation installation to include all forms of photon therapy. Under the agreement, RayStation will be used by five of the Health System's centers.

In the fourth quarter, order intake amounted to SEK 239 M [277], representing a 14-percent decline year-on-year. Net sales declined

32 percent to SEK 160 M [234]. The change was attributable to significantly lower license sales, mainly due to the COVID-19 pandemic. In addition, the company did not meet all of the criteria for recognizing license revenue for several large RayStation orders received at the end of the year, nor for two contracts related to our new RayCommand treatment control system, which was launched in December. Instead these revenues are expected to be recognized throughout 2021.

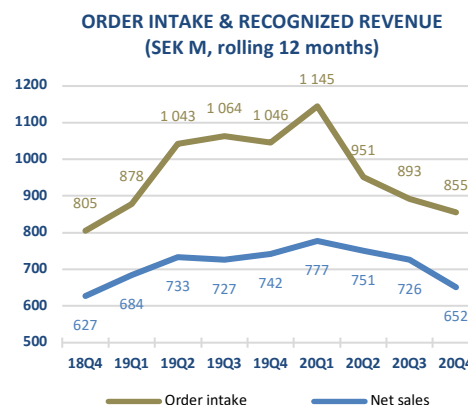
Due to lower sales, operating profit declined to SEK -15 M [22], representing an operating margin of -9 percent [10]. In the fourth quarter, cash flow was SEK -21 M [8].

FULL-YEAR 2020

Despite the challenging market conditions brought on by the COVID-19 pandemic, 2020 was a productive year in many respects with a continued focus on product development, cost reductions and efficiency improvements. During the year, we released new versions of RayStation with new support for brachytherapy and proton therapy planning for eye cancer treatment, significant performance enhancements for proton therapy, and improved ability to generate treatment plans using machine learning in Plan Explorer. We also released new versions of RayCare, with improved integration with RayStation, interfaces for connection with Varian TrueBeam™, and support for multiple parallel patient treatments and workflows.

In December, we released the first version of our RayCommand treatment control system, which also obtained marketing authorization in several European countries. 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. Efficient coordination is crucial for the delivery of safe and effective patient treatments. In December, the first version of our RayIntelligence oncology analytics system was also released. 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 has been integrated with RayStation and RayCare to further optimize and personalize patient treatments. This will be based on previous clinical experience and collaboration with leading cancer centers. In summary, RaySearch's product portfolio was significantly strengthened in 2020.

For full-year 2020, net sales declined 12 percent to SEK 652 M [742], and operating loss totaled SEK -3 M [68], representing an operating margin of -1 percent [9]. The full-year result was negatively affected by currency translation effects regarding balance sheet items, and adjusted for that, the operating profit had amounted to SEK 26 M [49]. Despite challenging market conditions, cash flow remained strong at SEK 62 M [-3] and the company's financial position is highly robust.



OUTLOOK

It is still difficult to say how the ongoing pandemic will affect the coming quarters with any great certainty. The situation has stabilized and begun to normalize in many countries, while other countries are registering a second or third wave of the pandemic. We see continued recovery in Asia and signs of demand recovery in other regions.

In addition, as soon as the vaccination program takes effect we expect sales to start normalizing again since underlying need and demand for effective software solutions for cancer care remain unchanged compared with pre-pandemic levels. Since sales activities have been restricted for some time, however, it may take time before full sales effect is regained. However, we see no major challenges in relation to R&D or the company's delivery capacity. Our production output is virtually unaffected by the pandemic.

Overall, we expect the negative effects of the COVID-19 pandemic on the company's sales and earnings to continue for some months to come, but that these effects will decline in 2021. Due to uncertainty surrounding how long the COVID-19 pandemic will last and the extent of the economic impacts, RaySearch will continue to focus 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 and demand for our products will normalize and return to previous levels after the COVID-19 pandemic has subsided.

One of the effects of the COVID-19 pandemic could be an 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. As a result, our products can help to mitigate the effects of the current lack of resources.

OUR LONG-TERM STRATEGY REMAINS FIRM

RaySearch's high pace of innovation will continue in order to secure our market segment position and return to strong growth as soon as the effects of COVID-19 have subsided and the world is in a more normalized 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 2021.

In 2021, more and more cancer centers will introduce RayCare for clinical use and the interoperability with Varian's linear accelerator, TrueBeam® will significantly increase RayCare's market potential and improve workflows for our existing customers. Our teams are also developing tools to support surgeons when planning and performing surgery to remove tumors. 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, February 23, 2021

Johan Löf
CEO and founder

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 fourth quarter of 2020, order intake declined 13.7 percent to SEK 239.1 M [277.2]. License order intake declined 15.8 percent to SEK 109.7 M [130.3] and order intake for support agreements declined 17.3 percent to SEK 95.9 M [115.9]. The change was primarily attributable to the COVID-19 pandemic.

Order intake (amounts in SEK M)	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Full-year 2020	Full-year 2019
Licenses	109.7	48.3	83.2	136.7	130.3	378.0	516.2
Hardware	26.7	8.3	11.8	22.7	21.0	69.5	81.6
Support (incl. warranty support)	95.9	78.9	77.0	125.6	115.9	377.4	417.5
Training and other	6.8	3.0	5.2	14.8	10.0	29.9	30.9
Total order intake	239.1	138.5	177.1	300.0	277.2	854.8	1,046.2
Order backlog (amounts in SEK M)	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19		
Licenses	127.0	112.6	105.8	130.7	119.0		
Hardware	50.3	36.8	38.9	43.9	36.4		
Support (incl. warranty support)	942.6	961.0	982.6	1047.1	956.2		
Training and other	49.4	50.8	58.5	59.8	43.6		
Total order backlog at the end of the period	1,169.2	1,161.3	1,185.8	1,281.5	1,155.2		

For full-year 2020, order intake declined 18.3 percent to 854.8 [1,046.2] M SEK.

At December 31, 2020, the total order backlog amounted SEK 1,169.2 M [1,155.2], which is expected to generate revenue of approximately SEK 402 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.

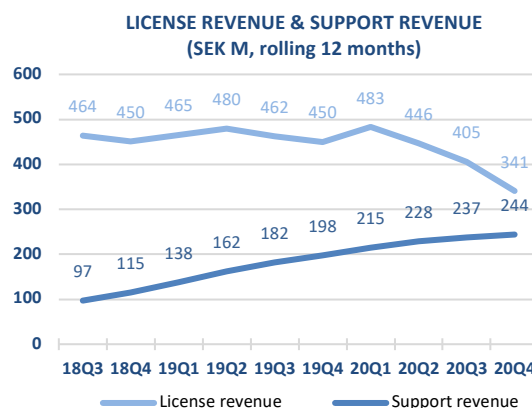
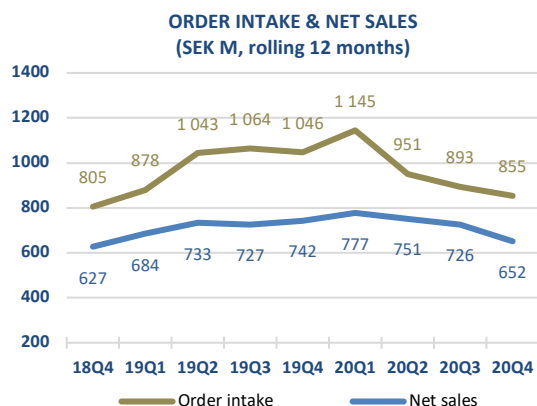
REVENUE

In the fourth quarter of 2020, net sales declined 31.8 percent to SEK 159.8 M [234.5]. The change was attributable to lower license sales, which declined 44.2 percent to SEK 81.1 M [145.4], mainly attributable to the COVID-19 pandemic. In addition, the company did not meet all of the criteria for recognizing license revenue for several large RayStation orders received at the end of the year, or for two contracts related to the new RayCommand treatment control system that was launched in December. License revenue for these contracts is expected to be allocated throughout full-year 2021 instead.

Change in sales at unchanged currencies was -28.5 percent [1.4].

In the fourth quarter, recurring support revenue rose 12.7 percent to SEK 63.9 M [56.7], accounting for 40 percent [24] of net sales. Hardware sales, which have a limited profit margin, declined 61 percent to SEK 10.2 M [26.5]. Excluding hardware sales, sales declined 28.1 percent.

Revenue (amounts in SEK M)	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Full-year 2020	Full-year 2019
Licenses	81.1	40.5	86.5	132.7	145.4	340.8	449.7
Hardware	10.2	9.7	12.2	15.9	26.6	48.0	76.6
Support (incl. warranty support)	63.9	60.2	61.7	58.1	56.7	243.9	198.2
Training and other	4.6	8.8	3.3	2.2	5.8	18.9	17.1
Net sales	159.8	119.1	163.8	208.9	234.5	651.6	741.7
Change in sales, corresp. period, %	-31.8	-17.4	-13.7	20.7	6.9	-12.1	18.2
Change in sales at unchanged currencies, corresp. period, %	-28.5	-13.7	-16.0	16.1	1.4	-10.3	11.8



For full-year 2020, net sales declined 12.1 percent to SEK 651.6 M [741.7]. The change was attributable to lower license revenue mainly attributable to the COVID-19 pandemic. Change in sales at unchanged currencies was -10.3 percent [11.8].

In 2020, net sales had the following geographic distribution: North America, 37 percent (42); Asia, 25 percent (18); Europe and the rest of the world, 38 percent (39).

License revenue declined 24 percent to SEK 340.8 M [449.7]. Recurring support revenue rose 23.1 percent to SEK 243.9 M [198.2], accounting for 37 percent (27) of net sales. Hardware sales, which have a limited profit margin, declined 37.3 percent to SEK 48.0 M [76.6]. Excluding hardware sales, sales declined 9.2 percent.

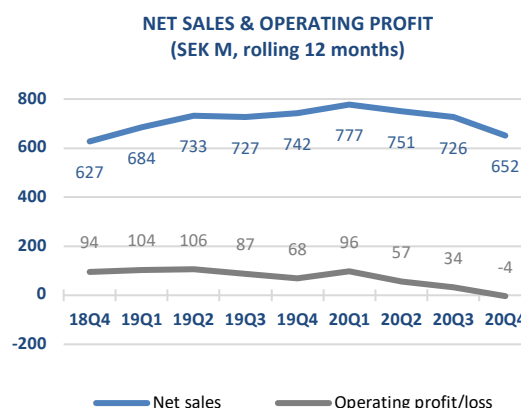
OPERATING PROFIT

In the fourth quarter of 2020, operating profit declined to SEK -14.6 M [22.5], representing an operating margin of -9.1 percent [9.6]. The weaker earnings were attributable to lower license revenue, which was only partially offset by lower costs.

In the fourth quarter, operating expenses declined 17.7 percent to SEK 174.4 M [212.0]. The change 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 fourth quarter, the net of these exchange-rate gains and losses amounted to SEK -15.6 M [-14.9] due to a large proportion of the Group's receivables being denominated in USD and EUR, which weakened against the SEK in the fourth quarter compared with the end of the third quarter. Adjusted for these currency translation effects, operating profit would have totaled SEK 1.0 M [37.4] in the fourth quarter and operating expenses would have declined 19.4 percent.

For full-year 2020, operating profit declined to SEK -3.5 M [68.2], representing an operating margin of -0.5 percent [9.2]. The full-year result was negatively affected by currency translation effects regarding balance sheet items, and adjusted for that, the operating profit had amounted to SEK 26 M [49].



Currency effects

The company's sales and earnings are 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, the change in sales was -28.5 percent in the fourth quarter of 2020, compared with the year-earlier period. In addition, the company incurred significant exchange-rate losses of SEK -15.5 M [-14.9] for balance sheet items in the fourth quarter. Currency effects therefore had a negative impact on net sales and operating profit in the fourth 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 2.4 M in the fourth quarter of 2020, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 1.8 M.

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

Capitalization of development costs

RaySearch is a research and development-oriented company that makes significant investments in the development of software solutions for improved cancer treatment. At December 31, 2020, some 200 employees [190] were engaged in research and development, corresponding to 49 percent [51] of the total number of employees.

Capitalization of development costs	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19	Full-year 2020	Full-year 2019
Research and development costs	65.2	51.5	62.1	64.6	66.9	243.4	225.5
Capitalization of development costs	-53.1	-40.7	-49.4	-52.4	-49.7	-195.6	-164.4
Amortization of capitalized development costs	36.9	36.3	32.2	32.0	29.7	137.2	113.6
Research and development costs	48.9	47.1	44.9	44.2	46.9	185.0	174.7

In 2020, RaySearch continued to invest heavily in both existing and future products. In total, research and development costs rose 7.9 percent to SEK 243.4 M (225.5) in 2020, corresponding to 37 percent [30] of the company's net sales. The increase in costs was attributable to a higher number of employees in the research, development and machine learning departments.

Development costs of SEK 195.6 M (164.4) were capitalized, up 19.0 percent, representing 80 percent [73] of total research and development costs. The increase was attributable to a higher proportion of research activities in the research, development and machine learning departments, partly due to more product launches, but also because of canceled conferences and business travel during the COVID-19 pandemic.

Amortization of capitalized development costs rose 20.8 percent to SEK 137.2 M (113.6), and the increase was attributable to the expansion of development activities, and that amortization periods commenced for all products.

Research and development costs (after adjustments for capitalization and amortization of development costs) rose 5.9 percent to SEK 185.0 M (174.7).

Amortization and depreciation

In the fourth quarter of 2020, total amortization and depreciation increased 17.1 percent to SEK 56.1 M (47.9), of which amortization of intangible fixed assets accounted for SEK 36.9 M (29.7), primarily related to capitalized development costs. Depreciation of tangible fixed assets increased to SEK 19.2 M (18.1).

Total amortization and depreciation for the year amounted to SEK 213.8 M (182.5), of which amortization of intangible fixed assets totaled SEK 137.3 M (113.7), primarily related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 76.5 M (68.8).

PROFIT AND EARNINGS PER SHARE

In the fourth quarter of 2020, loss after tax totaled SEK -14.2 M (18.9), representing loss per share of SEK -0.41 (earnings: 0.55) before and after dilution.

For full-year 2020, loss after tax totaled SEK -9.1 M (50.4), representing loss per share of SEK -0.26 (earnings: 1.47) before and after dilution.

Tax expense for the year amounted to SEK -2.6 M (-12.2), corresponding to an effective tax rate of 30.5 percent (19.5).

CASH FLOW AND LIQUIDITY

In the fourth quarter of 2020, cash flow from operating activities was SEK 51.5 M (81.1) and the change was mainly attributable to weaker earnings.

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 2020, cash flow from operating activities was SEK 331.5 M (320.1).

At the end of the period, the company's total customer receivables amounted to 50 percent (55) of net sales over the past 12 months. Working capital amounted to 12 percent (26) of net sales over the past 12 months and the decline was attributable to increased payments from customers, including advance 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 0.7 percent of total sales since the start in 2000.

In the fourth quarter, cash flow from investing activities was SEK -64.1 M (-61.0). Investments in intangible fixed assets amounted to SEK -53.1 M (-49.7) and comprised capitalized development costs for the company's products – RayStation, RayCare, RayCommand and RayIntelligence. Investments in tangible fixed assets amounted to SEK -11.0 M (-11.4).

For full-year 2020, cash flow from investing activities was SEK -225.6 M (-212.0). Investments in intangible fixed assets amounted to SEK 195.9 M (-164.8) and comprised capitalized development costs. Investments in tangible fixed assets amounted to SEK -29.7 M (-47.2).

Cash flow from financing activities, mainly attributable to repayment of lease liabilities, was SEK -8.9 M (-12.4) for the fourth quarter of 2020 and SEK -44.0 M (-111.5) for the full-year. The change was due to a repayment of SEK 75 M on the company's revolving loan facility in the second quarter of 2019.

In the fourth quarter, cash flow was SEK -21.5 M (7.8) for the period and SEK 61.9 M (-3.4) for the full-year. At December 31, 2020, consolidated cash and cash equivalents amounted to SEK 168.7 M (113.9).

FINANCIAL POSITION

At December 31, 2020, RaySearch's total assets amounted to SEK 1,285 M (1,264) and the equity/assets ratio was 54.0 percent (55.8).

Current receivables amounted to SEK 408.8 M (463.3). 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, primarily 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 December 31, 2020, short-term loans totaling SEK 50 M (49) had been raised under the company's revolving loan facility and SEK 0 M (0) of the credit facility had been drawn.

At December 31, 2020, the Group's net debt totaled SEK -22.4 M (56.9). The change was due to improved cash flow.

EMPLOYEES

In 2020, the average number of employees in the Group was 394 (331). At the end of the fourth quarter, the Group had 405 employees (376), of whom 300 (279) were based in Sweden, and 105 (97) 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 pertaining to lease recognition 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 FULL YEAR

RayStation was selected by several leading cancer centers

In 2020, the RayStation treatment planning system was sold to several leading cancer centers, including Banner MD Anderson Cancer Center in Arizona, Miami Cancer Institute, Asante Three Rivers Medical Center, University of Kansas Medical Center, Minneapolis VA Medical Center and National Cancer Institute (NCI) in the US, Oslo University Hospital in Norway, Haaglanden Medical Center, Leiden University Medical Center and Haga Hospital in the Netherlands, Centre Eugène Marquis and Oncorad Garonne (Clinique du Pont De Chaume in Montauban) in France, Clatterbridge Cancer Centre in the UK, 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 2020, the MD Anderson Cancer Center and Johns Hopkins Medi in the US and Centre Antoine Lacassagne in France ordered additional RayStation licenses to replace 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 and 10B were released

RayStation 10A was released in June, with significant performance enhancements for proton therapy, new support for proton therapy planning eye treatments, and improved ability to generate treatment plans using machine learning in the Plan Explorer module.

RayStation 10B was released in December, the latest version of RaySearch's treatment planning system, with support for brachytherapy and speed revolution in Monte Carlo dose calculation for proton therapy.

RayCare 4A and 4B were released

RayCare 4A was released in June, with new features for dynamic team management, scripting support and an improved patient chart.

RayCare 4B was released in December, the latest version of RaySearch's oncology information system, with interfaces for connection with Varian TrueBeamTM, improved integration with RayStation, and support for multiple parallel treatments and workflows.

RayCommand and RayIntelligence were released

In December, the first version of the RayCommand treatment control system was released, and also obtained marketing authorization in several European countries. RayCommand gathers all necessary data from the oncology information system

and coordinates all resources and actions in the treatment room efficiently. Efficient coordination is crucial for the delivery of safe and effective patient treatments.

In December, the first version of the RayIntelligence oncology analytics system was also released. RayIntelligence help cancer centers gather, structure and analyze data for improved decision-making and personalization, and thereby improved cancer care.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events after the end of the reporting 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 fourth quarter of 2020

Sales. The ongoing COVID-19 pandemic continued to have a negative effect on RaySearch's sales in the fourth quarter due to lockdowns in several countries for some 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 challenging in North America and some European countries, while the company noted a normalization 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.

In the fourth quarter, COVID-19 did not have any major impact on the company's assessment items.

Expected future effects

It is still difficult to say how the ongoing pandemic will affect the coming quarters with any great certainty. The situation has stabilized and begun to normalize in many countries, while other countries are registering a second or third wave of the pandemic. RaySearch acted early and took a number of measures to protect the company's operations and reduce costs. We see continued recovery in Asia and signs of demand recovery in other regions.

In addition, as soon as the vaccination program has an effect we expect sales to normalize again since underlying need and demand for effective software solutions for cancer care remain unchanged compared with pre-pandemic levels. Since sales activities have been restricted for some time, however, it may take time before full sales effect is regained. We see no major challenges in terms of R&D or the company's delivery capacity.

Overall, the company expects that the negative effects of the COVID-19 pandemic on the company's sales and earnings will continue for some months to come, but that these effects will normalize in 2021. However, due to uncertainty surrounding how long the COVID-19 pandemic will last and the extent of the economic impacts, RaySearch will continue to focus on protecting the company's cash flow and liquidity.

Unmet need for RaySearch's software solutions unchanged. The underlying need for efficient software solutions for cancer care remains unchanged since treatment for cancer patients is high priority. The company's assessment is that the market and demand for the company's products 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

The COVID-19 outbreak is posing a huge challenge to human health and lives all over the world. 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.

THE COMPANY'S SHARE

At December 31, 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. 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 December 31, 2020, the total number of voting rights in RaySearch was 110,377,548.

SHARE OWNERSHIP

At December 31, 2020, the total number of shareholders in RaySearch was 7,427, 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
First AP Fund	0	1,982,448	1,982,448	5.8	1.8
Swedbank Robur Funds	0	1,800,000	1,800,000	5.3	1.6
La Financière de l'Echiquier	0	1,747,176	1,747,176	5.1	1.6
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	926,391	926,391	2.7	0.8
Second AP Fund	0	880,942	880,942	2.6	0.8
C WorldWide Asset Management	0	851,612	851,612	2.5	0.8
Total, 10 largest shareholders	8,454,822	12,946,882	21,401,704	62.4	88.3
Others	153	12,880,916	12,881,069	37.6	11.7
Total	8,454,975	25,827,798	34,282,773	100.0	100.0

Source: Euroclear, FI and MorningStar.

OTHER INFORMATION

2021 ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of RaySearch Laboratories AB (publ) will be held on Wednesday, May 26, 2021 at 6:00 p.m. at the company's office on Sveavägen 44, Stockholm, Sweden. Shareholders wishing to have a matter addressed at the AGM must submit a written request to the Board of Directors. Such a request must normally have been received by the Board of Directors not later than seven (7) weeks prior to the AGM.

Proposed dividend

Since the company is in the midst of an expansive and capital-intensive phase, the Board of RaySearch proposes that no dividend be paid for the 2020 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.

A new business risk that has appeared in 2020 is COVID-19. RaySearch assesses that the risk management described in the annual report for 2019 essentially covers the market risks that may arise as a result of the coronavirus. Regarding the risk of increased absenteeism and difficulties in operating the Group in an efficient manner in the event of illness among key persons, contingency plans have been drawn up and access to business-critical systems remotely ensured.

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

Stockholm, February 23, 2021

Johan Löf
CEO and Board member

FOR FURTHER INFORMATION, PLEASE CONTACT:

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TELECONFERENCE

CEO Johan Löf and CFO Peter Thysell will present RaySearch's year-end report for January-December 2020 at a teleconference to be held in English on Tuesday, February 23, 2021 between 4:00-4:30 p.m. CET.

For login details to the teleconference, please register on:

<http://emea.directeventreg.com/registration/6166079>

FINANCIAL CALENDAR

2020 Annual Report (published on the website)	April 29, 2021
Interim report for the first quarter, 2021	May 5, 2021
Annual General Meeting 2021	May 26, 2021
Interim report for the first six months, 2021	August 25, 2021
Interim report for the third quarter, 2021	November 18, 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000s		OCT-DEC		JAN-DEC	
	Note	2020	2019	2020	2019
Net sales	2.3	159,835	234,499	651,612	741,584
Cost of goods sold ¹		-9,554	-25,862	-43,374	-72,365
Gross profit		150,281	208,637	608,238	669,219
Other operating income		11,900	-13,311	18,283	27,406
Selling expenses		-73,639	-94,183	-291,229	-345,425
Administrative expenses		-26,790	-30,190	-106,290	-100,135
Research and development costs		-48,868	-46,887	-185,041	-174,670
Other operating expenses		-27,476	-1,598	-47,427	-8,226
Operating profit/loss		-14,592	22,468	-3,466	68,169
Profit/loss from financial items		549	-1,855	-3,012	-5,561
Profit/loss before tax		-14,043	20,613	-6,478	62,608
Tax		-121	-1,676	-2,602	-12,197
Profit/loss for the period²		-14,164	18,937	-9,080	50,411
Other comprehensive income					
Items to be reclassified to profit or loss					
Translation difference of foreign operations for the period		-1,350	-325	-2,037	-433
Comprehensive income for the period²		-15,514	-7,538	-11,117	49,978
Earnings/loss per share before and after dilution (SEK)		-0.41	0.55	-0.26	1.47

¹ Comprises costs for hardware and license costs paid, 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		OCT-DEC		JAN-DEC	
		2020	2019	2020	2019
Opening balance		709,865	686,853	705,468	657,453
Effect of IFRS 16		—	—	—	-1,963
Opening balance after adjustments for IFRS 16		709,865	686,856	705,468	655,490
Profit/loss for the period		-14,164	18,937	-9,080	50,411
Translation difference for the period		-1,350	-325	-2,037	-433
Closing balance		694,351	705,468	694,351	705,468

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000s	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
Intangible fixed assets		486,817	428,406
Tangible fixed assets		186,768	221,349
Deferred tax assets		7,226	12,193
Other long-term receivables		26,928	20,473
Total fixed assets		707,739	682,421
Inventories		9,110	4,623
Current receivables		399,309	463,322
Cash and cash equivalents		168,746	113,858
Total current assets		577,165	581,803
TOTAL ASSETS		1,284,904	1,264,224
EQUITY AND LIABILITIES			
Equity		694,351	705,468
Deferred tax liabilities		108,749	115,145
Long-term interest-bearing liabilities		53,788	85,796
Total long-term liabilities		162,537	200,941
Accounts payable		19,864	33,202
Current interest-bearing liabilities		92,519	84,931
Other current liabilities		315,633	239,682
Total current liabilities		428,016	357,815
TOTAL EQUITY AND LIABILITIES		1,284,904	1,264,224

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000s	Note	OCT-DEC		JAN-DEC	
		2020	2019	2020	2019
Profit/loss before tax		-14,043	20,613	-6,478	62,608
Adjusted for non-cash items ¹⁾		68,565	67,086	234,223	180,438
Taxes paid		-7,061	16,393	-28,212	-7,275
Cash flow from operating activities before changes in working capital		47,461	104,092	199,533	235,771
Cash flow from changes in operating receivables		-88,943	-40,153	52,152	45,337
Cash flow from changes in operating liabilities		92,987	17,200	79,823	39,037
Cash flow from operating activities		51,505	81,139	331,508	320,145
Cash flow from investing activities		-64,094	-60,992	-225,593	-212,046
Cash flow from financing activities		-8,909	-12,370	-44,025	-111,484
Cash flow for the period		-21,498	7,777	61,890	-3,385
Cash and cash equivalents at the beginning of the period		194,140	107,483	113,858	112,198
Exchange-rate difference in cash and cash equivalents		-3,896	-1,402	-7,002	5,045
Cash and cash equivalents at the end of the period		168,746	113,858	168,746	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		OCT-DEC		JAN-DEC	
	Note	2020	2019	2020	2019
Net sales		126,235	167,690	489,623	533,127
Cost of goods sold ¹⁾		-4,446	-7,647	-24,095	-34,400
Gross profit		121,789	160,043	465,528	498,727
Other operating income		11,007	-13,370	9,163	26,905
Selling expenses		-43,125	-53,034	-167,012	-202,356
Administrative expenses		-26,848	-30,111	-106,702	-99,691
Research and development costs		-65,302	-67,074	-243,950	-226,089
Other operating expenses		-27,113	-1,390	-38,713	-4,869
Operating loss		-29,592	-4,936	-81,686	-7,373
Profit/loss from financial items		-377	-50	17	2,372
Loss after financial items		-29,969	-4,986	-81,669	-5,001
Appropriations		82,306	- 4,673	82,306	- 4,673
Profit/loss before tax		52,337	-9,659	637	-9,674
Tax on profit for the period		-12,426	4,068	-4,136	880
Profit/loss for the period		39,911	-5,591	-3,499	-8,794

¹ 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		OCT-DEC		JAN-DEC	
		2020	2019	2020	2019
Profit/loss for the period		39,911	-5,591	-3,499	-8,794
Other comprehensive income		-	-	-	-
Comprehensive income for the period		39,911	-5,591	-3,499	-8,794

PARENT COMPANY BALANCE SHEET IN SUMMARY

AMOUNTS IN SEK 000s	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
Intangible fixed assets		808	708
Tangible fixed assets		43,863	42,484
Shares and participations		1,911	1,911
Deferred tax assets		5,879	6,011
Long-term receivables from Group companies		25,426	73,136
Other long-term receivables		9,411	13,616
Total fixed assets		87,298	137,866
Inventories		176	2,332
Current receivables		356,270	398,785
Cash and bank balances		107,711	80,262
Total current assets		464,157	481,379
TOTAL ASSETS		551,455	619,245
EQUITY AND LIABILITIES			
Equity			
<u>Restricted equity</u>			
Share capital		17,141	17,141
Statutory reserve		43,630	43,630
Total restricted equity		60,771	60,771
<u>Unrestricted equity</u>			
Retained earnings		206,198	214,992
Loss for the year		-3,499	-8,794
Total non-restricted equity		202,699	206,198
Total equity		263,470	266,969
Untaxed reserves		32,615	114,921
Long-term liabilities		879	–
Accounts payable		30,156	30,127
Current interest-bearing liabilities		49,649	49,532
Other current liabilities		174,686	157,696
Total current liabilities		254,491	237,355
TOTAL EQUITY AND LIABILITIES		551,455	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		OCT-DEC			
	2020	2019	Change	Full-year 2020	Full-year 2019
<u>Revenue by type</u>					
Licenses	81,078	145,428	-44.3%	340,802	449,676
Support	63,897	56,719	12.7%	243,913	198,189
Hardware	10,232	26,560	-61.5%	48,026	76,624
Training and other	4,628	5,792	-20.1%	18,871	17,095
Total revenue from contracts with customers	159,835	234,499	-31.8%	651,612	741,584
<u>Revenue by geographic market</u>					
North America	43,079	103,059	-58.2%	241,476	313,464
APAC	53,793	50,149	7.3%	162,078	135,409
Europe and rest of the world	62,963	81,291	-22.6%	248,058	292,711
Total revenue from contracts with customers	159,835	234,499	-31.8%	651,612	741,584
<u>Revenue by date for revenue recognition</u>					
Goods/services transferred at a point in time	91,310	171,988	-46.9%	388,828	526,300
Services transferred over time	68,525	62,511	9.6%	262,784	215,284
Total revenue from contracts with customers	159,835	234,499	-31.8%	651,612	741,584

AMOUNTS IN SEK 000s	JAN-DEC				
	2020	2019	Change	Full-year 2020	Full-year 2019
Revenue by type					
Licenses	340,802	449,676	-24.2%	340,802	449,676
Support	243,913	198,189	23.1%	243,913	198,189
Hardware	48,026	76,624	-37.3%	48,026	76,624
Training and other	18,871	17,095	10.4%	18,871	17,095
Total revenue from contracts with customers	651,612	741,584	-12.1%	651,612	741,584
Revenue by geographic market					
North America	241,476	313,464	-23.0%	241,476	313,464
APAC	162,078	135,409	19.7%	162,078	135,409
Europe and rest of the world	248,058	292,711	-15.3%	248,058	292,711
Total revenue from contracts with customers	651,612	741,584	-12.1%	651,612	741,584
Revenue by date for revenue recognition					
Goods/services transferred at a point in time	388,828	526,300	-26.1%	388,828	526,300
Services transferred over time	262,784	215,284	22.1%	262,784	215,284
Total revenue from contracts with customers	651,612	741,584	-12.1%	651,612	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 December 2020, the credit loss provision was SEK 24.6 M (20.6). The increase was largely due to COVID-19. Historically, the Group's credit losses have been limited. Credit losses have increased over the past five years and amounted to about 1.1 percent of the company's average customer receivables over the past five years. The expected loss provision was 7 percent of total customer receivables.

NOTE 5 RELATED-PARTY TRANSACTIONS

There were no transactions 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	Dec 31, 2020	Dec 31, 2019
Chattel mortgages	100,000	100,000
Guarantees	14,340	6,586

The year-on-year increase is primarily attributable to bank guarantees concerning two customer orders.

GROUP QUARTERLY OVERVIEW

	2020				2019			
AMOUNTS IN SEK 000s	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake								
Total order intake	239,125	138,480	177,133	300,018	277,217	196,793	370,612	201,617
Income statement								
Net sales	159,835	119,130	163,758	208,889	234,499	144,349	189,658	173,078
Change in sales, %	-31.8	-17.5	-13.7	20.7	6.9	-4.1	63.1	49.0
Operating profit/loss	-14,592	-29,477	-10,954	51,557	22,468	-6,345	28,809	23,237
Operating margin, %	-9.1	-24.7	-6.7	24.7	9.6	-4.4	15.2	13.4
Profit/loss for the period	-14,164	-26,182	-9,196	40,462	18,937	-7,525	21,833	17,166
Net margin, %	-8.9	-22.0	-5.6	19.4	8.1	-5.2	11.5	9.9
Cash flow								
Operating activities	51,505	78,486	135,443	66,074	81,139	51,761	136,938	50,307
Investing activities	-64,094	-45,372	-55,913	-60,214	-60,992	-48,568	-57,067	-45,419
Financing activities	-8,909	-11,394	-13,618	-10,104	-12,370	-16,668	-75,740	-6,706
Cash flow for the period	-21,498	21,720	65,912	-4,244	7,777	-13,475	4,131	-1,818
Capital structure								
Equity/assets ratio, %	54.0	57.0	56.2	55.8	55.8	55.6	55.9	52.0
Net debt	-22,439	-31,476	206	73,231	56,869	77,991	92,024	181,649
Debt/equity ratio	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.3
Net debt/EBITDA	-0.1	-0.1	0.0	0.3	0.2	0.3	0.4	0.8
Per share data, SEK								
Earnings/loss per share before dilution	-0.41	-0.76	-0.27	1.18	0.55	-0.22	0.64	0.50
Earnings/loss per share after dilution	-0.41	-0.76	-0.27	1.18	0.55	-0.22	0.64	0.50
Equity per share	20.25	20.71	21.48	21.79	20.58	20.03	20.25	19.61
Share price at the end of the period	82.70	87.50	86.50	57.60	107.20	160.70	132.60	103.70
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	404	398	390	385	371	339	313	300

GROUP, ROLLING 12 MONTHS

AMOUNTS IN SEK 000s	Jan 2020- Dec 2020 ¹	Oct 2019- Sep 2020 ¹	Jul 2019- Jun 2020 ¹	Apr 2019- Mar 2020 ¹	Jan 2019- Dec 2019 ¹	Oct 2018- Sep 2019 ²	Jul 2018- Jun 2019 ²	Apr 2018- Mar 2019 ²
Order intake								
Total order intake	854,755	892,846	951,160	1,144,639	1,046,238	1,063,910	1,042,829	878,393
Income statement								
Net sales	651,612	726,276	751,495	777,395	741,584	726,528	732,658	684,039
Operating profit/loss	-3,466	33,594	56,726	96,489	68,169	87,374	106,140	103,589
Operating margin, %	-0.5	4.6	7.5	12.4	9.2	12.0	14.5	15.1
Cash flow								
Cash flow	61,890	91,165	55,970	-5,811	-3,385	45,594	42,038	-12,355
Cash flow adjusted for repayment of bank loans	61,890	91,165	55,970	69,189	71,615	120,594	67,038	-62,355

¹ IFRS 16 compliance.² 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.
Change in sales	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 sales at unchanged currencies	Change in sales at unchanged exchange rates, i.e. excluding currency effects	This measure is used to monitor underlying change in sales 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 profit for the period before financial items and tax	Operating profit provides an overall picture of the total generation of earnings in operating activities
Operating profit adjusted for currency conversion effects	Calculated as operating profit less other operating income/expenses	Operating profit provides an overall picture of the total generation of earnings in operating activities excluding currency conversion effects for balance sheet items
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
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	Dec 31, 2020	Dec 31, 2019
Working capital		
Accounts receivable (current billed customer receivables)	156,811	194,752
Current unbilled customer receivables	143,941	191,064
Long-term unbilled customer receivables	26,928	20,370
Inventories	9,110	4,623
Other current receivables (excl. tax)	74,980	54,334
Accounts payable	-19,864	-33,202
Other current liabilities (excl. tax)	-312,791	-238,885
Working capital	79,115	193,056
Net debt		
Current interest-bearing liabilities	92,519	84,931
Long-term interest-bearing liabilities	53,788	85,796
Cash and cash equivalents	-168,746	-113,858
Net debt	-22,439	56,869
EBITDA		
Operating profit/loss	-3,466	68,169
Amortization and depreciation	213,293	182,497
EBITDA	209,827	250,666
CHANGE IN SALES AT UNCHANGED CURRENCIES		
Net sales for the year	651,612	741,584
Currency adjustment	13,805	-40,106
Adjusted Net sales	665,417	701,478
Net sales, preceding year	741,584	627,218
Organic growth	-10.3%	11.8%

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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 markets worldwide its treatment planning system RayStation and next-generation oncology information system RayCare. In December 2020, the company also launched a new treatment control system, RayCommand, as well as the data analytics system, RayIntelligence. RaySearch's software is currently used by more than 2,600 cancer 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 MISSION

The company's vision is a world where cancer is conquered and RaySearch's mission 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.