ANNUAL REPORT/2015

CONTENTS

CONTINUED SUCCESS FOR RAYSTATION – A STRONG FOUNDATION FOR FURTHER EXPANSION

2015 WAS A FANTASTIC YEAR FOR RAYSEARCH AND MANY OF MY HIGH EXPECTATIONS WERE EXCEEDED. WE LAUNCHED GROUNDBREAKING NEW FEATURES IN THE LATEST VERSION OF RAYSTATION, INCREASED SALES SUBSTANTIALLY, RECEIVED PRESTIGIOUS RECOGNITION FROM SEVERAL OF THE WORLD'S LEADING CANCER CLINICS, AND TOOK MAJOR STEPS IN THE DEVELOPMENT OF RAYCARE, THE NEXT-GENERATION ONCOLOGY INFORMATION SYSTEM (OIS).

THE WORLD NEEDS MORE RADIATION THERAPY

The starting point for everything we do at RaySearch is to improve people's quality of life by advancing cancer care in the world. Cancer is now the leading cause of premature death and the number of cases continues to increase every year. Our task is great, essential and very engaging. Clinics around the world fight cancer by combining radiation therapy, chemotherapy and surgery, which are all an important part of the solution. However, radiation therapy is greatly underdeveloped, particularly in low- and middle-income countries – despite the fact that 50 percent of all cancer patients would benefit from such treatment, and that investment in radiation therapy has positive economic benefits. Establishing a radiation therapy clinic may be expensive, but radiation therapy is all in all the most cost-effective way to treat cancer. This fact is beginning to spread around the world, and at RaySearch we can offer the most advanced and easy to use software for optimal radiation therapy.

BETTER CARE WITH MODERN SOFTWARE

Our greatest contribution to date in the fight against cancer is RayStation, the most advanced treatment planning system for radiation therapy with support for adaptive radiation therapy, a user-friendly interface, automated workflows and unique multi-criteria optimization.

Advanced software such as RayStation contributes to both improved radiation therapy processes, and ensures that treatment machines have a longer lifespan and can be used more efficiently. This means that clinics that want to improve and develop their care no longer have to purchase the latest hardware but can achieve as good results by selecting RayStation as their treatment planning system.

RayStation retains its leading position through continuous product development. At the turn of the year 2015/2016, we launched RayStation 5, which is currently the only commercial system that supports treatment planning for carbon ion therapy. Particle therapy is the most advanced form of radiation therapy and RayStation now supports both ion- and proton therapy. For proton therapy, we had seven new customers in 2015, early 2016 and now have a market share of 30 percent.

The most groundbreaking new feature in RayStation 5 is Plan Explorer, a unique tool that allows the system to automatically generate a large number of treatment plans for different treatment techniques and types of machines, which the user can choose from based on the clinical goals. Plan Explorer contributes to both better care for the patient – thanks to improved quality of the treatment plans in general – and improved efficiency.

No other treatment planning system supports as many different types of treatment machines as RayStation, and in 2015 we consolidated this position further. We signed an agreement with Accuray that will allow RayStation to support treatment planning for the TomoTherapy and CyberKnife systems. This ensures enhanced efficiency for clinics that use Accuray's systems together with conventional machines. It also presents great business opportunities for us, as Accuray has an installed base of over 800 systems and RayStation becomes the only independent system that can generate treatment plans for their machines.

During 2015 – RayStation's sixth year on the market – we doubled our order intake from 159 to 317 million SEK. Some of the world's most respected cancer clinics chose RayStation for their treatment planning, including MD Anderson, The University of Florida Health Proton Therapy Institute in the United States and the Gustave Roussy institute in France. Such prominent customers contribute towards our continued growth.

JOHAN LÖF
PRESIDENT/CEO AND FOUNDER, RAYSEARCH LABORATORIES

RAYCARE BRINGS A NEW PERSPECTIVE

During the past year, we have achieved a number of important milestones in the development of our next contribution to improving cancer care: RayCare.

RayCare is the next generation of OIS. When the system is launched in 2017, the world's cancer clinics will get access to a comprehensive information system for all disciplines of cancer care – radiation therapy, chemotherapy and surgery. RayCare will be able to manage the workflow and store information about a cancer patient's entire treatment course, which opens up new possibilities for data analysis and evaluation of treatment outcome. To ensure that we meet the clinics' needs, the development work is conducted in close collaboration with leading cancer clinics. In early 2016, our clinical partners were The University Medical Center in Groningen, The University of California San Francisco and Iridium Kankernetwerk.

We knew that the market needed a modern OIS when we started developing RayCare. And I knew that RaySearch was in the best position to develop it. But the interest in RayCare actually surpasses my expectations. The reception is already overwhelmingly positive when we demonstrate the system to potential customers.

A GLOBAL PLAYER

During 2015, we expanded our geographical footprint significantly, particularly in Asia. We established an office in Singapore during the year and also began the process of opening offices in China, Japan and South Korea. Our presence in Asian markets is critical to both our vision and financial targets. Despite being home to 60 percent of the world's population, the availability of radiation therapy in many parts of Asia is very limited, and many countries are undertaking major investments in their healthcare systems, with cancer treatment as a central component.

As RayStation users increase in number and spread throughout the world, we also intensify our investments in customer support. Swift and adequate support is crucial – both for us and for our customers. Our customer service team is growing and is established in a growing list of countries. Our ambition is to be available around the clock and to offer assistance in the language that best suits the user.

A STRONG TEAM FOR FUTURE CHALLENGES

The number of radiation therapy clinics in the world is likely to increase in the coming decade. The driving forces include the rise of cancer incidences, increased understanding of the benefits of radiation therapy and large healthcare investments in Asia. The market is therefore undergoing steady growth. But we will continue to grow significantly faster than the market. Our ambition is a market share of over 30 percent in the not too distant future.

A summary of 2015 illustrates that our financial result has also followed a positive trend. Revenue increased by 39 percent and we have had our best annual financial result ever. This is very satisfying when considering how much we are investing in both new markets and in product development.

It is a privilege to operate a business such as RaySearch. The drive and innovativeness within the company are hard to beat, and for me as CEO and founder it is extremely rewarding to see the RaySearch family grow and spread throughout the world.

We welcomed 50 new team members last year and we all help our new colleagues to quickly feel at home in the company and become part of our common mission – to continue to advance cancer treatment through innovative software solutions that save lives and improve quality of life.

ADMINISTRATION REPORT

OPERATIONS

RaySearch Laboratories is a medical technology company that develops advanced software solutions for improved radiation therapy of cancer. RaySearch markets the proprietary treatment planning system RayStation® to clinics all over the world. In addition, the company's products are distributed through licensing agreements with leading medical technology companies. RaySearch's software is used by over 2,600 clinics in more than 65 countries. RaySearch was founded in 2000 as a spin-off from the Karolinska Institute in Stockholm and the company is listed in the Mid Cap segment of Nasdaq Stockholm.

Sales successes for RayStation continued and the system is now firmly established in all major markets around the world. In 2015, revenues from RayStation rose 58 percent to SEK 300.4 M (190.2) and now represent more than 75 percent of the company's sales. Product sales via partners increased to SEK 97.2 M (95.0), but the relative importance of partner sales declined. In 2015, the order intake for RayStation doubled, and RaySearch secured a number of key orders from some of the world's largest and most respected cancer clinics, including MD Anderson and the University of Florida Health Proton Therapy Institute in the US, as well as Gustave Roussy in France. The company's sales successes are due to RayStation's high calculation speed, automated workflow, advanced support for adaptive radiation therapy, unique multi-criteria optimization and user-friendly interface. More and more highly regarded cancer clinics can now confirm that RayStation is helping them to improve their radiation therapy process, and to use their existing radiation devices more efficiently.

During the year, RaySearch initiated a partnership with Accuray regarding treatment planning support in RayStation for Accuray's TomoTherapy® and CyberKnife® systems. This integration entails major efficiency gains for clinics that combine Accuray's systems with conventional radiation therapy devices. It also presents business opportunities for RaySearch, since Accuray has an installed base of more than 800 systems, and RayStation will be the only independent system that can generate treatment plans for Accuray's devices. Today, no other treatment planning system can offer such broad support for different types of radiation therapy devices as RayStation.

At the end of 2015, more than 280 cancer clinics in 22 countries had purchased RayStation. At the same time, since there are more than 8,000 radiation therapy clinics worldwide, the company's growth potential remains strong. During the year, the company continued to expand its global marketing organization, increased the number of sales and support employees in its European and US subsidiaries and signed several distribution agreements. However, the employees are still predominantly involved with research and development. Development work is focused on products that reflect market requirements, customer demands and research results. This takes the form of the development of new products and the refinement and maintenance of existing ones. Development activities in 2015 were focused on RayStation 5 and on RayCare®, an innovative oncology information system that will lead to a totally new product category for RaySearch.

Research activities are more future-oriented and form the basis of next-generation products. The research is mainly focused on the following areas: adaptive radiation therapy, automated planning, multi-criteria optimization, MR-based treatment planning and optimization tools for robustness against disturbances and errors that occur during treatment. Research is conducted in close cooperation with such organizations as KTH Royal Institute of Technology in Stockholm, Princess Margaret Hospital in Canada, and Massachusetts General Hospital and Stanford University in the US.

In early 2016, RayStation 5 was launched for clinical use in the UK, Australia and New Zealand, and the system will be launched in most of the major radiation therapy markets in the first half of 2016. RayStation 5 will be the only commercially available treatment planning system that provides support for the treatment planning of carbon-ion therapy, the most advanced form of radiation therapy, and MedAustron in Austria and Centro Nazionale di Adroterapia Oncologica (CNAO) in Italy are the first clinics to begin using the new treatment planning technique. RayStation 5 also offers several new features, such as robust optimization based on 4D-CT scans, and Plan Explorer – a treatment planning tool that combines automated treatment planning and high-performance algorithms with the ability to generate a range of delivery techniques in a manner that presents totally new opportunities for finding the most effective treatment for each patient.

The strong interest in RayCare was confirmed in 2015, and RaySearch has now signed long-term collaboration agreements with the University Medical Center Groningen (UMCG), the radiation therapy department of the Iridium Kankernetwerk and Accuray. A radiation therapy clinic essentially needs two software platforms for its activities: an oncology information system, and a treatment planning system. RayCare and RayStation will enable RaySearch to provide the entire infrastructure for a clinic's information management and treatment planning. The planned launch of RayCare in 2017 will present new opportunities for RaySearch, both clinically and commercially, which such developments as the company's long-term collaboration agreement with Accuray have confirmed.

The Parent Company and the Group present their financial statements in SEK.

SIGNIFICANT EVENTS OF THE YEAR

Changes to the executive management team

In January 2015, it was announced that the CFO, Anders Martin-Löf, had decided to leave the company in April to become CFO of another company. In March, Peter Thysell was appointed Interim CFO and was subsequently appointed permanent CFO as of August. In June, Björn Hårdemark was appointed Deputy CEO, Victoria Sörving was appointed new General Counsel and Kjell Eriksson was appointed new Chief Science Officer. All have joined the executive management team. In November, Anders Liander, CTO, left the company, at his own request, to pursue his own interests.

First proton therapy treatments with RayStation in Europe

In February 2015, it was announced that German-based Westdeutsches Protontherapiezentrum Essen (WPE) had become the first proton center in Europe to use RayStation for clinical treatments.

First proton therapy treatments with RayStation for MEVION S250

In May, the Ackerman Cancer Center in Jacksonville, USA, announced it had started to use RayStation for clinical proton therapy together with the MEVION S250 system.

Texas Center for Proton Therapy selects RayStation

In May, it was announced that the Texas Center for Proton Therapy had chosen the RayStation treatment planning system.

RayStation approved by US Oncology Network

In May, it was announced that RayStation had qualified as an approved treatment planning system for the US Oncology Network, a national collaboration organization in the US encompassing around 100 radiation therapy clinics.

Long-term collaboration agreement with Accuray

In July, it was announced that RaySearch and Accuray Inc. had signed a long-term collaboration agreement regarding the RayCare oncology information system which RaySearch is currently developing. Under the agreement, Accuray will be able to offer RayCare in several major radiation therapy markets with a fully integrated solution for its TomoTherapy and CyberKnife systems.

In September, it was announced that RaySearch and Accuray Inc. had expanded their established partnership by signing a new long-term collaboration agreement, which will lead to the integration of treatment planning support for the TomoTherapy and CyberKnife systems in RaySearch's treatment planning system, RayStation. This integration will offer significant efficiency gains to clinics using several different types of radiation therapy devices. The launch of treatment planning support for the TomoTherapy system in RayStation is scheduled for 2016, and for the CyberKnife system in 2017.

RayStation selected in several large-scale tendering processes

In August, it was announced that RaySearch, in direct competition with the company's main competitors, had secured several major RayStation contracts with some of the world's largest and most respected cancer clinics, including:

- The University of Texas MD Anderson Cancer Center, the world's largest and top-rated cancer clinic
- The University of Florida Health Proton Therapy Institute, which has selected RayStation as its primary treatment planning system
- Gustave Roussy Institute of Oncology, one of the largest cancer clinics in Europe, with an extensive network of satellite centers and partnerships with some of Europe's foremost oncology clinics.

Conversion of shares

In November, 1,061,577 Class A shares were converted to Class B shares at the request of shareholders. The total number of votes in RaySearch thereafter amounted to 126,648,099. On the balance-sheet date, the total number of registered shares in RaySearch was 34,282,773, of which 10,262,814 were Class A and 24,019,959 Class B shares.

SIGNIFICANT EVENTS AFTER FISCAL YEAR-END

RaySearch transferred to Mid Cap on Nasdaq Stockholm

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

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

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

Long-term collaboration agreement with the University of California, San Francisco, regarding RayCare

In February 2016, it was announced that RaySearch had signed a long-term collaboration agreement with the University of California, San Francisco (UCSF), regarding RayCare, the oncology information system that RaySearch is developing. "UCSF is the perfect partner for this development. The university is a world-leading institution for cancer treatment, and also offers an extensive and diverse set of treatment machines and other systems, providing a challenging and ideal environment for the development of RayCare," says Johan Löf, CEO of RaySearch.

Conversion of shares

In March 2016, 750 Class A shares were converted to Class B at the request of a shareholder. The total number of votes in RaySearch thereafter amounted to 126,641,349. The total number of registered shares in RaySearch amounts to 34,282,773, of which 10,262,064 are Class A shares and 24,020,709 Class B shares.

SALES AND EARNINGS

In 2015, total sales rose 39.4 percent year-on-year to SEK 397.6 M (285.2). Sales consist of license and support revenues, through direct sales of RayStation and sales via partners. Revenues from RayStation rose 58 percent to SEK 300.4 M (190.2) and from sales via partners to SEK 97.2 M (95.0).

License revenues amounted to SEK 353.4 M (256.1) and rose due to increased revenues from RayStation. In 2015, license revenues were distributed as follows: North America, 41 percent (31); Asia, 22 percent (32); Europe and the rest of the world, 37 percent (37).

Total order intake, excluding service agreements, amounted to SEK 385.2 M (229.8), of which order intake for RayStation doubled to SEK 316.9 M (158.9). At December 31, 2015, the order backlog for RayStation was SEK 60.5 M (31.5).

In 2015, support revenues increased to SEK 44.2 M (29.1), of which support revenues from RayStation rose 202 percent to SEK 15.4 M (5.1).

	2015	2014
License revenues – RayStation	285.0	185.1
License revenues – Partners	68.4	71.0
Support revenues – RayStation	15.4	5.1
Support revenues – Partners	28.8	24.0
Total sales	**397.6**	**285.2**

ADMINISTRATION REPORT, cont.

Operating expenses, excluding exchange-rate gains and losses, rose 38.6 percent to SEK 283.1 M (204.2). The increase was mainly due to higher costs for marketing, and for personnel in sales and service due to the focus on RayStation.

Other operating income and expenses pertain to exchange-rate gains and losses, with the net of these amounting to income of SEK 4.5 M (income: 10.0) in 2015. This was mainly due to the major portion of accounts receivable denominated in USD, which strengthened during the period.

Operating profit totaled SEK 95.3 M (79.4), corresponding to an operating margin of 24.0 percent (27.8). Profit after tax was SEK 70.2 M (59.8), corresponding to earnings per share before and after dilution of SEK 2.05 (1.75).

CAPITALIZATION OF DEVELOPMENT EXPENDITURE

At December 31, 2015, 101 (81) employees were engaged in research and development. Research and development costs include payroll costs, consulting fees and costs for computer equipment and premises. In 2015, capitalized development costs totaled SEK 81.0 M (54.4). Amortization of capitalized development costs amounted to SEK 50.0 M (57.0) in 2015. After adjustments for capitalization and amortization of development expenditure, research and development costs totaled SEK 101.5 M (95.1). See Note 16.

	2015	2014
Research and development expenditure	132.5	92.5
Capitalization of development expenditure	–81.0	–54.4
Amortization of capitalized development expenditure	+50.0	+57.0
Research and development expenditure after adjustments for capitalization and amortization of development expenditure	**101.5**	**95.1**

LIQUIDITY AND FINANCIAL POSITION

At December 31, 2015, cash and cash equivalents amounted to SEK 59.7 M (56.1) and current receivables to SEK 187.9 M (156.6). The receivables mainly consisted of accounts receivable and the rise was primarily due to increased sales, the fact that a large proportion of these sales occurred at the end of the period and that the receivables had not fallen due by the end of the reporting period.

Existing chattel mortgages amount to SEK 50 M, and include an overdraft facility of SEK 25 M and a revolving loan of up to SEK 25 M, with a term until November 4, 2017.

Of the company's overdraft facility of SEK 25 M, SEK 4.0 M has been blocked as collateral for bank guarantees, of which EUR 0.4 M has been issued to MedAustron. The remaining amount of SEK 21.0 M is unutilized.

The remaining liability, following the conclusion of a settlement agreement with Prowess, is in USD and discounted since it does not carry interest. Currency and discounting effects during the year had a negative impact of SEK 0.7 M on profit from financial items.

CASH FLOW

In 2015, cash flow from operating activities rose to SEK 111.4 M (50.3), primarily a result of improved earnings. Cash flow from investing activities amounted to a negative SEK 103.9 M (neg: 57.8), of which investments in intangible fixed assets amounted to a loss of SEK 81.0 M (loss: 54.4) and consisted of capitalized development expenditure. Investments in tangible fixed assets amounted to a loss of SEK 35.7 M (loss: 8.5), primarily related to the new head office and a new exhibition booth, of which SEK 12.9 M (4.9) was financed under a finance lease. Cash flow from financing activities amounted to a negative SEK 3.9 M (pos: 24.3) and comprised finance lease payments. Cash flow amounted to SEK 3.6 M (16.8).

CURRENCY EFFECTS

The company is dependent on trends in the USD and EUR exchange rates against the SEK, since most invoicing is in USD and EUR, while most costs are incurred in SEK. In 2015, revenues in USD were recognized at an average exchange rate of SEK 8.43 (6.89) and revenues in EUR at SEK 9.36 (9.18). Currency effects thus had a positive impact on sales and earnings.

At unchanged exchange rates, sales would have increased 24.2 percent compared with 2014.

A sensitivity analysis of currency exposure indicates that the impact of a +/–10 percent change in the average USD exchange rate on operating profit in 2015 would have been about +/– SEK 37.6 M, and the corresponding effect of a +/–10 percent change in the average EUR exchange rate about +/– SEK 11.3 M.

The company pursues the currency policy established by the Board of Directors, whereby exchange-rate changes are not hedged. Refer to the sensitivity analysis in Note 27.

INVESTMENTS

Fixed assets primarily comprised capitalized development expenditure relating to the development of new versions of RaySearch's software products. This development expenditure is capitalized and amortized over a period of five years from when the products are released to the market.

In 2015, investments in intangible fixed assets amounted to SEK 81.0 M (54.4) and consisted of capitalized development costs for RayStation and RayCare. Investments in tangible fixed assets amounted to SEK 35.7 M (9.2), and mainly pertained to the new head office and a new exhibition booth.

EMPLOYEES

At year-end, RaySearch had 175 (136) employees, of whom 145 were based in Sweden and 30 in foreign subsidiaries. The average number of employees during the year was 157 (126).

Employees have a high level of education; 16.4 percent have a doctorate degree and 81.5 percent have other university or college education. At year-end, 35.8 percent of the company's employees were women and 64.2 percent men. RaySearch is committed to gender equality and has an equal opportunities plan.

ENVIRONMENT

RaySearch is dedicated to reducing its negative environmental impact and to becoming a sustainable company. The company's products, software to improve radiation therapy for cancer treatment, have a limited impact on the environment. RaySearch's environmental impact is mainly related to the purchase of goods and services, energy use and transport. We want to contribute to sustainable development and therefore work actively to improve our environmental performance wherever this is financially viable. RaySearch has an established environmental policy, and promotes social responsibility and long-term sustainable development based on sound ethical, social and environmental principles.

BONUS AND PROFIT-SHARING FOUNDATION

Of the employees in the Swedish company, RaySearch Laboratories AB (publ), only the CEO, the Director of Sales and Marketing and the Director of Sales for Asia & Pacific are covered by a bonus program. However, all other employees in Sweden participate in the RayFoundation profit-sharing foundation.

This foundation covers all employees of the Parent Company, including senior executives, except for the CEO. An allocation to the profit-sharing foundation is made in a given year if consolidated operating profit for the preceding year reached a level in excess of an operating margin of 20 percent. In such a case, the amount reserved is 10 percent of that part of operating profit above the limit. The allocation has a maximum outcome of 30 percent of the dividend paid. No allocation is made if a dividend is not paid, or if the operating margin does not reach 20 percent. Since a dividend has been proposed for 2015, a total of SEK 2.0 M (0) was allocated to the RayFoundation profit sharing foundation during the year, including special employer's contributions of SEK 0.4 M (0). The total allocation corresponds to about 23.7 percent of the proposed dividend.

Future allocations to the profit-sharing foundation will also be paid in a given year if consolidated operating profit amounts to a level exceeding an operating margin of 20 percent, whereby 10 percent of that portion of the operating profit that exceeds the threshold level will be allocated. Unlike the current allocation model, the model will not be limited in the future to making allocations only when dividends are paid, nor limited by any maximum payout amount. The allocation is calculated based on the operating margin before allocation to the foundation and the CEO's variable remuneration.

Sales personnel in RaySearch's foreign-based sales companies – RaySearch Americas, RaySearch Asia, RaySearch Belgium, RaySearch France, RaySearch UK and RaySearch Germany – are covered by bonus schemes based on the sales-related targets of each sales company.

WORK OF THE BOARD

The Board of Directors of RaySearch consists of four members elected by the shareholders at the Annual General Meeting on May 28, 2015. The company's CEO is a member of the Board. The Board held eight meetings in 2015. The Board conducts its work in accordance with special rules of procedure and instructions that regulate the division of work between the Board and the CEO. At each scheduled meeting, the Board reviews specific reports and decision points. The Board considers strategic, structural and organizational issues, as well as research and development issues. The Board also addresses cooperation agreements, interim reports and the annual financial statements, as well as audit and budget-related issues. In addition to the CEO, who is the reporting party during Board meetings, other company employees also participate as required.

The Board of Directors approved the CEO's remuneration and benefits for the 2015 fiscal year. The CEO, in consultation with the Chairman of the Board, approved remuneration of other senior executives. The Board has neither a Remuneration Committee nor a Nomination Committee.

The company's auditor attends at least one Board meeting each year.

A separate Corporate Governance Report has been prepared and can be found on pages 38–40.

PARENT COMPANY

RaySearch Laboratories AB (publ) is the Parent Company of the Group. Since the operations and financial reporting of the Parent Company match the financial reporting of the Group in all material respects, the comments for the Group are also largely relevant to the Parent Company. However, capitalization of development expenditure and adjustments related to finance leases are recognized in the Group, but not in the Parent Company. The Parent Company's current receivables mainly comprise receivables from Group companies and accounts receivable. The Parent Company's profit before tax totaled SEK 42.8 M (59.6) and, at December 31, 2015, the Parent Company's cash and cash equivalents amounted to SEK 25.8 M (47.9).

On July 22, 2015, the wholly owned subsidiary RayIncentive AB was merged with the Parent Company.

The merger had no impact on the Parent Company's sales or operating profit, but contributed a merger gain of SEK 496,000.

Balance sheet for RayIncentive AB, before the merger date	
Other assets (transferor company)	4.242
Liabilities and provisions (transferor company)	–1.737
Total equity	**2.505**
Shares in subsidiaries (transferee company)	–2.009
Merger difference	**496**

HOLDINGS OF OWN SHARES (TREASURY STOCK)

The company had no treasury stock in 2015.

SHARES AND OWNERSHIP

At December 31, 2015, the total number of registered RaySearch shares was 34,282,773, of which 10,262,814 were Class A and 24,019,959 Class B shares. The quotient value was SEK 0.50 and the share capital in the company amounted to SEK 17,141,386.50. All shares carry equal rights in the company's assets and earnings. Each Class A share carries 10 votes and each Class B share carries one vote. At December 31, 2015, the total number of voting rights in the company was 126,648,099. All shareholders entitled to vote at the Annual General Meeting may vote for the full number of shares owned or represented by them, with no restrictions on voting rights.

At year-end 2015, the largest shareholders in RaySearch were Johan Löf, who owned 20.0 percent of the capital and 49.8 percent of the voting rights; Lannebo fonder, which owned 14.8 percent of the capital and 4.0 percent of the voting rights; Montanaro, which owned 5.3 percent of the capital and 1.4 percent of the voting rights; the Second AP Fund, which owned 5.0 percent of the capital and 1.3 percent of the voting rights; and Erik Hedlund, who owned 5.0 percent of the capital and 12.5 percent of the voting rights.

The AGM authorized the Board to resolve on a new issue of Class B shares and/or the issuance of convertibles that can be converted to Class B shares. The Board's issuance decision may result in a total increase in the number of shares

ADMINISTRATION report, cont.

in the company corresponding to not more than 10 percent of the share capital. The shares may be issued with or without disapplication of the preemptive rights of the shareholders, and (except for cash) with or without consideration in kind, set-off or other conditions. The authorization is valid until the immediately following AGM.

To the knowledge of the Board of Directors of RaySearch, there are no shareholder agreements concerning either Class A or Class B shares. There are no special rules in the Articles of Association regarding appointment and removal of Board members or amendments to the Articles of Association. Should a public offer be tendered to acquire shares in the company, there is no agreement between the company and Board members or employees prescribing any payments should these persons resign, be given notice without reasonable grounds or should their employment cease.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The starting point for the Board is that remuneration and other conditions of employment for members of company management shall be on market terms. The principles for remuneration and other employment conditions as applied for senior executives of RaySearch Laboratories AB in 2015 are described below.

Salary and other remuneration

The CEO receives a fixed basic salary plus variable remuneration. The variable remuneration amounts to 2.0 percent of consolidated profit before tax after allocation to the RayFoundation profit sharing foundation, but not more than 12 months' salary. In addition, the CEO is entitled to other customary benefits, such as a company car.

The CEO's salary is to be reviewed annually. This review is performed through negotiations between the CEO and the Chairman of the Board, after which the Chairman presents a proposal to other members of the Board. The CEO is not to be present when the Board deliberates and decides on this matter.

At the beginning of 2015, other senior executives included the CFO, Chief Science Officer, Director of Development, Director of Technology, Director of Sales and Marketing, Director of Sales for Asia & Pacific and Director of Service. In 2015, the Deputy CEO and the General Counsel were added, while the Director of Technology left the company.

The Director of Sales and Marketing is to have a fixed basic salary plus variable remuneration. The variable remuneration corresponds to a certain proportion of global sales of RayStation. The Director of Sales for Asia & Pacific is to have a fixed basic salary plus variable remuneration. The variable remuneration corresponds to a certain proportion of sales of RayStation in the Asia & Pacific region. The Deputy CEO, CFO, Chief Science Officer, Director of Development, Director of Technology, Director of Service and General Counsel are to have a fixed basic salary but no variable remuneration.

The salaries of other senior executives are to be reviewed annually. This will be performed through negotiations between the CEO and the individual employee.

Incentive program

There is no specific incentive program for senior executives and no such program has been proposed. However, senior executives, with the exception of the CEO, and other employees are entitled to participate in the options and profit-sharing programs applied by the company.

Pension

All pension undertakings are defined-contribution plans. The retirement age for the CEO and other senior executives is 65, and the pension premium is equivalent to the Swedish ITP plan.

Termination of employment

If the CEO resigns, a notice period of six months applies; if the company terminates the CEO's employment, a notice period of 12 months applies. In both cases, the CEO is entitled to pay during the term of notice. Other senior executives are subject to a mutual notice period of three months, during which salary is paid.

Severance pay

Neither the CEO nor other senior executives are entitled to any severance pay, in the formal sense, if their employment ceases. However, as stated above, the CEO and other senior executives are entitled to salary during the notice period.

Deviations

The Board proposes that the Board be permitted to deviate from the above guidelines if special reasons for doing so exist.

Proposed guidelines for 2016

For 2016, the same guidelines as for 2015 are proposed. As previously outlined, other senior executives are covered by the RayFoundation profit sharing foundation, whereby they, like other employees of RaySearch Laboratories AB (publ), thus receive variable remuneration. Apart from being covered by the profit-sharing foundation, it is proposed that other senior executives, with the exception of the Director of Sales and Marketing and the Director of Sales for Asia & Pacific, are not to receive any additional variable remuneration.

RISKS AND UNCERTAINTIES

Financial risk management

The Group's financial policy governing the management of financial risks was established by the Board of Directors and represents a framework of guidelines and rules in the form of risk mandates and limits for financial activities. RaySearch is mainly affected by foreign-exchange risk, since most of the company's net sales are denominated in USD and EUR. In accordance with the established financial policy, no currency hedging has been employed. The financial policy is updated at least once annually.

Operating risks

As a result of its activities, RaySearch is exposed to various operational risks, including the following: dependence on key persons, competition, legal disputes and strategic partnerships. RaySearch currently has business partnerships with Philips, Varian, IBA Dosimetry and Nucletron. If RaySearch were to lose one or more of these business partners, this could have a major impact on the company's sales, profit and financial position.

For more information about risks and risk management, refer to Note 27 on page 31.

INTERNAL CONTROL

Refer to Disclosures in the Corporate Governance Report on page 39.

FUTURE PROSPECTS

Every year, more than 14 million new cases of cancer are reported worldwide, and this figure is expected to be 24 million by 2030. RaySearch has successfully established RayStation as one of the leading and most advanced treatment planning systems in all major markets around the world. Sales are rising, with high volume growth for RayStation, and the company continues to benefit from the strong USD. Despite continued expansion of its global marketing organization, the company still holds a relatively small share of the worldwide market, so the growth potential for RayStation is expected to remain very high.

At the same time, marketing and sales collaborations are continuing with four partners. While the decline in relative importance of partner sales is expected to continue, these partnerships remain highly significant for the company's performance and financial position.

RaySearch has noted keen interest in RayCare, the oncology information system that the company is developing. A radiation therapy clinic essentially needs two software platforms for its activities: an information system, and a treatment planning system. RayCare and RayStation will enable RaySearch to provide the entire infrastructure for a clinic's information management and treatment planning. The planned launch of RayCare in 2017 will present new opportunities for RaySearch, both clinically and commercially, which the company's long-term collaboration agreement with Accuray has also confirmed.

Overall, future prospects for RaySearch are expected to remain highly favorable.

PROPOSED ALLOCATION OF THE COMPANY'S PROFIT

The following is at the disposal of the AGM:

SEK 000s	
Retained earnings	75.936
Profit for the year	32.595
Dividend SEK 0.25 per share	–8.571
Total	**99.962**

The Board and the CEO propose that SEK 99,962,000 be carried forward.

DIVIDEND POLICY AND EXPLANATORY STATEMENT

In accordance with the Board's dividend policy, RaySearch is to distribute about 20 percent of the Group's profit after tax to shareholders, provided that a healthy capital structure can be maintained.

Based on the increased profit, the Board and the CEO propose that dividend payments be resumed. However, since RaySearch has entered an expansive and capital-intensive phase of development, the Board has proposed a reduced dividend payment of SEK 0.25 per share for 2015, corresponding to approximately 12.2 percent of consolidated profit after tax. The Board does not expect the proposed dividend to preclude the company or the Group from fulfilling its long or short-term obligations, or affect the ability of the company or the Group to make necessary investments.

In light of the Board's proposed appropriation of profits, the aforementioned and what has otherwise come to the Board's attention, and following an overall assessment of the financial position of the company and the Group, the Board has concluded that the proposed dividend payment is justified with reference to the requirements imposed by the nature, scope and inherent risks of the operations conducted by the company and the Group, and the consolidation requirements, liquidity and position of the company and the Group in general.

The Group's earnings and financial position are presented in the following income statements, balance sheets and financial position and cash flow statements, with accompanying notes to the financial statements.

MULTI-YEAR OVERVIEW

CONSOLIDATED INCOME STATEMENTS SEK 000s	2015	2014	2013	2012	2011
Net sales	397,600	285,217	204,470	182,087	126,103
Cost of goods sold	–23,690	–11,627	–6,059	–3,029	–442
Gross profit	**373,910**	**273,590**	**198,411**	**179,058**	**125,661**
Research and development expenditure	–101,514	–95,069	–90,720	–78,657	–57,575
Other operating expenses	–177,052	–99,161	–133,412	–77,855	–40,462
Operating profit	**95,344**	**79,360**	**–25,721**	**22,546**	**27,624**
Net financial items	–1,854	–659	754	1,018	1,078
Profit before tax	**93,490**	**78,701**	**–24,967**	**23,564**	**28,702**
Tax	–23,281	–18,869	4,126	–3,701	–11,695
Profit/loss for the year	**70,209**	**59,832**	**–20,841**	**19,863**	**17,007**
Earnings per share after dilution	2.05	1.75	–0.61	0.58	0.50
Earnings per share after dilution	2.05	1.75	–0.61	0.58	0.50

CONSOLIDATED STATEMENT OF FINANCIAL POSITION SEK 000s	Dec 31, 2015	Dec. 31, 2014	DEC 31, 2013	Dec 31, 2012	DEC 31, 2011
ASSETS					
Intangible fixed assets	195,114	164,081	166,678	165,926	161,096
Other fixed assets	41,817	12,951	5,970	3,711	3,978
Total fixed assets	**236,931**	**177,032**	**172,648**	**169,637**	**165,074**
Total current assets	**247,559**	**212,721**	**126,514**	**123,390**	**96,710**
TOTAL ASSETS	**484,490**	**389,753**	**299,162**	**293,027**	**261,784**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity attributable to Parent Company shareholders	319,517	251,548	196,601	217,553	196,697
Liabilities	164,973	138,205	102,561	75,474	65,087
TOTAL EQUITY AND LIABILITIES	**484,490**	**389,753**	**299,162**	**293,027**	**261,784**

CONSOLIDATED CASH-FLOW STATEMENTS SEK 000s	2015	2014	2013	2012	2011
Cash flow from operating activities	111,426	50,273	31,282	87,451	33,852
Cash flow from investing activities	–103,855	–57,844	–56,542	–54,165	–63,092
Cash flow from financing activities	–3,946	24,345	1,563	–	–16,991
Cash flow for the year	**3,625**	**16,774**	**–23,697**	**33,286**	**–46,231**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK 000s	NOTE	2015	2014
Net sales	2, 3	397,600	285,217
Cost of goods sold[1]		–23,690	–11,627
Gross profit	7	**373,910**	**273,590**
Other operating income	8	13,682	16,803
Selling expenses		–138,360	–78,433
Administrative expenses	10	–43,240	–30,736
Research and development expenditure	10	–101,514	–95,069
Other operating expenses	9	–9,134	–6,795
Operating profit/loss	4, 5, 7, 11	**95,344**	**79,360**
Financial income		274	310
Financial expense		–2,128	–969
Net financial items	12	**–1,854**	**–659**
Profit/loss before tax		**93,490**	**78,701**
Tax	14	–23,281	–18,869
Net profit for the year[2]		**70,209**	**59,832**
Other comprehensive income			
Items to be reclassified to profit or loss			
Translation difference of foreign operations for the year		–2,240	–4,885
Items not to be reclassified to profit or loss		–	–
Comprehensive income for the year[1]		**67,969**	**54,947**
Earnings per share before and after dilution	15	2.05	1.75

[1] Does not include amortization of capitalized development costs. Amortization and capitalization of development expenditure are included in research and development expenses.
[2] 100 percent attributable to Parent Company shareholders.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK 000s	NOTE	Dec 31, 2015	Dec 31, 2014
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized development expenditure	16	195,114	164,081
Software	17	0	0
		195,114	**164,081**
Tangible fixed assets			
Equipment, fixtures and fittings	18	41,760	12,951
		41,760	**12,951**
Other fixed assets			
Deferred tax asset	23	57	–
Total fixed assets		**236,931**	**177,032**
Current assets			
Accounts receivable	20	168,973	147,810
Tax receivable		149	118
Other receivables		2,338	10
Prepaid expenses and accrued income	21	16,394	8,698
Cash and cash equivalents	22	59,705	56,085
Total current assets		**247,559**	**212,721**
TOTAL ASSETS	28	**484,490**	**389,753**

SEK 000s	NOTE	Dec 31, 2015	Dec. 31, 2014
SHAREHOLDERS' EQUITY			
Share capital		17,141	17,141
Other paid-in capital		1,975	1,975
Reserves		–6,156	–3,916
Retained earnings, including profit/loss for the year		306,557	236,348
Shareholders' equity attributable to Parent Company shareholders		**319,517**	**251,548**
Total shareholders' equity		**319,517**	**251,548**
LIABILITIES			
Deferred tax liabilities	23	51,349	40,724
Other long-term liabilities	6, 25	38,164	41,096
Total long-term liabilities		**89,513**	**81,820**
Accounts payable		9,514	9,034
Income tax liabilities		5,855	5,666
Other liabilities		17,461	17,311
Accrued expenses and prepaid income	26	42,630	24,374
Total current liabilities		**75,460**	**56,385**
Total liabilities		**164,973**	**138,205**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**28**	**484,490**	**389,753**
Pledged assets	**29**	**54,000**	**53,800**
Contingent liabilities		**–**	**–**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK 000s	Share capital	Other paid-in capital	Translation reserves	Retained earnings incl. net profit for the year	Total
Opening equity, Jan 1, 2014	**17,141**	**1,975**	**969**	**176,516**	**196,601**
Profit for the year				59,832	59,832
Other comprehensive income for the year			–4,885		–4,885
Total comprehensive income for the year			**–4,885**	**59,832**	**54,947**
Closing shareholders' equity, Dec 31, 2014	**17,141**	**1,975**	**–3,916**	**236,348**	**251,548**
Opening shareholders' equity, Jan 1, 2015					
Profit for the year				70,209	70,209
Other comprehensive income for the year			–2,240		–2,240
Total comprehensive income for the year			**–2,240**	**70,209**	**67,969**
Closing shareholders' equity, Dec 31, 2015	**17,141**	**1,975**	**–6,156**	**306,557**	**319,517**

CAPITAL MANAGEMENT

RaySearch's managed capital comprises shareholders' equity. Changes in managed equity are described above. For information on the terms and conditions for the Group's external borrowing, reference is made to Note 25. RaySearch's long-term financial target is to have high sales growth, with an operating margin exceeding 30 percent. This target will be achieved by establishing RaySearch as the leading global provider of treatment planning systems and information systems for radiation therapy. RaySearch has the following dividend policy: the Board of Directors' intention is to pay as dividends to the shareholders approximately 20 percent of consolidated profit after tax on condition that a healthy capital structure is retained.

TRANSLATION RESERVE

Translation reserve includes all exchange-rate differences arising in conversion of financial statements from foreign operations that have been prepared in a currency other than the currency used in the consolidated financial statements. The Parent Company and the Group present their financial statements in SEK.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK 000s	NOTE	2015	2014
Operating activities			
Profit before tax		93,490	78,701
Adjusted for non-cash items[1]	10, 25	46,857	46,315
Taxes paid		–13,595	–15,247
Cash flow from operating activities before changes in working capital		**126,752**	**109,769**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		–17,461	–48,391
Increase (+)/Decrease (–) in operating liabilities		2,135	–11,105
Cash flow from operating activities		**111,426**	**50,273**
Investing activities			
Capitalized development expenditure	16	–81,006	–54,426
Acquisition of tangible fixed assets	18	–22,849	–3,418
Cash flow from investing activities		**–103,855**	**–57,844**
Financing activities			
Loans raised		–	25,000
Amortization of financial leasing	6, 25	–3,946	–655
Cash flow from financing activities		**–3,946**	**24,345**
Cash flow for the year		**3,625**	**16,774**
Cash and cash equivalents at the beginning of the year		56,085	38,231
Exchange rate differences		–5	1,080
Cash and cash equivalents on December 31		**59,705**	**56,085**

[1] These amounts include amortization of capitalized development expenditure of SEK 50 M (54) and unrealized exchange-rate losses of SEK 10.0 M (loss: 11.9).

Cash and cash equivalents consist of bank deposits.

SUPPLEMENTARY DISCLOSURES TO CASH-FLOW STATEMENT

	GROUP	
	Dec 31, 2015	Dec. 31, 2014
Interest received	274	310
Interest paid	–2,128	–969

PARENT COMPANY

INCOME STATEMENT SEK 000s	NOTE	2015	2014
Net sales	2, 3	337,060	250,363
Cost of goods sold		–12,040	–7,223
Gross profit	27	**325,020**	**243,140**
Other operating income	8	13,682	16,803
Selling expenses		–94,992	–50,669
Administrative expenses	10	–44,166	–30,912
Research and development expenditure	10	–132,547	–92,472
Other operating expenses	9	–9,134	–6,795
Operating profit	4, 5, 7, 11	**57,863**	**79,095**
Interest income and similar items		2,989	2,965
Interest expense and similar items		–1,519	–1,400
Profit after financial items	12	**59,333**	**80,660**
Appropriations	13	–16,521	–21,029
Profit before tax		**42,812**	**59,631**
Tax	14	**–10,217**	**–13,651**
Profit for the year		**32,595**	**45,980**

COMPREHENSIVE INCOME SEK 000s	2015	2014
Profit for the year	32,595	45,980
Other comprehensive income	–	–
Total comprehensive income for the year	**32,595**	**45,980**

BALANCE SHEET SEK 000s	NOTE	Dec 31, 2015	Dec 31, 2014
ASSETS			
Non-current assets			
Tangible fixed assets			
Equipment, fixtures and fittings	18	26,272	6,975
Financial fixed assets			
Participations in Group companies	19	485	2,493
Deferred tax asset	23	57	0
Total fixed assets		**26,814**	**9,468**
CURRENT ASSETS			
Current receivables			
Accounts receivable	20	106,781	91,656
Receivables from Group companies		109,405	79,989
Other receivables		2,272	1,107
Prepaid expenses and accrued income	21	23,070	12,487
Total current receivables		**241,528**	**185,239**
Cash and bank balances	22	25,831	47,935
Total current assets		**267,359**	**233,174**
TOTAL ASSETS		**294,173**	**242,642**

SHAREHOLDERS' EQUITY AND LIABILITIES SEK 000s	NOTE	Dec 31, 2015	Dec. 31, 2014
EQUITY			
Restricted equity			
Share capital[1]		17,141	17,141
Statutory reserve		43,630	43,630
Total restricted equity		**60,771**	**60,771**
Unrestricted equity			
Loss carried forward		75,936	29,462
Profit for the year		32,595	45,980
Total non-restricted equity		**108,531**	**75,442**
Total shareholders' equity		**169,302**	**136,213**
Untaxed reserves	24	**37,551**	**21,029**
Deferred tax liabilities		**163**	**0**
Long-term liabilities			
Bank loans		25,000	25,000
Other long-term liabilities		–	11,853
Total long-term liabilities	25	**25,000**	**36,853**
Current liabilities			
Accounts payable		7,010	8,459
Liabilities to Group companies		2,919	1,364
Income tax liabilities		2,851	1,992
Other liabilities		17,326	19,682
Accrued expenses and deferred income	26	32,051	17,050
Total current liabilities		**62,157**	**48,547**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**294,173**	**242,642**
Pledged assets	29	**54,000**	**53,800**
Contingent liabilities		**–**	**–**

[1] Ordinary shares at Dec 31, 2015: 10,262,814 Class A shares, 24,019,959 Class B shares.

CASH FLOW STATEMENT SEK 000s	NOTE	2015	2014
Operating activities			
Profit after financial items		59,333	80,660
Adjusted for non-cash items	10, 25	6,981	1,634
Taxes paid		–9,255	–14,355
Cash flow from operating activities before changes in working capital		**57,059**	**67,939**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		–53,867	–68,080
Increase (–)/Decrease (+) in operating liabilities		898	1,057
Cash flow from operating activities		**4,090**	**916**
Investing activities			
Acquisition of subsidiaries		–	–227
Funds contributed by subsidiaries		84	–
Acquisition of tangible fixed assets		–26,278	–4,059
Cash flow from investing activities		**–26,194**	**–4,286**
Financing activities			
Loans raised		–	25,000
Cash flow from financing activities	25	**0**	**25,000**
Cash flow for the year		**–22,104**	**21,630**
Cash and cash equivalents at the beginning of the year		47,935	26,305
Cash and cash equivalents on December 31		25,831	47,935

SUPPLEMENTARY DISCLOSURES TO THE CASH-FLOW STATEMENT	Dec 31, 2015	Dec. 31, 2014
Interest received	19	289
Interest paid	–1,519	–1,400

STATEMENT OF CHANGES IN EQUITY SEK 000s	NOTE	Share capital	Statutory reserve	Profit carried forward including net profit for the year	Total
Opening equity, Jan 1, 2014		**17,141**	**43,630**	**29,461**	**90,232**
Total comprehensive income for the year				45,980	45,980
Closing shareholders' equity, Dec 31, 2014		**17,141**	**43,630**	**75,442**	**136,213**
Merger difference	19			494	494
Total comprehensive income for the year				32,595	32,595
Closing shareholders' equity, Dec. 31, 2015		**17,141**	**43,630**	**108,531**	**169,302**

NOTES

NOTE 1 ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LAWS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. RFR 1, Supplementary accounting rules for corporate groups, issued by the Swedish Financial Reporting Council, has also been applied.

The Parent Company applies the same accounting policies as the Group except in the cases listed below in the section "Parent Company accounting policies."

INFORMATION REGARDING THE PARENT COMPANY

RaySearch Laboratories AB (publ) is a Swedish registered limited liability company headquartered in Stockholm. The Parent Company's shares were listed in the Small Cap segment of Nasdaq Stockholm during 2015 and were moved to the Mid Cap segment as of 2016. The street address of the head office is Sveavägen 44, SE-111 34 Stockholm, Sweden.

ASSUMPTIONS WHEN PREPARING THE PARENT COMPANY'S AND THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company's functional currency is the Swedish krona (SEK), which also constitutes the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise specified, are rounded off to the nearest thousand.

Assets and liabilities are recognized at their historical cost. Preparing financial statements in accordance with IFRS requires that company management make assessments and estimates as well as assumptions that impact the application of the accounting policies and the recognized amounts of assets, liabilities, revenues and expenses. Actual results may vary from these estimates and assumptions.

The estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period during which the change is made, if the change only affects this period, or in the period the change is made and future periods if the change affects both the current period and future periods.

Assessments made by company management in the application of IFRSs that have a significant impact on the financial statements and estimates that could require substantial adjustments in the financial statements of future years are described in greater detail in below.

The accounting policies for the Group below have been applied consistently for all periods presented in the Group's financial statements, unless specified below. The Group's accounting policies have been applied consistently in regards to the recognition and consolidation of the Parent Company and the subsidiaries.

NEW ACCOUNTING POLICIES

A few new or revised accounting standards and interpretations apply for the fiscal year commencing on January 1, 2015. The IFRS rules that became effective for the fiscal year commencing on January 1, 2015, had no impact on the consolidated financial statements.

NEW IFRS AND INTERPRETATIONS NOT YET APPLIED

A number of new or revised IFRS will come into effect in forthcoming fiscal years but were not applied in advance when preparing these financial statements. New standards or amendments are not planned to be applied in advance. The IFRSs that are expected to impact, or that may impact, the consolidated financial statements are described below. Apart from the IFRSs described below, no other changes approved by IASB are expected to have any impact on the consolidated financial statements.

IFRS 9 replaces IAS 39 Financial Instruments: Accounting and Measurement It contains rules for classifying and measuring financial assets and liabilities, impairment losses on financial instruments and hedge accounting. The standard is to apply as of January 1, 2018. The company has yet to evaluate the new standard, but the preliminary assessment is that it will not have any material impact on the consolidated financial statements. The EU has not yet approved the standard.

IFRS 15, Revenue from Contracts with Customers replaces previously issued standards and interpretations addressing revenue. IFRS 15 thus contains an integrated model for all revenue recognition. The idea underlying the standard is that everything originates from a contract between two parties regarding the sale of a product or a service. Initially, a customer contract is to be identified, which on the part of the seller generates an asset (rights, a promise to provide compensation) and a debt (undertaking, a promise to transfer goods/services). According to the model, revenue must then be recognized thereby proving that the undertaking to deliver the promised goods or services to the customer has been fulfilled. The financial statements will also be affected due to materially expanded disclosure requirements. The standard is to apply as of January 1, 2018. During 2016, work will commence of evaluating the effects that the new standard will have on the Group's earnings and financial position. The EU has not yet approved the standard.

IFRS 16 replaces IAS 17 as of January 1, 2019. Since there is currently no information about when the EU is expected to approve the standard, no decision has been made concerning when or how the standard will be applied. An assessment of the effects of the standard has yet to be initiated.

SEGMENT REPORTING

An operating segment is a part of the Group that conducts business activities from which it generates income and incurs costs, and for which independent financial information is available. The results of an operating segment are also monitored by the company's chief operating decision maker. In accordance with IFRS 8, segment information is provided for the Group only. Identifying reportable segments is based on the internal reporting to the chief operating decision maker, which is the CEO at RaySearch. In the internal reporting, the Group is a segment.

CLASSIFICATION

Fixed assets and long-term liabilities in the Parent Company and the Group essentially comprise amounts that are expected to be recovered or paid more than twelve months after the balance-sheet date. Current assets and current liabilities in the Parent Company and the Group essentially comprise amounts that the company expects to recover or receive payment for within twelve months of the balance-sheet date.

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are companies that are under the controlling influence of the Parent Company, RaySearch Laboratories (publ). Controlling influence means that RaySearch is exposed to a variable return on its investments and can impact this return through its influence over the company. When determining whether a controlling influence exists, such factors as shares carrying potential voting rights are taken into consideration.

CONSOLIDATION PRINCIPLES

Participations in subsidiaries are recognized in the Parent Company in accordance with the cost method. This entails that transaction expenses are included in the carrying amount.

Transactions to be eliminated on consolidation

Receivables and liabilities, and revenues or costs and unrealized gains and losses arising from intra-Group transactions, are eliminated in the consolidated financial statements. Unrealized losses are eliminated in the same manner as unrealized gains but only insofar as no impairment requirement exists.

FOREIGN CURRENCY

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency in the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency using the exchange rate prevailing on the balance-sheet date. Exchange-rate differences arising from currency translations are recognized in profit and loss. Non-monetary assets and liabilities that are recognized at historic costs are translated to the exchange rate prevailing on the transaction date.

Financial statements of foreign operations

All translation differences that arise from currency translation of the results and financial position of Group companies from the company's functional currency to the Group's reporting currency are recognized in other comprehensive income and accrued in a separate component in equity. Assets and liabilities in foreign operations are translated to SEK based on the exchange rates applying at the balance sheet date, while revenue and cost items are translated using an average exchange rate for the year.

REVENUES

Licenses and support sales

Two types of revenue are included in net sales: license and support sales. Licenses and support are sold both via partners and directly to end customers. For license sales via partners, the partner is responsible for the end user's installation. For license sales directly to end customers, RaySearch is responsible for the customer's installation.

Revenue is recognized in profit and loss when it is probable that the future economic benefits will flow to the company and that these benefits can be reliably measured. All revenues are recognized at the fair value of the consideration received or receivable, less discounts granted, VAT and after the elimination of intra-Group transactions. Revenue is recognized as follows:

- In cases where licenses are sold via partners, the Group reports its license revenue when software is delivered.
- In cases where RaySearch sells software directly to end customers, the Group reports its license revenue when software is delivered or installed.
- Support revenues are accrued on a straight-line basis throughout the support period.

COST OF GOODS SOLD

Cost of goods sold comprises costs of sold hardware and royalties for licensed software included in the company's software. Amortization of capitalized development expenditure is not included in cost of goods sold.

OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSE

Government assistance

The company has received contributions from the EU for a research project, and from Västerbotten County Council pertaining to a joint research project. The contributions are recognized net against research and development expenditure. The contributions received do not add up to any significant amounts. The government assistance is not subject to any repayment obligation.

Financial income and expense

Financial income and expense comprise interest income on bank accounts and receivables and interest-bearing securities, dividend income and exchange rate differences.

FINANCIAL INSTRUMENTS

Financial instruments are measured and recognized in the Group in accordance with the regulations of IAS 39.

Financial assets are recognized initially at the cost corresponding to the instrument's fair value plus transaction costs for all financial instruments. Subsequent recognition is based on how they are classified as below.

A financial asset or financial liability is recognized in the statement of financial position when the company becomes a party in accordance with the contractual terms and conditions of the instrument. Accounts receivable are recognized in the statement of financial position when the invoice is sent. Liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even though the invoice has not yet been received. Accounts payable are recognized when the invoice is received.

A financial asset is derecognized from the statement of financial position when the rights of the contract are realized, expire or the company loses control over them. The same applies for components of a financial asset. A financial liability is derecognized from the statement of financial position when the obligation in the contract is fulfilled or extinguished in some other manner. The same applies for components of a financial liability.

The fair value of listed financial assets corresponds to the listed bid price on the balance sheet date. At each reporting date, the company performs tests to determine if there is any objective indication that a financial asset or a group of financial assets requires impairment.

IAS 39 classifies financial instruments in categories. The classification depends on the intention behind the acquisition of the financial instrument. Company management determines the classification at the original time of acquisition. The following categories are held by the company:

Loans and accounts receivable

"Loan receivables and accounts receivable" are financial assets that have determined or determinable payments that are not listed on an active market. These items are measured at cost. Accounts receivable are recognized at the amount expected to flow in, meaning less a deduction for doubtful receivables.

NOTE 1 ACCOUNTING POLICIES, Cont'd

Other financial liabilities

Comprises financial liabilities not held for trading. The Group's accounts payable are included in this category. These items are measured at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash funds and on-demand deposits with banks and similar institutions as well as short-term liquid investments with maturities of less than three months, which are subject to only an insignificant risk of value fluctuations. Changes in value are recognized in net financial items. Short-term liquid investments are recognized in the category "Financial assets measured at fair value in profit and loss."

TANGIBLE FIXED ASSETS

Assets owned

Property, plant and equipment are stated on a consolidated basis at cost after deduction of accumulated depreciation and amortisation, and potential impairment. Cost includes the purchase price and any expenses that are directly attributable to the asset to put it in place and in the condition to be utilized for the purpose for which it was acquired. Accounting policies for impairment are described below.

The carrying amount of a tangible fixed asset is derecognized from the statement of financial position upon disposal or divestment or when no future economic benefit is expected from use or disposal/divestment of the asset. The gain or loss arising from the disposal or divestment of an asset is the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognized as "Other operating income/ expenses."

Leased assets

Lease agreements are classified in the consolidated financial statements as a finance or operating lease. A finance lease is a lease that essentially transfers all the risks and rewards associated with ownership of an asset to the lessee. If this is not the case, it is an operating lease.

Under an operating lease, the leasing fee is expensed over the term based on use, which can differ from what is paid de facto as leasing fees during the year.

Assets held under financial lease agreements are recognized as fixed assets and commitments for future payments are recognized as a liability in the balance sheet.

The Group has both operating and financial lease agreements in accordance with these rules.

Depreciation principles

Depreciation is based on the original cost less any residual value. Depreciation is applied straight-line over the estimated useful life. The estimated useful lives are as follows:

- computers 3–5 years
- equipment, tools, fixtures and fittings 5 years
- building equipment 5 years

The residual value and useful life of an asset are tested annually.

INTANGIBLE FIXED ASSETS

Research and development

Expenditure for research activities that relate to obtaining new scientific or technical knowledge is recognized as an expense as incurred.

Expenditure for development activities, whereby the research results or other knowledge is applied to achieve new or improved products or processes, is recognized as an intangible asset in the statement of financial position, provided the product or process is technically and commercially feasible and the company has sufficient resources to complete development, and is subsequently able to use or sell the intangible asset. The carrying amount includes all directly attributable expenses, such as personnel costs and cost of premises. Other expenses for development are expensed in profit for the year as they arise. In the statement of financial position, capitalized development expenditure is recognized at cost less accumulated amortization and any impairment losses.

Other intangible assets

Other intangible assets acquired by the company are recognized at cost less accumulated amortization and any impairment losses.

Amortization principles

Amortization is recognized in profit for the year on a straight-line basis over the estimated useful lives of intangible assets. The useful lives are reviewed at least once annually. Capitalized development expenditure for which amortization has not commenced is tested for impairment annually or whenever circumstances indicate that the asset may be impaired. Intangible assets with determinable useful lives are amortized from the date on which the assets are available for use. The estimated useful lives are:

- capitalized development expenditure 5 years
- software 3–5 years

IMPAIRMENT LOSSES

The carrying amounts of the Group's assets are tested on each balance-sheet date to determine whether there is any indication of impairment. If any such indication is found, the recoverable amount of the asset is calculated as the higher of the value in use and the fair value less selling costs. An impairment loss is recognized if the recoverable amount is less than the carrying amount. The recoverable amount is determined based on discounted estimated future cash flow from the cash-generating units.

SHARE CAPITAL

Treasury stock

Holdings of own shares (treasury stock) and other equity instruments are recognized as a reduction of shareholders' equity. Acquisitions of such instruments are recognized as deductions from retained earnings. Proceeds from the divestment of equity instruments are recognized as an increase in retained earnings. Any transaction costs are charged directly against shareholders' equity.

Dividends
Dividends are recognized as liabilities after the Annual General Meeting has approved the dividend.

Earnings per share
Earnings per share are calculated on the basis of consolidated earnings attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, profit and the average number of shares are adjusted to take into account the impact of dilutive potential common shares, which during the reported periods originate from options issued to employees. Dilution resulting from options affects the number of shares and arises only when the exercise price is lower than the share price. Dilution increases as the difference between the exercise price and the share price rises.

REMUNERATION TO EMPLOYEES
Short-term remuneration
Short-term remuneration to employees is estimated without discounting and is expensed when the related services have been received.

A provision is recognized for the expected cost of the profit-sharing and bonus payments when the Group becomes subject to a legal or informal obligation to make such payments because the services performed by the employees and the obligation can be measured reliably.

Defined-contribution plans
Plans in which the company's commitment is limited to the fees the company has undertaken to pay are classified as defined-contribution plans. In such cases, the size of the employee's pension depends on the contributions paid by the company to the plan or to an insurance company plus the capital return that the contributions yield. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets will be insufficient for the expected remuneration). The company's commitments to the plans are expensed against profit for the year as they are vested by the employees performing the services for the company over a period of time. The Group only has defined-contribution pensions. The Group's obligation for each period is determined by the amounts that the Group is to contribute for the actual period.

Termination of employment
An expense associated with the termination of employment is only recognized when the company is obligated to terminate an employment before the normal date.

Profit sharing foundation, RayFoundation
The profit-sharing foundation covers all employees of the Parent Company including senior executives, except the CEO. An allocation to the profit-sharing foundation is made in a given year if operating profit reached a level exceeding an operating margin of 20 percent. In such a case, the amount reserved is 10 percent of the part of the operating profit above the limit. The allocation has a maximum outcome of 30 percent of the dividend paid. If a dividend is not paid or if the operating margin does not reach 20 percent, no allocation is made. The allocation is recognized as a pension cost. For further information, refer to Note 4.

TAXES
Income taxes consist of current tax and deferred tax. Income tax is recognized in profit or loss for the year except when the underlying transactions are recognized in other comprehensive income or in shareholders' equity, whereby the associated tax effect is recognized in other comprehensive income or in shareholders' equity.

Current tax is the tax to be paid or received for the current year, applying the tax rate decided or decided in principle on the balance-sheet date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences in subsidiaries and associated companies are not taken into account when they will probably not be reversed in the foreseeable future. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated with the application of the tax rates and tax rules established or decided in practice on the balance sheet date.

Deferred tax assets pertaining to deductible temporary differences and tax loss carryforwards are only recognized insofar as they are likely to be utilized in the future. The value of deferred tax assets is reduced when it is no longer considered probable that they will be utilized.

PROVISIONS
Provisions are recognized in the balance sheet when the Group has an obligation (legal or constructive) due to a past event and since it is probable that an outflow of resources associated with economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are also made for events after the balance-sheet date to the extent they provide evidence of conditions that existed at the balance-sheet date, such as court rulings on disputes. If the Group expects to receive compensation corresponding to a provision made, through an insurance contract for example, the compensation is recognized as an asset in the balance sheet when it is virtually certain that compensation will be received. If the effect of the time value for the future payment is considered significant, the provision's value is determined by calculating the present value of the expected future payment using a discount rate before tax that reflects the current market assessment of the time value and any risks associated with the obligation. The gradual increase in the provisional amount entailed by the present value calculation is recognized as an interest expense in profit and loss.

CONTINGENT LIABILITIES
A contingent liability is recognized when there is a possible obligation that arises from past events and whose existence will only be confirmed by one or more uncertain future events, or when there is an obligation that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required.

NOTE 1 ACCOUNTING POLICIES, Cont'd

PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company prepared its Annual Report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's statements pertaining to listed companies were also applied. Under RFR 2, the Parent Company in its annual report for the legal entity shall apply all the IFRS and interpretations adopted by the EU to the extent possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act, also considering the relationship between financial reporting and taxation. The recommendation states the exceptions from and additions to IFRS that should be made. The differences between the accounting policies applied in the consolidated financial statements and those applied by the Parent Company are presented below. The accounting policies for the Parent Company stated below have been consistently applied in all periods presented in the financial statements of the Parent Company.

Classification and presentation

For the Parent Company, the terms income statement, balance sheet and cash-flow statement are used for the statements that the Group designates as statement of comprehensive income, statement of financial position and statement of cash flows. The income statement and balance sheet for the Parent Company are presented in the manner specified in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively.

Research and development

All expenditure for research and development is recognized in the Parent Company's income statement. Such reporting is permitted in accordance with RFR 2. In the consolidated financial statements, these development expenditures are recognized as assets in accordance with IAS 38.

Taxes

In contrast to the Group, untaxed reserves in the Parent Company are recognized without being divided into shareholders' equity and deferred tax liabilities. Similarly in the income statement, the Parent Company does not report part of appropriations as deferred tax expense.

Leased assets

In the Parent Company, all leasing agreements are recognized according to the rule for operational leasing.

Subsidiaries

Participations in subsidiaries are recognized in the Parent Company financial statements in accordance with the cost method. This entails that transaction expenses are included in the carrying amount.

Conditional purchase considerations are measured on the basis of the probability of the purchase consideration being paid. Possible changes to the provision/receivable are added/deducted from the cost.

In the case of a bargain purchase that represents future anticipated losses and costs, these losses and costs are reversed during the periods when the losses and costs are expected to arise.

SIGNIFICANT ESTIMATES AND ASSESSMENTS

Recovering the value of development expenditure

The Group invests considerable amounts in research and development, parts of which are recognized as intangible assets, refer also to Note 10. Recognition of future development expenditure as an asset requires assumptions that the product is expected to become technically and commercially viable and that future economic benefits are probable. Capitalized development expenditure is amortized over a maximum estimated useful life of five years. The estimated sales volume and useful life, respectively, may be retested, which may result in impairment.

NOTE 2 INFORMATION ABOUT GEOGRAPHIC AREAS

Identifying reportable segments is based on the internal reporting to the chief operating decision maker, which is the CEO at RaySearch. In this internal reporting, the Group is a segment.

DISTRIBUTION OF FIXED ASSETS, GROUP

	Tangible fixed assets		Intangible fixed assets	
SEK 000s	2015	2014	2015	2014
Sweden	39,789	11,247	195,114	164,081
USA	1,586	1,424	–	–
Belgium	227	158	–	–
France	41	55	–	–
UK	19	21	–	–
Germany	99	46	–	–
	41,760	**12,951**	**195,114**	**164,081**

The distribution is broken down among the registered offices of the Group's legal entities.

Sales

RaySearch's products are sold directly to end customers and via partners. The information presented regarding segment revenues refers to the geographic areas grouped by where end customers are located.

	Sweden		North America		Asia		Europe and the rest of the world	
%	2015	2014	2015	2014	2015	2014	2015	2014
Sales	2.3	0.3	44.9	31.0	24.0	32.0	28.8	36.7

The division of sales is based solely on license revenues and not on support revenues since no regional information is available for support revenues, which also comprise a small portion of the total.

Sales of RayStation directly to end customers and via distributors amounted to SEK 300.4 M (190.2), corresponding to 75,38 percent of the company's total sales. During 2015, sales via partners totaled SEK 97.2 M (95.0).

NOTE 3 INCOME DISTRIBUTION

	GROUP		Dec. 31, 2011	
SEK 000s	2015	2014	2015	2014
License revenues	353,355	256,107	211,914	189,264
Support revenues	44,245	29,110	32,812	25,718
Intra-Group revenues	–	–	92,334	35,381
	397,600	**285,217**	**337,060**	**250,363**

NOTE 4 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION TO SENIOR EXECUTIVES

EXPENSES FOR REMUNERATION OF EMPLOYEES IN THE PARENT COMPANY AND THE GROUP

	GROUP		Dec. 31, 2011	
SEK 000s	2015	2014	2015	2014
Salaries, benefits and social security costs	119,555	88,225	81,665	63,661
Pension costs, defined-contribution plans	16,227	14,524	15,989	14,252
Social security contributions	26,282	18,353	22,566	16,058
	162,065	**121,102**	**120,221**	**93,971**

AVERAGE NUMBER OF EMPLOYEES

In the Parent Company, the average number of employees was 131 (106), of whom 84 (66) were men and 47 (40) women.

In the Group, the average number of employees was 157 (126), of whom 103 (83) were men and 55 (44) women.

The average number of employees per country in the Group was 131 (106) in Sweden, 17 (15) in the US, 3 (2) in Belgium, 3 (2) in France, 2 (1) in the UK, 1 (1) in Germany and 1 (0) in Singapore.

GENDER DISTRIBUTION IN COMPANY MANAGEMENT.

Senior executives in the Parent Company include one woman. There are no women on the Board.

NOTE 4 Employees, personnel costs and remuneration of senior executives, cont'd

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES TO SENIOR EXECUTIVES AND OTHER EMPLOYEES

	2015		2014	
GROUP	Senior executives and Board members (14)	Other employees	Senior executives and Board members (12)	Other employees
Salaries and other remuneration	18,396	101,158	15,382	72,843
(of which, bonus)	2,679	2,148	2,137	1,372
Social security costs	9,016	33,493	7,878	24,999
(of which pension costs)	3,027	13,200	2,822	11,701
Group total	**27,413**	**134,652**	**23,260**	**97,842**

SALARIES AND OTHER REMUNERATION TO SENIOR EXECUTIVES AND OTHER EMPLOYEES, AND SOCIAL SECURITY EXPENSES IN THE PARENT COMPANY

	2015		2014	
PARENT COMPANY	Senior executives and Board members (14)	Other employees	Senior executives and Board members (12)	Other employees
Salaries and other remuneration	18,396	63,268	15,382	48,278
(of which, bonus)	2,679	0	2,137	0
Social security costs	9,016	29,540	7,878	22,432
(of which pension costs)	3,027	12,962	2,822	11,429
Parent Company total	**27,413**	**92,808**	**23,260**	**70,710**

Senior executives who resigned during the year:	Senior executives who were appointed during the year:
Anders Martin-Löf (up to Apr 4, 2015)	Peter Thysell, March 2015
Anders Liander (as of Dec 9, 2015)	Victoria Sörving, June 2015
	Kjell Eriksson, June 2015

SALARIES AND OTHER REMUNERATION OF BOARD MEMBERS AND GROUP MANAGEMENT

2015	Basic salary, board fees	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board Erik Hedlund	451	–	–	–	451
Board member Carl Filip Bergendal	165	–	–	–	165
Board member Hans Wigzell	165	–	–	–	165
CEO Johan Löf	4,539	1,870	404	569	7,383
Other senior executives (10)	9,730	809	258	2,458	13,257
Total	**15,053**	**2,679**	**663**	**3,027**	**21,424**

2014	Basic salary, board fees	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board Erik Hedlund	435	–	–	–	435
Board member Carl Filip Bergendal	156	–	–	–	156
Board member Hans Wigzell	156	–	–	–	156
CEO Johan Löf	4,188	1,577	413	552	6,730
Other senior executives (9)	7,601	560	296	2,270	10,727
Total	**12,536**	**2,137**	**709**	**2,822**	**18,204**

No financial instruments or other share-related remuneration have been paid.

Variable remuneration

Variable remuneration payable to the CEO is based on the Group's earnings and amounts to 2 percent of consolidated profit before tax and is capped at 12 months' pay. In 2008, the bonus was removed for all employees in the Swedish company except the CEO and replaced by a profit-sharing foundation. The profit-sharing foundation covers all employees, including senior executives, except the CEO. A provision is allocated to the profit-sharing foundation in a given year if the operating profit in the preceding year reached a level exceeding an operating margin of 20 percent. In such a case, the amount allocated is 10 percent of the portion of operating profit that exceeds the limit level. The allocation has a maximum outcome of 30 percent of the dividend paid. If a dividend is not paid or if the operating margin does not reach 20 percent, no provision is made. For the employees of foreign subsidiaries, variable remuneration related to sales and achievement of established targets is paid.

Pensions

All pension undertakings are defined-contribution plans. The retirement age for the CEO and senior executives is 65, and the pension premium is equivalent to the Swedish ITP plan. No other pension obligations exist.

Severance pay

If the CEO chooses to terminate his employment, the term of notice is six months; if the employer terminates his employment, the term of notice is 12 months. In either case, the CEO is not entitled to any special severance pay, but in both cases the CEO receives salary during the term of notice. The company and other senior executives have a mutual term of notice of three months during which salary is paid. Members of the Board do not receive any severance pay.

Decision-making process

The decision-making process regarding remuneration and benefits is described in greater detail in the Administration Report.

NOTE 5 AUDITORS' FEES AND COMPENSATION FOR EXPENSES

GROUP, SEK 000S	2015	2014
EY		
Auditing assignments	734	535
Audit activities other than audit assignment	250	270
Tax advice	206	60
Other services	122	303
	1,312	**1,168**
PARENT COMPANY, SEK 000S		
EY		
Auditing assignments	679	470
Audit activities other than audit assignment	200	195
Tax advice	206	55
Other services	122	290
	1,207	**1,010**

NOTE 6 FINANCIAL LEASING DEBT

Financial leasing debt falls due for payment as follows:	Future minimum leasing fees	Interest	Present value of minimum leasing fees
Within 1 year	5,353	541	4,813
2–5 years	9,209	858	8,351
	14,562	**1,399**	**13,164**

	GROUP	
SEK 000s	2015	2014
Opening balance	4,243	0
Acquisitions during the year	12,867	4,898
Amortization	–3,946	–655
Closing balance	**13,164**	**4,243**
	13,164	**4,243**

At December 31, 2015, earnings in the Group were charged with costs attributable to financial leasing, with amortization accounting for 3,401 (626) and interest expenses for 609 (141).

SIGNIFICANT LEASES

Significant leases include leasing of furniture and other office equipment (lease expires on Jan 31, 2020), computer equipment and company cars.

NOTE 7 OPERATING EXPENSES SPECIFIED BY TYPE OF COSTS

	GROUP		PARENT COMPANY	
SEK 000s	2015	2014	2015	2014
Cost of goods sold[1]	–23,690	–11,627	–12,040	–7,223
Personnel expenses	–130,375	–87,295	–141,118	–103,098
Depreciation, amortisation and impairment charges[2]	–56,504	–58,194	–6,936	–1,634
Exchange-rate losses	–9,134	–6,795	–9,134	–6,795
Other expenses	–96,235	–58,748	–123,653	–69,321
	–315,938	**–222,659**	**–292,882**	**–188,071**

[1] Cost of goods sold comprises costs of sold hardware and royalties for licensed software included in the company's software. Amortization of capitalized development expenditure is not included in cost of goods sold. Amortization and capitalization of development expenditure are included in research and development expenses.

[2] Amortization of capitalized development expenditure is included in amortization and impairment losses in the table above.

NOTE 8 OTHER OPERATING INCOME

	GROUP		PARENT COMPANY	
SEK 000s	2015	2014	2015	2014
Exchange-rate gains on operating receivables/ liabilities	13,682	16,803	13,682	16,803
	13,682	**16,803**	**13,682**	**16,803**

NOTE 9 OTHER OPERATING EXPENSES

	GROUP		PARENT COMPANY	
SEK 000s	2015	2014	2015	2014
Exchange-rate gains on operating receivables/ liabilities	–9,134	–6,795	–9,134	–6,795
	–9,134	**–6,795**	**–9,134**	**–6,795**

NOTE 10 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETS

	GROUP		Dec. 31, 2011	
SEK 000s	2015	2014	2015	2014
Intangible fixed assets				
Depreciation/amortization and impairment according to function				
Administrative expenses	–	–	–	–
Research and development	–49,973	–57,023	–	–
	–49,973	**–57,023**	**0**	**0**
Tangible fixed assets				
Depreciation according to function				
Administrative expenses	–6,531	–1,171	–2,732	–1,005
Research and development	–	–	–803	–629
	–6,531	**–1,171**	**–3,535**	**–1,634**
Total depreciation/ amortization	**–56,504**	**–58,194**	**–3,535**	**–1,634**

NOTE 11 OPERATIONAL LEASING

	GROUP		Dec. 31, 2011	
SEK 000s	2015	2014	2015	2014
Leasing costs for the year	19,050	11,537	18,103	10,453
Contractual future lease fees for leases that mature:				
Within one year	17,167	11,235	16,149	10,315
Later than one but within five years	50,076	63,692	50,094	61,449
Later than five years	–	–	–	–
	67,243	**74,927**	**66,242**	**71,764**

Significant operating leases pertain to rental leases that extend from Dec 1, 2014 to Dec 31, 2019. The baseline rent is indexed annually.

NOTE 12 FINANCIAL INCOME AND EXPENSES

	GROUP		PARENT COMPANY	
SEK 000s	2015	2014	2015	2014
Interest income on cash and cash equivalents	4	136	4	114
Interest income on accounts receivable and loan receivables	241	178	–	178
Other interest income/ expenses	15	–4	15	–4
Other financial income	14	–	–	–
Interest income Group companies	–	–	2,970	2,677
	274	**310**	**2,989**	**2,965**
Interest expense on other liabilities[1]	–2,128	–969	–1,519	–1,400
	–2,128	**–969**	**–1,519**	**–1,400**
Net	**–1,854**	**–659**	**1,470**	**1,565**

[1] Interest expense for the credit facility is based on STIBOR T/N +1.50 percent

NOTE 13 APPROPRIATIONS

	PARENT COMPANY	
SEK 000s	2015	2014
Tax allocation reserve, provision during the year	–15,349	–20,073
Tax allocation reserve, reversal during the year	–	–
Accelerated depreciation for tax purposes, equipment	–1,172	–956
	–16,521	**–21,029**

NOTE 14 TAX ON PROFIT FOR THE YEAR

	GROUP	
SEK 000s	2015	2014
Current tax expense		
Tax expense for the period	–12,714	–14,411
	–12,714	**–14,411**
Deferred tax expense/income		
Deferred tax for temporary differences regarding capitalized development expenditure	–6,827	571
Untaxed reserves/deferred tax attributable to loss carryforwards	–3,635	–5,029
Other deferred tax expenses	–106	–
	–10,568	**–4,458**
Total tax expense/income recognized in the Group	**–23,281**	**–18,869**
Reconciliation of effective tax		
Recognized profit before tax	93,490	78,701
Tax at current tax rate of 22%	–20,568	–17,314
Effect of other tax rates for non-Swedish companies	–1,864	15
Effect of non-taxable income	9	–
Effect of non-deductible costs	–829	–1,589
Standard interest on tax allocation reserve	–29	–
Losses for which deferred tax has not previously been recognized	–	19
Reported effective tax	**–23,281**	**–18,869**

	PARENT COMPANY	
SEK 000s	2015	2014
Current tax expense		
Tax expense for the period	–10,111	–13,248
Change in deferred tax	–106	–403
Total tax expense recognized in the Parent Company	**–10,217**	**–13,651**
Reconciliation of effective tax		
Recognized profit before tax	42,812	59,631
Tax at current tax rate of 22%	–9,419	–13,119
Effect of non-taxable income	3	1
Effect of non-deductible costs	–772	–533
Standard interest on tax allocation reserve	–29	–
Reported effective tax	**–10,217**	**–13,651**

NOTE 15 DIVIDEND PER SHARE, EARNINGS PER SHARE AND NUMBER OF SHARES

	2015	2014
Proposed dividend per share	0.25	–
Total number of shares at beginning of the year	34,282,773	34,282,773
Of which treasury stock	–	–
Number of shares outstanding at beginning of the year	34,282,773	34,282,773
Number of shares outstanding at year-end	34,282,773	34,282,773
Average number of shares outstanding during the period	34,282,773	34,282,773
Earnings per share before/after dilution	2.05	1.75
Profit/loss for the year attributable to Parent Company shareholders (before and after dilution)	**70,209**	**59,832**

NOTE 16 CAPITALIZED DEVELOPMENT EXPENDITURE

	GROUP	
SEK 000s	Dec 31, 2015	Dec 31, 2014
Accumulated cost		
Opening balance	428,027	373,601
Internally developed assets	81,006	54,426
Closing balance	**509,033**	**428,027**
Accumulated amortization and impairment losses		
Opening balance	–263,946	–206,923
Amortization for the year	–49,973	–57,023
Impairment for the year	–	–
Closing balance	**–313,919**	**–263,946**
Closing carrying amount	**195,114**	**164,081**

Capitalized development expenditure pertains to the development of new versions of RaySearch's software products. This development expenditure is capitalized and amortized over a period of five years from the time when the products are released on the market and the asset is thus regarded as starting to contribute to the company's revenues.

IMPAIRMENT TESTING OF PROPRIETARILY DEVELOPED INTANGIBLE ASSETS

Impairment testing of proprietarily developed intangible assets is conducted annually as well as when indications of an impairment loss prevail. The recoverable amount of all cash-generating units (CGUs) has been determined based on value-in-use.

An annual impairment test of proprietarily developed intangible assets has been conducted. The value in use of the CGUs has been calculated based on estimated future cash flows. Cash flows are based on budget forecasts, assessments and market plans prepared by management. Cash flows beyond this period are extrapolated using a growth rate estimated at 3 percent based on company management's expectations of the future market trend. The assessment of operating margin is based on previously achieved earnings weighted by company management's expectations of the future market trend. The future cash flows before tax have been discounted to present value using an interest rate before tax of 16.6 percent. The discount interest rate is determined on the basis of risk-free interest plus a surcharge for the risk premium for the particular operating segment. The estimated value in use comfortably exceeds the carrying amount.

NOTE 17 SOFTWARE

	GROUP AND PARENT COMPANY	
SEK 000s	Dec 31, 2015	Dec 31, 2014
Accumulated cost		
Opening balance	3,658	3,658
New acquisitions	0	0
Closing balance	**3,658**	**3,658**
Accumulated amortization		
Opening balance	–3,658	–3,658
Amortization during the year	0	0
Closing balance	**–3,658**	**–3,658**
Closing carrying amount	**0**	**0**

NOTE 18 TANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
SEK 000s	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec. 31, 2014
Equipment, fixtures and fittings				
Accumulated cost				
Opening balance	26,866	17,682	21,102	17,043
New acquisitions	39,878	9,184	26,277	4,059
Divestments and scrappage	–11,662	–	–11,221	–
Closing balance	**55,082**	**26,866**	**36,159**	**21,102**
Accumulated amortization				
Opening balance	–13,915	–12,115	–14,127	–12,494
Divestments and scrappage	11,103	–	10,662	–
Amortization for the year[1]	–10,510	–1,800	–6,422	–1,633
Closing balance	**–13,322**	**–13,915**	**–9,887**	**–14,127**
Closing carrying amount	**41,760**	**12,951**	**26,272**	**6,975**

[1] Of the Group's depreciation, capitalized development expenditure accounted for SEK 803,000 (629,000).

Tangible fixed assets include financial leasing with a carrying amount of SEK 13,511,000 (4,272,000).

NOTE 19 PARTICIPATIONS IN GROUP COMPANIES

SEK 000s	PARENT COMPANY Dec 31, 2015	Dec 31, 2014
Accumulated cost		
Opening balance	2,493	2,266
Acquisition	1	227
Merger of subsidiaries	–2,009	0
Closing balance	**485**	**2,493**

SPECIFICATION OF PARENT COMPANY'S AND GROUP'S HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES.

Group company/ Corp. Reg. No./Reg. office/Country	Number/ Proportion, %	Adjusted equity/profit for the year[1]	Carrying amount
RaySearch Americas Inc, Delaware, USA	100.0	–32 840 / –466	0
RaySearch Belgium Sprl, 0838.244.504, Brussels, Belgium	99.0[2]	558 / 135	170
RaySearch France SAS, RCS Paris 794,582,841, Paris, France	100.0	441 / 196	87
RaySearch UK Ltd, 8579149, London, UK	100.0	190 / 104	0
RaySearch Germany GmbH, HRB 157539, Berlin, Germany	100.0	462 / 184	227
Raysearch Asia Pte Ltd, 201508409H, Singapore	100.0	49 / 50	1
			485

[1] Adjusted equity refers to the owned share of the company's equity, including the equity component of untaxed reserves. Profit for the year refers to the ownership share of the company's profit after tax, including the equity share in the change for the year in untaxed reserves.

[2] SAS RaySearch France owns the remaining 1.0 percent of this Group company.

NOTE 20 ACCOUNTS RECEIVABLE

At December 31, 2015, the company had no provisions for doubtful debts. In view of the customers' creditworthiness and other circumstances, the company assesses that this very low level of credit risk will continue and that there is no uncertainty concerning past due accounts receivable.

	GROUP		PARENT COMPANY	
Age analysis Carrying amount	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec. 31, 2014
Not overdue	104,846	100,443	83,084	73,172
Past due 0 – 30 days	15,427	13,349	7,407	4,890
Past due 30 – 90 days	3,361	18,431	265	9,340
Past due more than 90 days	45,339	15,587	16,026	4,253
Total	**168,973**	**147,810**	**106,781**	**91,655**

At March 31, 2016, SEK 70,380,000 had been paid in.

Age analysis of receivables from Group companies	PARENT COMPANY Dec 31, 2015	Dec. 31, 2014
Not overdue	12,740	20,783
Past due 0 – 30 days	27,837	11,264
Past due 30 – 90 days	16,511	0
Past due more than 90 days	52,317	47,942
Total	**109,405**	**79,989**

NOTE 21 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		Dec. 31, 2011	
SEK 000s	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec. 31, 2014
Prepaid rent	4,493	4,584	4,337	4,437
Prepaid insurance	1,336	263	1,194	233
Accrued interest income	–	–	7,043	4,073
Other items	10,565	3,851	10,496	3,744
	16,394	**8,698**	**23,070**	**12,487**

NOTE 22 CASH AND CASH EQUIVALENTS

	GROUP		Dec. 31, 2011	
SEK 000s	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec. 31, 2014
The following sub-components are included in cash and cash equivalents:				
Cash and bank balances	59,705	56,085	25,831	47,935
	59,705	**56,085**	**25,831**	**47,935**

Cash and cash equivalents consist of bank deposits. In addition to this, the company has an overdraft facility of SEK 25 M, of which SEK 4.0 M has been blocked as collateral for bank guarantees, of which EUR 0.4 M has been issued to MedAustron. The remaining amount of SEK 21.0 M is unutilized.

NOTE 23 DEFERRED TAX ASSETS AND TAX LIABILITIES

	GROUP	
SEK 000s	Dec 31, 2015	Dec. 31, 2014
Deferred tax liabilities for:		
Intangible assets		
Opening balance	36,098	36,669
Change during the year	6,827	–571
Closing balance	**42,925**	**36,098**
Tangible assets		
Opening balance	0	0
Change during the year	163	0
Closing balance	**163**	**0**
Attributable to untaxed reserves		
Opening balance	4,626	0
Change during the year	3,635	4,626
Closing balance	**8,261**	**4,626**
Carrying amount	**51,349**	**40,724**
Deferred tax assets		
Opening balance	0	403
Change during the year	57	–403
Closing balance	**57**	**0**

Valuation is based on the nominal tax rate.

NOTE 24 UNTAXED RESERVES

	PARENT COMPANY	
SEK 000s	Dec 31, 2015	Dec. 31, 2014
Accumulated depreciation/amortization in excess of plan:		
Opening balance, January 1	956	–
Reversals/depreciation/amortization in excess of plan for the year	1,173	956
Closing balance December 31	**2,129**	**956**
Tax-allocation reserves		
Allocated at taxation in 2015	20,073	20,073
Allocated in connection with taxation in 2016	15,349	–
	37,551	**21,029**

NOTE 25 LONG-TERM LIABILITIES

SEK 000s	GROUP AND PARENT COMPANY Dec 31, 2015	Dec. 31, 2014
Opening balance	41,096	–
Raising of bank loans[1]	–	25,000
Reclassification from provision	–	11,853
Debt pertaining to financial leasing	8,921	4,243
Reclassification to current liabilities	–11,853	–
Closing balance, Group	**38,164**	**41,096**
Less financial leasing	–13,164	–4,243
Closing balance Parent Company	**25,000**	**36,853**

[1] RaySearch has signed a revolving loan for up to SEK 25 M and SEK 25 M was borrowed in nine months. The bank loan carries STIBOR plus a margin that reflects the current interest rate of 2.61 percent, which will be paid quarterly. The loan is subject to covenants regarding the fulfillment of key figures connected to earnings and shareholders' equity. The revolving loan did not carry interest up to Feb 18, 2016, following which RaySearch decided to extend the loan through Feb 20, 2017.

	GROUP AND PARENT COMPANY					
	Within one month	1–3 months	3–12 months	1–2 years	2–5 years	TOTAL
Interest 2015						
Bank loans	0	163	489	652	1,304	2,608
Interest 2014						
Bank loans	0	200	600	800	1,600	3,200

The loan extends until November 4, 2017. In the table, the revolving loan is expected to continue and the prevailing interest rate has been used.

For more information about financial leasing, see Note 6.

NOTE 26 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		Dec. 31, 2011	
SEK 000s	Dec 31, 2015	Dec 31, 2014	Dec 31, 2015	Dec. 31, 2014
Social security expenses and vacation costs	13,747	8,385	12,645	7,735
Other personnel-related costs	4,387	4,579	2,210	1,861
Deferred income	9,548	4,430	3,226	826
Legal expenses	71	0	71	0
Other items	14,877	6,980	13,899	6,628
	42,630	**24,374**	**32,051**	**17,050**

NOTE 27 RISKS AND RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The Group is exposed to various types of financial risks through its operations. The term "financial risks" refers to fluctuations in the company's earnings and cash flow due to changes in exchange rates, interest rates, financing and credit risks. The Board has formulated the Group's financial risk management policy, which constitutes a framework of guidelines and regulations in the form of risk mandates and limits for financial activities.

Foreign-exchange risk

Foreign-exchange risk refers to the risk of fluctuations in the value of a financial instrument because of changes in exchange rates. Foreign-exchange risks are related to changes in expected and contractual payment flows and receivables and liabilities in foreign currency (transaction exposure). The Group has mainly had net payments in USD and EUR entailing a foreign-exchange risk. In accordance with the company's financial policy, currency hedging has not been pursued.

Transaction exposure

Translated to SEK, the Group's transaction exposure is distributed among the following currencies:

	Dec 31, 2015	Dec. 31, 2014
USD	229,475	140,952
EUR	76,885	76,619
Other currencies	19,772	19,684
	326,132	**237,255**

The consolidated income statement includes exchange-rate gains and exchange-rate losses amounting to a gain of SEK 4,548,000 (10,008,000) in operating profit and SEK 0 (0) in net financial items. Transaction exposure has not been hedged.

Sensitivity analysis

The company is dependent on trends in the USD and EUR exchange rates against the SEK, since most invoicing is in USD and EUR, while most costs are incurred in SEK. During 2015, revenues in USD were recognized at an average exchange rate of SEK 8.43, compared with SEK 6.89 in 2014. In 2015, revenues in EUR were recognized at an average exchange rate of SEK 9.36, compared with SEK 9.18 in 2014. Accordingly, currency effects had a positive impact on sales. At unchanged exchange rates, sales would have increased 24.2 percent compared with 2014. A sensitivity analysis of currency exposure indicates that the impact of a +/– 10 percent change in the average USD exchange rate on operating profit in 2015 was +/– SEK 37.6 M and that the corresponding effect of a +/– 10 percent change in the average EUR exchange rate was +/– SEK 11.3 M.

NOTE 27. RISKS AND RISK MANAGEMENT, CONT'D

The company is also affected by exchange-rate effects related to balance sheet items, which were distributed among the following currencies.

	Dec 31, 2015	Dec. 31, 2014
USD		
Accounts receivable	218,348	103,229
Accounts payable	–3,200	–667
	215,148	**102,562**
EUR		
Accounts receivable	39,599	28,781
Accounts payable	–5,051	–770
	34,548	**28,011**
Other currencies		
Accounts receivable	10,445	15,800
Accounts payable	–292	–2,886
	10,153	**12,914**

Sensitivity analysis
A sensitivity analysis of currency exposure on the aforementioned balance sheet items indicates that the impact of a +/– 10 percent change in the average USD exchange rate on operating profit in 2015 was +/– SEK 21.5 M and that the corresponding effect of a +/– 10 percent change in the EUR exchange rate was +/– SEK 3.5 M.

Interest rate risk
Interest-rate risk corresponds to the impact on earnings that a possible change in interest rates would cause. At December 31, 2015, an interest-rate change of +/–1 percent would have impacted the Group's profit before tax by approximately +/– SEK 0.5 M (0.4)

Effective rate of interest and loan-maturity structure
During 2015, RaySearch's cash and cash equivalents comprised liquid funds in bank accounts carrying an effective interest rate of 0.01 percent.

Liquidity risk
Liquidity risk refers to the risk that liquid assets may be insufficient for the activities planned and the risk that difficulties may arise in obtaining or repaying external loans. The Group works actively with its liquidity monitoring and continuously updates forecasts for the expected liquidity trend. This facilitates necessary action in a timely manner. Based on currently known conditions, the assessment is that the Group has sufficient liquidity to conduct its operations in accordance with current plans. RaySearch's cash and cash equivalents are invested in liquid assets with low credit risk.

Financing risk
Financing risk refers to the risk that the company will need to borrow funds in a strained credit market. The Group's operations are mainly financed using shareholders' equity and the company's assessment is that the financing risk is low, in view of the company's profitability and relatively low debt/equity ratio.

Credit risk
The Group's credit risks consist mainly of accounts receivable from commercial partners (such as Philips, Varian and IBA Dosimetry) who have sold the company's products, as well as radiation therapy clinics to which the company has sold RayStation systems directly. The company assesses that this very low level of credit risk will continue and that the quality of credit is high.

Operating risks
The Group is exposed to various operational risks through its operations, including the following:

Dependence on key individuals
RaySearch's future development is partly dependent on a number of key individuals with specialized expertise remaining in the organization. The loss of one or more of these key individuals could have an adverse impact on the Group's operations.

Competition
RaySearch mainly competes with Varian, Elekta and Philips. These have large development divisions and invest major resources in developing systems and products that compete with RayStation. They also utilize their positions as hardware suppliers in selling turnkey solutions with both software and hardware to customers. At present, RaySearch only sells software.

Strategic partnerships
RaySearch currently has business partnerships with Philips, Varian, IBA Dosimetry and Nucletron, which sell the company's products. RaySearch also has a number of research partnerships. If RaySearch were to lose one or more of these business partners, this could have a major impact on the company's sales, profit and financial position. RaySearch is continuously engaged in discussions with several partners concerning further collaboration.

Alternative treatment methods
Of the three primary forms of cancer treatment – surgery, radiation therapy and chemotherapy – radiation therapy is the form that has increased most for curative groups over the past 20 years. RaySearch estimates that radiation therapy will continue to be an important treatment option in the future.

US insurance system
Should the US insurance system choose not to compensate clinics for treatment involving adaptive radiation therapy, this would have a negative impact on RaySearch.

Regulatory approval
Medical technology products require regulatory approval. Should RayStation, any of RaySearch's products or any of the systems of RaySearch's business partners (such as Philips, Varian and IBA Dosimetry) fail to receive regulatory approval, this would have a negative impact on RaySearch.

Product development
RaySearch develops highly advanced products, for which RaySearch assumes the risk from the development stage through to launch, which could result in higher costs than anticipated. This is offset through continuous project follow-up and quality assurance.

NOTE 28 DISCLOSURES ON FINANCIAL INSTRUMENTS IN THE GROUP

CLASSIFICATION AND CATEGORIZATION OF GROUP ASSETS AND LIABILITIES, DEC. 31, 2015

Dec 31, 2015	Loan receivables/ accounts receivable	Total financial assets	Non-financial assets	Total
Assets				
Intangible assets	–	**0**	195,114	**195,114**
Tangible assets	–	**0**	41,760	**41,760**
Accounts receivable	168,973	**168,973**	–	**168,973**
Tax receivable	–	**0**	149	**149**
Other receivables	724	**724**	1,671	**2,395**
Prepaid expenses and accrued income	3,804	**3,804**	12,590	**16,394**
Cash and cash equivalents	59,705	**59,705**	–	**59,705**
	233,206	**233,206**	**251,284**	**484,490**

Dec 31, 2015	Financial liabilities measured at amortized cost	Non-financial liabilities	Total
Equity and liabilities			
Shareholders' equity	–	319,517	**319,517**
Deferred tax liabilities	–	51,349	**51,349**
Other long-term interest-bearing liabilities	38,164	–	**38,164**
Accounts payable	9,514	–	**9,514**
Income tax liabilities	–	5,855	**5,855**
Other liabilities	13,029	4,432	**17,461**
Accrued expenses and prepaid income	24,004	18,626	**42,630**
	84,711	**399,779**	**484,490**

NOTE 28 DISCLOSURES ON FINANCIAL INSTRUMENTS IN THE GROUP, Cont'd

Dec. 31, 2014	Loan receivables/ accounts receivable	Total financial assets	Non-financial assets	Total
Assets				
Intangible assets	–	0	164,081	164,081
Tangible assets	–	0	12,951	12,951
Accounts receivable	147,810	147,810	–	147,810
Tax receivable	–	0	118	118
Other receivables	–	0	10	10
Prepaid expenses and accrued income	4,073	4,073	4,625	8,698
Cash and cash equivalents	56,085	56,085	–	56,085
	207,968	207,968	181,785	389,753

Dec. 31, 2014	Financial liabilities measured at amortized cost	Non-financial liabilities	Total
Equity and liabilities			
Shareholders' equity	–	251,548	251,548
Deferred tax liabilities	–	40,724	40,724
Other long-term interest-bearing liabilities	41,096	–	41,096
Accounts payable	9,034	–	9,034
Income tax liabilities	–	5,666	5,666
Other liabilities	15,302	2,009	17,311
Accrued expenses and prepaid income	11,410	12,964	24,374
	76,842	312,911	389,753

Fair value measurement contains a measurement hierarchy for the inputs used to measure fair value. The three levels comprise:

Level 1: Listed prices (unadjusted) in active markets for identical assets or liabilities to which the company has access at the time of measurement.

Level 2: Input data other than the listed prices included in Level 1, which is directly or indirectly observable for the asset or liability. This may even pertain to input data other than the listed prices that are observable for the asset or liability, such as interest rates, yield curves, volatility and multiples.

Level 3: Non-observable input data for the asset or liability. At this level, the assumption that market players would use for pricing of the asset or liability, including risk taking, must be taken into account.

For all of the above items, with the exception of borrowing, the carrying amount is an approximation of the fair value, which is why these items have not been divided into levels according to the measurement hierarchy. Since the loans carry variable interest and other external borrowing carries fixed interest, which in all significant respects is adjudged to correspond to prevailing market interest rates, the assessment is that the carrying amounts of loans essentially matches the fair value.

NOTE 29 PLEDGED ASSETS

SEK 000s	Dec 31, 2015	Dec 31, 2014
Pledged assets		
Chattel mortgages	50,000	50,000
Restricted credit facility	4,000	3,800
Total	**54,000**	**53,800**

Chattel mortgages comprise an overdraft facility of SEK 25 M and a revolving loan of up to SEK 25 M; SEK 25 M has been borrowed and the loan has been extended until February 20, 2017. Of the company's overdraft facility of SEK 25 M, SEK 4.0 M has been blocked as collateral for bank guarantees, of which EUR 0.4 M has been issued to MedAustron.

NOTE 30 RELATED PARTIES

For a description of transactions with senior executives, refer to Note 4. The Parent Company has a related-party relationship with its subsidiaries, see Note 19.

	SUMMARY PARENT COMPANY				
SEK 000s	Sale of goods/ services to related parties	Purchase of goods/services from related parties	Dividend paid	Receivable from related parties, Dec 31	Liabilities to related parties Dec. 31,
2015	92,334	–19,800	–	109,076	2,919
2014	35,381	–11,161	–	79,989	1,364

Sales to related parties pertain primarily to sales of licenses to foreign subsidiaries and purchases from related parties pertain primarily to purchases of services from foreign subsidiaries. Receivables from related parties pertain primarily to receivables from the US subsidiary.

NOTE 31 EVENTS AFTER BALANCE SHEET DATE

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

RayStation 5 launched, with support for carbon-ion treatment planning
In February 2016, it was announced that version 5 of the RayStation treatment planning system had been launched for clinical use in the UK, Australia and New Zealand, and will be launched in most major radiation therapy markets during the first half of 2016. RayStation 5 will be the only commercially available treatment planning system that provides support for the treatment planning of carbon-ion therapy, which is the most advanced form of radiation therapy. RayStation® 5 also offers a number of tools and features that represent a totally new approach to treatment planning.

Long-term collaboration agreement with the University of California, San Francisco regarding RayCare
RaySearch has signed a long-term collaboration agreement with the University of California, San Francisco (UCSF), regarding RayCare, the oncology information system that RaySearch is developing. "UCSF is the perfect partner for this development. The university is a world-leading institution for cancer treatment, and also offers an extensive and diverse set of treatment machines and other systems, providing a challenging and ideal environment for the development of RayCare," says Johan Löf.

Conversion of shares
In March 2016, 750 Class A shares were converted to Class B shares at the request of shareholders. The total number of voting rights in RaySearch thereafter amounted to 126,641,349. The total number of registered shares in RaySearch amounts to 34,282,773, of which 10,262,064 are Class A and 24,020,709 Class B shares.

The undersigned certify that the consolidated financial statements and the annual report have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and with generally accepted accounting practices, and give a true and fair view of the financial position and results of the Group and the Parent Company and that the Administration Report provides a fair overview of the development of the Group's and the Parent Company's operations, financial position and results, as well as a fair description of significant risks and uncertainties faced by the companies included in the Group. The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on April 26, 2016. The statement of comprehensive income and statement of financial position, and the Parent Company's income statement and balance sheet will be submitted for adoption to the Annual General Meeting on May 17, 2016.

Erik Hedlund
Chairman of the Board

Johan Löf
President/CEO and Board member

Carl Filip Bergendal
Board member

Hans Wigzell
Board member

Our audit report was submitted on April 26, 2016

Ernst & Young AB

Per Hedström
Authorized Public Accountant

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF RAYSEARCH LABORATORIES AB (PUBL) CORPORATE REGISTRATION NUMBER 556322-6157

REPORT ON THE ANNUAL ACCOUNTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annual accounts and consolidated financial statements for RaySearch Laboratories AB (publ) for 2015. The annual accounts and consolidated accounts of the company are included in this document on pages 4–36.

Responsibility of the Board of Directors and the CEO for the annual accounts and consolidated financial statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO deem necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The auditor chooses such procedures based on such assessments as the risk of material misstatement in the annual accounts and consolidated financial statements, whether such misstatement is due to fraud or error. In making these risk assessments, the auditor considers internal control measures relevant to the company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate taking the circumstances into account, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and of its financial statements and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The Report of the Board of Directors is compatible with the other sections of the annual report and consolidated financial statements.

We therefore recommend that the annual general meeting of shareholders adopt the income statement and balance sheet for the Parent Company and statement of comprehensive income and the statement of financial position for the Group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated financial statements, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of RaySearch Laboratories (Publ) for the year 2015.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal concerning the appropriation of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act.

Auditors' responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We have also examined whether Board members or the CEO have in any other manner acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Stockholm, April 26, 2016
Ernst & Young AB

Per Hedström
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

GENERAL

Corporate governance in RaySearch is based on the Swedish Companies Act, the Swedish Annual Accounts Act, the Nasdaq Stockholm Issuers Rules, the Articles of Association and RaySearch's application of the Swedish Corporate Governance Code (the "Code"). All companies whose shares are listed on Nasdaq Stockholm are obligated to apply the Code. The aim of the Code is to improve the governance of Swedish companies and, in particular, to ensure that companies are managed in the best interests of their shareholders. In turn, a high level of corporate governance enhances confidence in listed companies among capital market players and the public at large. For more information on the Code, see www.bolagsstyrning.se.

The term "apply the Code" entails that companies must actively make a decision regarding their approach to the various regulations of the Code. If a company chooses to deviate from the Code's rules, it must explain why in accordance with the principle of "comply or explain."

Since the Code's rules are primarily designed for larger companies with diversified ownership, they may be unnecessarily burdensome and difficult to apply for smaller companies with a more concentrated ownership structure. RaySearch is a small company with a majority shareholder who is also actively involved in the company in his role as CEO. In most cases, this is the reason why RaySearch has opted not to observe certain Code regulations.

RaySearch submits Corporate Governance Reports in connection with the submission of annual reports for each fiscal year.

ANNUAL GENERAL MEETING

Following motions by the shareholders, the Board of Directors and the audit firm (with an auditor-in-charge) are elected at the Annual General Meeting (AGM) for a term of office until the close of the following AGM. The date of the AGM is announced no later than in conjunction with the third-quarter interim report and is simultaneously published on the company's website. Shareholders representing 49.0 percent of the total number of shares and 71.0 percent of the total number of votes in the company participated in RaySearch's AGM on May 28, 2015 in Stockholm. RaySearch's CEO, Chairman of the Board Erik Hedlund, Members of the Board Carl Filip Bergendal and Hans Wigzell and RaySearch's auditors attended the AGM.

FUNCTION OF THE AGM

RaySearch is permitted to issue shares in two class, known as Class A and Class B. In voting at the AGM, each Class A share carries ten votes and each Class B share carries one vote. At December 31, 2015, the total number of RaySearch shares was 34,282,773, of which 10,262,814 were Class A and 24,019,959 Class B shares. There are no special provisions regarding the function of the AGM in either the Articles of Association or, to the knowledge of RaySearch, in shareholder agreements.

AUTHORIZATION PROVIDED BY THE AGM

The AGM on May 28, 2015 resolved, in accordance with the Board's motion to authorize the Board, on one or several occasions during the period up to the following AGM, to make decisions on the issue of new Class B shares and/or the issue of convertible debentures that can be converted to Class B shares. The Board's decision concerning the issuance of shares and/or convertible debentures that are issuable with the support of the authorization may not exceed the equivalent, on the date of the official notice of the AGM, of 10 percent of the registered share capital, which was SEK 17,141,386.50. The shares may be issued with or without disapplication of the preemption rights of the shareholders and, except for cash, with or without consideration in kind, set-off or other conditions. The purpose of the authorization is to increase the company's financial flexibility. Disapplying the existing shareholders' preferential rights, the subscription price is to be the market price. Other terms and conditions may be decided by the Board of Directors.

NOMINATION COMMITTEE

The company deviates from the rules of the Code by not appointing a Nomination Committee. In view of the ownership structure, the Board believes that such a committee would not fulfill any function, but would simply give rise to additional costs.

BOARD OF DIRECTORS

RaySearch's Board of Directors makes decisions on matters regarding the company's strategic direction, structure and organization and research and development matters. The Board also addresses partnership agreements, interim reports, the annual accounts, auditing issues, budget and key policies. Moreover, it is the Board's duty to ensure that correct information is provided to the stock market. The Board's work is regulated in such documents as the Companies Act, the Articles of Association and the formal work plan adopted by the Board. Under the Articles of Association, the Board shall comprise no fewer than three and no more than eight members, with no more than three deputies.

After the AGM on May 28, 2015, the Board of RaySearch comprised four members elected by the AGM, and no deputies.

OWNERSHIP STRUCTURE – SHAREHOLDERS WITH AT LEAST 10% OF TOTAL VOTES

Name	Class A shares	Class B shares	Total shareholding	Share capital %	Votes %
Johan Löf	6,243,084	618,393	6,861,477	20.0	49.8
Erik Hedlund	1,567,089	128,699	1,695,788	5.0	12.5
Anders Brahme	1,390,161	25,989	1,416,150	4.1	11.0
Others	1,062,480	23,246,878	24,309,358	70.9	26.7
Total	**10,262,814**	**24,019,959**	**34,282,773**	**100.0**	**100.0**

The AGM on May 28, 2015 elected Erik Hedlund as Chairman of the Board until the next AGM. The Board fulfills the independence requirement for Board members pursuant to the Code. Once each fiscal year, the Board undertakes an evaluation of its own performance using a systematic and structured process. The evaluation provides a basis for the Board's future work. The Board also evaluates the work of the CEO but, in this respect, the company deviates from the Code in that the CEO may participate in the evaluation. The reason being that the CEO is a Board member and the Board believes that the CEO's participation will not affect the evaluation negatively.

BOARD OF DIRECTORS WORK DURING 2015

The Board's work is governed by a formal work plan that is adopted annually and regulates such issues as the decision-making structure in the company, the Board meeting schedule and the duties of the Chairman. The Board as a whole addresses internal control issues that are its responsibility. In addition, the company's auditors personally report their observations from their audit and their assessment of the internal control to the Board each year. The Board held eight meetings during the year. Considering the size of the Board, it was not deemed necessary to introduce a separate delegation of duties among Board members. For the same reason, no committees were established.

REMUNERATION COMMITTEE

RaySearch deviates from the Code by not establishing a Remuneration Committee. This is because the size of the Board and the company does not warrant such a committee. The remuneration of the CEO is determined by the Board (without the participation of the CEO) following negotiations between the CEO and the Chairman of the Board, while remuneration of other senior executives is determined following negotiations between the CEO and the individual employees.

MAJOR DIRECT OR INDIRECT SHAREHOLDINGS

Shareholders with a direct or indirect shareholding in RaySearch who represent at least one-tenth of the votes in the company are listed in the table on the preceding page.

PROVISIONS OF THE ARTICLES OF ASSOCIATION

RaySearch's Articles of Association do not contain any restrictions on how many votes each shareholder may cast at the AGM. Nor do RaySearch's Articles of Association contain any specific provisions on the appointment and dismissal of Board members, or amendments to the Articles of Association.

AUDIT COMMITTEE

RaySearch also deviates from the Code by not appointing an Audit Committee. This is because the size of the Board and the company does not warrant any such committee. The Board as a whole performs the duties of an Audit Committee.

INTERNAL CONTROL

Under the Swedish Code of Corporate Governance, the Board is to ensure that RaySearch has sound internal control and continuously remains informed of, and evaluates, the effectiveness of the company's internal control system. A key feature of the control environment is that the organization, decision-making procedures, responsibility and authority are clearly defined and communicated in governance documentation. In view of the limited size of the company, the Board, in its annual assessment of the possible need for a separate function to review the company's internal financial controls, has concluded that there is no need for an internal audit function.

CONTROL ENVIRONMENT

As part of the effort to create and maintain an effective control environment, the Board has established a number of fundamental and significant documents for financial reporting, including special rules of procedure for the Board and instructions for the CEO. The Board has delegated to the CEO to maintain the control environment as directed by the Board. The Board also determines the authorization instructions that delegate the CEO's authorization responsibilities to other senior executives at RaySearch. The CEO submits regular reports to the Board and executive management of RaySearch containing comments on the business situation and the financial performance compared with the budget and forecast. In addition, reports are also submitted by RaySearch's auditor. The internal control also builds upon a management system based on RaySearch's organization and manner of conducting business with clearly defined roles and areas of responsibility, and delegated authority. Governing documents, such as policies and guidelines, also have an important function in the control structure.

RISK ASSESSMENT

RaySearch's executive management performs regular risk assessments to identify significant risks relating to financial reporting. As regards financial reporting, the primary risk is deemed to be material misstatement of the financial statements, such as the recognition and measurement of assets, liabilities, income and expenses or other abnormalities. Fraud and loss through embezzlement is another risk. Risk management is incorporated into each process and various methods are used to measure and minimize risks and to ensure that the risks to which RaySearch is exposed are managed in line with established regulations, instructions and monitoring procedures. The purpose of this is to reduce potential risks and promote accurate accounting, reporting and disclosures.

CONTROL ACTIVITIES

The purpose of the control activities is to manage the risks that the Board and the company's executive management consider significant for the operations, internal control and financial reporting. The control structure includes distinct roles that permit effective allocation of responsibility of specific control functions aimed at the timely identification and prevention of the risk of reporting errors. Such control functions include clear decision-making procedures for major decisions such as acquisitions, other types of major investments, divestments, agreements and analytical monitoring. Another significant task for RaySearch's management is to implement, further develop and maintain the company's control procedures as well as conducting internal checks aimed at critical business issues. Process managers at various levels are responsible for the implementation of controls in respect of financial reporting. The closing accounts and reporting processes include checks in respect of valuations, reporting principles and estimates. The regular analyses made of financial reporting are highly important in ensuring that the financial reports do not include any material errors. RaySearch's CFO plays a key role in the internal control process by checking that financial reporting is accurate and complete and delivered on time.

INFORMATION AND COMMUNICATION

RaySearch cooperates with the communications consultant Cision to ensure that financial reporting to the market is complete and accurate. The relevant employees are regularly informed about changes in accounting policies and reporting requirements or other information. The Board receives regular financial statements. External information and communication is governed by RaySearch's information policy, which describes the company's general principles for providing information.

MONITORING

The Board and executive management monitor RaySearch's compliance with adopted policies and guidelines. RaySearch's financial situation is dealt with at each Board meeting. The Board and executive management review the financial reporting before Interim and Annual Reports are published. The auditor's duties also include an annual examination of RaySearch's internal control. The Board meets RaySearch's auditor at least once per year, partly to review the internal control but also, in special cases, to assign additional internal controls to the auditor with a special focus on a particular area.

EXECUTIVE MANAGEMENT

Under the Swedish Companies Act, the Board is responsible for the company's organization and management. If a CEO is appointed, according to the Swedish Companies Act, he is responsible for the ongoing management of the company according to the guidelines and instructions provided by the Board. RaySearch's CEO therefore leads the Group's operations based on the frameworks established by the Board and appoints the other members of executive management. At the end of 2015, RaySearch's executive management team consisted of the President and CEO, the Deputy CEO, the CFO, the Director of Research, the Director of Development, the Director of Sales and Marketing, the Director of Sales for Asia & Pacific, the Director of Services and the General Counsel.

During the year, business briefings under the CEO's leadership were usually conducted at least monthly, except during holiday periods when they occurred less frequently.

The executive management team also meets representatives of the US and European sales and marketing organizations on a regular basis, mainly through the CEO and Director of Sales and Marketing, respectively, to monitor and evaluate the Group's operations in their entirety. Monitoring is based on the Group's annually established targets and budgets, including RaySearch's strategies, short and long-term targets, operational objectives, competitor analyses, and so forth. The Board is continuously informed about executive management's monitoring and evaluation measures.

FURTHER INFORMATION

For more information about the Board and the CEO, refer to pages 42–43 and Note 4 in the Annual Report. For more details regarding the auditors, refer to page 42 and Note 5 in the Annual Report.

Stockholm, April 26, 2016

Erik Hedlund
Chairman of the Board

Johan Löf
President/CEO and
Board member

Carl Filip Bergendal
Board member

Hans Wigzell
Board member

AUDITORS' REPORT ON THE CORPORATE GOVERNANCE REPORT

TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF RAYSEARCH LABORATORIES AB (PUBL)
CORPORATE REGISTRATION NUMBER 556322-6157

The Board of Directors is responsible for the 2015 Corporate Governance Report on pages 38–40 and that it is prepared in accordance with the Swedish Annual Accounts Act.

We have read the corporate governance report and based on this information and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially more limited in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, April 26, 2016
Ernst & Young AB

Per Hedström
Authorized Public Accountant

BOARD AND AUDITORS

1. ERIK HEDLUND

Chairman and member of the Board of RaySearch since 2000.
Other Board assignments: Chairman of the Board of Scandiflash AB, hhDesign AB, Beamocular AB.
Born: 1948.
Education: M.Sc. in Electrical Engineering from the Royal Institute of Technology (KTH) and MBA from Stockholm University.
Professional experience: During his career, Erik Hedlund has held a number of senior positions in major international groups, including Siemens and Saab, as well as in small and mid-sized companies. He has concentrated on high-tech companies with the focus on medical technology. Since 1994, his main focus has been on radiation therapy and radiation physics. He is an independent Board member in relation to RaySearch, but not in relation to major shareholders in the company.
Shareholding: 1,567,089 Class A and 128,699 Class B.

2. JOHAN LÖF

Founder and President/CEO. Member of the RaySearch Board since 2000.
Other Board assignments: RaySearch Americas Inc., RaySearch Asia Pte. Ltd., RaySearch UK Ltd., the Venture Cup foundation and the RayFoundation profit sharing foundation.
Born: 1969.
Education: M.Sc. in Engineering Physics from the Royal Institute of Technology and Ph.D. from the Department of Medical Radiation Physics at the Department of Oncology-Pathology, Karolinska Institute. As a doctoral student, he worked with mathematical models for optimization of radiation therapy and also developed the prototype for ORBIT.
Professional experience: President and CEO of RaySearch since 2000. He is not an independent Board member in relation to RaySearch, or in relation to major shareholders in the company.
Shareholding: 6,243,084 Class A and 618,393 Class B.

3. CARL FILIP BERGENDAL

Member of the RaySearch Board since 2000.
Other Board assignments: Board member of Cafibe AB.
Born: 1945.
Education: M.Sc. in Engineering Physics from the Royal Institute of Technology in Stockholm and B.Sc., Master of Business Administration Stockholm School of Economics, Sweden.
Professional experience: A number of senior positions in the Modo Group (1972–1980) and the medical technology company Stille-Werner (1980–1987), with the two final years as President and CEO. He has worked since 1988 as a certified process manager in Lots® and in this role has also provided support for managers in large and mid-size companies undergoing restructuring processes. Independent Board member in relation to RaySearch and in relation to major shareholders in the company.
Shareholding: 1,061,577 Class A and 144,920 Class B.

4. HANS WIGZELL

Member of the Board of RaySearch since 2004. Professor Emeritus at Karolinska Institute in Solna.
Other Board assignments: Chairman of the Board of Rhenman & Partners Asset Management AB. Board member of SOBI AB, Karolinska Development AB, Valneva AS, Sarepta Pharmaceuticals AB, Cadila Pharmaceuticals Svenska AB and Wigzellproduktion AB.
Other assignments: Chairman of the Stockholm School of Entrepreneurship. Member of the Royal Swedish Academy of Science and the Academy of Engineering Science.
Born: 1938.
Education: Doctor of Medicine.
Professional experience: Dean of Karolinska Institute in Solna, 1995–2003. Independent Board member in relation to RaySearch and in relation to major shareholders in the company.
Shareholding: 0.

AUDITOR

Auditing firm Ernst & Young AB
Per Hedström (auditor-in-charge)
Auditor at RaySearch Laboratories.
Authorized Public Accountant, Ernst & Young AB.
Year of birth: 1964.
Auditor of such companies as AllTele, Allgon, ISS Facility Services and Egmont.

1.

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SENIOR MANAGEMENT

1. **NICLAS BORGLUND**
DIRECTOR OF SERVICE

2. **BJÖRN HÅRDEMARK**
DEPUTY CEO

3. **VICTORIA SÖRVING**
GENERAL COUNSEL

4. **HENRIK FRIBERGER**
DIRECTOR OF DEVELOPMENT

5. **JOHAN LÖF**
PRESIDENT AND CEO

6.
PETER KEMLIN
DIRECTOR OF SALES AND MARKETING

7.
KJELL ERICSSON
CHIEF SCIENCE OFFICER

8.
LARS JORDEBY
DIRECTOR OF SALES, ASIA & PACIFIC

9.
PETER THYSELL
CHIEF FINANCIAL OFFICER

Senior executives, previous spread (from left).

1. NICLAS BORGLUND, DIRECTOR OF SERVICE

Born:1971.
Education: Doctor of Physics, Stockholm University.
Professional experience: After completing his doctoral studies, Niclas Borglund worked at Savantic AB in a position that mainly involved software development in high-tech projects. He joined RaySearch in 2006 as project manager in the development department. Director of Services since 2010.
Shareholding: 400 Class B.

2. BJÖRN HÅRDEMARK, DEPUTY CEO

Born: 1977.
Education: M.Sc. in Engineering Physics from the Royal Institute of Technology in Stockholm. Received an award for academic excellence in 2003.
Professional experience: Björn Hårdemark wrote his thesis at RaySearch in 2002 and has since held positions as Research Engineer, System Developer, Physicist, Head of Physics and Chief Science Officer.
Shareholding: 18,000 Class B.

3. VICTORIA SÖRVING, GENERAL COUNSEL (SINCE JUNE 2015)

Born: 1986.
Education: Graduate in Law, Stockholm University.
Professional experience: Victoria was appointed Senior Legal Counsel in RaySearch during 2015. Prior to being employed as Legal Counsel at RaySearch in 2013, Victoria worked at the law firm Advokatfirma DLA Nordic during 2008–2013. From 2010 and during 2011, she held a position as legal counsel at Pfizer, via a secondment.
Board assignments: RayFoundation profit sharing foundation, secretary to the Board of Directors of RaySearch since February 2015.
Shareholding: 500 Class B.

4. HENRIK FRIBERGER, DIRECTOR OF DEVELOPMENT

Born: 1971.
Education: M.Sc. in Electronics from the Royal Swedish Institute of Technology. Human Physiology, one-term course at Royal Karolinska Institute.
Professional experience: After graduating in 1997, Henrik Friberger worked as a software developer at Pacesetter AB (later St Jude Medical AB) in the field of pacemaker systems until he joined RaySearch in 2001. Since that time, he has worked with software development and team and project management, and has also managed one of the groups in the development department. He has held the Director of Development title since 2013.
Shareholding: 23,799 Class B.

5. JOHAN LÖF, PRESIDENT AND CEO

Founder and Member of the Board of RaySearch since 2000.
Born: 1969.
Education: M.Sc. in Engineering Physics from the Royal Institute of Technology and Ph.D. from the Department of Medical Radiation Physics at the Department of Oncology-Pathology, Karolinska Institute. As a doctoral student, he worked with mathematical models for optimization of radiation therapy and also developed the prototype for ORBIT.
Professional experience: President and CEO of RaySearch since 2000.
Other Board assignments: RaySearch Asia Pte. Ltd., RaySearch Americas Inc., RaySearch UK Ltd., Venture Cup foundation and RayFoundation Profit sharing foundation.
Shareholding: 6,243,084 Class A and 618,393 Class B.

6. PETER KEMLIN, DIRECTOR OF SALES AND MARKETING
Born: 1974.
Education: M.Sc.in Engineering, Industrial Business at Chalmers University of Technology.
Professional experience: For the greater part of his career, Peter has worked in the medical technology sector as a consultant working for Swedish hospitals in order to implement cost-effective procurements as well as with sales and marketing, primarily in the radiation therapy business. In his role as Trade Commissioner at the Swedish Trade Council, he also established a large number of Swedish companies in new markets. Employed at RaySearch since 2012.
Shareholding: 1,098 Class B via related parties.

7. KJELL ERIKSSON, CHIEF SCIENCE OFFICER
Born: 1973.
Education: M.Sc. in Engineering Physics from Uppsala University.
Professional experience: Kjell was appointed Chief Science Officer in RaySearch during 2015. He was first employed in 2001 as a developer and became Research Engineer in 2003.
Shareholding: 25,000 Class B shares.

8. LARS JORDEBY, DIRECTOR OF SALES, ASIA & PACIFIC
Born: 1965.
Professional experience: International business operations in both major corporations and small start-up companies. 20 years of experience from sales and marketing work involving radiation therapy in such companies as Scanditronix Medical AB, IBA Dosimetry AB, C-RAD AB and ScandiDos AB. His various executive positions include direct sales and sales management in markets including Europe, Asia and North America. He is also one of the founders and partners of the company ScandNoca Systems AB.
Shareholding: 1,800 Class B shares.

9. PETER THYSELL, CHIEF FINANCIAL OFFICER
Born: 1970.
Education: MBA from the Stockholm School of Economics.
Professional experience: Before joining RaySearch in March 2015, Peter worked as IPO Leader and acting Director Business Control for Scandic Hotels. Prior to that, he was Interim CFO of Åkers AB, CEO of SiC Processing GmbH, CFO of Generic Sweden AB (publ) and a management consultant at McKinsey & Co.
Shareholding: 1,000 Class B shares.

SHARES AND OWNERSHIP

NUMBER OF SHARES AND SHARE CAPITAL

At December 31, 2015, the total number of registered RaySearch shares was 34,282,773, of which 10,262,814 were Class A and 24,019,959 Class B shares. The quotient value was SEK 0.50 and the share capital in the company amounted to SEK 17,141,386.50. All shares carry equal rights in the company's assets and earnings. Each Class A share carries 10 votes and each Class B share carries one vote. The total number of voting rights in the company at December 31, 2015 was 126,648,099. All shareholders entitled to vote at the Annual General Meeting may vote for the full number of shares owned or represented by them, with no restrictions on voting rights. The percentage of foreign owners' shareholdings in RaySearch increased from 19.2 percent at December 31, 2014 to 24.1 percent at December 31, 2015. The number of shareholders' equity increased and was 5,435 at December 31, 2015 (5,228).

OWNERSHIP STRUCTURE – SHAREHOLDER CATEGORIES, %	Share capital	Votes
Foreign shareholders	24.1	6.5
Swedish shareholders	75.9	93.5
of which, institutions	*30.0*	*8.1*
individuals	*45.9*	*85.4*

STATEMENT FROM CERTAIN OF THE PRINCIPAL SHAREHOLDERS

Principal shareholders Johan Löf, Erik Hedlund and Anders Brahme intend to remain significant, long-term shareholders of RaySearch.

SHAREHOLDER AGREEMENTS

To the knowledge of the Board of Directors of RaySearch, there are no shareholder agreements concerning either Class A or Class B shares.

LISTING ON NORDIC EXCHANGE

RaySearch shares were traded in the Small Cap segment of Nasdaq Stockholm during 2015. On January 4, 2016, the RaySearch share was moved to the Mid Cap segment, following Nasdaq's annual review of market capitalization in its Nordic markets.

SHARE TRADING AND SHARE PRICE TREND

During 2015, a total of 13,119,487 (10,605,564) RaySearch shares were traded at a value of SEK 1,312 M (380). This corresponds to an average price of SEK 99.97 (37.94). The highest price paid in 2015 was SEK 129.25 on July 20. The lowest price paid during the year was SEK 51.75 on February 3. On the last trading day of the year, December 30, the closing price was SEK 122.50

OWNERSHIP STRUCTURE – 20 LARGEST SHAREHOLDERS AT DEC 31, 2015

Name	Class A shares	Class B shares	Total shares	Capital, %	Votes, %
Johan Löf	6,243,084	618,393	6,861,477	20.0	49.8
Lannebo Funds	0	5,061,020	5,061,020	14.8	4.0
Montanaro funds	0	1,815,000	1,815,000	5.3	1.4
Second AP Fund	0	1,701,626	1,701,626	5.0	1.3
Erik Hedlund	1,567,089	128,699	1,695,788	5.0	12.5
Anders Brahme	1,390,161	25,989	1,416,150	4.1	11.0
JPMorgan Chase (UK)	0	1,337,455	1,337,455	3.9	1.0
Carl Filip Bergendal	1,061,577	144,920	1,206,497	3.5	8.5
Anders Liander	0	1,201,734	1,201,734	3.5	1.0
Swedbank Robur Funds	0	776,148	776,148	2.3	0.6
Fourth AP Fund	0	750,573	750,573	2.2	0.6
Credit Suisse (USA)	0	683,203	683,203	2.0	0.5
SSB (AE)	0	550,000	550,000	1.6	0.4
Home Capital	0	487,044	487,044	1.4	0.4
SEB	0	424,953	424,953	1.2	0.3
BNP Paribas	0	400,000	400,000	1.2	0.3
Kalmar County Pension	0	379,520	379,520	1.1	0.3
Avanza Pension	0	320,697	320,697	0.9	0.3
RayFoundation	0	287,098	287,098	0.8	0.2
CBNY-Norges Bank	0	211,036	211,036	0.6	0.2
Others	903	6,714,851	6,715,754	19.6	5.3
Total	**10,262,814**	**24,019,959**	**34,282,773**	**100.0**	**100.0**

(53.00). During 2015, the price of the RaySearch share rose 131 percent (+93), while the OMXS increased 7 percent (12). At the end of December, RaySearch's market capitalization was SEK 4,200 M (1,817). In this calculation, Class A shares, which are not listed on Nasdaq Stockholm, have been assigned the same value as the listed Class B shares.

SHARE PRICE TREND

The diagram on the next page shows the share price trend for RaySearch from January 2011 up to and including December 2015, and the number of shares traded per month.

LIQUIDITY PROVIDER

To increase the liquidity of its share, RaySearch had an agreement with Erik Penser Bankaktiebolag through May 2015, under which this firm served as liquidity provider. The agreement entailed that the liquidity provider committed to quoting daily bid and ask prices on the Nasdaq Stockholm for Class B RaySearch shares. The liquidity provider was to work to ensure that the difference between the bid and ask prices for RaySearch shares did not exceed 2 percent. The agreement was terminated effective June 1, 2015.

OPTIONS PROGRAM

RaySearch currently has no options programs outstanding.

OWNERSHIP STRUCTURE – SIZE OF HOLDING PER DEC 31, 2015	Number of shareholders	Number of Class A shares	Number of Class B shares	Capital, %	Voting rights, %
1–500	4,017	153	565,182	1.65%	0.45%
501–1,000	629	750	523,604	1.53%	0.42%
1,001–2,000	353	0	565,205	1.65%	0.45%
2,001–5,000	225	0	755,525	2.20%	0.60%
5,001–10,000	85	0	634,080	1.85%	0.50%
10,001–20,000	49	0	688,146	2.01%	0.54%
20,001–50,000	27	0	823,725	2.40%	0.65%
50,001–100,000	14	0	971,197	2.83%	0.77%
100,001–500,000	21	0	5,003,929	14.60%	3.95%
500,001–1,000,000	6	0	4,048,914	11.81%	3.20%
1,000,001–5,000,000	8	4,018,827	8,822,059	37.46%	38.70%
5,000,001–10,000,000	1	6,243,084	618,393	20.01%	49.78%
Total	**5,435**	**10,262,814**	**24,019,959**	**100.00%**	**100.00%**

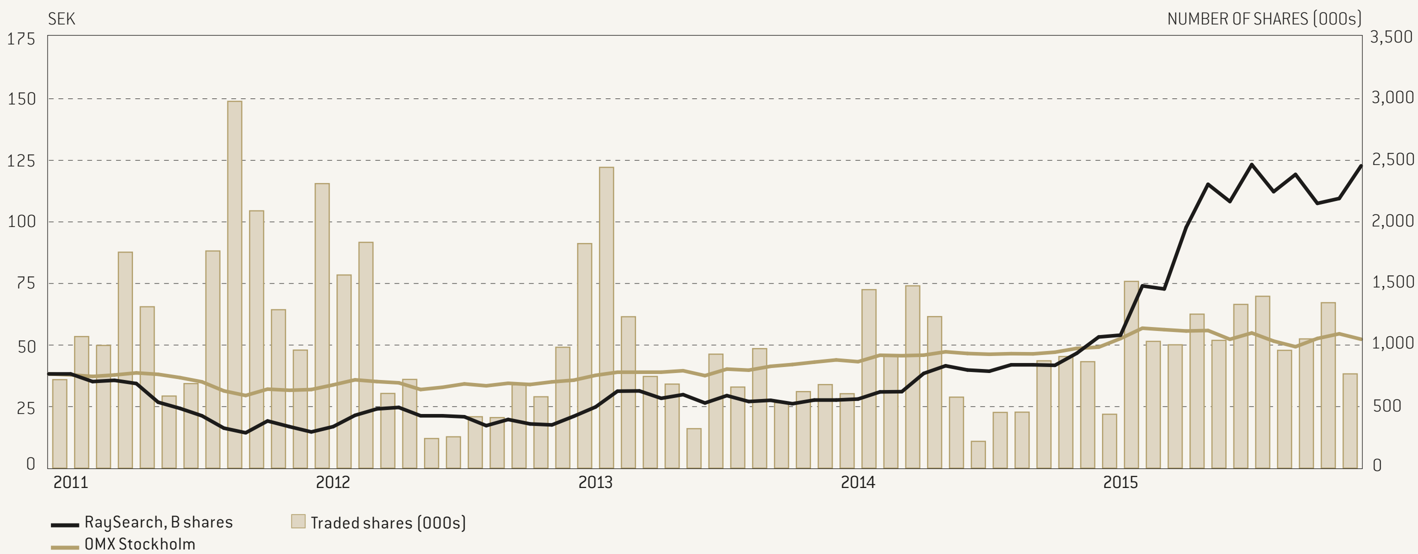
CHANGES IN SHARE CAPITAL OF RAYSEARCH

Year	Transaction	Quotient value SEK	Change in number of shares	Increase in share capital	Number of Class A shares	Number of Class B shares	Total number of shares	Total share capital, SEK
2005	Opening balance	1.5			4,237,604	6,275,457	10,513,061	15,769,591.50
	Non-cash issue (B)		914,530	1,371,795	4,237,604	7,189,987	11,427,591	17,141,386.50
	Reclassification 2005				–24,596	24,596		
	Closing balance	1.5			4,213,008	7,214,583	11,427,591	17,141,386.50
2006	Reclassification 2006				–100	100		
	Closing balance	1.5			4,212,908	7,214,683	11,427,591	17,141,386.50
2008	3:1 share split, 2008		22,855,182		8,425,816	14,429,366		
	Closing balance	0.5			12,638,724	21,644,049	34,282,773	17,141,386.50
2009	Reclassification 2009				–252,756	252,756		
	Closing balance	0.5			12,385,968	21,896,805	34,282,773	17,141,386.50
2011	Reclassification 2011				–1,061,577	1,061,577		
	Closing balance	0.5			11,324,391	22,958,382	34,282,773	17,141,386.50
2013	Closing balance	0.5			11,324,391	22,958,382	34,282,773	17,141,386.50
2015	Reclassification 2015				–1,061,577	1,061,577		
	Closing balance	0.5			10,262,814	24,019,959	34,282,773	17,141,386.50

KEY RATIOS[1]	Dec 31, 2015	Dec. 31, 2014	DEC 31, 2013	Dec. 31, 2012	DEC 31, 2011
Number of shares before full dilution	34,282,773	34,282,773	34,282,773	34,282,773	34,282,773
Equity per share, SEK	9.32	7.34	5.73	6.35	5.74
Earnings/loss per share, SEK	2.05	1.75	–0.61	0.58	0.50
Earnings/loss per share after full dilution, SEK	2.05	1.75	–0.61	0.58	0.50
Share price, SEK	122.50	53.002	27.40	20.80	14.45
P/E ratio before dilution	59.8	30.3	neg.	35.9	28.9
P/E ratio after dilution	59.8	30.3	neg.	35.9	28.9
Dividend, SEK	0.25[2]	0	0	0	0
Price/adjusted equity per share, multiple	13.1	7.2	4.8	3.3	2.5

[1] Definitions of key ratios, page 85.
[2] According to the Board's motion.

SHARE PRICE TREND DIAGRAM



KEY DATA

KEY FIGURES AND CONDENSED FINANCIAL DATA

The summary shows how the core business has developed over the past ten years, between 2006 and 2015, and was prepared in accordance with IFRS.

GROUP	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net sales, SEK million	397.6	285.2	204.5	182.1	126.1	117.7	83.7	62.7	64.7	69
Growth in net sales, %	39.4	39.5	12.3	44.4	7.1	40.7	33.5	–3.0	–6.2	–1.3
Operating profit, SEK million	95.3	79.4	–25.7	22.5	27.6	39.9	40.9	21.1	25.8	33.5
Operating margin, %	24.0	27.8	–12.6	12.4	21.9	33.9	48.8	33.6	39.8	48.6
Profit margin, %	23.5	27.6	–12.2	12.9	22.8	34.1	49.3	38.5	43.3	50.5
Net profit/loss, SEK M	70.2	59.8	–20.8	19.9	17.0	28.9	30.1	18.2	19.8	36.2
Earnings per share, SEK[3]	2.05	1.75	–0.61	0.58	0.50	0.84	0.88	0.53	0.58	1.06[1]
Cash flow per share[3]	3.25	1.47	0.91	2.55	0.99	1.83	1.44	0.76	1.10	0.88
Dividend per share, SEK[3]	0.25[2]	–	–	–	–	0.50	0.50	–	0.17	–
Capital employed, SEK M	344.5	276.5	196.6	217.5	196.7	196.8	184.9	150.4	137.9	118.1
Interest-bearing liabilities, SEK M	25.0	25.0	–	–	–	–	–	–	–	–
Total assets, SEK M	484.5	389.7	299.2	293.0	261.8	255.9	233.1	188.1	173.2	146.2
Shareholders' equity per share, SEK[3]	9.32	7.34	5.73	6.35	5.74	5.74	5.39	4.39	4.00	3.44
Equity/assets ratio, %	65.9	64.5	65.7	74.2	75.4	76.9	79.3	80	79.6	80.7
Share of risk-bearing capital, %	76.5	75.0	78.0	88.2	93.1	93.2	94.3	93.9	92.8	92.9
Return on capital employed, %	30.8	33.7	–12.0	11.4	14.6	21.0	24.6	16.8	22.2	34.9
Return on total capital, %	21.9	23.1	–8.4	8.5	11.1	16.4	19.6	13.4	17.8	27.5
Return on equity, %	24.6	26.7	–10.1	9.6	8.6	15.1	18	12.6	15.5	36.2
Share price at year-end, SEK[3]	122.5	53.0	27.4	20.8	14.45	38.0	29.5	11.5	63.3	50
Average number of employees	157	126	107	92	78	64	52	48	37	28

[1] SEK 0.73 excl. capitalization of tax loss carry-forwards in 2006.
[2] According to the Board's motion.
[3] Adjusted for 3:1 share split, 2008.

DEFINITIONS

CAPITAL EMPLOYED
Total assets less non-interest-bearing liabilities and deferred tax liabilities.

CASH FLOW PER SHARE
Cash flow from operating activities divided by average number of shares during the year.

DIVIDEND PER SHARE
Dividend divided by number of shares at year-end.

EARNINGS PER SHARE
Net earnings divided by average number of shares during year.

EQUITY/ASSETS RATIO, %
Equity expressed as a percentage of total assets.

EQUITY PER SHARE
Equity divided by number of shares at year-end.

OPERATING MARGIN, %
Operating profit expressed as a percentage of net sales.

P/E-RATIO
Share price divided by earnings per share, before and after dilution.

PRICE/ADJUSTED EQUITY PER SHARE
Share price divided by adjusted equity per share at year-end.

PROFIT MARGIN, %
Income after financial items expressed as a percentage of net sales.

RETURN ON CAPITAL EMPLOYED, %
Operating profit plus financial income expressed as a percentage of average capital employed.

RETURN ON EQUITY, %
Net income expressed as a percentage of average shareholders' equity.

RETURN ON TOTAL CAPITAL, %
Operating profit plus financial income expressed as a percentage of average total assets.

SHARE OF RISK-BEARING CAPITAL, %
Equity plus deferred tax liabilities expressed as a percentage of total assets.

There are no minority interests within the Group for accounting purposes.

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